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MINING - Other

1-1-80

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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 e₀ or e₄₅, 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.

Orders for aircraft put titanium in short supply

Argus Bureau

NEW YORK. — While most of the metals world is preoccupied with the price of gold, a small corner of that world is focused on titanium, a metal that is far less glamorous but immensely valuable to those who need it.

It is a crucial element in the fabrication of light-weight, heat-resistant aircraft and spacecraft parts — and suddenly it is in short supply.

The Soviet Union, a major supplier, has pulled out of the world market, the Japanese have pulled out of the US market, and now there has been a surge in commercial aircraft orders.

US producers who have enough titanium are urging the Federal Emergency Management Agency, which manages the government stockpile, to buy more to make sure the nation does not run out.

RESTRICTED

Producers and some consumers who do not have enough are begging FEMA to sell off part of its stockpile to ensure they do not go short.

But FEMA is restricted by a law, written only this year, prohibiting stockpile sales except in national defence emergencies and then only by order of the White House.

At the same time, the stockpile is 100 000 tons short of its 130 000-ton goal.

NO MONEY

'But we have no money to make any purchases,' says Mr Paul Krueger, acting director for stockpile policy.

'We had a budget request for 177-million dollars to raise stockpile levels for 90 items. But Congress turned us down and has not appropriated one cent'

Congress has debated a bill that would halve the

Government Printer, Pretoria.

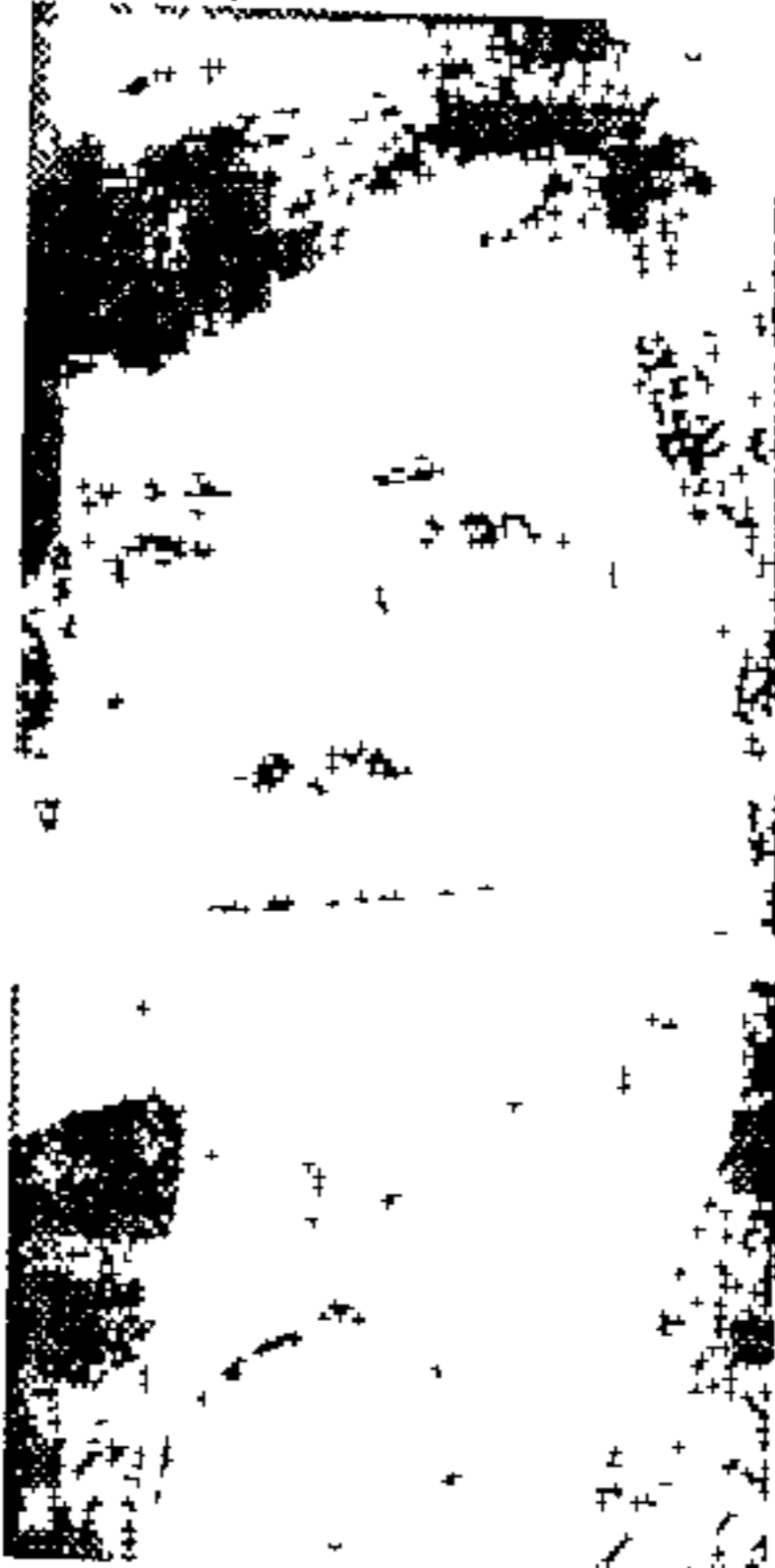
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is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this 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 disease related to Tuberculosis will not only be influenced at



MR Ian Stephen has been appointed divisional manager of the power transmission division of Brandt Engineering. He was formerly manager of Brandt's Cape Town branch.



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of life at birth, and e₄₅ Characteristically women have a better expectation of life than men, and Fig. 6 indicates that this is so for both whites and 'coloureds'. In fact, so marked is this difference that at e₄₅ 'coloured' females have a better expectation of life than white males. What is perhaps of some concern is that the gap between the expectation of life for males and females is widening. This trend is apparent in both the whites and the 'coloured' communities, although it is particularly marked in the latter for whom Male:Female deficit of 1,0 years in 1941 at e₀ has become 6,9 years in 1970. For whites a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

Argus

4/1/80

MR P J Versfeld (above) has been appointed manager, vinyl products division at AECI, succeeding Mr P H de Villiers, who has retired after 39 years' service.

Most of the imports come from Japan, which is now selling titanium to Western Europe, where there is no duty and where spot market prices for the metal are more than three times the US price of R9 a kg.

NOT SELLING

Japan began moving its titanium into Europe about a year ago when the Soviet Union pulled out of the European market and sent the prices there soaring.

Metals experts believe the Russians are not selling because they need their titanium for their new Alfa submarine, which can dive deeper and travel faster than any US Navy subs.

Each Alfa submarine is said to use 6 000 tons of titanium, which is as strong as stainless steel but half the weight.

FROM RUTILE

Titanium is extracted from a mineral called rutile, which is abundant in Australia, the Soviet Union, parts of the United States and South Africa.

It is in short supply suddenly because few users of the metal have invested in machinery that can reduce the ore to the metal, partly because titanium goes through boom-and-bust cycles tied to military aircraft sales.

Another reason for the shortage is the boom in sales of commercial airlines, which today are using more titanium in their engines and structural parts.

4/1/80

Palamin hooks up

Palabora Mining is weighing the merits of overhead trolley haulage to replace the diesel trucks now hauling ore from its open pit, says director George Macmillan. The motive — the soaring cost of diesel fuel. Last year, the cost of fuel per ton of copper produced was R58, now it is R215. Palamin is using as much as 52 MI of diesel fuel a year.

The problem grows worse as mining deepens the open pit, because haulage distances increase. If the electric system is chosen, it can apply only to main truck-haulage routes. Trucks would then operate on a dual diesel electric basis, driving to the main haulage routes, and then getting electric assistance.

The economics of the change are still under study. If the conclusions are favourable, the electrification scheme would take two to three years to implement and considerable capital expenditure.

Conveyor belting is a possible alternative, but this system could be damaged by blasting. If overhead wires are damaged, haulage could revert to diesel power while repairs are effected.

Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the Asian and 'coloured' mortality rates exceed those of the whites.

However, in this context, what requires emphasis is that by using the major disease classification a certain amount of detail is lost. For example, despite the fact that the overall rates for diseases of the circulatory system are comparable for whites, Asians and 'coloureds', within this broad category the mortality rates for specific diseases vary markedly. Table II provides the proportional contribution of the major circulatory diseases for the whites, Asians, 'coloureds' and Africans. Whilst Ischaemic Heart Disease is the major Circulatory Disease in the white and Asian communities, Cerebrovascular Diseases are the major cause of Circulatory Diseases in the 'coloured' and African communities.

D. Jones 6/1/80

Uranium market takes a beating

**By IRENE SAUNDERS:
Washington**

THE US uranium market took a drubbing in November, the California-based Nuclear Exchange Corporation reports, ending up \$1.20 down at \$41 a pound.

The European market took somewhat less of a beating, according to Germany's Nukem Report, with prices down roughly 50c a pound.

Both nuclear fuel reporting agencies pointed out that the price decline was as much due to inventory buildup since the Three Mile Island incident as the incident itself.

The Nukem report stated that "the present activity on the spot market is predominantly between producers in the US and Canada, and European consumers."

The consuming utilities in Europe are found by Nukem to be roughly 5 000 tons higher in "contractual cover" than their needs for 1980 alone.

Nukem predicts that the Australian re-entry into the international uranium supply business as its Ranger field goes into production could affect the US uranium mining business in "negative ways."

It says that "a successful penetration of the US market by the Australians could force some low-uranium grade high-production cost US producers to ease mining."

As for the Australian appearance on the world uranium supply market, "one unique feature has been the increasing degree of government interest and involvement," according to Nukem, which notes that the Australian announcement of a 10-year contract with the Korea Electric Co for 1 920 tons commencing in 1983 was "underscored" in the Press release by "the government's positive statement."

The Australian marketing strategy, says the Nuclear Exchange Corporation, seems to be one of stressing large reserves, high grade uranium, an opportunity to diversify sources of supply and Australia's "record of reliability in supply of raw materials."

Nuexco points out that "the Australian foreign service has been mobilised, several US utilities have reported visits by Australian trade commission-

Similarly, if the Accidents, Poisoning and Violence category is examined in greater detail, mortality rates for these causes of death are also higher in the 'coloured' and African communities.

the South African population from all causes of death. The proportional contribution of the seventeen major disease categories of the International Classification of Diseases in various communities is 'developed' country specific. Diseases being of minor importance of the Circulatory system in Africans and 'coloured' communities and 'coloured' mortality also being of importance with diseases of the Circulatory and Parasitic Diseases and Parasitic Diseases important causes of mortality. The 'coloureds' experience an interesting combination of 'developed' and 'underdeveloped' mortality with a high death rate from circulatory diseases.

But Nukem says that "producers in the US view the development of the uranium market with scepticism." It says this observation is based on a Department of Energy report that against an anticipated 1978 investment of \$634-million, only \$427-million was expended, and this was less than the \$492-million invested in 1977.

Overall mortality of the whites show a typical infectious and Parasitic diseases (15,6%) and Diseases importance. For urban areas, Diseases make an important contribution (23,5% respectively), in causes of perinatal mortality and category of Infectious Diseases are the most important causes of death.

HOWEVER, what is of interest is the ratios of the expectations of life for the three communities. At birth, the white Asian: 'coloured' ratios are 1:0,91:0,76 for males and 1:0,88:0,77 for females; at the age of 45 these are 1:0,91:0,86 for males and 1:0,79:0,85 for females. The 'coloureds' are less disadvantaged at e₄₅ as compared to e₀ for both males and females, a difference which is largely attributable to the high infant mortality rate in this community. It is also noteworthy that Asian females have the worst expectation of life at age 45 of the three communities, which is in marked distinction from both males and females at e₀ and males at e₄₅. The fact that for the 65+ age group, Asian women have the highest mortality rates for respiratory, circulatory, digestive, genito-urinary and ill-defined causes of death (Table I) may contribute to this anomalous situation.

Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

If the mortality rates (Table I) are compared with the proportional mortalities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

TABLE I

Gold boosts copper

James 6/1/80

By IRENE SAUNDERS: Washington 217

IT IS usually events that influence the price of gold rather than gold influencing other events

But in recent weeks, as gold has hit record high after record high, the yellow metal has exerted a magnetic pull upwards on prices of the more essential raw materials

The Commodity Research Bureau's index of futures prices jumped to a record 282.8 (1967 - 100) a week ago, compared with the previous record of 281.7 on October 1

The index, which does not include gold among its 27 basic

foodstuffs and industrial raw materials, closed on the last day of the year at 281.5 after some pre-holiday futures hedging

Futures market observers noted that no world-wide shortage of any farm product or any other basic commodity existed in 1979. The US in fact, registered its fifth consecutive record harvest of grains and oilseeds this year

Copper, as a major industrial raw material, is regarded as an

indicator of economic activity. Contracts for the metal opened in 1979 at 58c a pound, climbed to a high of \$1.18 in October, and were trading at \$1.10 on the first business day of the new year

"Copper should be anticipating the economic downturn we are expecting next year," says Robert Lesemann, director of research at the Commodity Research Unit Ltd, a London and New York consultancy group to the International Metals Industry and unrelated to the independent commodity research bureau

Speculative spillover

"It hasn't happened thus far," Mr Lesemann notes, however

"Whether it is the inflation fears that are being heightened by soaring precious metals values, a speculative spillover from these markets or the movement of some of the large profits from gold and silver into copper is not the point," he says. But "there is no doubt that today's copper prices are

being heavily influenced by gold and silver"

The US remains generally self-sufficient in copper. The most current Bureau of Mines statistics show that in 1978 the nation used 2.4-million tons of copper, of which 1.5-million came from domestic mines, 320,000 tons from scrap metal and the rest from imported ore, blister and refined metal. Exports of refined copper equalled 100,000 tons in 1978

Mr Lesemann predicts that for 1979, imports would probably show a decline, exports a sizeable gain and domestic demand would be shown remarkably steady all year

Demand from the electrical and electronics industries, which accounts for roughly half the copper used in the US each year, has been strong, he noted. This demand has offset the drop in usage by the automotive industry and construction

Mr Lesemann forecasts a strong first quarter in copper because of the "good orders on the books from the capital goods sector"

But as the recession deepens and the orders booked last year are worked off, the supply-demand picture will flatten during the second quarter before heading downwards, he predicts

MESSINA

Sharp recovery

23 (217) for 11/1/80

Activities Mining and industrial group. Copper interests include Messina mine in SA and MID (Mangula) (55%) and Merits (65%) in Rhodesia. Datsun-Nissan is wholly-owned. Holds 77% of equipment distributor Premier Metal.

Chairman Commander H F P Grenfell, deputy chairman and joint managing director W J Wilson, joint managing director D A Thompson.

Capital structure 11m stock units of 50c. Market capitalisation R37.4m.

Financial Year to September 30 1979
Borrowings long- and medium-term R35.7m net short-term R4.8m.
Debt equity ratio 39.4%. **Current ratio** 1.2. **Net cash flow** R11.2m. **Capital commitments** R29.5m.

Share market Price 340c (1979-80 high 360c low 127c trading volume last quarter 1.0m shares). **Yields** 17% on earnings, 2.9% on dividend. **Cover** 5.8. **PE ratio** 5.9.

	'76	'77	'78	'79
Copper sales (000 t)	44.3	42.0	34.8	33.5
Turnover (Rm)	300.5	263.5	295.7	n.a.
Pre-tax profit (Rm)	28.4	9.5	4.8	16.0
Earnings (c)	127.4	57.9	19.5	57.8
Dividend (c)	45	30		10
Net asset value (c)	898	858	858	958

Mainly as a result of higher copper prices, mining last year took over as Messina's major profit spinner, contributing 49% to net income compared to 42% from Datsun and 9% from the rest. Even though copper

sales were less at 33 500 t, group pre-tax income rose by 236% to R16m (R4.8m). And after adjustments, earnings worked out at 57.8c, allowing for the resumption of a dividend, albeit only a 5.8 times covered 10c.

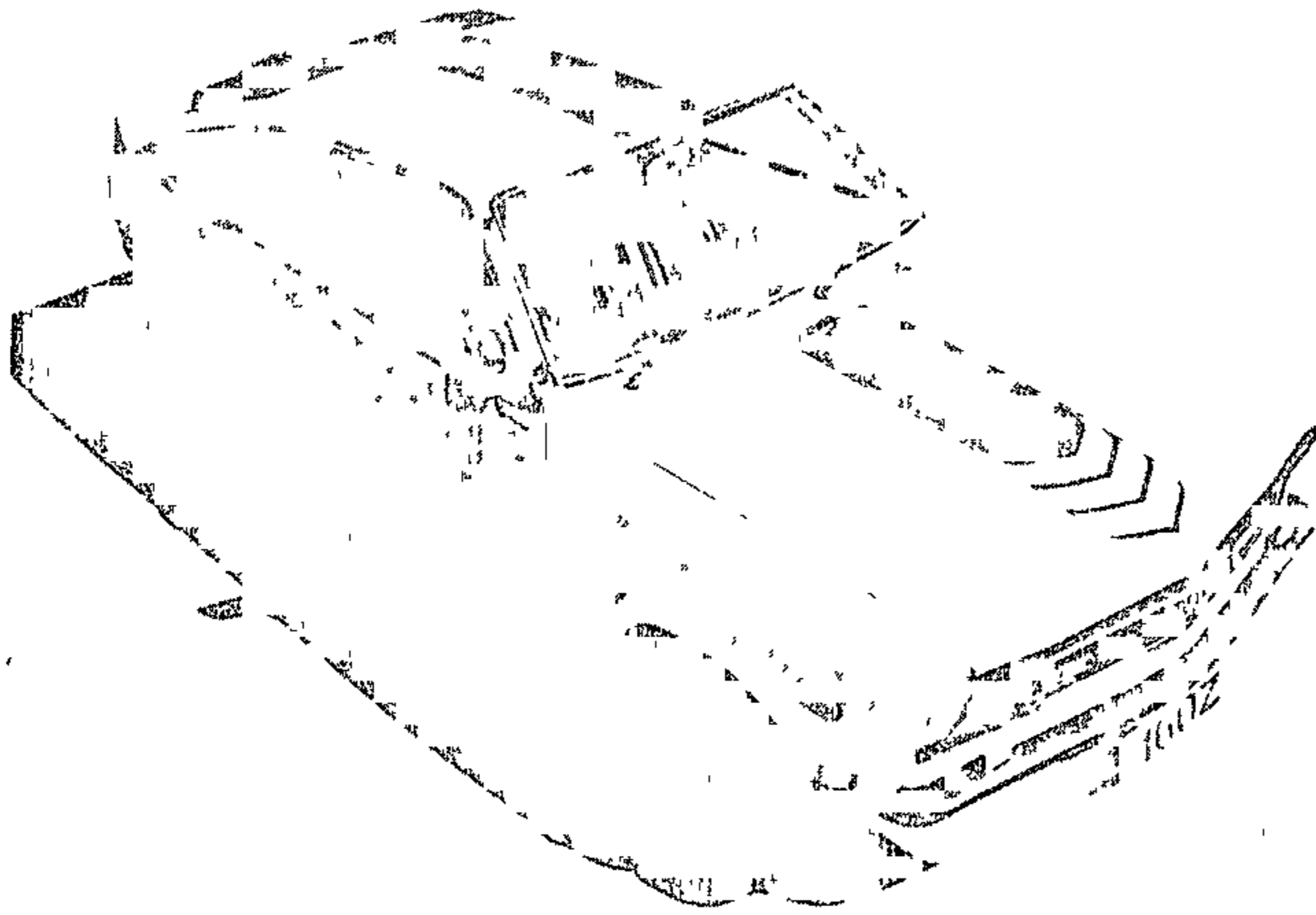
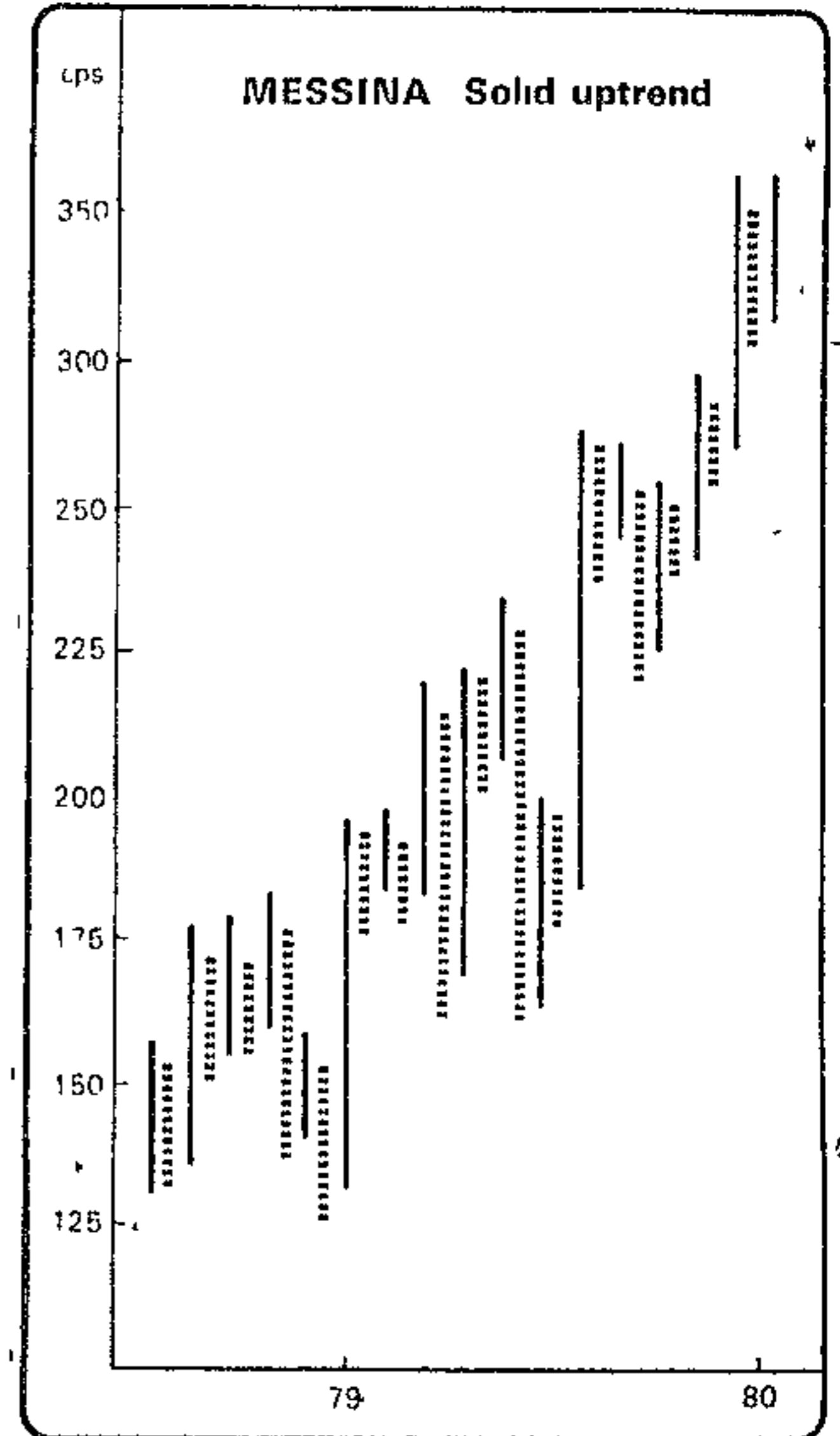
Chairman Commander Grenfell warns that dividends are likely to remain low until the group's interest burden has been reduced. Currently it is paying out R19.6m in interest, which was 44% of last year's operating profit. However, some progress was made with total borrowings reduced from R57.3m to R54.6m, at which level they represent only 39% of equity. The real problem then lies with getting a better return on capital employed — and that means higher copper prices.

Despite significant cost increases at both the Messina and Rhodesian mines, net income from mining increased from R8m to R16.7m. The main factor has a higher average LME copper price of 1878 t compared with 1689 t in the previous year. The effective rand price was R1 513 t (R1 101) reflecting the high sterling parity which prevailed for most of the year.

The mining division benefited from higher prices, particularly in the second and third quarters. The Messina mine made a record profit of R1.04m after deducting R248 000 for prospecting (1978 loss R411 000) as the stockpile was run down at satisfactory prices. Since then,

the stockpile has been rebuilt — but not, unfortunately, ore reserves. Despite spending R1.1m on exploration, nothing concrete has yet been found and the mine received R2.2m in State aid during the year, bringing the total to R2.8m.

In the overall picture, however, Messina is small beer in comparison to Mangula,



Datsun more dazzle in results

which chipped in R12.1m of the group's R15.7m income from copper. With Lomagundi, the contribution was R14.3m. So events in Rhodesia are crucial to cash flow.

Production at Mangula was hampered by a pressure burst in the Miriam shaft during February and limited haulage facilities were only reinstated in April. For the future, an electrolytic refinery is to be sited adjacent to the Alaska smelter at a cost of R5.3m and will have a capacity of 20 000 t of cathode copper a year.

As part of a drive for improved liquidity, Messina (Electronic) was sold to Altech, Steelmetal sold Dubigeon Plastics, the major assets of Datsun (Finance) were sold to Barclays Western Bank, Premier Metal Cargo Vans was disposed of and Merits sold its holding in Mangula to Old Mutual. This lot realised R7m in cash and was applied to bringing down borrowings and helped net current assets to increase from R7m to R28m.

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On the industrial front, only Premier Metal failed to make a profit. But losses were significantly reduced as a result of the previous year's reorganisation and recapitalisation. In a similar vein to Premier Steelmobile has now phased out container manufacture and required a R2m injection to share capital to keep it on an adequate working base.

Wholly owned Datsun Nissan did particularly well considering the speed restrictions, fuel price increases and lack of consumer confidence in going after big ticket items. Pre-tax income was R48m (R35m) on an increase in volume of 4119 units. After providing for deferred tax of R14m however, taxed profit slipped to R34m (R37m). Market penetration improved from 13.3% to 14.1% as a consequence of an improved share of the commercial vehicle market of 21.9% (19.3%).

Judging by the decline in copper stocks on the LME from 400,000 t at the end of September 1978 to 135,000 t, world consumption continues to outpace production. Meanwhile, short-term prospects are being hampered by high interest rates worldwide and the threat of recession in the US early this year. So there could be a renewed period of price weakness, even though strength would have been expected given the pending labour contract negotiations in the US this year.

The long-term prospects for copper continue to look good to Grentell. He states that severe shortages are around the corner unless prices rise sufficiently to justify the cost of starting up new mines with lower grades.

Copper's performance has restored investment interest in the share which has risen from a low of 127c to 340c in the past year. But while much of this stems from the resumption of dividends, at least a little of the price appreciation is to be found in recurrent rumours that a bid for the group is imminent. My view is that nothing will be heard until after the AGM on January 24 when, among others, the group's new share incentive scheme will be put to the vote. However, before voting for the scheme, shareholders might be advised to insist on disclosure of the group's turnover. It is simply unacceptable that management should cease to provide turnover figures on the grounds that the diverse nature of operations renders disclosure meaningless. If it is meaningless, why not treat shareholders as adults and provide them with a meaningful divisional turnover breakdown?

John White

Defying the bears

Surging copper prices are continuing to defy developing bearish factors due to heavy speculative buying on the London Metal Exchange and New York's Comex market. Though this week forward delivery copper on the LME was trading £100 below last week's peak of £1 150/t, dealers reported the market remained strong, with speculative spillover buying from the precious metal market the main feature. Last week's dramatic increase in the copper price, which witnessed the US producer Asarco posting a record quotation of \$1,20/lb, coincided with crisis-fuelled peaks in gold, platinum and silver.

The profit-taking shakeout in precious metals late last week caused a sharp retreat in copper as well, and early this week the metal traded nervously lower as

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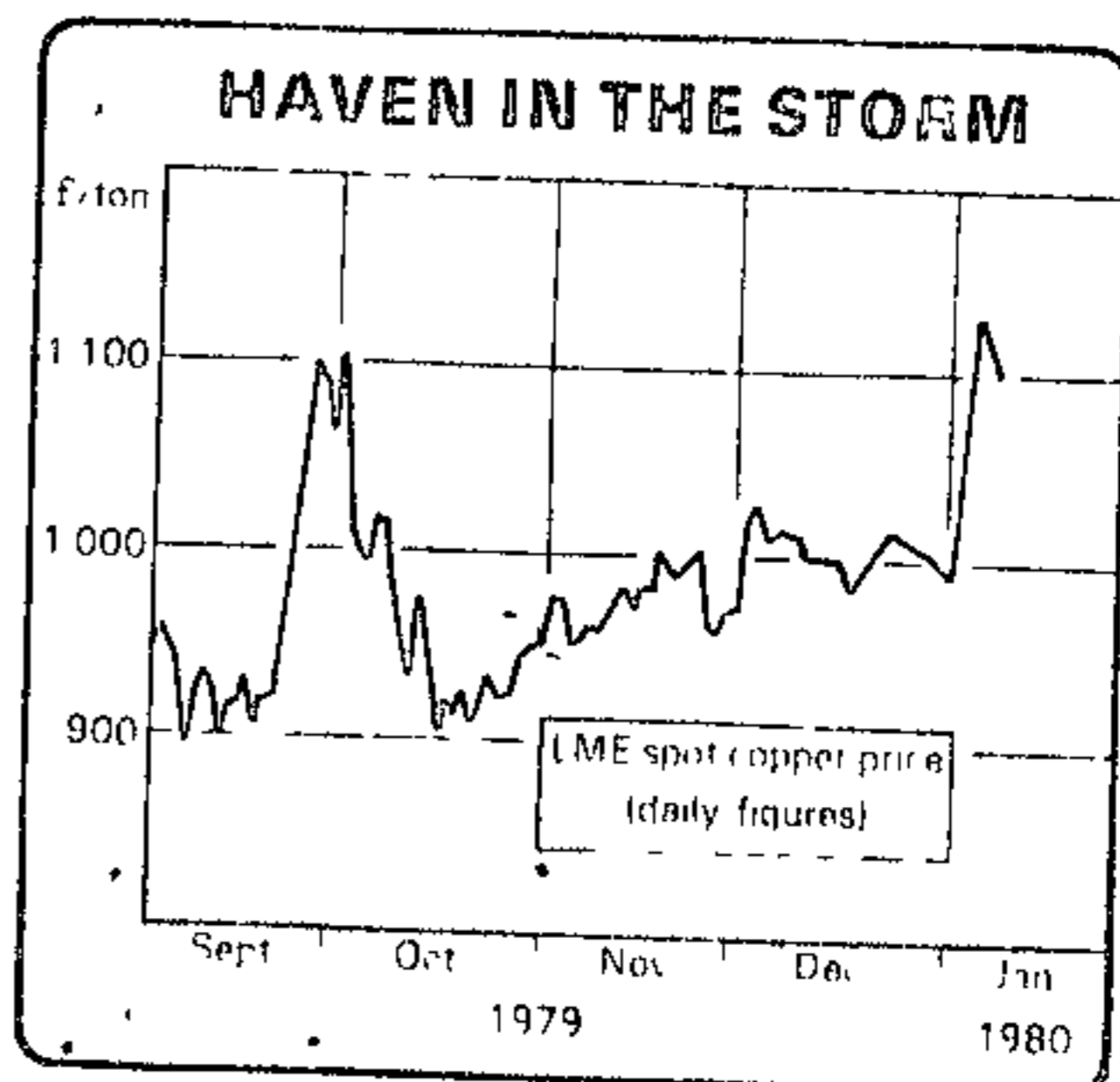
speculators anxiously monitored the latest developments in the Afghanistan crisis and in particular President Carter's decision to suspend 17 Mt of mixed grain sales to the Soviet Union.

There are few however, who doubt that further substantial rises in the copper price are possible, should the central Asian security situation worsen and precious metals continue to boom. Moreover some believe that copper could prove increasingly attractive as a haven for hot money. The thinking is this: gold, silver and platinum are now very expensive gambles. Investors do not have to get their positions far wrong to suffer substantial losses. Moreover, many investors believe that the world silver market may have been cornered by a small group of powerful US and Arab interests with the result that the average investor could find himself suddenly squeezed, dealers say.

Nevertheless, as pointed out by leading US commission house Bache, Halsey, Stuart in its latest market report, 'the fundamental background does not warrant existing (price) levels' — though world stocks have generally continued to decline with levels in LME warehouses now standing at 125 150 t compared with twice that amount at the beginning of last year. The rate of increase in refined copper consumption is believed to be declining. According to some, it may have dropped to 3% worldwide during 1979 compared with 6% in 1978. And as the West heads for a recession which could be deeper and longer in view of rocketing oil prices (in some cases now standing at over \$30 a barrel) a further sharp decline could be just around the corner.

And there are two other bearish factors in the pipeline. Even when question marks have hung over physical copper offtake in recent years, two key factors have helped boost prices from time to time. Central African transport problems and industrial unrest in Peru

However, there is a growing feeling among LME dealers that, even though the Rhodesian ceasefire operations might not have been entirely successful, the steady reopening of roads and rail links between Zambia and Rhodesia could improve the



rate of evacuation of the metal from the Copper Belt in coming months. Moreover Zambia has received a \$1m loan from the European Common Market to help speed up repairs on the Tazara railway bridge destroyed by Rhodesian commandos last November. Meanwhile, in Peru the chances of stoppages in the country's giant copper mining operations may have been reduced by recent attempts by finance minister Dr Salva Rente to improve the standard of living of workers by awarding them increases in minimum salaries plus cost of living bonuses.



Metals are strong but Msauli's asbestos remains finely priced

BASE METAL QUARTERLIES (17)

Continuing advances

Will US military spending help the world avoid recession? If it does and the US goes on a strategic minerals procurement spree, recent base metal price advances could continue.

Demand and prices could move either way depending whether recession or military spending predominates. And that means investors in base metal counters will need to remain on their toes.

GFSAs tin producers reported better than expected revenue despite earlier forecasts that 1979 might see the average tin price fall as much as 15%. However a worldwide tin surplus appears to be developing even before taking into account the possible impact of the release of 35 000 t from the US strategic stockpile.

For the year to end-July 1979, world production was 202 000 t (185 000 t) with consumption running at 187 000 t (181 000 t). This gap could become even wider as GSA sales might start as early as March, perhaps spread over three years. This would add about 5% to world supply on an annual basis. Meanwhile, more favourable legislation on tin mining is encouraging production increases in Malaysia.

Rooberg Higher units costs arising partly from commissioning of the new smelter pulled pre-tax profits 10.4% lower for the year to end-December despite a higher tin price and 12% rise in the fourth quarter pre-tax profit to R3.1m (R2.7m).

Tin concentrate production for the December quarter was 531 t (513 t). The gravity concentrates went to the smelter where 240 t of tin was produced and 119 t sold. Flotation concentrates and gravity concentrates in the pipeline were sold abroad. The next step is probably to smelt Union Tin's gravity concentrates before Rooberg's flotation concentrates are sent to the smelter.

The year's profit fall was offset by a lower 27.3% (26.4%) average tax rate arising from higher capex. Earnings consequently advanced to 450.4c (440.2c) and the total payout was raised 10c to 230c.

Unit costs for the December quarter were lower at R5 252/t (R5 382) compared with revenue of R12 198/t (R11 354). Over the year the average cost per ton rose 27.6% to R4 998 (R3 916), while sales revenue increased only 17.1% to R11 278. t (R9 629).

Surface drilling resulted in one payable value and three which 'wait until further investigation'. Underground payable values were revealed at 'A' and 'C' mines as well as at Vellefontein.

Union Tin Sales missed in September were made up during the December quarter despite a fourth quarter production drop to 97 t (131 t) of tin in concentrates.

The average tin price for the year to end-December was R10 099 t (R8 807/t). Costs rose only 9.4% to R5 399/t (R4 934). Earnings for the year were 39.4c (35.2c) after capex of R486 000 (R93 000) from which dividends of 24c (18c) were paid.

At present the mine's life is estimated at three years with further reserves possible depending on market conditions.

Cons Murch Rising bullion and prospects of higher gold production with commissioning of the oxide slag re-treatment plant have helped transform the mine's near-term earnings potential. And if the

world maintains its war psychosis resulting in higher prices from the stockpiling of antimony, this year's earnings could be set for a major advance.

At end-December, the mine held 6 904 t of concentrate stocks worth about R7m at current prices and because of the mine's accounting system, fully paid for. The stockpile cannot be run down completely, but some 5 000 t could be sold this year if demand is there. This, however, could well depend on the building of strategic stocks by consumers.

Meantime, judging by the December quarter's figures mining grade and costs have stabilised indicating that this year's likely capex can be funded from earnings with little strain.

Palabora Problems with the autogenous mills continued into the first part of the fourth quarter resulting in an estimated copper production loss of 2 400 t for the year. Production for the December quarter was 28 481 t (29 444 t) and for the year 111 014 t (114 688 t) compared with sales of 113 000 t (115 000 t).

The agreement with Foskor to extend Palabora's pit life by five years to 1997 was ratified last quarter. At a cost of R32m for additional equipment, the mine will gain an additional 615 000 t of copper during 1992-1997 and deliver 50Mt of phosphate rock to Foskor. Foskor is to grant a loan to Palabora to help buy the equipment needed as well as financing part of the cost of mining the enlarged pit. Palabora's commitment will be funded from tax allowances, retained earnings and bank loans.

Near-term the copper market seems balanced with LMF stocks around 200 000 t and little new production coming onto the market. Zambia and Zaïre, which together produce about 17% of the world's copper still have transport and production

P.T.O.

problems. And with strikes a possibility during the international industry's wage negotiations in June, prices could remain firm until mid-year.

Unlike some other minerals and metals, asbestos has yet to show signs of a price take-off. And it is probably safe to assume that any re-armament by the West will only have a marginal impact on demand and prices in the near term.

Chrysotile asbestos is readily available from Canada. Under current conditions, the strikes of a few years ago which boosted sales by non-Canadian producers are unlikely to be repeated. In that case, and while normal industrial demand for asbestos products remains relatively static, any significant improvement in the fortunes of SA's two quoted producers is unlikely.

Certainly their products are acceptable to world buyers. But the past few years' squeeze on fibre prices is unlikely to be relaxed until world economies show solid signs of recovery.

Msauli: As foreshadowed by the 20c (35c) final dividend, the mine's fourth quarter results were hardly inspiring. The expected December quarter sales advance materialised as buyers stocked up ahead of the year-end Canadian benchmark price increases.

The mine does not provide quarterly sales tonnage figures, but interpreting

sales revenue and cost of sales figures, it appears that last year's profit was helped by sales from fibre stocks. Whether or not this indicates something of an improvement in market conditions remains to be seen. A straw in the wind, though, is that fourth quarter sales were higher than the corresponding period for 1978, while rand-denominated prices averaged R4,60/t less at R194.50. That largely reflects higher sales of lower priced, shorter fibres and could be a sign of firmer demand.

Grade problems have been resolved, but reported recovery grades this year will probably reflect the mine's ability to sell (and therefore its need to recover) shorter fibres. And on that will depend average unit sales prices.

After taking capex and loan levy payments into account, Msauli distributed slightly more cash than was available from operations. So if the asbestos market is set for another difficult year, dividends will be tightly pitched this year.

Gefco: Judging by fibre price and grade trends, operations are increasingly concentrated in higher grade working places. Even so, under current blue asbestos market conditions, any significant near-term profit improvement seems unlikely.

Capex and prospecting expenditure have been cut back to minimal levels. But Gefco used the fat years of strong asbestos demand to improve and up-grade its

production facilities. So it is probably safe to assume that capex will not rocket once the market recovers. Little cash was retained from last year's operations despite the final dividend cut to 12.5c (31c).

As with sister mine Msauli, fourth quarter results reflect the usual year-end buying upturn ahead of Canadian price increases. But it would be going too far to assume that the quarter's figures can be repeated during the first two quarters of the current year. On this basis a further dividend cut seems more than likely unless a strong and unforeseeable asbestos market improvement takes place.

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Old Mutual

in R10,7m

Lyd Plat deal

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By DON ROBERTSON

JOHANNESBURG. — After two weeks of what must have been some hard bargaining, General Mining and its associate, Sentrust, have announced details of the sale of their stake in Lydenburg Platinum to the Old Mutual for R10 714 665, equivalent to 345c a share.

The purchase price will be satisfied by the exchange of a mixed portfolio of securities from Old Mutual. The transaction will increase Old Mutual's interest in Lydenburg to 42% from the previously held 21%.

The effective change of control will result in a reconstitution of the board, although the operations of Lydenburg will remain unaltered.

In addition, Lydenburg has agreed to sell to General Mining all its mineral and mining rights, participation rights and property holdings, although it will retain the right to negotiate a participation in any future development of these mining rights.

These rights are reported to have a minor value and their sale will not have a material effect on the earnings or prospects of Lydenburg. The consideration for this sale will be determined by an independent adviser.

Old Mutual will extend a cash offer of 345c a share to minority shareholders of Lydenburg.

The deal certainly appears most favourable for Old Mutual. Lydenburg's 8,3% holding in Rustenburg Platinum — its major investment — is worth 431c at yesterday's closing price of 600c. Its interest in Sentrust and President Steyn, at current prices, takes this value up to about 470c a share.

For Old Mutual, the deal makes sense in that it is picking up a good investment at a considerable discount and should benefit from the dividend income from a currently optimistic Rustenburg.

What Old Mutual will pay for the mineral rights, however, could reduce the discount.

The major participation is on the farm Vermeulenskraal-Noord, south of President Steyn. However, results from exploratory drilling on the farm have not revealed any significant values and prospecting has ceased.

For General Mining, however, the deal seems rather odd, with the price well below the value of the underlying assets.

A General Mining spokesman, points out that the group is already heavily committed in the platinum industry through its indirect holding in Impala through Union Corporation, which it is in the process of acquiring as a wholly owned subsidiary.

It is considered that the portfolio it will receive from Old Mutual will fit in better with its current investment strategy.

une carte de visite
Hotel en la chapelle enclose,
qui vit et de cette chose
Par le mur, un sort crever,
Habitant qui n'est relevé
De parois, et l'apelle.
Des: fait de, ou de la?
qui est, qui se repete et?
Et est le point: "t vos, qui?"
de sur, fait et, une charrue,
La plus d'olives, qui vive.
In il report, "tats, folle vens?
Les d'ans est jore, les par, hirs
S'avez de l'ou, dont de l'annus.
Tant com la on a plus apils
A dell et a jore vats,

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40
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5

Vast new find of iron ore

Mrs. B. B. B.

2/2/80
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A blast in the Sishen iron ore mine's open pit, one of the world's largest open cast hard rock mining operations

By ANDREW MCNULTY

A MAMMOTH new high-grade iron ore find, potentially worth more than R6 500-million has given South Africa's booming mining industry the possibility of additional large scale exports

Based on current export prices, the deposit is potentially worth well over R65-billion

The American-based Phelps Dodge Corporation has located extremely large reserves of high grade ore in the northern Transvaal

The deposit contains very substantial tonnages — hundreds of millions of tons — that can be mined by open cast methods and far larger reserves that could be mined later by underground methods

This was confirmed to Business Times this week by Dr Pat Ryan, managing director of Phelps Dodge Mining

Dr Ryan says evaluation of the reserves is still in progress and any decision to establish a mine will not be taken for some time

We are busy exploring a possible mine, he says. If this deposit had been in the United States it would certainly have been mined. But there are various questions to consider mainly markets, and it's early days yet.

However, the deposit is a significant boost to the country's total reserves of iron ore, estimated at 9 500 million tons or 3% of the world's total by the South African Minerals Bureau

This estimate includes proven reserves which can be mined by present mining methods but does not include

the new Pietersburg reserves. The ore is eminently suitable for iron and steel making

It is superior in quality to the Sishen-Postmasburg ore which, with an average iron content of some 64% is among the best quality in the world

The new reserves contain ore of the magnetic variety (known technically as taconite) which is easily concentrated to a high-grade 70% iron product by magnetic separation methods

The Pietersburg material is preferable to the Sishen hematite ore because there are about 4% less impurities that have to be removed in the iron and steel making process

Furthermore, the concentrate fines produced in the

Pietersburg magnetic ores are easily pelletised into round balls which are more efficiently reduced in the blast furnace than the lumpy Sishen-Thabazimbi type ores

A blast furnace reduction operation in the Pietersburg area will result in a 30 to 33% reduction in the weight of material that has to be railed for further treatment and eventual consumption in the Witwatersrand

According to one estimate, the easily mined open pit ores alone would enable an increase of about 50% in the country's present steel production to be maintained for the following 100 years

At this rate of local production — about two million tons of iron or steel a year — total reserves in the Pietersburg

taconite field would support production for 300 to 500 years, which indicates the great potential

However, prospects of the deposit's being turned to account depend heavily on future export demand

A downturn in steelmaking has made world markets for iron ore highly competitive. The market — as well as the lack of railage facilities — mean it could be unlikely that a new mine will be established in the short-term

Isacor now meets all its domestic needs from the Sishen mine and generally exports as much as the Sishen-Saldanha line can carry

One of the world's largest open cast, hard rock mines, Sishen has reserves of some 1 000-million tons and now produces 20-million tons of ore a year. From 1976 — when the Sishen-Saldanha rail

was opened — until now, Sishen has exported 42-million tons worth R522-million

The two other significant iron ore producers are Iscor's Thabazimbi mine in the northern Transvaal and Associated Manganeese's Beeshoek mine in the northern Cape

Although export tonnages of iron ore are classified, foreign earnings are rising rapidly. In 1979 iron ore exports earned some R230-million, up 39% on the previous year. Major markets are Japan and western Europe

Prices have firmed slightly in the past 18 months, but a new study by the Minerals Bureau forecasts little significant improvement in demand before 1983

South Africa's total production in 1978 was about 24.2 million tons compared with 26.5-million tons the previous year

are only 391 000 shares out which is one reason why the prospective yield is higher at 8.9% — and why it will probably continue to trade at a discount to its underlying holdings in M&A. One thing is sure, if M&A is to grow by acquisition, expect a capital or debt raising exercise in the not too distant future

John White

LYDENBURG

Mutual benefit

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pm 4/2/80

Despite rumblings from investors and brokers, Old Mutual policyholders will be delighted by the life assurer's acquisition of 21% of Lydenburg from General Mining and Sentrust. And they will be doubly pleased with the effective bargain basement price of 345c a share

When Lydenburg was suspended, that meant an effective price which discounted Lydenburg's quoted investments alone by 31.2% — and a far cry from the current 23.7% discount with Lydenburg quoted at 365c

Of course, policyholders might ask if there is a *quid pro quo* for the apparent largesse of General Mining and Sentrust. However I am assured by both the Old Mutual and General Mining that there is not. The parcel of shares swapped for the Lydenburg stake does not include any of the Old Mutual's 4.5% interest in Union Corp. Nor, I am assured, does the arrangement include an agreement by Old Mutual to vote its Union Corp shares in favour of the take-out by General Mining.

To take the lesser point first, as I understand it, the parcel of shares

swapped for Lydenburg did not include any Impala nor any shares of near-term strategic importance to General Mining or its associates.

The Old Mutual has rightly taken a positive view on platinum for well over a year and has been a heavy buyer of platinum — in many cases large blocks at substantial discounts to the market. That positive view meshed with the fact that now it effectively controls Impala, General Mining probably saw little reason to retain, through its Lydenburg holding, a minority stake in Rustenburg. So from that point of view, the deal made sense.

But what about the Old Mutual's Union Corp stake? Few brokers believe that these shares will be voted against the deal — and they may well be right. But the Old Mutual is biding its time. It has seen recent brokers' notes, a couple of which calculate that at current gold prices, Union Corp's greater gearing to gold values 100 Union Corp shares at anything between 100-120 General Mining.

The Old Mutual's attitude is that it is not prepared to commit itself until formal offer documents are issued. General Mining can hardly pull back, but unless gold collapses there is a racing chance that the preliminary 80-for-100 offer will be improved upon. Then, and only then, will a decision be made.

Finally, what about Lydenburg's mineral rights? To all intents and purposes shareholders are no worse off than they were before.

On, for example, the farm Vermeulenskraal Noord, which lies to the south of President Steyn and which is currently

being re-examined by General Mining, mineral rights are held as to 23.8% by General Mining, 50% Sentrust and 25% Lydenburg. For a nominal sum Lydenburg is to sell any right it may have to block mining developments. But if the house does decide to establish mining operations there, presumably Lydenburg will retain the right to participate to the tune of 25% in a new mine from grass roots.

The same should apply to the company's other mineral rights. Participation rights are retained in proportion to mineral rights holdings.

What it boils down to is that there is no reason for shareholders to scramble out of Lydenburg. Nor, unless the share price falls apart, is there any reason for them to accept the Old Mutual's 345c a share offer to minorities.

But to return to the Union Corp angle. If the Old Mutual does vote in favour of a General Mining offer, it will go a long way towards lining up the 75% of the minorities' votes needed to approve the scheme of arrangement. However, considerable opposition has built up to the deal, both here and in London. And anything that is seen as forcing an unwanted deal on minorities will tarnish General Mining's overseas investment image. At the same time, many brokers are convinced that, at present General Mining's share price is being supported strongly, perhaps with the aim of maintaining the present 80-for-100 offer's attractions.

If so, and if significant numbers of overseas investors see an unfavourable outcome to the deal and sell out of General Mining, the share price could be set for a fall once the Union Corp take-over is completed. On that basis, perhaps the best advice to General Mining shareholders is to lighten their holdings now and buy back once the bid is finalised.

Jim Jones



Platinum mining . . . a long-term holding for the Old Mutual

STAR
Mining 9/2/80
optimism
in north 217

**Northern Transvaal
Bureau**

PIETERSBURG — There is "cautious optimism" in the Northern Transvaal about future mining operations, following the announcement of recent prospecting results

Dr Pat Ryan, managing director of an international mining exploration company, has confirmed an important iron ore find just north of Pietersburg

But the feasibility of mining the ore economically is still being studied according to, Dr Ryan. There was a healthy infrastructure in the area, and the presence of other important metals like chrome made the development of related industries likely, he said

The possible opening of a major platinum, nickel and copper mine near Potgietersrus was announced recently by Sir Albert Robinson, chairman of Rustenburg Platinum Holdings,

Maandag 10/2/80

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Fedmis se uitbreiding by Phalaborwa kos R17 m

FEDMIS, wat binnekort 'n hoofkantoor sal hê, gaan word, het aangekondig dat hy sy fosforsuur-aanleg by Phalaborwa teen 'n koste van R17 miljoen gaan uitbrei. Dit sal hom in staat stel om die produksie van fosforsuur met sowat 100 000 ton per jaar op te stoot en ook sy uitvoer van fosforsuur aansienlik te verhoog.

Die nuwe besturende direkteur van Fedmis, mnr J H van der Walt, sê sy maatskappy verdien op die oomblik sowat R50 miljoen aan buitelandse valuta met die uitvoer van fosforsuur en wanneer die uitbreidinge voltooi is, sal 'n ekstra R25 miljoen per jaar verdien kan word, wat die totale buitelandse verdienste tot R75 miljoen

sal opstoot.

Fedmis voer op die oomblik fosforsuur hoofsaaklik uit na Brasilië, Europa, en Japan, maar het ook kontrakte in Amerika en die Midde-Ooste. Die maatskappy het onlangs 'n langtermynkontrak met Brasilië gesluit vir die uitvoer van fosforsuur wat hom in staat sal stel om in die toekoms maksimale gebruik van sy aanlegte te maak.

Mnr Malan sê op die oomblik word verskeie ander oorsese markte vir die uitvoer van fosforsuur ook ondersoek.

Die uitbreidinge aan die aanleg by Phalaborwa sal nie net die maatskappy in staat stel om meer buitelandse valuta te verdien nie, maar sal ook die

infrastruktuur van die plaaslike kunsmisnywerheid aansienlik verbreed. Mnr Malan sê die uitbreidingsaanleg sal ook verskeie ander strategieë van hierdie strategiese grondstof vir die vervaardiging van kunsmis in die toekoms beskikbaar sal wees en daarby sal dit ook bydra dat koste van die grondstof oor die langtermyn gestabiliseer sal word. Dit behoort iets te wees wat veral deur die boerderygemeenskap in Suid-Afrika verwelkom sal word.

Mnr Malan sê weens kundigheid wat in Fedmis opgebou is, sal die uitbreidingsaanleg die aanleg, ondanks die hoe inflasiekoers, aansienlik goedkoper wees as die huidige

aanleg wat sowat drie jaar gelede in gebruik geneem is.

Hy sê die lewensvatbaarheid van die uitbreidingsaanleg, nie net alleen vanweë die laer kapitaalkoste per ton nie, maar ook vanweë die sterk groei in die plaaslike vraag na fosforsuur.

Mnr Malan sê ongeveer 25 000 ton van die vergroute produksievermoe sal deur die nuwe aanleg vir die vervaardiging van reieningsmiddele opgeneem word, terwyl die res uitgevoer gaan word.

Fedmis beoog ook om sy opbergingsgeriewe van fosforsuur by Richardsbaai te verhoog. Mnr. Malan sê 'n vierde ojaar-

tenk sal waarskynlik voor April vanjaar opgerig word. Dit sal die opgaarvermoe vir uitvoerdoeleindes tot 50 000 ton verhoog.

Hy sê ook verder dat die nuwe bykomstige filtreertoerusting wat onlangs geïnstalleer is die kwaliteit van Fedmis se fosforsuur aansienlik verhoog het sodat dit op die oomblik van die suur is wat die minste gips in die vorm van soliede materiaal

Fedmis verkry al sy grondstowwe vir die vervaardiging van fosforsuur plaaslik. Die fosfaatkontraat word voorsien deur Foskor terwyl swawelsuur hoofsaaklik deur Sasol II en Sasol III voorsien sal word.

Rio Tinto puts R13m into black housing

Cape Times
13/2/80

By PAUL DOLD
Financial Editor

THE quality of housing being provided for South Africa's black labour force, particularly on the mines, has attracted a fair amount of comment both locally and abroad but one group which has tackled an impressive scheme is the British based Rio Tinto group which, apart from its Rossing uranium mine in South West Africa, has a 39 percent stake in Palabora and also manages the latter mine.

The other shareholders in Palabora are South Africa's Industrial Development Corporation and Newmont Mining of the United States

At Namakgale — a town in Lebowa — which is some 14km from the Palabora mine, Palabora Mining, a Rio Tinto subsidiary has pumped some R13m into housing, a 205 bed hospital, clinics, recreational and other facilities such as an olympic size swimming pool, cycle track and football stadium for its black labour force

Its contribution in the housing field is by far the outstanding feature. Admittedly, Palamin has several major advantages including that it is an open cast mining operation but has an excellent track record in the industry

The group is opposed to the recruiting of migrant labour from the surrounding areas and has from the start adhered to a policy of maintaining a stable permanent black work force. This has effectively meant that the family unit has been enshrined into labour policy

PMC has a staff of some 2 850 blacks and 970 whites and at its own cost has been building superior houses (way above Soweto standards) which have bathrooms, separate toilets, built-in cupboards and electric stoves to its black staff

The group has some 770 two, three and four bedroomed houses and part of the success of the scheme is the assistance PMC has received from Government departments such as the Department of Co-operation and Development

Since the original houses were built PMC has also begun renovating and upgrading some 1 356 existing government built houses at the town. This huge scale renovation is being undertaken at the group's own cost which will convert the spartan style houses into comfortable homes

The big hospital which was a joint PMC — Government venture is serving the entire community supported by clinics run by black nurses

Accommodation has also been provided for single

workers in four blocks which have a kitchen, dining hall, gymnasiums, library and games rooms. Meals are subsidised and diets are compiled by nutrition experts

All workers on the mine earn well above the household effective level — which is basically the household subsistence level plus 50 percent compiled on a cash and kind basis

The lowest wage is over R215 a month with top salaries in the

R500 bracket for hourly paid staff. Some 15 percent of the black staff are paid monthly. The highest paid black is a graduate laboratory assistant

In addition, housing, water and electricity are subsidised by PMC. There is a contributory pension fund for all workers. The benefits of the money spent thus far can be seen from the low staff turnover figure for an operation of this type which last year was only 7 percent

... ephelileyo kubekho abafundi base
Kolegi ababafundi kwe- 500. Ababafundi bavela kwezi zikolo
lvili Technical College, Peninsula Training College. Ababafundi
abaphinde baqeshwe kungenjalo yonke imveliso yakwe Fattis & Monis

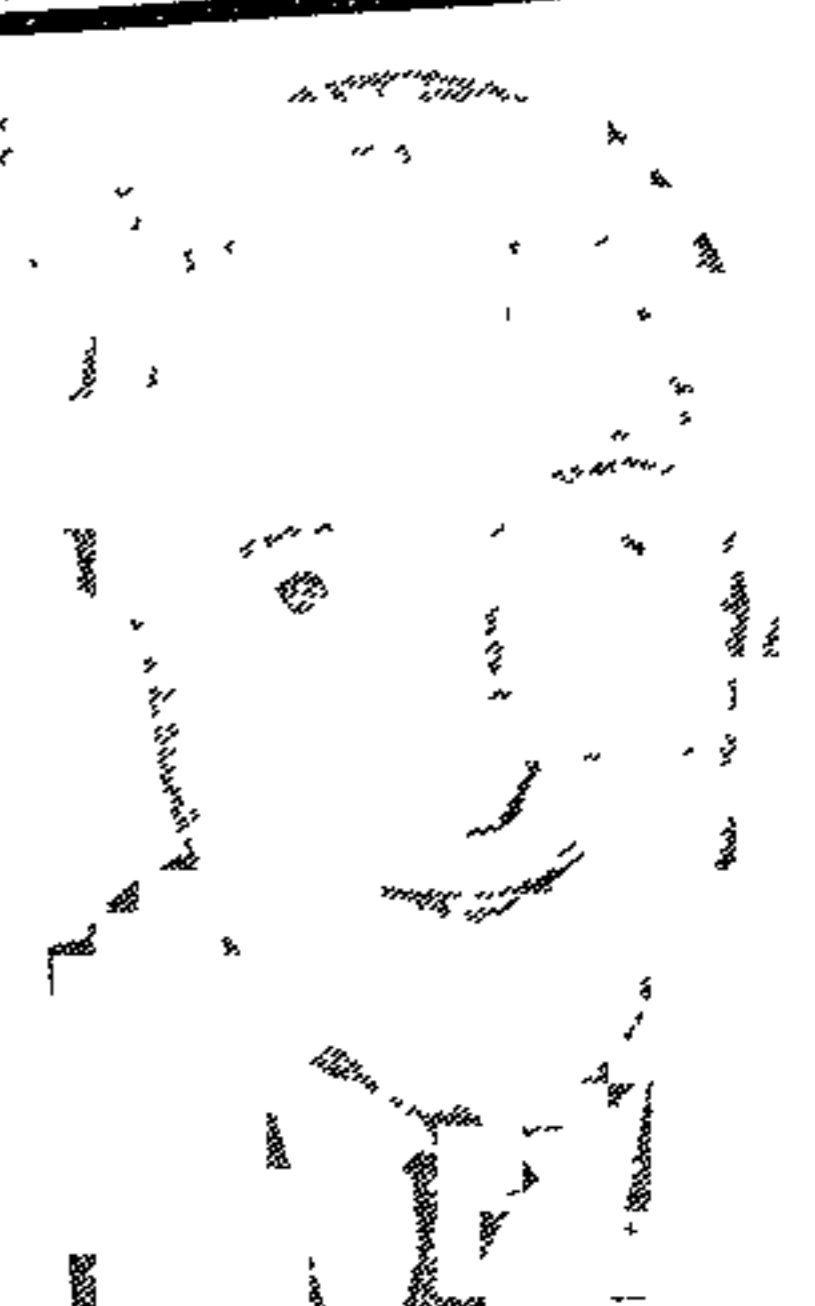
Province Traders Association uthetha uza kuxelela onke amalungu
ngi imveliso yaleFektri de bavume uthethwathethwano.

Je African Council of Sports SACOS ucele onke amalungu awo nazo
so nxibelelwano kunye nabo ukuba zixhase abo bagxothiweyo de ba-
bt sibe akufuneki bayithenge imveliso yale fektri.

v T. bayenzile eyabo intlanganiso bebonakalisa uhunye nabasebenzi.
t so zakwe Fattis & Monis zingathengwa okanye zingasetyenziswa.

ikele ukuthi akukho ngxabano nakungevani kulefektri. Kodwa ke
efem le uthi, ukhathazekile xa kuqithiwa imveliso yabo mayinga-
a njengoko inkxaso enkulu ivela kwabo bamnyama. Abaphati bale
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lonis? UFattis & Monis yifektri enezimvaliso zilandelayo:
ng flour, Cake flour, Bread flour, Sifted flour, Unsifted flour,
; Philadelphia flour; Koeberg Mille packed mealie meal;
ream cones, cake cups and wafers; Fattis & Monis macaroni,
ibbons, rings, dilatines; Princess, Pick 'n Pay, Pot o' Gold,
macaroni, spaghetti, shells, ribbons, rings, dilatines;
in Observatory; Ultra Bakery in Somerset West; Good Hope Bakery



Sir Mark Turner, chairman of the Rio Tinto-Zinc Corporation Ltd

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Union Tin prospers

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Mining Editor

UNION TIN, threatened with closure for the past few years, recorded a substantial improvement in results for the quarter to December from particularly good sales.

Production of tin in concentrates fell to 97 tons from 131 tons, but sales, augmented from stocks, rose to 131 tons from 95 tons

This pushed sales revenue to R1 428 000 from R963 000 in the September quarter and R4 302 000 for the 12 months to December

After an increased tax bill, profits were R543 000 compared with R278 000 in September and R1 431 000 in 1979

Rooiberg Tin pushed up profits to R2 626 000 from R2 105 000 after a decline in tin concentrates sold to 306 tons from 432 tons, but including a first sale of tin metal from the smelter amounting to 119 tons

Total revenue was R5 184 000 compared with R4 905 000, equivalent to R12 198 a ton against R11 354 previously, and tax fell to R446 000 from R638 000

Recoveries rose to 531 tons in concentrates from 513 tons

All gravity concentrates produced in the quarter were treated by the smelter, with flotation concentrates sold overseas

Five boreholes were completed in the quarter, giving one payable value and three which warrant further investigation

Taxed profits at Apex eased to R2 772 000 from R2 979 000 because of a small decline in sales and resultant reduction in revenue to R9 097 000 from R9 346 000

Production of low ash coal from the No 2 seam rose to 125 500 tons (116 900 tons) and sales to 125 600 tons (116 500 tons). Production of power sta-

tion smalls was 243 500 tons (242 000 tons) and sales were 236 700 tons (242 800 tons).

Domestic coal produced from the No 4 seam was lower at 82 500 tons (103 500 tons), while sales were 81 300 tons (107 400 tons)

Metallurgical coal from No 5 seam amounted to 198 500 tons (199 100 tons) and sales were 197 900 tons (201 300 tons)

It is with blacks.

of the factory

However a di-

no dispute".

However a di-

the National African Federated Cham-

in support of the dismissed workers.

has issued a statement

to negotiate

called for a boycott of all Fattis and Monis products

More than 400 students from the University of Cape Town held a me-

a boycott of the factory's products.

schools affiliated to SACOS to support a call for re-employment

The South African Council of Sport (SACOS) has called on all spo-

sell the factory's products unless there is negotiation.

The Western Province Traders Association says it will instruct it-

be re-employed and for a boycott of Fattis & Monis products

Peninsula Training College and Bellville Technical College called

last week more than 500 university and college students from U.W.

Moves of solidarity with the striking workers are increasing At

there for the same purpose."

outside the factory. The workers refused to be separated One sai-

of Labour tried to separate 'Coloured' and African workers who ha-

brothers and sisters. On the first day of the strike, men from th-

back to the homelands, the African workers are standing firm with

strike are African contract workers. In spite of the threat of be-

Although those dismissed were 'Coloured', more than half of the m-

staff

says the men were replaced by machines and that it was part of a

for better conditions. The factory refused to negotiate with the

the dismissed men had signed a document giving the union rights t-

Officials of the 10 000 member union (the Food & Canning Workers Union), say

"disruption" in his firm.

these demands are "out of all proportion", and unreasonable and would lead to

work - R40 a week and an 8 hour working day. A director of the factory says

a trade union. The union was trying to negotiate for better pay and hours of

dismissed. The workers say the dismissals were because all five were members of

have been on strike. They struck because five of their fellow workers were

For almost a month 88 workers at the Fattis & Monis factory in Bellville South

Who are Fattis and Monis? Fattis and Monis following products The following Record Bread flour, Sifted flour, Unsifted flour Philadelphia flour, Koeborg Mille pack Fattis & Monis brand name. These include macaroni, spaghetti, large and small shell and green, pain rings, dilatines Fattis products under the following brand names name brand, Ckeckers and Roma. Fattis bakeries in the Cape Town area These in River, Wrench Town Bakery in Observatory

workers. However production has slowed down kept production going by employing scab workers

by blacks because much of the factory's trade is with blacks.

Fattis and Monis insist that there is "no dispute". However a di-

The Cape branch of Nafcoc - the National African Federated Cham-

The Women for Peace movement has called on the factory to negoti-

called for a boycott of all Fattis and Monis products

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Fattis & Monis Strike

Maatskappij 27/1/80

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Besluit oor platina myn gou

'N **BESLUIT** oor die opening van 'n nuwe platina myn in die distrik van Potgietersrus deur Rustenburg Platinum Holdings reeds so moontlik reeds so vroeg as in die eerste helfte van hierdie jaar kom.

Kenner sê die aankondiging van die voorsitter van Rustenburg Platinum Holdings, sir Albert Robinson, in sy jongste voorstellersre-de dat prospektieresultate aantoon die gebied beskikbaar vir 'n groot platina/nikkel/kopermyne, is 'n aanduiding dat daar reeds ver gevorder moet wees met metallurgiese prosesse vir die herwinning van die platina-groep metale.

Sir Albert het onder meer ook gesê daar bestaan 'n groot moontlikheid dat die sogenoemde Merensky Platrif, met behulp van die dagmynboumetode ontgin kan word teen 'n bedryfskoste wat heel moontlik heelwat laer as dié van die gebruiklike ondergrondse mynboumetode sal wees.

Dit op sig self impliseer dat die myn waarskynlik 'n ekonomiese proposisie sal wees, selfs al sou daar 'n aansienlike daling in die pryse van platina op die vrye markte intree.

Sir Albert wys egter daarop dat daar nog 'n aansienlike hoeveelheid werk gedoen moet word, aangesien die metallurgiese kenmerke van hierdie breë ertsstiggaam verskil van dié Rustenburg se huidige bedryfsgroep. Maar kenner

is van mening dat dit nie onmoontlik is dat so 'n myn binne die volgende twee jaar in bedryf kan wees nie.

Die aankondiging van sir Albert oor die moontlikheid van 'n nuwe myn het egter nie onverwags gekom nie. Daar is reeds in 1975 deur die direkteure van Rustenburg bekend gemaak dat 'n loodsaanleg by Driekop, wat binne die grense van Lebowa val, opgerig gaan word om meer van die rif te wete te kom asook die probleme om die platina-groep metale te herwin.

Die potensiaal van die UG2-rif word nou reeds vir 'n geruime tyd besef, maar die probleem tot dusver was dat 'n geskikte metallurgiese metode nie ontwikkel kon word om die metale te herwin nie. Die hoop vir die ontgin-

ning van hierdie rif het egter weer teen die einde van verlede jaar sterk begin opvlam toe die ingeniëurs, — Foster Wheeler, — bekend gemaak het dat hulle op die voorraand van 'n deurbraak staan met die smelting van die erts van hierdie rif. Daar is toe ook druk bespegeel dat Texasgulf, wat groot mineeralrege in die gebied het, moontlik binnekort met so 'n myn sou begin.

Dit sou sowat R250 miljoen kos. Hierdie maatstappies hou die Suid-Afrikaanse en Amerikaanse patentrege van die proses.

Intussen word verneem dat Rustenburg Platinum met sy eie navorsing oor die smelt van hierdie rif voortgegaan het. Kenner is van mening dat hulle waarskynlik nou 'n deur-

braak gemaak het. Wat vandeeweek se aankondiging van Sir Albert so interessant maak, is dat daar waarskynlik van dagmynboumetodes gebruik gemaak gaan word.

Dit sal die bedryfskoste van die myn aansienlik laer maak as byvoorbeeld by Rustenburg Platinum self wat beteken dat die myn teen 'n aansienlike laer platina-prys nog winsgewend kan wees.

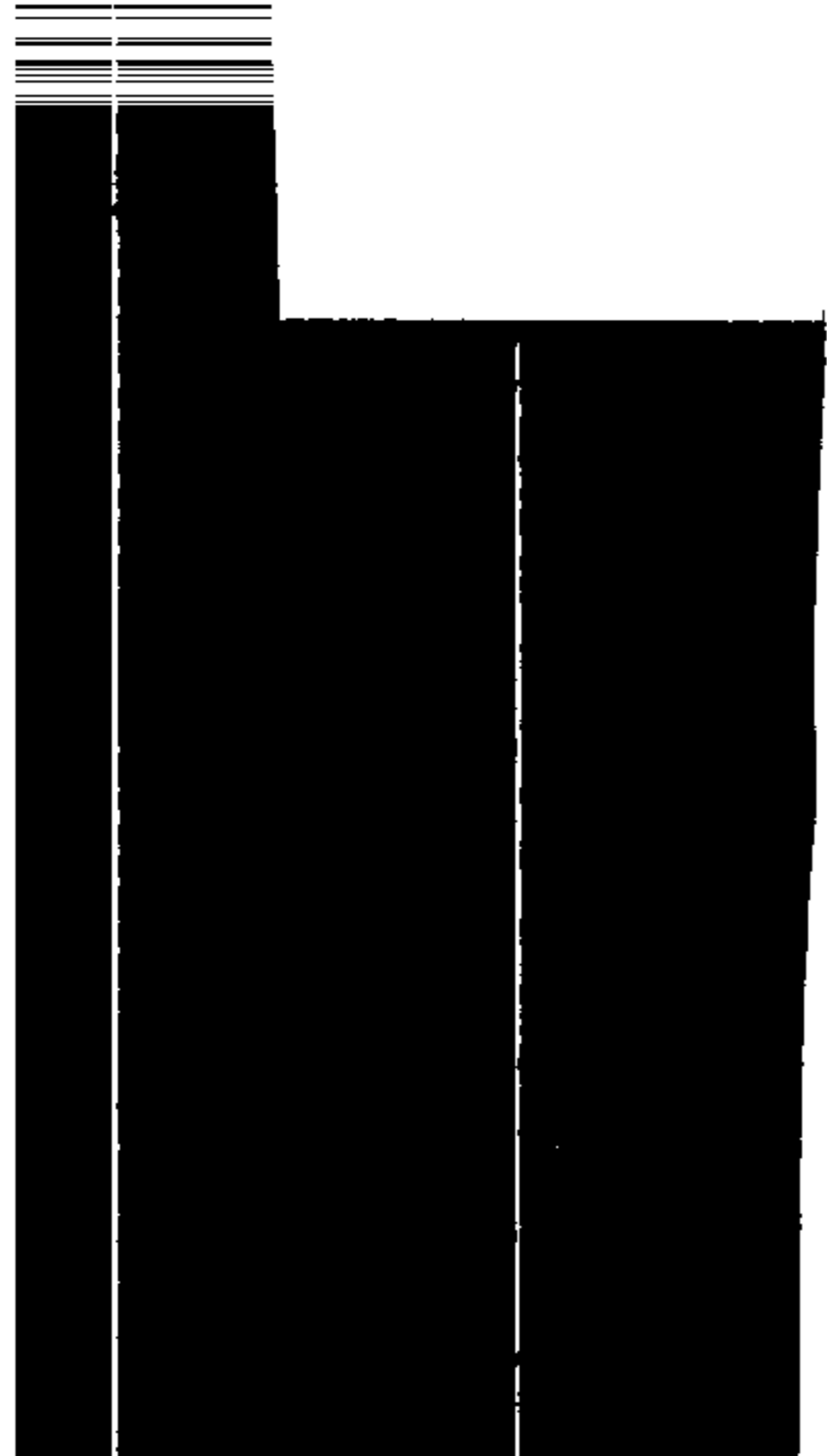
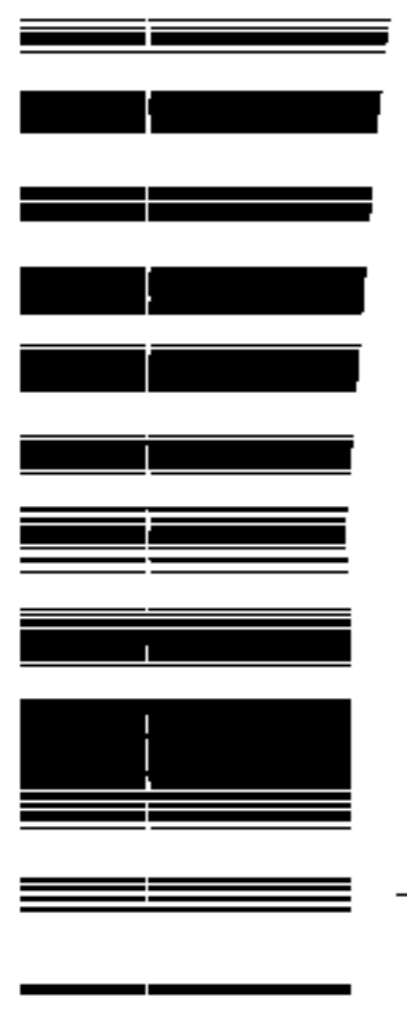
Kenner sê die opening van 'n nuwe platina myn in die gebied kan moontlik ook verhaas word deur die buitengewone goeie pryse wat platina op die oomblik bereik en die sterk styging in koste indien daar langer met die opening van so 'n myn gewag word. Daarby is sir Albert ook in sy jongste voorst-

tersverslag taamlik optimisties dat die produsetprys van platina vanjaar moontlik nie laer as die huidige vlak van 420 dollars per ons sal daal nie.

Dit is ook reeds vir 'n geruime tyd bekend dat die UG2-rif meer metale bevat, veral rodium, en dat groot hoeveelhede chroom ook in die rif voorkom. Dit sal moontlik ook daartoe aanleiding gee dat 'n nuwe smelter in die gebied opgerig gaan word as besluit word om met die myn voort te gaan.

Woordvoerders van JCI wou nie kommentaar lewer nie, aangesien „dit nog te vroeg in die beginstadium van die projek is om meer besonderhede bekend te maak“.

— DAAN DE KOCK



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Msauli takes the lead in asbestos production

sta 29/1/80
217

By Jean Moon

Of the two General Mining asbestos producers, Msauli has now taken the lead. For the year ended December 31, Msauli's net profits declined 15 percent to R3,3m while Gefco's net profits fell 66 percent to R5,4m. But in the final quarter Msauli improved its net profits by 22 percent to R866 000 while the figure for Gefco was 24 percent higher at R1,3m.

Gefco in 1979 fell from 64 338 tons in 1978 to 50 485 tons in 1979 but in the last quarter the amount rose from 11 812 to 13 087.

Production costs increased R55,6 to R288,5 per ton while revenue fell R16 a ton to R533,3. An amount of R152 000 is recorded on currency losses for the year. The tax rate for the year was reduced from 27 percent to 22 percent.

its tonnage by 19 percent for the year to 84 980 tons, but the cost per ton milled rose from R7,50 to R8,25. Revenue per ton was slightly lower for the whole year at R196,7. Msauli's tax rate fell from 30 percent for the year to 26 percent.

During the year dividends totalling 32,5c were paid by Gefco, which gives an attractive yield of 11,6 percent on yesterday's price

The amount of Cape blue fibre produced by

Msauli, which produces a shorter fibre, increased

Research
Archives
1974.
Age,
Economic Region.
Efficiency of
of
p.v.
of
Act, No. 63e of
in South Africa.

On the assumption that merger proposals to Federale Kunsmis shareholders are accepted, Sentrachem has declared a 14c interim dividend, and a 17,5c final is envisaged. This will put this year's distribution at 31,5c a share compared with 1979's total of 23c a share.

Coats' decision to change its basis of raw material stock valuation from FIFO (First-in-first-out) to LIFO (Last-in-first-out) reduced pre tax profits in the year ended October 31 by R400 000 to R1,4m.

Provision for tax has been set at R590 000.

The annual dividend has been pegged at 13c a share

with selected major categories of disease. Clearly, this is an entirely hypothetical situation. However, these competing risks life tables not only provide an indication of the relative importance of various disease categories to both the overall mortality experience and also to expectation of life of the three communities, but also, since there is an approximately linear relationship between the reduction of mortality and the percentage increase in life expectancy, any improvement will give rise to a corresponding increase in the expectation of life. Thus, if the percentage increase in the expectation of life is 50% then any of the diseases included in Fig. 6 are relatively more important. The increase in the expectation of life will be 50% of the increase in the expectation of life indicated.

Respiratory Diseases and Diseases of the Circulatory System are the selected diseases included in Fig. 6. These are the infectious and Parasitic Diseases, which are relatively amenable to the implementation of relatively simple methods of prevention.

ACKNOWLEDGEMENT

The writers wish to thank the Board of the Colonial Mutual Life Assurance Society for their generous financial assistance.

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Hansard 2 Col 674

13/2/80

FEBRUARY 1980

674

PRECIOUS STONES AMENDMENT
BILL

(Second Reading)

The MINISTER OF MINES Mr Speaker,
I move—

That the Bill be now read a Second
Time

Section 7(1) of the Act prohibits or restricts prospecting for precious stones on certain land. In terms of subsection (1)(e) of that section a prospecting lease or prospecting permit does not authorize the holder thereof to prospect for precious stones on land over which a right to dig or mine for precious metals or base minerals is held by any other person except with the written consent of that other person or the Minister. Section 7(1)(e) does therefore not prohibit or restrict prospecting for precious stones on land in respect of which any other person holds a right to prospect for precious metals or base minerals. In order to prevent problems or friction between prospectors holding prospecting or mining rights in respect of different minerals over the same land, it is suggested that the anomaly occurring in the said section 7(1)(e) be rectified.

Such an amendment will bring the said provisions of the Precious Stones Act in line with section 17(2) of the Mining Rights Act, 1967, in terms of which a prospector is prohibited from prospecting for precious metals or base minerals on land over which any other person holds a prospecting lease for precious stones or a right to dig or mine for precious stones, except with the consent of such other person or the Minister.

The provisions of section 8(2), (3) and (4) of the Precious Stones Act, 1964, providing for the registration in the Mining Titles Office of nomination agreements, became redundant when the Mining Titles Registration Act came into operation in 1967 and the object of clause 2 of the Bill is in fact to ask this House to repeal those redundant provisions. Similar provisions are contained in sections 5(1)(d), 48(1) and 48(2) of the Mining Titles Registration Act, 1967, which is the Act wherein measures relating to, *inter alia*, the registration of prospecting and mining rights belong. Section 8 of the Precious Stones Act

For full text
See Hansard

Base
metals

hot

up

EF
In bore
24/12/80

OVER the past few weeks the base metals have come in for more attention than the precious metals. This has resulted in the metal sector of the Johannesburg Stock Exchange being the star performer so far this year

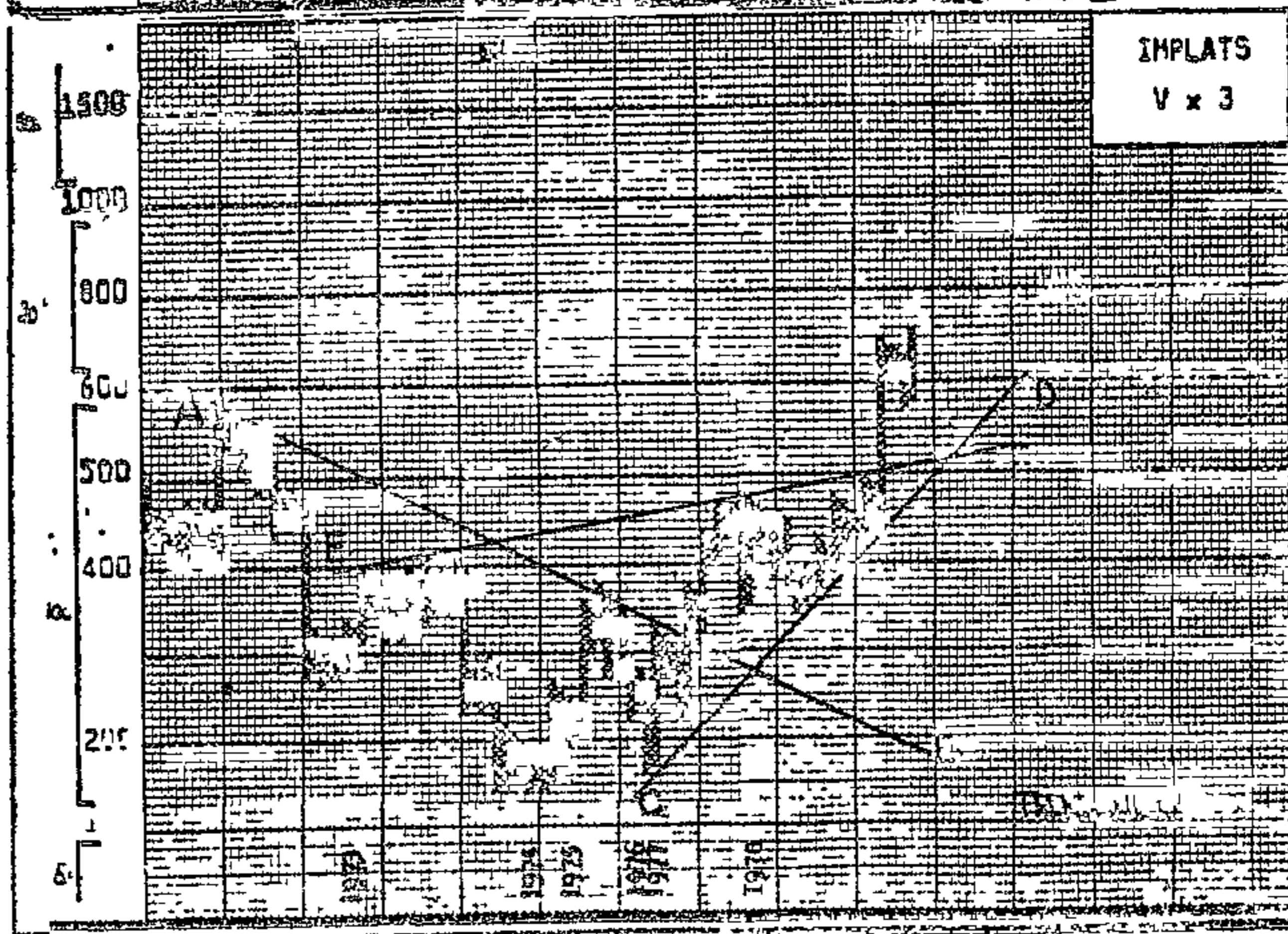
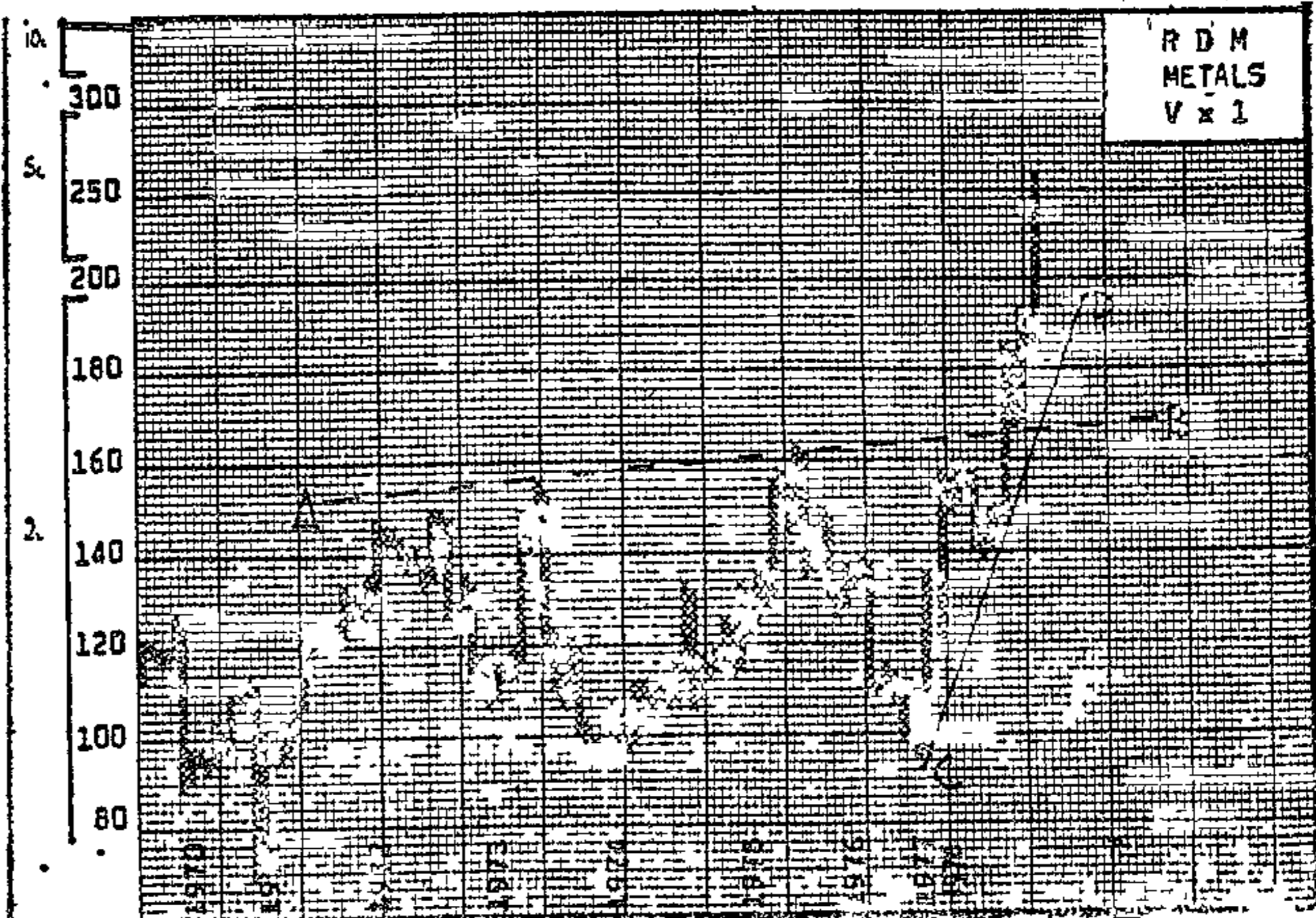
Compared with a 3 percent rise in the gold index is the fact that the metals index has risen by almost 24 percent in just six weeks

In this regard Messina was high-lighted a few weeks back when it was trading much lower down. The chart of RDM metals index shows how the break above line AB led to a spectacular advance.

The reason for this is due to the large accumulation pattern which was contained by line AB. Note the initial break and then the pullback, which held right on line AB.

Apparently around 250 the index looks somewhat extended and in need of a breather, which could result in a short term weakness. But overall the longer term outlook remains bullish.

I have chosen to look at Implats because of



the dramatic rise in profits due to the higher platinum price. The chart shows the break of bullish trendline AB and the subsequent breakout of line EF, which was containing a

major accumulation pattern. The shares are now into new ground and in view of the huge base formation look like moving ahead in the longer term. At worst the shares

could return to line F around 520 where significant support exists. However, on the brighter side of things the long-term objective indicates a price of 1100.

TONY HENFREY

Palladium boost for SA producers

By NEIL BEHRMANN

LONDON — Rustenburg, Impala and Western Platinum should get a boost from the sharp rise in palladium over the past few months.

The free market price of palladium is around \$280, well over the producer price of \$175 and just off its 1980 highs.

In fact, palladium and platinum have outperformed both gold and silver, because they have tended to be tightly held by the speculator.

According to dealers, palladium is in demand because it is a third of platinum's price and there is room for substitution in the areas where platinum is used.

Furthermore the bulk of the world's palladium is produced in Russia and because of the political situation, consumers and speculators are hoarding palladium because they expect Russian sales to tail off, if world tension escalates.

South Africa produces about 35 parts of palladium for every part of platinum.

Russia's palladium and platinum ratios are exactly the opposite.

According to platinum dealers' agents, the fundamentals in the platinum market continue to be sour.

However, the oil billionaires who are investing in precious metals do not appear to care.

They are keeping the prices high because platinum and palladium are regarded as good, tangible assets to be held as a hedge against inflation.

It is estimated that platinum production will exceed consumption by 400 000 ounces.

South African production is in the region of 2 200 000 ounces, while the rest of the world — mainly Canada — could push western supplies to 2 450 000 ounces.

Russian sales are estimated at 450 000 ounces, so total supplies this year should be in the region of 2 900 000 ounces.

Though Russia is not selling gold, it is interesting to find that the country is dribbling platinum and palladium on to the market.

It is estimated that the United States consumption, especially in the motor industry could tail off rapidly.

In fact, at least one of the manufacturers has not bought platinum from the producers this year.

Assuming other US platinum consumers will purchase about the same amount of platinum as last year, it is estimated that total US platinum consumption will be in the region of 1 100 000 ounces.

Japanese imports are expected to be slightly down on 1979 at 900 000 ounces and with the rest of the world's purchases at 500 000 ounces, total demand is in the region of 2 500 000 ounces.

This leaves a surplus of 400 000 ounces for speculators and the way the price is going, they are quite happy to buy at

the free market prices which is more than \$400 higher than the current producer price of \$420.

A platinum agent believes that in the long-term an investor would lose at these high prices, especially since world interest rates are so high.

He said that producers who were also hedging a small proportion of their platinum on to the free market, were building up their financial resources.

The stronger the producers, the more likely that they would increase production, so the speculators would have to contend with a rising flow of platinum.

At the same time, producers have more than sufficient resources to build up their stocks in the event of pressure on the producer price.

It is estimated that any producer price increase would match the rise in costs this year, because they are determined to protect the true consumer.

This would put the producer price at \$500 at the end of this year with extra revenue coming from palladium and the other platinum group metals.

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RDM

26/2/80

Palladium and platinum outshine gold and silver

By NEIL BEHRMANN

LONDON. — Rustenburg, Impala and Western Platinum should get a boost from the sharp rise in palladium over the past few months.

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In fact, palladium and platinum have outperformed both gold and silver, because they have tended to be tightly held by the speculator.

According to dealers, palladium is in demand because its a third of platinum's price and there is room for substitution in the areas where platinum is used.

Furthermore, the bulk of the world's palladium is produced in Russia and because of the political situation consumers and speculators are hoarding palladium because they expect Russian sales to tail off if world tension escalates.

South Africa roughly produces about 35 parts of palladium for every part of platinum. Russia's palladium and platinum ratios are exactly the opposite.

According to platinum dealers and agents, the fundamentals in the platinum market continue to be sour. However, the oil billionaires who are investing in precious metals do not appear to care. They are keeping the prices high because platinum and palladium are regarded as good tangible assets to be held as a hedge against inflation.

It is estimated that platinum production will exceed consumption by 400 000 ounces. South African production is in the region of 2,2-million ounces while the rest of the world — mainly Canada — could push Western supplies to 2,45-million ounces.

Russian sales are estimated

at 450 000 ounces so total supplies this year should be about 2,9-million ounces. (Though Russia is not selling gold it is interesting to find that the country is dribbling platinum and palladium on to the market.)

It is estimated that United States consumption especially in the motor industry, could tail off rapidly. In fact, at least one of the manufacturers has not bought platinum from the producers this year.

Assuming other US platinum consumers will purchase about the same amount of platinum as last year it is estimated that total US platinum consumption will be about 1,1-million ounces.

Japanese imports are expected to be slightly down on 1979 at 900 000 ounces and with the rest of the world's purchases at 500 000 ounces total demand is about 2,5-million ounces.

This leaves a surplus of 400 000 ounces for speculators and the way the price is going, they are quite happy to buy at the free market prices which is

more than 400 dollars higher than the producer price.

A platinum agent felt that in the long term an investor would lose if these high prices especially since world interest rates are so high.

He said that producers who were also hedging a small proportion of their platinum on to the free market were building up their financial resources.

The stronger the producers the more likely that they would increase production so the speculators would have to contend with a rising flow of platinum — at the same time producers have more than sufficient resources to build up their stocks in the event of pressure on the producer price.

It is estimated that any producer price increase would match the rise in costs this year, because they are determined to protect the true consumer.

This would put the producer price at 500 dollars at the end of this year with extra revenue coming from palladium and the other platinum group metals.

Heavy drop in copper

By ADAM PAYNE

JOHANNESBURG. — Copper prices fell heavily in London yesterday, with three months' copper down from £1 231 a ton Friday to £1 165 and cash down from £1 213 to £1 144.

The fall is ascribed by Mr R Holness, managing director of Commodity Brokers, to bull liquidation.

'People have made fortunes in copper, he says. When they saw their profits being eroded by a decline in the price they

jumped out together.

I do not ascribe the falls to short selling and I believe there will be a bounce back from around the £1 100 level.

The copper market rose with gold and because of wai tears. Now that Russia does not

look like moving into Iran the heat is off and there is no new international development to keep copper moving up.

It is a typical correction in a major bull market. I believe we shall see higher prices in the coming year.

No marble rights for Transkei

STAR 5/3/80

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Own Correspondent

DURBAN — The Transkei Government learned last week that it does not have the mining rights to the rare Port St Johns travertine marble — after it had already signed a contract with a company to mine and market the mineral.

The Government held 51 percent equity in the Transkei Exploration and Mining Company (Temco), which was formed in August last year, but last month it was learned that mining rights to the travertine were not handed over by the South African Mining Corporation at independence.

"The Corporation bought the mining rights, which were held under a 99-year lease, from a Durban company a long time ago," the mining corporation's general manager, Dr Manus Hanekom, said in Pretoria.

"Our intention was to mine the travertine ourselves, but unless we were requested by the Transkei Government to do so, we

weren't able to do the work ourselves," he said.

A Johannesburg company, Haven International, has now stepped in with a sub-lease from the mining corporation and last week signed a tri-part agreement with the Transkei Development Corporation, Temco and the Transkei Government to mine and market the marble.

AGREEMENT

The executive vice-president of Haven International, Mr Jack Austin, claims the Port St Johns travertine is some of the best in the world.

It is a soft marble used for decorative purposes in building interiors, and Mr Austin claims to have had overseas inquiries from buyers.

Judging from the figures of the past few years it is a viable business, but it's not going to make anybody a millionaire," Mr Austin said.

He estimates the cost of setting up the mine and establishing a cutting and polishing plant in Umtata, to be in excess of R250 000.

Platinum in surge to record \$975

STAR
5/3/80

217

By John Cavill,
Financial Correspondent

LONDON — Platinum leapt 70 dollars an ounce to a record 975 dollars here yesterday pulling gold up in its wake as American speculators piled into a thin market.

For the second successive day platinum opened limit up in New York with the April position trading at 1000 dollars an ounce (from 960 dollars overnight).

Gold which had slipped back six dollars on the sharp rise in interest rates and strengthening dollar followed platinum.

After being fixed at 631.25 dollars in the afternoon it closed here at 639.50 dollars, a net 2.50 dollars up on the day and well poised for today's International Monetary Fund auction in Washington.

Platinum traders described their market as "very bad news for the industry."

One said "The speculators have moved into a

very narrow market where margin requirements are low (100 dollars an ounce) and where there is a paucity of sellers. It makes life very hard for the producers."

For the first time in the past five years platinum was now moving the gold price, he said.

In New York Comex, March gold futures closed at 643.30 dollars.

On the London stock market the Financial Rand fell, as heavy profit-taking by continental holders of gold shares developed in the wake of the Rhodesian election results.

The Financial Rand dropped back to 101c US but as buyers mopped up "cheap" gold stocks it recovered to 104.5c to hold the discount to 15 percent.

"We've had one of our busiest days this year but all the shares on offer were easily taken," said one leading broking house.

Platinum first over \$1 000

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CDM
6/3/80

By NEIL BEHRMANN

LONDON. — A market corner in New York sent platinum through \$1 000 an ounce yesterday — a record which made it the first precious metal to reach such heights.

It was fixed at \$1 047.50 an ounce in the afternoon in London and at \$1 025 in the morning. Tuesday's record second fixing in London was \$960 after \$930 in the morning. In sterling terms yesterday afternoon's price was £466.60 — also a record.

Yesterday's fixings put platinum at a premium of more than \$600 over the producer price and about \$400 higher than gold. Palladium is at premium of about \$100 over the producer price. Other platinum group metals — iridium and rhodium — are also in demand. Iridium has outperformed rhodium.

Platinum's price performance has been amazing considering the sharp decline in industrial demand.

Mr Brian Nathan, of Ayrton Metals, says the move began at the end of February, and the price has soared by \$200 in only a week.

Palladium hit a high at yesterday afternoon's fix at \$335, or £149.20, from \$295, or £132.35, on Tuesday. The producer price is \$225.

Several dealers and merchants and dealers say a platinum and palladium corner is in force. A corner takes place when sellers cannot deliver metal to the buyers.

A commission house, Conti Commodity Services, is involved. It cornered the silver market from August to October last year.

It is widely believed that Conti is acting on behalf of a syndicate buying precious metals. Dealers are also speculating that Mr Bunker Hunt, the Texas oil billionaire who played a large part in last year's silver corner, is involved in the platinum market. Swiss buying indicates that the Arab billionaires are interested.

New York-commission house dealers say large-scale buying of platinum started a few weeks ago.

Mr Nathan says palladium is in great demand. The micro-electronics industry is tending to substitute palladium for gold. Secondly, the German

Government announced yesterday that dentists must substitute palladium for gold in their amalgams. On this news the price jumped \$20.

Mr Derek Dumenil, marketing director of Johnson Matthey, is worried about the long-term consequences of the high price of platinum. Mr Nathan is, too, and so are London merchants, such as Argos Metals.

Japanese jewellery demand has slumped dramatically. The motor-car manufacturers have been out of the market for several months. Fabricators — the true consumers of platinum — have been placed under pressure. They cannot hedge — sell into the market to insure their physical positions.

With hedge or short positions in the market, the true consumers and merchants, who have carried the market in bad and good times, have to put up more and more margin to cover their positions.

Last year a large US bullion house nearly went bankrupt because it could not meet the margins when the silver price doubled in only two months. Apparently this house was bailed out by Mr Bunker Hunt.

Some analysts who have been accurate on the precious metals markets over the past few months believe that the movement in platinum and palladium presages a sharp upward swing in the price of gold. These analysts contend that oil billionaires are worried about their insecure position in the Middle East and fear runaway inflation.

Eurobonds — the fixed income securities on the international capital market — have collapsed because interest rates have soared.

Swiss, German and London bullion dealers report that the big buyers have been accumulating gold over the past few weeks. They have deliberately knocked back the price in thin markets to buy while the small men on margin have been forced to sell and others have tended to dishoard. Some dealers say platinum has been pushed over \$1 000 to make gold look cheap.

They expect yesterday's International Monetary Fund auction to be well bid and if the price starts rising after the auction, short sellers and fabricators will be forced into the market to buy.

The buying power appears extensive. Russia remains out of the market. The overall supply and demand balance would only change if the US Treasury or other central banks became sellers.

But European dealers report that central banks in south-east Europe and the Middle East have been gold buyers into price weakness.

Platinum hits

\$1047 in

STAR
6/3/80

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'crazy' market

By John Cavill,
Financial Correspondent
LONDON — Speculators kept their grip on the platinum market, driving the price up another 72 dollars to a record 1047 dollars an ounce in London yesterday.

Platinum dealers described the market as "stone crazy" but said the price could easily rise by another 100 dollars.

Meanwhile, platinum shares continued to gain ground, helped by reports here that the major South African producers, Rustenburg and Impala were reaping some benefit from the runaway free market price.

It is rumoured that while sales of the metal to direct consumers — such as the motor industry in America — are being held at the producer level of 120 dollars an ounce, about 50 percent of supplies to the Japanese jewellery trade are being shipped at a "market-related price."

Some Japanese selling was reported in the market yesterday.

Meanwhile, gold was again helped by platinum. Ahead of the International Monetary Fund auction gold firmed by 7.50 dollars to 645 dollars an ounce.

The Star Bureau in New York adds: Platinum's strength has been evident for quite a while, with the supply side clouded by a lack of significant Russian sales.

South Africa, the largest producer, accounts for about 65 percent of supply and has been steady about it.

On the demand side, there are signs that the

car, petroleum and chemicals industries might be increasing their orders.

About 95 percent of the metal is used by industry for such products as anti-pollution devices and jet-engine linings.

There is probably also a speculative element. A speculator can get a 50-ounce platinum futures contract for an initial cash margin of 2500 dollars, or 5 percent of the metal's value.

A 100-ounce gold contract requires 15000 dollars in cash and a 5000-ounce silver contract between 40000 and 75000 dollars.

TIN

New records

217
7/13/80

Tin prices rocketed to all time peaks on the London Metal Exchange this week following a decision by the US government to delay sales from its General Services Administration Strategic Stockpile until mid-year

Following Congressional approval for stockpile releases totalling 35 000 t late last year, it was originally planned to commence disposals during March. However, in the past two months producer opposition has steadily mounted and it appears that the US government has decided not to risk a showdown just yet with such countries as Malaysia and Bolivia

Following news of Washington's change of heart overnight, tin prices soared in early trading Tuesday morning Standard grade tin for immediate delivery on the LME shot up £300/t to £8 210 and material for delivery in three months' time advanced roughly £200 to £8 100 Throughout January and February cash prices had been fluctuating in a £7 400 to £8 000 trad-

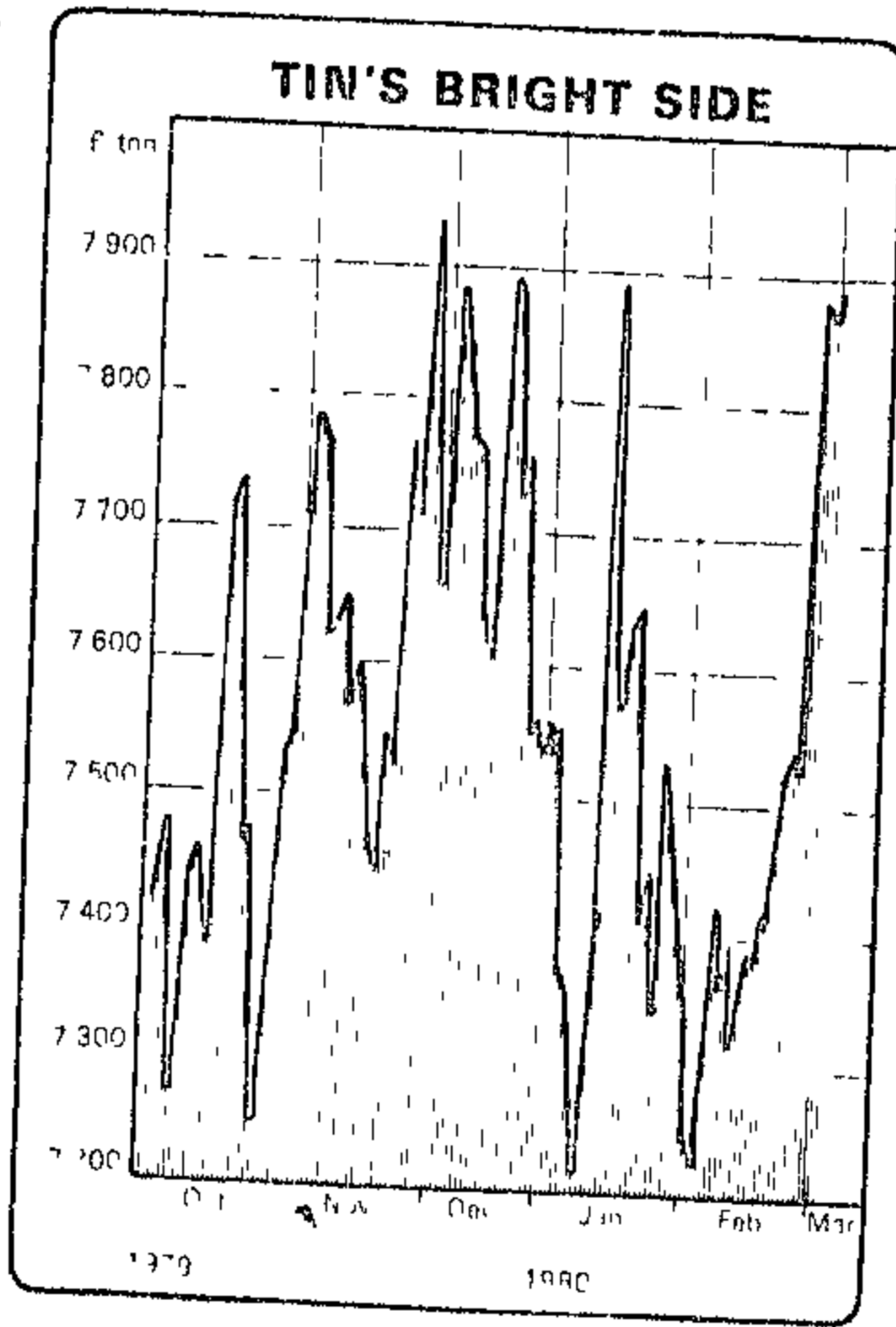
S

ing range compared with a low point over the last year or so of £6 400 last July

The debate over the US stockpile issue has centred primarily on the London-based International Tin Council (ITC), of which the US is a consumer member. At a meeting of the ITC in January there were heated exchanges between producers and consumers on this question with Bolivia, the world's highest-cost producer due to the problems of high altitude mining. The meetings ended inconclusively and it was decided to resume discussions at another session late February

That provided a further forum for producers to state their objections which primarily centre on the rate at which the US will release supplies. Washington, despite delaying the commencement of disposals, nevertheless seems to be clinging to its original intention of releasing 500 t every two weeks. By comparison, the producers are doing their best to get this reduced to 200 t, especially since it is generally recognised that the market is steadily moving into surplus to the tune of 2 000 t or 3 000 t irrespective of US stockpile sales

Producers and consumers will again discuss the issue mid-March at another meeting of the ITC a meeting which could result in the raising of the current International Tin Agreement price defence range. This could assist relations between the two sides as it would increase the



guaranteed minimum return to producers though there is some doubt about whether or not they would nevertheless be satisfied with any increase which consumers may see fit to approve. Price debates within the ITC are notoriously divisive, with consumers always fearful of propping up world prices at artificial levels with the assistance of the ITC's buffer stock funds, and producers anxious to bring guaranteed

levels into line with world prices and to compensate themselves for the rising cost of imported Western manufactured goods

Currently, the Tin Agreement's floor price stands at 1 500 ringits (Malaysian dollars) per picul (60 kg) and the ceiling at 1 950 ringits. At current exchange rates these amount to £5 144 and £6 515, substantially below current market levels

The US decision to delay stockpile releases may also have been influenced by the forthcoming negotiations in Geneva aimed at ironing out a new agreement to replace the current accord. That, too, promises to be a tough time for consumers and producers especially as the latter are bent on radical changes including a price regime that more closely reflects conditions in the world market and the introduction of export quotas to help support prices

Back on the LME, the rise in the wake of the US decision was especially fuelled by consumers, particularly from Japan, piling into the market. Originally, these and others in Europe and the US had been holding off ahead of likely lower prices in the wake of stockpile releases. However, most felt they could not risk running down stocks much further. And of course in the current continuing search for investment outlets away from currency markets the situation was ripe for a sharp increase in speculative activity, a factor which also caused prices to shoot

R200m to be spent on Cooke 3

By ADAMPAYNE

RANDFONTEIN Estates gold mine has decided to go ahead with sinking of a big shaft, building of housing and enlargement of the Cooke reduction plant at a cost of R200-million in today's money.

This amounts effectively to the opening of a new mine because of the size of the operation, although in fact it will be an enlargement of the existing Cooke section which itself is a big mine.

The shaft will be the long-awaited Cooke No. 3, where uranium will be as important as gold — although this depends on the future prices of gold and uranium.

Depending on how the mining is carried out and how the ores are blended from the three shafts, the introduction of reef from Cooke No. 3 to the reduction plant should not lower the gold grade initially.

But gold values in the area are lower than in Cooke No. 1 or Cooke No. 2 areas, with uranium grades higher.

The planning for this development calls for a bratticed vertical shaft which will link up with the development from the Cooke No. 2 shaft system, fol-

lowed in the medium term by a ventilation shaft.

Production from this section should start in 1985 and build up to a rate of 160 000 tons milled a month. This is higher than the present level of production from Cooke No. 1 or Cooke No. 2 Shaft.

The Cooke plant will be expanded to treat this additional tonnage for both gold and uranium.

Most of the R200-million capital outlay will be spent over the next six years. The average of more than R33-million a year will not be an undue strain because of the tax benefits arising from capital spending.

The shaft is needed to maintain the mine's profitability levels when in future stoping from the old Randfontein section ceases and reserves are lowered at Cooke No. 1 Shaft.

The management has taken the decision to go ahead with Cooke No. 3 Shaft largely because of the current high gold price and indications that it will not react too severely if and when it does react.

Randfontein will double capital spending this year with the inclusion of the work on the new shaft.

Robinson spells out the two platinum markets

(217)

RDM 7/3/80.

79

By ADAM PAYNE

SIR Albert Robinson, chairman of Rustenburg Platinum Holdings, said yesterday in an interview that there were two markets in platinum — one speculative and the other serving industry and the motor makers.

He declined to comment on the possibility of a rise in the producer price

Questions and replies were

What do you think of the rise in the platinum and palladium free-market prices?

• The surge in platinum is a fair indication that there are two distinct markets in this metal. The first is the industrial and automobile market to which production and sales from the major producers are related.

This is a market which is based on the long-term requirements of industry and hence the producer price philosophy. This is intended to maintain the confidence of consumers and at the same time provide a fair and reasonable return to the producer.

The second market is characterised by the activities of the free market. These prices are related to the activities of professional speculators as well as the desire of investors to hold precious metals rather than paper money during these times of international uncertainty and crisis.

In the case of palladium, there is a more reasonable relationship between the producer price and that of the free market.

However, it would not be surprising if speculative activity and investment demand were to impact on the palladium free-market price thereby forcing it well beyond the range of the producer price.

Where do you predict the prices will go now?

It is impossible to make a prediction about the free-market prices of platinum and palladium. They will continue to be influenced by changes in the international climate as well as the activities of speculators.

Will Rustenburg raise the producer prices of platinum and palladium?

It is not Rustenburg's practice to comment on possible producer price changes and accordingly I am unable to respond to this inquiry.

COMMENT: A platinum-industry executive expressed his view shortly saying: "The crystal ball broke many months ago. The free-market price of platinum could rocket either way tomorrow — up or down."

"It all depends on Mr Bunker Hunt."

He also declined to comment on the possibility of a producer price rise, but it seems that a rise will only be decided on when the free-market price shows signs of stability within a certain range substantially higher than the present producer price of \$420 an oz.

Tough talks on chrome forecast

STAR 7/3/80

Own Correspondent

TOKYO — Protracted and difficult negotiations are being predicted in Japan over the price of 1980 shipments of South African chrome ore.

Representatives of Rand Mines visited Tokyo last weekend for negotiations and officials of General Mining are due to arrive this weekend to take up the baton.

At a joint meeting with ferroalloy makers, the Rand Mines representatives opened the batting for South Africa with an explanation of the increased costs that necessitated a boost in sales prices this year.

Japanese sources said the South African side had said a desirable price level would be 58 dollars

per ton FOB. But as this would be an extremely sharp jump to accept in one go, Rand Mines was aiming for a contract price at around 52 to 53 dollars a ton, which is now becoming prevalent in Europe.

The company now has to negotiate on price and tonnages with its individual traditional customers.

The Japanese say they have no idea what price General Mining will push for in meetings scheduled for next week.

However, one influential industry executive warned: "Japanese users now are tending to look for high grade rather than low grade ore, in view of the 50 percent rise in electric power rates scheduled for next month."

Japanese rates will benefit SA

STAR 7/3/80

Own Correspondent

TOKYO — A hefty jump in Japan's electricity rate charges next month will directly benefit South African ferrochrome manufacturers.

Current negotiations for April/June shipment have been bogged down by a Japanese insistence on a 5c cut in price, while South Africa wants to hold the line at existing rates of 45c a pound CIF.

But industry sources here admit that, in the long run, it is a losing battle. One company offi-

cial said: "The 50 percent increase in electricity charges scheduled to come into effect next month will damage us badly on price against important competition."

"I would say this will make it less difficult for suppliers to raise their export prices in the long run, and also make it hard for Japanese importers to resist."

South African chrome has had a significant price advantage for some time against the domestic product.

Bigger role for chrome

57M 7/3/80 (217)

Stephen Suckley

Mining

South Africa's dominance in gold, uranium and platinum production is a fact of life, but the country is also extremely well endowed with another commodity that is becoming of strategic importance worldwide — chrome

Over the years South African chrome has been the centre of controversy in more than one part of the world with threats of sanctions, artificial ceilings for the country's chrome, and in certain instances concern by countries over delays in supplies

REPORT

But a report in the latest edition of the Chamber of Mines's review underlines South Africa's importance and dominance in the ferrochrome markets

Over the past six years the country's ferrochrome industry has undergone a major revitalisation with its smelting capacity increasing by 60 percent to 820 000 tons annually

Exports of ferrochrome in 1979 were of the order of 650 000 tons, a figure which represents

of 50 percent of world demand and puts SA in a strong position

But it was only last year that the position for the country's chrome producers was far from rosy. Mines were faced with possible shutdowns if better prices were not realised on world market.

BETTER TIMES

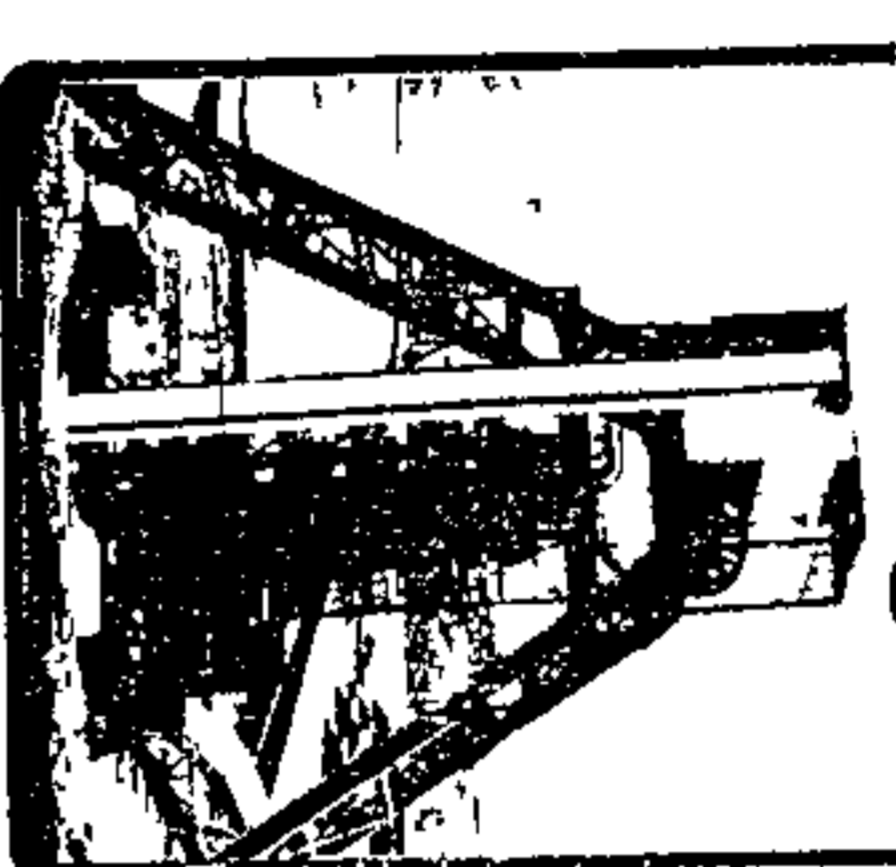
Producers were asking between 10 and 15 percent more for their products, because of the rise of the rand against the dollar, increases in freight rates and higher mining costs had eroded margins to unacceptable levels

But analysts in the industry are looking for better times in the current year when 1980 chrome contracts are concluded

The Chamber comments that there are several factors to the expansionary trend of the industry over the past few years

These include increased world production of specialised steels, the move away in production from steel-producing nations to ore-producing nations and an altered product mix of stainless steel

And the scene is set for further expansion as well



Chamber, producers are well placed to take advantage, especially with a concerted move into ferro-alloys by major industrialised nations

This year South African chrome production could total some 4.5m tons and it is anticipated the overall growth rate over the next decade will be about 8 percent

There are currently six smelting plants operated by five companies producing ferrochrome and there are presently 18 active chrome mines in South Africa operated by 10 companies

On the smelting side, most of the plants are

modern, 60 percent being built since 1954 and capacity could easily be increased from the current 820 000 tons by adding extra furnaces at low capital cost

Furthermore, South Africa is sitting on vast reserves of chrome ore. It is interesting to note that of world reserves of 3 400m tons, South Africa accounts for 80 percent of this figure

Known reserves in South Africa, according to the Chamber, are based on a cut-off depth of 30 metres but are known to exist well below 60 metres in the Transvaal Bushveld Igneous Complex. In this instance the reserve figure could well be doubled

SPIRITS HIGH

Increased demand from the country's ferrochrome producers has had some impact on the level of chrome exports. But despite the slowdown SA producers have maintained a 30 percent share of world markets

Spirits are high, however, for a further rise in exports with demand stemming mainly from the refractory and chemical industries.

But weighed against the

bright potential for South African chrome is the fact that the West, more particularly the US, is concerned that its main sources of strategic minerals are in South Africa

America's chrome supplies come from South Africa and Russia, and analysts suggest that despite the US embargo on Rhodesia, ore from that country found its way to the US

And because Russia has never been thought of as a reliable supplier, more so now because of the deterioration in relations over the Afghanistan situation and the political aspects of South African supplies, America is looking more and more towards its own resources of chrome

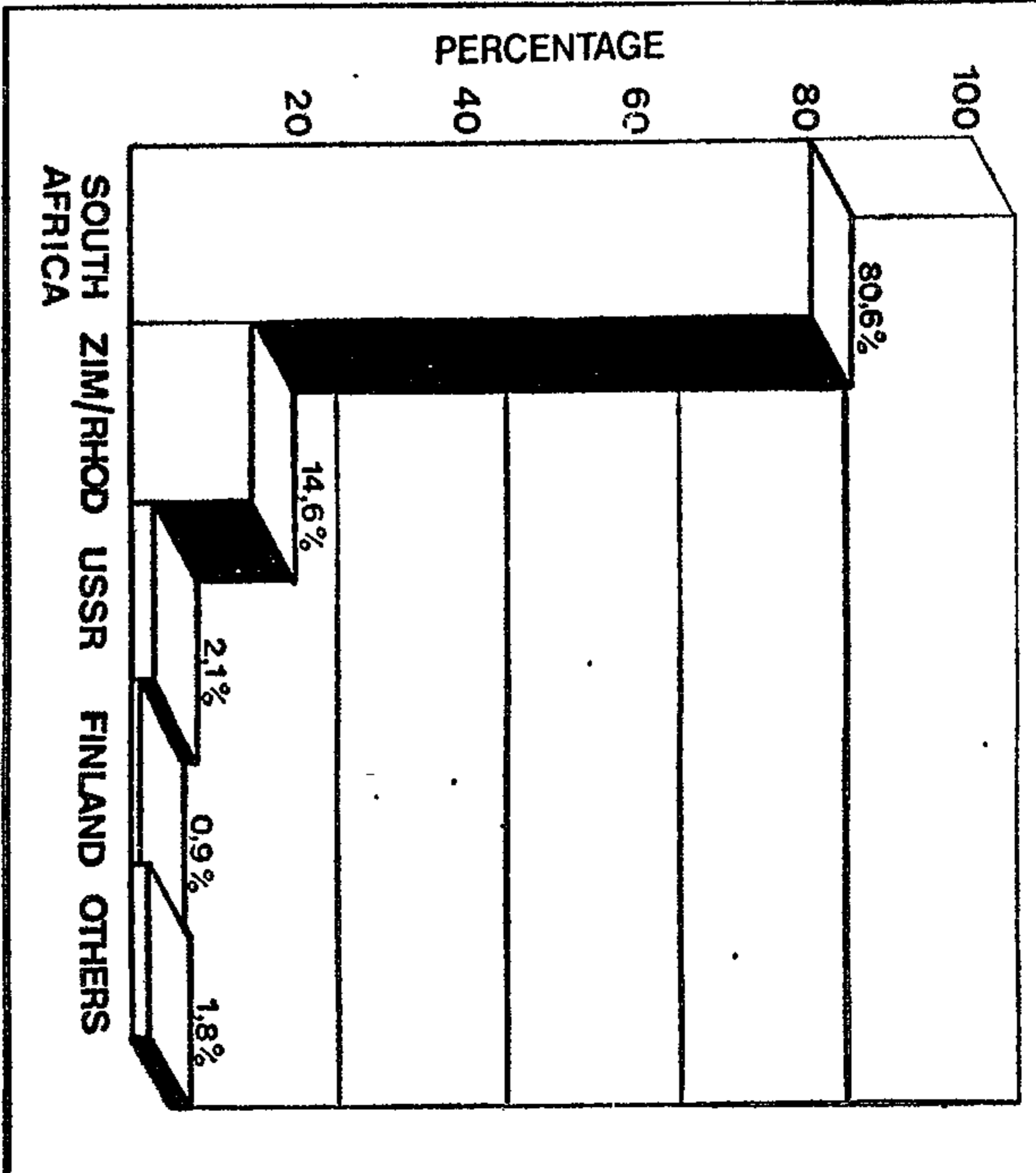
It is estimated that there are some 8 m tons of recoverable chromium in the US — a drop in the ocean when one looks at the figure in context with this country's reserves

LONG-TERM

Chrome deposits in California and Oregon have values below those contained in the waste products of chrome mines in Africa

Nevertheless, it is

DISTRIBUTION OF WORLD CHROMITE RESERVES



the US have said that with new technology combined and an ambitious scrap-recycling programme, the US could be less dependant on im-

In fact, America could become a significant producer, which could in the end result in a slice of the cake being taken away from SA.

Visible industry in the US would be a long-term project and therefore would have no immediate effect on South Africa's dominance in the market

Reuse-myn vir De Beers in Namakwaland

RAPPORT 9/3/80

DIE opening van 'n nuwe diamantmyn aan die weskus van Namakwaland, wat etlike miljoene rande gaan kos en waarvan die hoeveelheid erts wat behandel gaan word, waarskynlik dié van CDM sal oortref, gaan moontlik binnekort deur De Beers aangekondig word. 'n Kapi-

taalkoste van R100 miljoen of selfs meer word genoem.

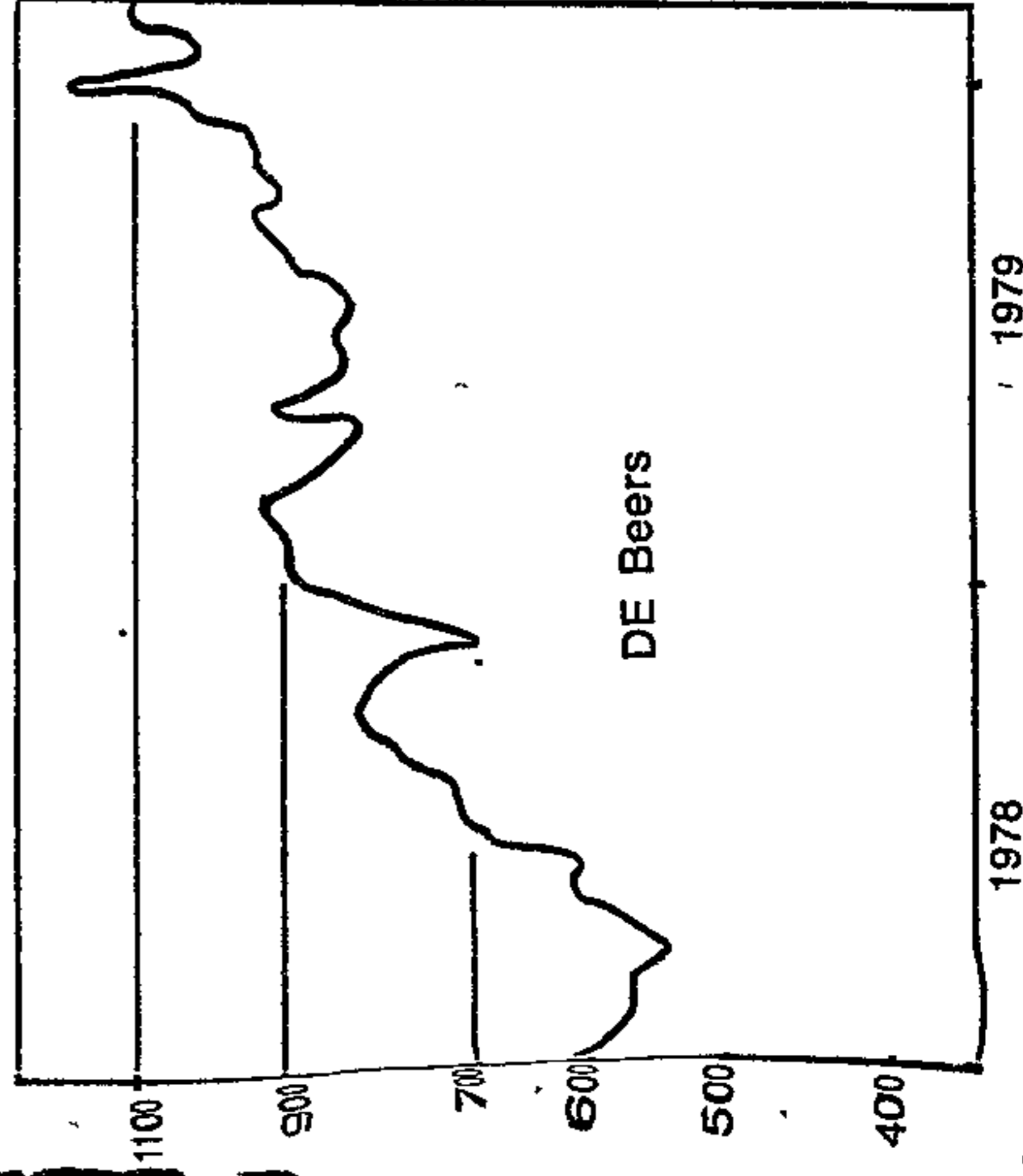
Daar word verneem dat die nuwe myn op die plase Tweepad en Kareedoornvlei nêr noord van die bestaande Dreyerspan is.

Woordvoerders van De Beers wou geen kommentaar lewer nie, maar daar word verneem dat die nuwe aanleg by Tweepad, wat gebou is om die ou

Dreyerspan-aanleg te vervang, reeds in werking is en dat hierdie aanleg teen November vanjaar in volle produksie sal wees. Die vermoë van hierdie aanleg is, na wat verneem word, aansienlik groter as wat aanvanklik in die vooruitsig gestel is om voorsiening te maak vir die goter hoeveelheid erts wat vergruis gaan word.

Geen verdere inligting

IN teenstelling met vorige jare het De Beers se aandeelprys verlede jaar vir lang tye nie veel beweging getoon nie. Die prys het byna die hele tyd tussen 800c en 950c gewissel. 'n Aansienlike styging het egter laat verlede jaar voorgekom en die prys het in die begin van vanjaar 'n hoogtepunt van 1 200c bereik. 'n Aansienlike terugstaking het daarna plaasgevind en 'n konsolidasie rondom 1 100c is nou aan die gang. Volgens die grafiek het die prys op die kort termyn 'n opwaartse potensiaal tot by ten minste 1 300c

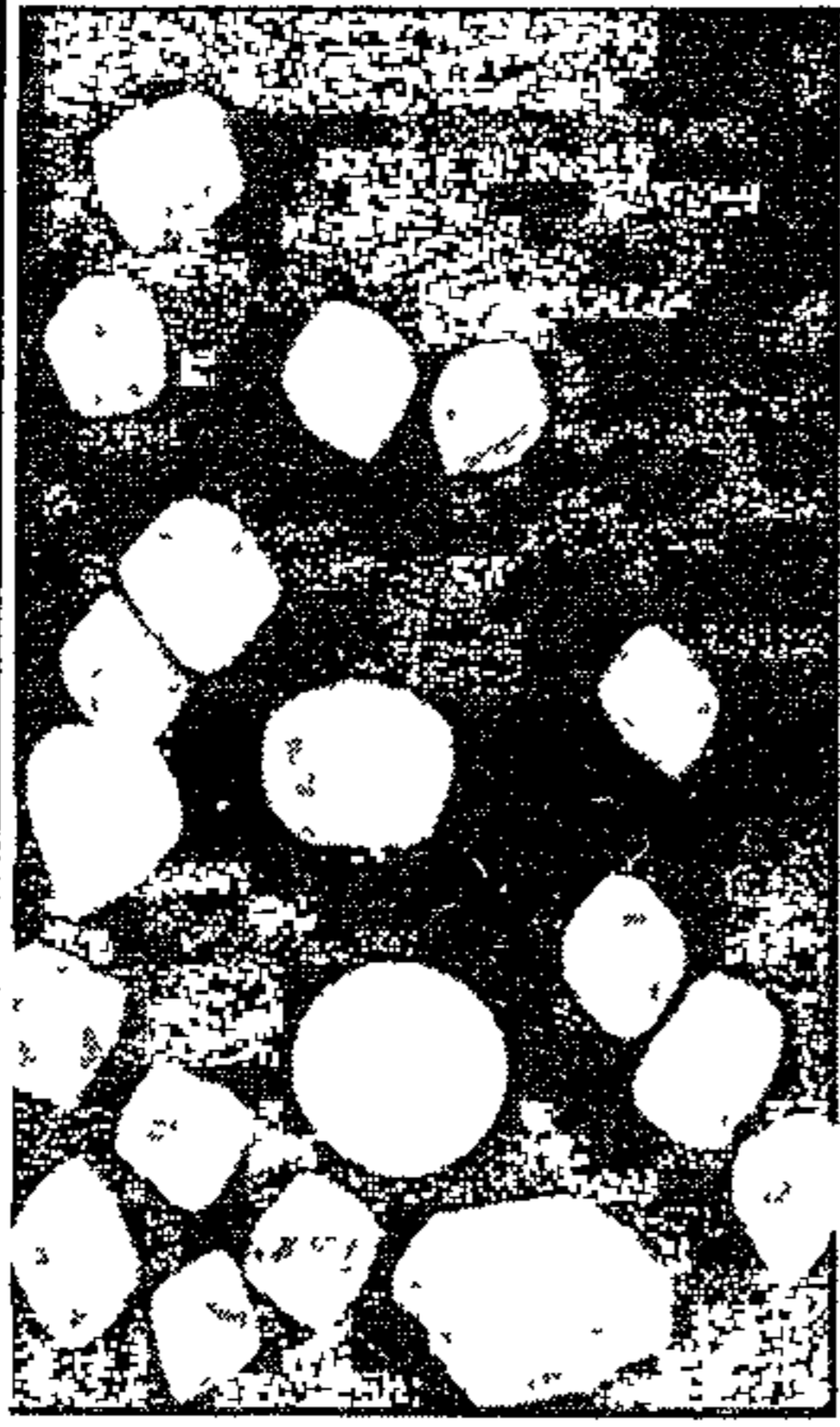


kon verkry word nie, maar daar is kenners wat van mening is dat die nuwe myn se produksie moontlik dié van CDM kan oortref.

Volgens die jongste jaarverslag van De Beers het CDM in 1978 altesame 15 136 300 ton gruis behandel waaruit 1 898 211 karaat diamante herwin is. Dit is gelykstaande aan 12,54 karaat per metrieke ton guis behandel. Die opbrengs by Dreyerspan, wat baie na-aan Tweepad geleë is, was aansienlik hoër. Die gemiddelde graad in 1978 het op 34,31 karaat per 100 ton te staan gekom teenoor die vorige jaar se 38,64 karaat.

Daar word verneem dat hierdie myn stadig besig is om tot die einde van sy lewe te kom en dat dit later heeltemal uitgefa-seer sal word.

Indien die gerugte oor die omvang van die nuwe myn korrek is, sal dit beteken dat die Namakwaland-myn binnekort 'n baie belangrike bydrae tot De Beers se totale diamantproduksie sal lewer. In 1978 het die Namakwaland-myn — hulle is Koingnaas, Annex Kleinsee, Lançhoogte,



Mitchells Bay en Dreyerspan — altesame 1 224 952 karaat diamante geprodu-seer.

Uitbreidingsprogramme wat deur hierdie myne onderneem is, veral Koingnaas, sal tot gevolg hê dat die Namakwaland-se diamantmyne reeds vanjaar die produksie van CDM sal oorskry.

De Beers het verlede jaar altesame 12 miljoen karaat diamante geprodu-seer. Die voorsitter van De Beers het in sy jongste voorsittersverslag gesê dat die uitbreidingsprogramme wat tans aan die gang is, die maatskappy in staat sal stel om teen 1983 sy totale produksie tot ongeveer 19 miljoen karaat op te stoot. Dit is sowat 7 miljoen karaat hoër as verlede jaar se syfer. Hierdie syfer is uitgesonderd van die van Tweepad.

Kenners sê die metode van ontginning by die nuwe Tweepadmyn sal dieselfde wees as wat deur CDM gebruik word, naamlik waar die bo-laag grond verwyder word en die diamantdraende gruis gebreek word vir behan-deling in die aanleg.

Daan de Kock

EXAMINATION RESULTS IN FACULTY ARTS

PAGE 2

AS AT 29 02 80

STU13-9

15026 B.A./LL.B.

YEAR : 2

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	15026
133011C	SCHWEITZER	ANTONY GIDEON	604201	ROMAN DUTCH LAW I	2-	133011C
134965B	SMITH	ROBERT TRAVERS	105104	LATIN I	F	134965B
135195R	SMUTS	PETER WFSIFP	603202	ROMAN LAW & JURISPRUDENCE IUP	IUP	135195B
100311J	SWYMAN	GRAHAM THEODORE	603202	ROMAN LAW & JURISPRUDENCE IUP	IUP	100311J
132288R	SONNEBERG	GRAHAM JOHN	604201	ROMAN DUTCH LAW I	UP	132288R
136545T	STRAUSS	JENIFER SUSANNE	105104	LATIN I	UP	136545T
133262A	TEE	RICHARD JOHN	105104	LATIN I	F	133262A
139650U	THOMAS	HELLEN CAREN	105105	LATIN ELEMENTARY	ABS	139650U
101563V	WILLERS	JOHAN MARITZ	105104	LATIN I	F	101563V

* TOTAL NUMBER OF STUDENTS 28

DEAN

'Yellowcake Road' (217)

13/80 Mercury Correspondent

LONDON — Thousands of tons of uranium — known as yellowcake — worth hundreds of millions of rand, are being shipped from South West Africa to Britain in a secret operation which dodges United Nations sanctions and defies international law

This claim was made here last night in a television programme.

Called 'Follow the Yellowcake Road', the programme investigated the controversial background to this deal in which uranium, it alleged, is being supplied to Britain's nuclear power stations by a secret backdoor route

The yellowcake comes from a mine in South West Africa. Yet, the programme points out, for nearly two years, Britain and other Western Powers have been negotiating to get South Africa out of South West Africa.

UCT

5748 13/3/80
S. in R250-m
217
uranium deal

CAPE TOWN—Taiwan is to sign an agreement this week to buy 1000 tons of uranium at a cost of about R150 million from South Africa. Taiwan Premier Mr Sun Yun-Suan said at a banquet in Cape Town.

The Prime Minister, Mr P. W. Botha has accepted an invitation to visit Taiwan. No date has been set but Mr Sun said he hoped it would be before the end of this year. --Reuter

ROM 11/3/80 (239) 12
Botrest seeks
urgent aid (217)

By ADAM PAYNE

ANGLO American Corporation and Amax, the principal shareholders in Botswana RST, are having urgent talks with a German bank to alleviate the financial struggle of the Selebi-Phikwe copper-nickel mine.

This was said by an Anglo American Corporation spokesman yesterday following the statement by the Botswana Minister of Mineral Resources, Dr G K Chiepe, that the mine is running the risk of closure because of the loan burden.

The spokesman said: "The mine is in a very difficult financial situation. Negotiations are in process with the German bank, Kreditanstalt Fur Wiederaufbau, with a view to delaying loan repayments and it is of great importance to the company that these negotiations are concluded as soon as possible."

Botswana RST's operating company, Bamangwato Concessions, has had a continuing struggle since the mine opened with metallurgical difficulties, smelter problems and mounting capital costs in the face of a fall in copper and nickel prices at the time.

The result was an intolerable loan burden with high interest and principal repayments.

Two months ago the mine completed arrangements for interim finance to counteract the potential adverse effect on BCL of the strike at the Amax refinery in the US which treats the copper-nickel matte exported by BCL.

The arrangements included the provision of funds by Anglo American Corporation and Amax as well as the temporary deferral of principal payments due on loans from the KFW bank, the IDC and Chase Manhattan Bank and the temporary deferral of some interest payments due to Anglo American and Amax.

Since then, the American strike has ended and BCL's matte is again being refined.

Present negotiations with various parties cover a more permanent deferral of royalties to the Botswana Government, senior shareholders' loans and loans from other senior creditors, depending on BCL's cash flow needs over a four-year period ending on December 31, 1983.

Dr Chiepe, addressing the Botswana Parliament, said the Selebe-Phikwe mine was in danger of collapse. A collapse would have serious repercussions throughout Botswana since the mine employs 4000 men and women.

The brighter side of this picture is that with the rise in copper and nickel prices, the mine's operations are more financially rewarding than ever before.

Operating profit of P6 052 000 was reported for the six months ending June last year (One pula is worth approximately R1).

After deduction of interest and fees, there was a loss for the six months of P10 300 000. The accumulated deficit at June 30 was P63 762 000.

It can be assumed that operating profit in the six months to December will be higher than that in the previous six months because of better copper and nickel prices.

STU13-9	BACHELOR
13030	VILJOEN
STUD NO	1131160
133100Z	MEI GPOLE
096146G	WILLIS-S
096560G	WY'SAYD
103274J	ZOLLER
114403K	

TOTAL NUMBER OF STUDENTS

JEAN

UJET

66 2 4 42 44 46 48 50 52 54 56 58 60 62 64 66

3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 55 57 59 61 63 65

Commodity

Argus 14/3/80

prices

(~~74~~) (~~74~~)
(217)

plunge in

bear raid

Financial Editor

RAMPAGING bears have sent the prices of many commodities crashing in the past few days. Gold, platinum, copper, lead, zinc and sugar have all suffered from the bears' predatory operations.

Mounting fears that the United States Treasury's tight money policy and President Carter's proposed antiinflationary package could trigger a major international recession have led to the bears encountering little opposition

In fact, there seems a strong likelihood that many speculators and businesses could add to the selling pressure by dumping stocks on to the market

In New York last night the bears were given another boost by an announcement that the Chase Manhattan Bank was raising its prime rate from 17.75 percent to a record 18.25 percent

Chase said the adjustment brought the prime rate to a level which better reflected the general increase in market rates, reports Reuter

News of the increase in Chase's prime rate apparently helped to push the gold price down to 532.50 dollars an ounce in New York last night, which was 22 dollars below London's close yesterday afternoon and 45 dollars down on the day

In London this morning the price fell to 500 dollars before recovering slightly

Platinum and silver prices have also fallen sharply. The free market platinum price is now 765 dollars after touching 1015 dollars an ounce last Friday

The silver price has dropped back to 27 dollars an ounce. Five weeks ago it was 40 dollars an ounce.

The London copper price dropped almost £400 a ton in the same period while the zinc price is also substantially lower

Reports of large-scale liquidation of gold stocks were confirmed last night by Mr Robert Guv, a director of N M Rothschild and Sons

Speaking in Tokyo, he said that dishoarding had reached its highest level since 1974 and industrial demand for gold had declined

Gold price

GOLD price fixings in London

	Dollars an ounce	Rands a kg
Today		
10 30 am	502,75	13 141,39
Yesterday		
3 pm	556,50	14 546,38

Kruger rand

KRUGER RAND today:
Banks, sell R524,79 (R542,08); Reserve Bank, buy R455,49 (R467,27), Cape Gold Coin Exchange, sell R585 (R589), buy R550 (R555)

Manganese prices below hopes

By ADAM PAYNE

IN THE annual round of negotiations for manganese sales some ore contracts have been signed in Europe at prices varying between \$1.60 a metric ton unit and \$1.75 a metric ton unit cif European ports.

The lower figure is for lower-grade ore and the higher figure for better grade.

According to London reports, the first business was quoted by Associated Manganese at \$1.60 a metric ton unit cif Rotterdam for lower-grade ore and \$1.72 a metric ton unit for higher grade, which sets a general

price level lower than hoped for RDM 14/3/50

Dr J P Kearney, chairman of Samancor, says that Samancor has not closed any big tonnages in Europe, but he expects contracts to be concluded shortly at about \$1.75 a metric ton unit for major European ports which is in line with recently established Japanese prices where orders for large tonnages have been placed.

Dr Kearney says the figure last year was about \$1.38 a metric ton unit cif European ports and the increase to \$1.75 should cover the rise in freight rates.

Taiwan signs SA uranium pact

Mining Editor

SOUTH Africa yesterday officially concluded an agreement with the Republic of China for the supply of 4 000 tons of uranium oxide over a six-year period, starting in 1984

At a ceremony in Johannesburg, Mr L K Chen, chairman of the Taiwan Power Company and Mr D A Etheredge, presi-

dent of the Nuclear Fuels Corporation and president of the Chamber of Mines put the final touches to the deal worth an estimated R400-million

Attending the ceremony was the Prime Minister of the Republic of China, Mr Sun Yun-Suan, who is on a visit to South Africa

At the signing ceremony Mr

217
RDH 15/3/80
Etheredge said. "We are all aware of the importance of guaranteed supplies as we look back to the undertakings that have not been honoured in recent times

"We are determined, therefore, that those who buy uranium from South Africa shall have security of supply second to none"

Geological teams uncover big uranium finds

(217)

June 16/3/88

URANIUM exploration teams in the Karoo have discovered fairly substantial and easily mineable uranium deposits.

This is reported in the latest issue of Nuclear Active, the official journal of the Atomic Energy Board.

Articles in the journal by Henry James, director of the board's extraction metallurgy division and by Dr Douglas Cole, a sedimentologist with the Geological Survey give considerable information, previously unpublished, about the Karoo deposits

Those so far discovered are estimated to contain about 41 000 tons of uranium oxide recoverable at a cost of less than 50 US dollars a pound

This puts a value on the deposits of about 4 000-million dollars or around R3 200-million

However, mining companies are still extremely active exploring for deposits and assessing known deposits.

The uranium mineralisation is usually at the base of the surface sandstone which has an average thickness of 15 metres.

It seems, therefore, that the uranium can be mined by less expensive

open-cast methods than by underground operations.

But the existence of the deposits does not necessarily mean that the Karoo will soon see a uranium mining industry springing up

Palamin ⁽²¹⁷⁾ sees a ^{RDM} boost in ^{15/3/80} copper

THE price of copper this year should be higher than in 1979, the chairman of Palabora Mining Company, Mr G A Macmillan, says in his report for the year to December.

In recent years, over-production and lack of demand resulted in an accumulation of large stockpiles of copper in warehouses and in producers' hands.

However, during 1979, stocks were steadily depleted and the quantity of copper held by the London Metal Exchange fell from about 650 000 tons at one stage to less than 120 000 tons at present, he said.

"This seems to indicate that demand for the metal has not diminished as was predicted due to an impending recession, and that a tight supply position could be developing."

Profits last year reached a record of R45 293 000 compared with R25 716 000, and the total dividend was increased to 125c from 70c.

FINANCE

U.S. CURBS PUT SQUEEZE ON COMMODITIES

217

Financial Editor

AMERICAN efforts to curb inflation with dear money and tight credit policies are wreaking havoc in the commodity markets.

The steady rise in the prime lending rate of United States banks to a new peak last night of 19 percent has been forcing speculators to disgorge large stocks of metals and other commodities they have been holding.

The rise in interest rates has also attracted the attention of bears who have been actively selling most commodities short.

At the close of trading in London yesterday the prices of three metals — gold, platinum and silver — were 30 percent or more below their levels of five weeks ago.

The prices of palladium, sugar and copper were down more than 20 percent.

The biggest decline has been in the price of silver, which has dropped more than 50 percent in the five weeks. However, the silver price is still more than double that of a year ago.

243 DOLLARS

A similar situation exists in gold. Although the price has dropped 32.6 percent since February 11 it is almost precisely double its year-ago price of 243 dollars.

Although the price of sugar has dropped sharply, producers still have cause for satisfaction. This time last year sugar was selling for a mere £104 a ton.

Exchange, sell R539 Countries and producers likely to be the most disappointed by the ending of the commodity boom are those supplying the world with base metals, especially copper, lead, tin and zinc.

Copper and tin prices are only a little way above their year-ago levels, while lead and zinc prices are below them.

THIS TABLE shows how commodity prices have moved in just over five weeks:

	Mar 18	Feb 11	Percentage change
Dollars an oz			
Gold	480.50	713	-32.6
Silver	16.60	40.25	-58.8
Platinum	611.00	920.00	-33.6
Palladium	210	268	-21.6
Pounds a ton			
Sugar	190	260	-26.9
Copper	1002	1375	-27.1
Tin	7735	7410	+ 4.4
Lead	482	543	-11.2
Zinc	323	384	-15.9
Nickel	3030	3100	- 2.3

The market for base metals could easily contract further, leading to another drop in price.

The outlook for gold and silver seems more stable. The supply of gold to the market from the United States and Russia had dropped sharply in recent months. Therefore the supply-demand position would seem roughly in balance.

While high US interest rates could force some speculators to sell, it is felt that the bulk of the gold bought in recent years is in extremely firm hands and is most unlikely to come on to the market.

Big boost for RL manganese output

JOHANNESBURG. — Rand London Manganese Mines is planning a 6 000 ton-a-month boost to its manganese output with the commissioning later this month of its seventh production facility in Western Transvaal

Costing more than R70 000, the plant will operate on part of the farm Ryedale in the Ventersdorp district, where the company obtained mining right 18 months ago

A major innovation at the open-cast mine is that for the first time vibrating screens for grading the lumpy ore have been installed in place of the more common drum-type. This, in conjunction with more sophisticated crushing and washing equipment, will enable production to be significantly increased.

Once fully operational, it will take only 10 minutes for a 15-ton load of ore to be processed automatically through the washing, crushing and grading processes.

Rand London Manganese Mines is the country's largest

supplier of chemical grade manganese which is used mainly in the uranium and brick-making industries. It is also the largest supplier of battery grade manganese in Southern Africa. Production is regularly monitored for size gradings and chemical composition.

Exploration at Ryedale has substantially increased the company's ore reserves.

World currencies

LONDON — Following are the buying and selling rates for leading world currencies and gold against the dollar at the close of inter-bank trading on the London foreign exchange market yesterday. Tourist rates will differ from those quoted below.

One sterling 2,1930/40 US dollars
 One Canadian dollar, 85,08/11 US cents
 One US dollar 1,8714/24 West German marks
 2,0520/30 guilders
 1,7685/7700 Swiss francs
 30 26/31 Belgian francs
 4,3720/45 French francs
 872,50/873,50 lira
 248 40/50 yen
 4 3770/80 Swedish crowns
 5,0580/90 Norwegian crowns
 5,8365/80 Danish crowns
 One ounce of gold, 517,00/520,00 US dollars — Sapa-Reuter

EXAMINATION RESULTS IN FACULTY ARTS
 YEAR : 3

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	PAGE
1025214	CHARNOI	PIETER HARRY	603202	ROMAN LAW & JURISPRUDENCE IUP	(57)	4
077201P	ANDREWS	DAVID SPIAN	107301	ENGLISH III	(56)	4
101148U	BAKIN	MELVILLE ANN	114101	RELIGIOUS STUDIES I	(54)	5
101875J	DEUSSE	PETER GRAHAM	004301	PSYCHOLOGY III	(52)	4
114694I	COOKE	JOHN GEORGE	400204	GRAMMAR IIA (HALF COURSE)UP	(51)	4
115418E	CLUPIDU			AFRICAN LANGUAGES XHOSA II UP	(50)	4
				MATHS I IIA H204	(55)	4
				MATHEMATICS IB	(41)	5
				PSYCHOLOGY III	(57)	4
				ROMAN LAW II	(63)	4
				AFRICAN HISTORY I	(50)	4
				ITALIAN INTENSIVE	(60)	4
				ASTRONOMY A (HALF CRSE)	(63)	5
				ECONOMICS III		5
				ORAVA III	(53)	4
				ENGLISH III	ABS	5
				POLITICAL SCIENCE III	(53)	4
				HISI & APPRECIAT OF MUSIC IABS		5
				GREEK & ROMAN LIT & PHIL	(58)	5
				AFRIKAANS EN NEDERLANDS IIIF		5
				ECONOMICS III	(51)	4
				STATISTICS I (HALF CRSE)	(24)	
				STATISTICS I (HALF CRSE)	(34)	
				MATHEMATICS IIA H204	(55)	4
				AFRIKAANS	(50)	4
				ENGLISH III	(67)	4

UJCT

Vogels looks to US arms

(217)
RD M 21/3/80

Financial Reporter

AN OPTIMISTIC view of base metal markets is taken by Mr R A Hope in his chairman's review of Vogelstruisbult Metal Holdings for the year to December 1979.

He says that in the last quarter of 1979 the price of base metals was buoyed by a carryover of sentiment from precious metals. He takes the view that the expected adverse effect of recession in the industrialised countries on the demand for base metals may not develop to any significant extent in the immediate future

because of the increase in American defence spending. Reviewing metal prospects, Mr Hope says:

● Lead and tin: It is unlikely that high prices will be sustained this year, but any drop in price will probably not be severe.

● Zinc: There is a reasonable prospect of a continuation in the rise of the zinc price in 1980.

● Silver (of great importance to Black Mountain). The price is likely to continue to be strongly influenced by the prices of other precious metals.

The value of investments rose from R28 400 000 to R45 600 000 with book value up R1 200 000 to R11 300 000.

The company has contracted to subscribe for 1 250 000 Sasol shares at R2 a share. During the year 500 000 were taken up, on January 2, 125 000 were acquired and the balance of 625 000 will be taken up in the next 12 months.

Vogels bought 46 213 Roomburghs and sold 7 000 Harties and 6 000 Vaal Reefs.

Reporting on Black Mountain, Mr Hope says deliveries of zinc concentrates started in January 1980 and the first shipment of lead concentrates left Saldanha Bay last month. In full production the mine's output will be 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.

Zincor's profitability and dividend was increased. Zincor will commission a fourth roaster towards the end of this year.

EXAMINATION RESULTS IN FACULTY ARTS
AS AT 29 OCTOBER 1979
YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	MARKS
162004R	BURKE	SUZANNE ELIZABETH	106103	ECONOMICS IA	162384E
158955C	CAHO	SALLY-ANN	107101 116120 114101	ENGLISH I (PRE-1980) DRAMA I CULTURAL HISTORY OF	155931H
162195Z	CHAIT	CHERYL	102101	AFRIKAANS	158919N
153965D	CLARKE	PENELOPE JILL	103202	SOCIETY	156415R
157789K	COHEN	DAVID			162310Z
156503M	COLLIER	LINDSEY			161480X
153999Q	COLLINS	BEVERLEY			153863I
153621E	COUCHER	ROBERT GEORGE			152866J
138572X	COUXIENAY	COLETTE			157359T
153796V	DAVIS	CASSANDRA			159744K
140457W	DELAUNTY	ANNA TERE			
162384E	DOMAN	MICHAEL EUGENE			
1559310	DU PLESSIS	MARCIA ELIZABETH	107101	ENGLISH I (PRE-1980)	
158919N	DUNCAN	ANDREW SYMON	003101 004101	SOCIOLOGY I PSYCHOLOGY I	
156415K	ERASMUS	ARNO JACQUES ERASMUS	001101 010106	COMMERCIAL LAW A STATISTICS IC (HALF CRSE)	
162310Z	EVANS	GAVIN MARK READ	101103	AFR LANG INTENSIVE (X100A)	
161480X	FAFAK	GIULIETTA	107101	ENGLISH I (PRE-1980)	
153863I	FARIKHAR	GILLIAN DEBORAH	115101	FINANCE I	
152866J	FARRELL	MICHAEL BRUCE	004101	PSYCHOLOGY I	
157359T	SINLAY	PAMELA JOAN	104104 115102 115103	ECONOMICS I FRENCH INTENSIVE ITALIAN INTENSIVE	
159744K	FIORAVANTI	LUIGINA	214102	PHYSICS IA	

UCT

1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 55 57 59 61 63 65

Rooiberg cashes in on new smelter

By ADAM PAYNE

PROVIDED the 1980 average tin price in rands does not fall significantly below the 1979 average and provided there is no fall in production, Rooiberg Tin should maintain working profits this year at the 1979 level because increased profits from the new smelter could offset lower prices and rising costs.

Mr Robin Hope, chairman, says in his annual review that at this level of profitability it is likely that the dividend will be maintained in spite of a substantial increase in capital spending.

The dividend last year at 230c was 10c above the 1978 figure.

Net profit was virtually unchanged and R4 580 000 was appropriated for capital spending. This is expected to total R7 500 000 this year.

The company is opencasting at A mine and has 40 000 tons of ore stockpiled on surface.

A significant improvement in grade at A mine is forecast for next year. It is expected that C mine will again supply well over 20% of the tin. Without an

improvement at A mine it is unlikely that 1979 production will be exceeded.

Mr Hope forecasts that the production of tin metal will be about 1 800 tons. The lower-grade flotation concentrates which are smelted will continue to be exported for the time being.

The company is considerably encouraged by the demand for tin metal and it is envisaged that there will be any difficulty in disposing of the total production at prices related to LME prices.

"It is likely that more than half of the tin will be sold in South Africa. The commissioning of the Rooiberg smelter has meant that South Africa is now self-sufficient in tin."

The sale of 30 000 tons of General Services Administration tin stockpile in the United States is likely to be spread over three years. Mr Hope estimates that in this case there will be an added supply of about 5% 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 his review on March 6 there had been a sharp increase in the price of tin, apparently because of the reported decision by the United States to defer until July the implementation of its proposals for the sale of stockpile tin.

COMMENT: This is a confident review of a well-run company. However, in the face of possible declining demand and an increase in worldwide production, coupled with GSA sales, I would not buy Rooiberg shares at present.

Those who hold them would do well to continue to do so as they provide a yield of 7.9% on yesterday's price of 2 900c.

The company has prospered over the years through all sorts of times when predictions of lower prices and other difficulties did not materially affect it. It could continue to do so in the face of fears of excess production over demand.

EXAMINATION RESULTS IN FACULTY ARTS

YEAR : 1

STUD NO	BACHELOR OF ARTS	SURNAME	FIRST NAMES	COURSE
162004R	BUKKE	SUZANNE-ELIZABETH		106103
158955C	CAKO	SALLY-ANN		107101 116120 111101
162195Z	CHAIT	CHERYL		102101
153945D	CLARKE	PENELOPE JILL		103202
157789K	COHEN	DAVID		104101 110101
156503M	COLLIER	LINDSEY JEANNE		911101 916103
153999Q	COLLINS	BEVERLEY RAYMON		116120
153621E	COUCHEK	ROBERT GEORGE RENESON		004101
158572X	COUJENAY	COLETTE		107101
153796V	DAVIS	CASSANDRA ELAINE		107101
140457J	DELAHUNTY	ANNA TERESE		998101
162384E	DOMAN	MICHAEL EDWARD		106102
1559310	DU PLESSIS	MARCIA ELIZABETH		107101
158919N	DUNCAN	ANDREW SYMON		003101 004101
156415K	ERASMUS	ARNO JACQUES ERASMUS		901101 910108
162310Z	EVANS	GAVIN MARK READ		101103
161480X	FAFAK	GIULIETTA		107101
153863T	FARUHHAR	GILLIAN DEURAH		115101
152866J	FARRELL	MICHAEL BRUCE		004101
157359T	FINLAY	PAMELA JOAN		105104 115102 115103
159744X	FIORAVANTI	LUIGINA		214102

152866J	157359T	159744X
UP	UP	UP
(55)	(52)	(58)
	(54)	
	(54)	
PSYCHOLOGY I	EGG-O-MIGS I	PHYSICS I
	FRENCH INTENSIVE	
	ITALIAN INTENSIVE	

UJET

More gold for Cons Murch

217
RDM
21/3/80

By ADAM PAYNE

CONSOLIDATED Murchison, the shares of which rose 120c to 1 020c yesterday, expects to make considerably more from gold this year than last, but gold earnings have up to the present been a small proportion of total revenue.

On its main product, antimony concentrates, the forecast is for the maintenance of production and sales in 1980 at about the same level as last year.

Mr Hugh Dalton-Brown, the chairman, says in his annual review that a plant to recover gold from the slag produced in the Antimony Products plant is being commissioned and will result in further increases in gold production soon.

Additional equipment to improve gold recovery in the gravity concentration section of the concentrator has been installed.

Antimony Products is building two additional kilns for converting antimony sulphide to antimony oxide. Antimony Products will then have capacity to treat about 80% of Consolidated Murchison's concentrates.

Mr Dalton-Brown says that subject to no unforeseen developments, he hopes that dividends can be maintained at about the 1979 level of 100c in spite of increased capital spending.

Reviewing the past year, he says gold sales earned R2 570 000 out of total revenue of R23 250 000.

Although prices for concentrates improved slowly, the rate was not sufficient to cover inflation in South Africa. Because concentrate sales are made in dollars, there was virtually no increase in the selling price in rands.

Longer (217)
 life for
 RDM 21/3/80
 Un Tin

Financial Reporter

THE discovery of new areas of mineralisation has lengthened Union Tin's life to three years — and Mr M B Forsyth, the chairman, believes it could be longer

Because of this discovery, an increase in the scale of operations and the satisfactory tin price, Mr Forsyth says in his annual review the outlook for the mine continues to improve

After stating the mine's life at three years he adds "It is reasonable to assume that more ore will be discovered during this time to prolong the mine's life further

"A modest increase in production is planned for 1980"

Mr Forsyth will be surprised if the average rand price of tin in 1980 falls much below the price of R12 600 a ton in 1979

As a matter of prudence, mine planning has been based on an average price of R12 000

At this price it should be possible to maintain the dividend at 24c, which gives a yield of 7.7% on yesterday's share price of 310c

EXAMINATION RESULTS IN FACULTY ARTS

YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COUR
162004R	BURNE	SUZANNE ELIZABETH	10610
158955C	CAHO	SALLY-ANN	10710 11612 11110
162195Z	CHAIT	CHERYL	102101
153965D	CLARKE	PENELOPE JILL	103202
157789K	COHEN	DAVID	104101 110101
156503M	COLLIER	LINDSEY JEANNE	911101 916103
153999Q	COLLINS	BEVERLEY RAYMOND	116120
153621E	COUCHER	ROBERT GEORGE RENESON	004101
158572X	COURJENAY	COLETTE	107101
153796V	DAVIS	CASSANDRA ELAINE	107101
140457W	DELAHUNTY	ANNA TERESA	904101
162384E	DOMAN	MICHAEL EDWARD	106102
155931Q	DUPLESSIS	MARCIA ELIZABETH	107101
158919N	DUNCAN	ANDREW SYMON	003101 004101
156415K	ERASMUS	ARNO JACQUES ERASMUS	501101 910106
162310Z	EVANS	GAVIN MARK READ	101103
161480X	FAFAK	GIULIETTA	107101
153863T	FAROUHAR	GILLIAN DEBORAH	115101
152866J	FARRELL	MICHAEL BRUCE	004101
157359T	FIJLAY	PAMELA JOAN	104104 115102 115103
159744K	FIUKAVANII	LUIGINA	914102

24	157789K	ARCHAEOLOGY I	2-	(62)	1	157789K
26	156503M	HISTORY I	F	(23)		156503M
28	153999Q	MATHEMATICS I M102	UP	(69)	1	153999Q
30	153621E	ANIMAL BIOLOGY (HALF COURSEUP)	F	(54)		153621E
32	158572X	DRAMA I	F			158572X
34	153796V	PSYCHOLOGY I	UP	(56)	1	153796V
36	140457W	ENGLISH I (PRE-1980)	3NX			140457W
38	162384E	ENGLISH I (PRE-1980)	3NX			162384E
40	155931Q	GEOGRAPHY I	ABS			155931Q
42	158919N	ECONOMIC HISTORY I	F	(8)	1	158919N
44	156415K	ENGLISH I (PRE-1980)	3	(57)		156415K
46	162310Z	SOCIOLOGY I	F	(49)	7	162310Z
48	161480X	PSYCHOLOGY I	F	(49)		161480X
50	153863T	COMMERCIAL LAW A	F	(35)	1	153863T
52	152866J	STATISTICS IC (HALF CRSE)	F	(48)		152866J
54	157359T	AFR LANG INTENSIVE (XH06A)	3	(57)		157359T
56	159744K	ENGLISH I (PRE-1980)	3NX			159744K
58	157789K	ENGLISH I	UP	(57)		157789K
60	152866J	PSYCHOLOGY I	UP	(55)	1	152866J
62	157359T	ENGLISH I	UP	(52)	1	157359T
64	159744K	FRENCH INTENSIVE	UP	(58)		159744K
66	159744K	ITALIAN INTENSIVE	UP	(54)		159744K
68	159744K	PHYSICS I B	UP	(58)		159744K

UET

Britain's Royal Institute of International Affairs

The study entitled "Stockpiling of Critical Raw Materials" (price £5) says that troubles in SA "would affect not only manganese but also chromium, vanadium and some silicon alloys" Chromium shortfalls, the author believes, would be "disastrous" for the British Steel Corporation's stainless steel division in Sheffield — as well as for special steel producers in the UK's private sector.

Consequently, the report urges the British government to follow in the footsteps of West Germany and France and set up a strategic stockpile containing a cluster of minerals, primarily those produced in vast amounts by SA, plus tungsten, molybdenum and cobalt

Warnecke says "Supplies should be held in an upgraded form" and calculates that a stockpile containing a year's supply of each mineral would cost £161m But he recognises that it wouldn't be easy

"There are reports," he notes, "that the SA government has shown reluctance to allow sales to West Germany at a level commensurate with both current needs and the building of emergency reserves" He also thinks that simultaneous stockpiling by a number of governments "will not only drive up prices but also increase the negotiating power of the key producers of the relevant minerals"

Nevertheless, given the vulnerability of the UK economy to supply disruptions, the matter should be "treated with urgency"

STRATEGIC MINERALS

UK to stockpile?

219
m 21/3/80
"Economic factors are increasing the importance of SA as a mineral supplier and it is likely that minerals will increasingly be used as a basis when possible for exerting power," asserts economist Steven Warnecke in a report released by

Foskor planning new R300 m mine

STAR 24/3/80

217

183

Foskor, the lowveld phosphate giant, has begun preliminary work for the establishment of a R300m open cast mine at the southern end of the Phalaborwa phosphate complex.

In this process, Foskor is pioneering a new technological approach in mining by commissioning a mobile primary rock breaker, which is to run on rails and be as tall as a five-storey building.

Strenuous efforts were also made to cut energy costs, which at present amounted to nearly 40 percent of the total. Diesel power would be replaced by electricity wherever possible.

Foskor's managing director, Mr T G J Pistorius, said production would be around 5m tons of concentrated phosphate rock annually, worth about R250m on the export market at present prices.

It was difficult to put a price tag on this development. What, at present might be an investment of R300m would be substantially higher when finalised in 1981 or 1982.

A pilot plant for a dry concentrating process, which represents a world first for Foskor, would come into operation early in 1981. If successful, this process would be used in the new mine.

Foskor's current expansion programme would increase production from the present 3m tons to 3,5m tons by year-end. At the same time, production will be rationalised.

The total cost will be R23m.

As the source of the main basic material for the manufacture of fertiliser, the cost level at Foskor is important to the consumers of farm products.

EXAMINATION RESULTS IN FACULTY ARTS

PAGE 2

AS AT 29 02 80

15016

STU13-9

YEAR : 1

15016

SYMBOL

DESCRIPTION

COURSE

FIRST NAMES

SURNAME

153982X

(39)

LATIN I

195104

ANDEA KENNETH

156529R

VISSER

153547Z

AALINE

156838R

ZACHEL

157915X

ZACKUN

* TOTAL NUMBER OF S

DEAD

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65

Unicorp sees rise in uranium demand

(217)
RDM 26/3/80

AN upswing in worldwide, long-term nuclear power construction programmes, with a corresponding rise in demand for uranium, is expected by the chairman of Union Corporation, Mr E Pavitt.

He says in his report for the year to last December that in spite of the incidents at Three Mile Island, which strengthened the resistance of environmentalists to the use of nuclear power, he believes 1980 will be a turning point in attitudes.

There can be no doubt that problems with nuclear plants will be solved. Because of events in the Middle East, the partial replacing of oil-based energy is becoming urgent.

By the end of December, R47-million had been spent on preliminary work at Beisa

Mines and the rate of capital expenditure is now stepping up as the main No 1 Shaft reaches deeper levels. Progress is being made with the construction of the gold and uranium plants together with installation of machinery and equipment.

He says the rate of progress has enabled the company to improve its original timetable and production is expected to start a year early in 1981. A public offer of Beisa shares is likely in 1980 or early 1981, depending on market conditions.

The wide fluctuations in the gold price mean that Unicorp is using an average gold price not higher than \$300 to \$350 in its planning.

Mr Pavitt says it is expected that the results of the industrial

companies in the group will show a further improvement to reach another record in the current financial year.

The South African economy showed a continued improvement during 1979, but it was only in the last quarter that a meaningful rate of growth was recorded. This improvement is continuing.

It is appropriate that the merger of General Mining and Union Corporation should take place at a time when the South African economy has recovered from the recession and shows every indication of solid growth in the years ahead.

Attributable profits for 1979 increased by R21 200 000 to R83 700 000, equivalent to earnings of 136c a share against 90c.

Dividends were raised to 62c from 47c.

Income from gold-mining investments rose by 82% to R26 600 000, with total revenue exceeding R500-million.

Unisel came into production last October and paid a maiden dividend of 40c earlier this month.

The preparation of a possible shaft site has started at Beatrix, although the final decision on whether a gold mine can be established will not be made until a feasibility study is completed in the middle of this year.

An amount of R1-million will be spent and although this is at risk, it will result in a potential saving in costs should a decision be taken to go ahead with the mine.

STUJ3-9
13030 BACHELOR OF ARTS
EXAMINATION RESULTS IN FACULTY ARTS

AS AT 29 02 80

PAGE 1

13030

REG	COURSE	DESCRIPTION	SYMBOL	MARKS	GRADE	MARKS
ABTUD	603202	ROMAN LAW & JURISPRUDENCE IUP	(57)	4	102521L	14
	107301	ENGLISH III	(56)	4	077201P	16
	114101	RELIGIOUS STUDIES I	(54)	5	101148U	18
	004301	PSYCHOLOGY III	(52)	4	101475J	20
	108204	GENERAL IIA (HALF COURSE)UP	(51)	4	114644T	22
	101202	AFRICAN LANGUAGES XHOSA II UP	(50)	4	115418E	24
	112201	MATHEMATICS IIA M204	(55)	4	111405F	26
	911103	MATHEMATICS IB	(41)	5	100997E	28
	004301	PSYCHOLOGY III	(57)	4	090097G	30
JOHN	605301	ROMAN LAW II	(63)	4	113612R	32
	110201	AFRICAN HISTORY I	(50)	4	1014053K	34
INDE	115103	ITALIAN INTENSIVE	(60)	4	102301J	36
	902201	ASTRONOMY A (HALF COURSE)	(63)	5	097459J	38
VT	106301	ECONOMICS III	(58)	5	101158E	40
NETIF	116317	DRAMA III	(53)	4	094045G	42
Y	107301	ENGLISH III	(53)	5	111351M	44
	117301	POLITICAL SCIENCE III	(53)	4	103519W	46
	802131	HISI & APPRECIAT OF MUSIC IABS	(58)	5	102719B	48
E	105103	GENETK & ROMAN LIT & PHIL	(58)	5	102257Z	50
AIL	102302	AFRIKAANS EN NEDERLANDS IIIF	(58)	5	033909H	52
RICHARD	100301	STATISTICS IIA (HALF CRSE)	(51)	4	101164L	54
	910101	STATISTICS I (HALF CRSE)	(24)	4	101164L	56
	910108	STATISTICS I (HALF CRSE)	(34)	4	101164L	58
	911201	MATHEMATICS IIA M204	(55)	4	112105B	60
A	102101	AFRIKAANS	(50)	4	116606W	62
	107301	ENGLISH III	(67)	4	132410Z	64

UJCT

Rusplat pays 12,5c on 174% profit rise

By DON ROBERTSON
Mining Editor

BEATING all expectations and the chairman's traditional conservative profit forecast, Rustenburg Platinum has reported a 174% increase in earnings for the six months to February and has come close to matching the profits earned in the previous full year.

However, the warning that a modest dividend policy would be followed has been adhered to. The interim has been raised to 12,5c from 5c. This has been declared out of earnings of 53,4c a share compared with 19,8c, and raises the cover to 4,2 times from 3,96.

Attributable profits for the six months were R66 900 000 compared with R24 400 000 in the first half of the previous year and R78 700 000 for the previous full year.

Gross revenue from the sale of platinum rose by 56%, and income from the sale of by-products, with the exception of nickel, rose substantially. Nickel sales were affected by the four-month strike at the Amax nickel refinery in America to which the company delivers its matte. Amax did not accept overseas material in this time, and income from this source was affected. The strike ended in January.

Total income, including dividends from Matthey Rustenburg Refiners, rose to R125 100 000 from R59 600 000.

The directors report that industrial demand for platinum generally remained strong, particularly in America, although the fluctuating free-market price affected the demand for platinum jewellery in Japan.

Sales to the American motor industry declined sharply in re-

cent months because of the drop in car sales. In his chairman's statement, Sir Albert Robinson predicted such a decline, but added that the emission control standards to be introduced in 1981 model cars, but starting in the middle of this year, should restore demand.

Expenses were barely changed, with the provision for renewals and replacements rising to R15 600 000 from R11 300 000, but interest providing a credit of R900 000 compared with a payment of R2 400 000 previously. This item was helped by the repayment of R16 800 000 in acceptance credits.

Pre-taxed profits were R110 400 000 against R45 900 000.

Tax took R43 500 000 compared with R21 500 000, or 39% against 46% of pre-taxed profits, reflecting higher capital expenditure.

This rose to R34-million in the six months, of which R10 300 000 was charged to renewals. Capital expenditure during the rest of the year is forecast at R49-million. Of this, R30-million will be spent on expansion and about R19-million on replacements.

No mention is made of the progress being made on the evaluation of the Platreef near Potgietersrus. It is expected that this will take some time, but the possibility of establishing a major mining project in the area has obviously influenced dividend policy.

In spite of this, market expectations are that the final dividend could be raised to 37,5c a share for a total of 50c against 20c last year.

Lydenburg Platinum, which earns most of its income from dividends from Rustenburg Platinum, has declared an increased interim dividend of 10,5c compared with 5c in the first half of the previous year.

POST

(217)
ADM 26/3/80

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL
101834P	HAGG	BRYAN GREGG	602101	PUBLIC INTERNATIONAL LAW	ARS
1154740	HANPER	GREGORY VAN	602101	PUBLIC INTERNATIONAL LAW	2-
11433ME	MACGIBBS	NEAISE ELLEN	604201	ROMAN DUTCH LAW I	1
103069G	LEFAIN	DIANE	603202	ROMAN LAW & JURISPRUDENCE I3	(53)
100344V	LEGGE	MIRIAM ANTHONY	603202	ROMAN LAW & JURISPRUDENCE IUP	(54)
094440C	LIAYD	HENRY	503202	ROMAN LAW & JURISPRUDENCE IUP	(50)
102255V	MILLIANS	MICHAEL DAVID	603202	ROMAN LAW & JURISPRUDENCE IUP	(50)
* TOTAL NUMBER OF STUDENTS 7					
DEAN					
REGISTRAR (ACADEMIC)					

EXAMINATION RESULTS IN FACULTY ARTS
YEAR : 3

AS AT 29 02 80

PAGE 1

15036

38 36 34 32 30 28 26 24 22 20 18 16 14 12 10 8 6 4 2

PALABORA (217)

Copper bonanza

Thu 28/3/80

Activities Operates an open-cast copper mine and a refinery in the North-eastern Transvaal. Also produces uranium, magnetite, vermiculite and sulphuric acid. Managed by Rio Tinto, which holds 38.9% of the equity.
Chairman G A Macmillan, managing director A J Leroy

Capital structure 28.3 ordinaries of R1. Market capitalisation R453.1m

Financial Year to December 31 1979. Borrowings long- and medium-term, R19.4m, net short-term, R14.0m. Current ratio 1.1. Capital commitments R19.4m

Share Market Price 1 600c (1979-80 high, 2 075c, low 900c, trading volume last quarter, 151 000 shares). Yields 10.0% on earnings 7.8% on dividend. Cover 1.3. PE ratio 10.0

Like gold producers, Palabora benefited from higher metal prices during the past year, and reported its second highest ever taxed profit of R45.3m (R25.7m), which is only marginally below 1974's all-time high of R45.5m. From this, Palabora declared a higher than expected total dividend of 125c (70c), and chairman Alistair Macmillan reckons the copper price should be firmer on average this year.

Financial Mail March 28 1980

Last year, the final problems with Palamin's autogenous mills were sorted out, with the production loss cut to some 2 500t. Production last year was 111 000t

	'76	'77	'78	'79
Copper sales (000t)	96.3	104.2	114.9	112.7
Average copper price received (R)	1 122	1 108	1 139	1 613
Turnover (Rm)	135.7	142.4	161.9	219.5
Pre-tax profit (Rm)	47.1	32.8	43.4	82.0
Earnings (c)	84.5	66.6	92.3	159.5
Dividends (c)	70	45	70	125

(114 600t), which also reflected the move to lower grade areas in accordance with the longer-term mining plan. However, the average stripping ratio showed some improvement at 2.15 (2.6), after abnormally high levels in the previous year as the pit was expanded.

Though 2 500t production was lost because of the problems with the mills, the shutdown period was only 60 days compared with an expected 120 days. Copper recovery at 84.8% was essentially the same as the 84.9% in 1978, while concentrate grade rose to 37.8% (35.9%)

Sales from anode slimes	1978	1979
	000 oz	
Silver	491.5	525.3
Gold	22.6	22.8
Platinum	3.4	4.5
Palladium	4.5	5.5

With an average LME copper price of £934 (£711) and firmer sterling, Palamin's turnover from copper sales rose to a record R181.8m (R130.8m). And with the higher precious metal prices, particularly gold and silver, Palamin benefited through sales from its anode slimes totalling R13.7m (R7.8m) in 1979.

Some of the increased sales revenue was absorbed by higher costs. Palamin is vulnerable to fuel price increases, as it uses some 55m litres of diesel annually to haul ore from the pit.

Thus while the average cif copper price received increased 41.6% to R1 613 (R1 139), costs accelerated 29% to R1 206 (R935) a ton. This included the effect of

the 225% fuel price hike which meant a 10.1% rise in the fuel bill per ton of copper produced. Operating and maintenance supplies costs increased 11% per ton of copper produced.

During the year, Palamin and Foskor agreed on financing plans to extend the life of the pit by five years to 1997. This should enable additional copper production of 640 Mt, making a total of 1 370 Mt between now and 1997.

While Macmillan appears reasonably confident of higher copper prices this year because of lower LME stockpiles, increased defence spending, industrial demand and speculative buying, the labour and supply problems expected to hit the industry have not really materialised. For example, the Rhodesia settlement should mean less uncertainty in Central African supplies. It appears the market has recognised the uncertainty over copper by pricing Palamin at 1 600c on a relatively high 7.8% historic yield.

Des Kilalea

Gefco's revenue ⁽²¹⁷⁾ falls 15,5 percent ^{Star 1/4/80.}

Total world demand for blue asbestos remained at the depressed levels experienced in 1978, the chairman of the Griqualand Exploration and Finance Company, Mr C H Walters, says in his 1979 report

Supply and demand conditions favoured price resistance and highly aggressive marketing to an extent bordering on a price war among South African producers

As a direct result, group sales tonnages suffered 13 percent in 1979 against 1978 and revenue 15,5 percent.

The consolidated net income before taxation for the year amounted to R6 674 000, which was R6 092 000 down on the previous year.

Taxation absorbed R1 415 000 (1978 R4 293 000) and the taxed income amounted to R5 259 000 (R8 473 000).

Of this amount, R910 000 (R1 125 000) was transferred to the non-distributable reserve for expenditure on mining assets and R3 884 000 (R6 572 000), equivalent to 32,5 cents per share, was paid out as dividends.

— Sapa

UOCT

STUD ID	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	REGISTRATION (ACADEMIC)
153982X	STAGLIAN	ANDREA KENNETH	105104	LATIN I	F (39)	153982X
1555290	VISSER	VIVIEN ELIZABETH	117101	POLITICAL SCIENCE I	UP (50)	1555290
1535477	ALLEN	VINCENT CHARLES	004101 102101 107101	PSYCHOLOGY I AFRIKAANS ENGLISH I (PRE-1980)	ABS (28) F (44)	1535477
1568388	ZACHAR	SARINE RUTH	904101	PSYCHOLOGY I	F (39)	1568388
157915X	ZACKUN	JEFFREY	102101 107101	AFRIKAANS ENGLISH I (PRE-1980)	UP (50) SNX	157915X
* TOTAL NUMBER OF STUDENTS						30
DEAL						
REGISTRAR (ACADEMIC)						

EXAMINATION RESULTS IN FACULTY ARTS
YEAR : 1

AS AT 29 02 80

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Assmang-Iscor in ⁽²¹⁷⁾ mining deal ^{Star 1/4/80}

Associated Manganese Mines (Assmang) has entered into an arrangement with Iscor in terms of which it will mine certain deposits on the Farm Bruce on behalf of both companies.

Chairman Mr B E Hersov said in the annual report that as part of this arrangement, a rail allocation on the Sishen/Saldanha Bay railway line to convey up to 3m tons of iron ore a year from this source and the Beeshoek mine has been made available

Also the company has entered into a contract with the South African Railways for a rail allocation of 1.9m tons from January 1982.

For the year under review, sales and production of manganese ore were little changed, but the iron ore figures were substantially higher. The ferro-manganese division of Ferralloys operated at full capacity throughout the year, and production of high-carbon ferro-chrome increased.

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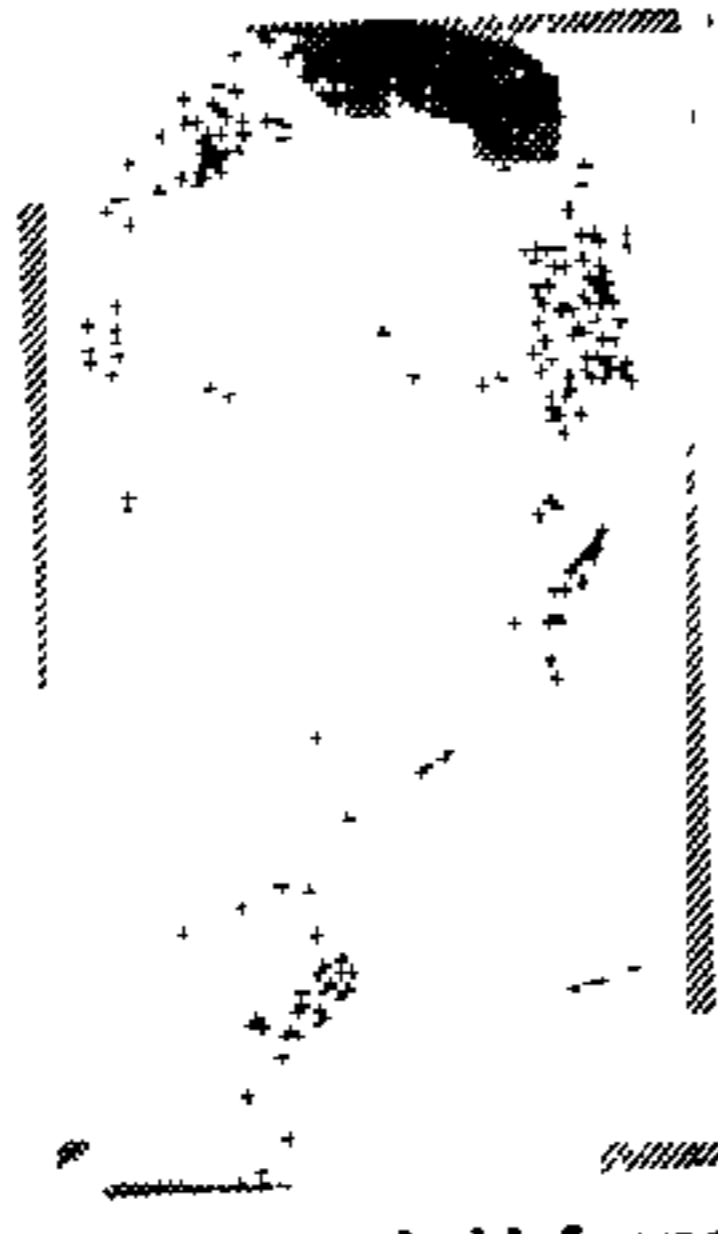
each good sold there is

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Star 1/4/80 (217)
**Msauli net income
down by R5,13m**

Prices for Msauli fibre did not change substantially compared with 1978, the chairman of Msauli, Mr C H Walters, says in the 1979 annual report. A measure of price resistance was encountered particularly in depressed areas, but the major influence on the income per ton which declined marginally was the weaker US dollar/SA rand exchange rate. Profit margins were reduced further by the increased production

costs. The consolidated net income before taxation for the year was R693 000 compared with R5 828 000 in 1978. Taxations absorbed R1 198 000 (1978: R1 716 000). R1 135 000 (R311 000) was transferred to the non-distributable reserve for expenditure on mining assets and R2 580 000 (R3 387 000), equivalent to 40 cents per share (52,5 percent per share) was distributed to shareholders — Sapa.



Mr John Allison (left) has been appointed chief executive of the Bearings and Services division of Hubert Davies Engineering Supply Co. Dr Bruce McInnes (right) has been appointed financial director of HDESCO in succession to Mr Allison.

Samancor to gain from arms boosts

217

Star 2/4/80

Samancor's chairman John Kearney does not expect the temporary slackening in demand for South African Manganese Amcor (Samancor's) products to affect the company's performance seriously.

Samancor has maintained its stocks at reasonable levels, particularly of charge chrome.

He added that the escalation of armaments programmes, following on the Afghanistan and Middle East crises, will eventually increase demand for the group's products.

Still the world's largest

exporter of manganese ore and ferro alloys, Samancor's mines and alloy plants operated at full capacity during 1979.

Samancor is capable of producing about 1m tons of ferro alloy a year.

An optimistic Jack Tannenbaum chairman of Adcock-Ingram said it was expected that Adcock-Ingram Home Products' recent rationalisation of its range coupled with renewed emphasis on management development and sales training would provide the necessary thrust to improve profitability.

Msauli expects strong demand

(217)

Star 3/4/80

Another satisfactory trading year in 1980 is forecast for Msauli Asbestos and the longer term prospects of the mine are sound

According to Mr C H Walters commenting in the annual report market indications show there will be a continuing strong demand for the company's products not only for the traditional grades of asbestos but also for more sophisticated grades

Prices for the company's fibre did not change materially in 1979.

Some price resistance was felt and the weak dollar/rand rate was a major influence on the

income per ton which declined marginally.

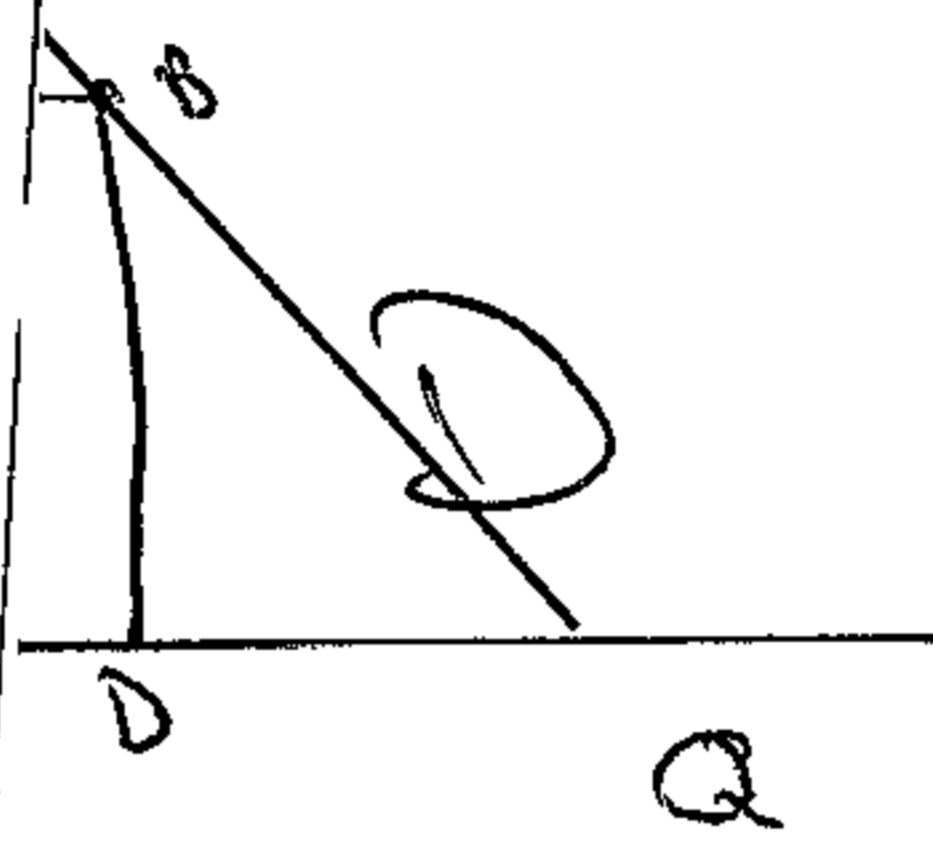
Margins were further reduced by increased production costs

Lower profit margins and a lower grade and output because of greater rock pressures meant that total net income was reduced substantially

Profit before tax in 1979 was R4 693 000 down from R5 828 000 the previous year.

After a lower tax charge but a greater amount being transferred to non-distributable reserves, profit after tax was R807 000 lower at R2 581 000.

The report in The Star on Msauli on April 1, was incorrect. The report, from Sapa stated that the pre-tax profit was R693 000 and as a result the headline on the story was incorrect



Price Discrimination is when a producer of good can sell the good for two or more prices for reasons other than supply and demand

In the diagram we have a position of equilibrium at AD. Price A is what all producers would normally receive. Triangle ABC is what we call consumer surplus. This means that for example if we take one unit of a good there will be somebody willing to pay R10 for it. If we take 2 units of a good there will be someone willing to pay R9 etc etc. In selective pricing it may be possible to capture most of this consumer surplus.

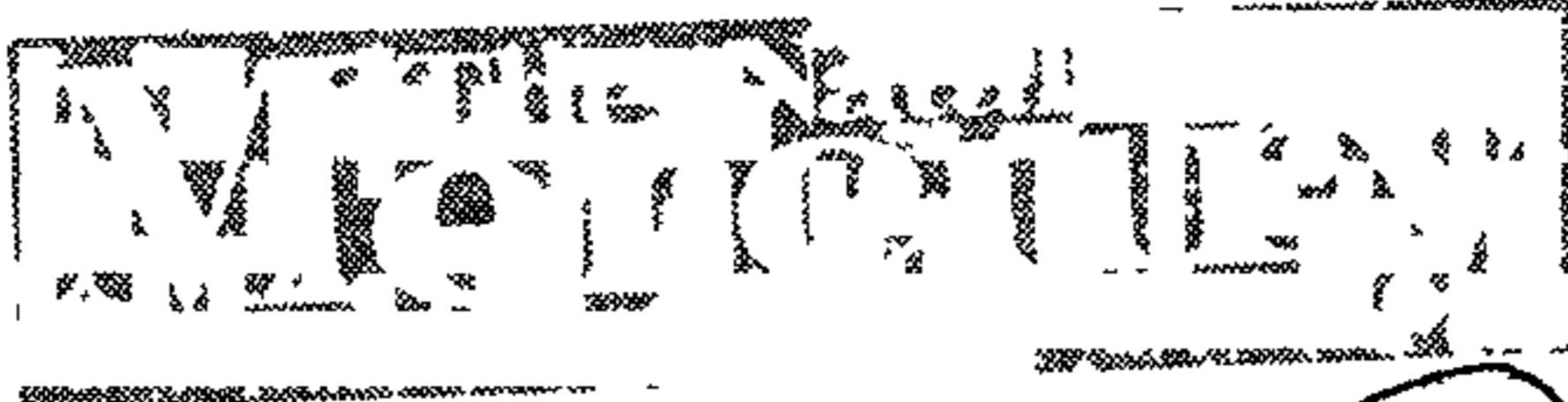
Two very important requirements of price discrimination is

1) Control over supply

3/4 100 (247) Star
The higher copper price
and significantly higher
precious metal prices
more than compensated
for below-budget copper
production because of mi-
ning problems at MTD
Manguia's Miriam shaft

MTD has increased the
interim dividend for the
half year to March from
12c to 29c a share after
working profit increase of
102,6 percent to 6,9m
Rhodesian dollars

★ ★ ★



FRIDAY, APRIL 11, 1980

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SUCH STEADY CHAPS

JANUARY export figures released by the Minerals Bureau reflect a continuing upward trend that supports the prediction by the Chamber of Mines that South Africa's annual mineral sales, now pushing R10 000 million, could reach R14 000 million by the end of the decade.

For quantity, quality and reliability of supply of more than a score of vital industrial and strategic minerals South Africa holds a unique position as the 'metals supermarket of the world.' It is ranked as the Western world's largest exporter of no fewer than 10 of these minerals, including vanadium (88 percent of total Western exports), platinum group metals (86%), vermiculite (81%), gold (73%), manganese metal (67%), ferrochrome (63%), chrome ore (42%), manganese ore (37%) and ferro-manganese (22%), and is the world's second largest exporter of a variety of other important minerals. By a quirk of fate the only other significant repository of a number of the most vital of these minerals is Soviet Russia.

Until recently this South African treasure house has been largely taken for granted by the West, while our reputation as a steady supplier and reliable bastion of free enterprise has been a source of somewhat naive pride and self-satisfaction at home.

The American attitude in particular was so blase that 'serious miscalculations' about U S

dependence on South African minerals and 'erroneous conclusions' about their indispensability are only now coming to light in the reports of congressional delegations and sub-committees which have been making urgent on-the-spot assessments.

In the opinion of one member, Congressman James D Santini, the entire Western world could be forced to its knees in six months if South Africa's minerals, particularly manganese, were to fall under the control of an adverse power. The Opec oil crisis would appear as a mere inconvenience by comparison, he said.

Clearly this gives South Africa a powerful bargaining counter against unreasonable diplomatic pressures and the threat of sanctions, and there is little doubt that the implications have begun to sink in in most Western capitals.

Perhaps it is for that reason that the Government is often at pains to emphasise that it is not interested in forming a minerals cartel or otherwise tarnishing its reputation as a reliable supplier at reasonable prices.

We would support that assessment, for the solution to South Africa's problems certainly does not lie in getting tough with the West. But at the same time it should be made clear that the 'metals supermarket' is not a bargain basement, and that South Africa's minerals sales policy will be dictated by its national interests in the widest sense.

vances — cost advances which may not be so well absorbed if sales volumes level out over the next year or so

Chairman Basil Hersov warns that higher railage rates and continuing inflation will lead to higher costs this year. But though he says that higher sales tonnages and prices are expected, he does not venture to say whether price increases will more than compensate for higher costs. Customers remain opposed to significant ore price increases even if they sympathise with the group's profit squeeze.

So where does this leave Assomang?

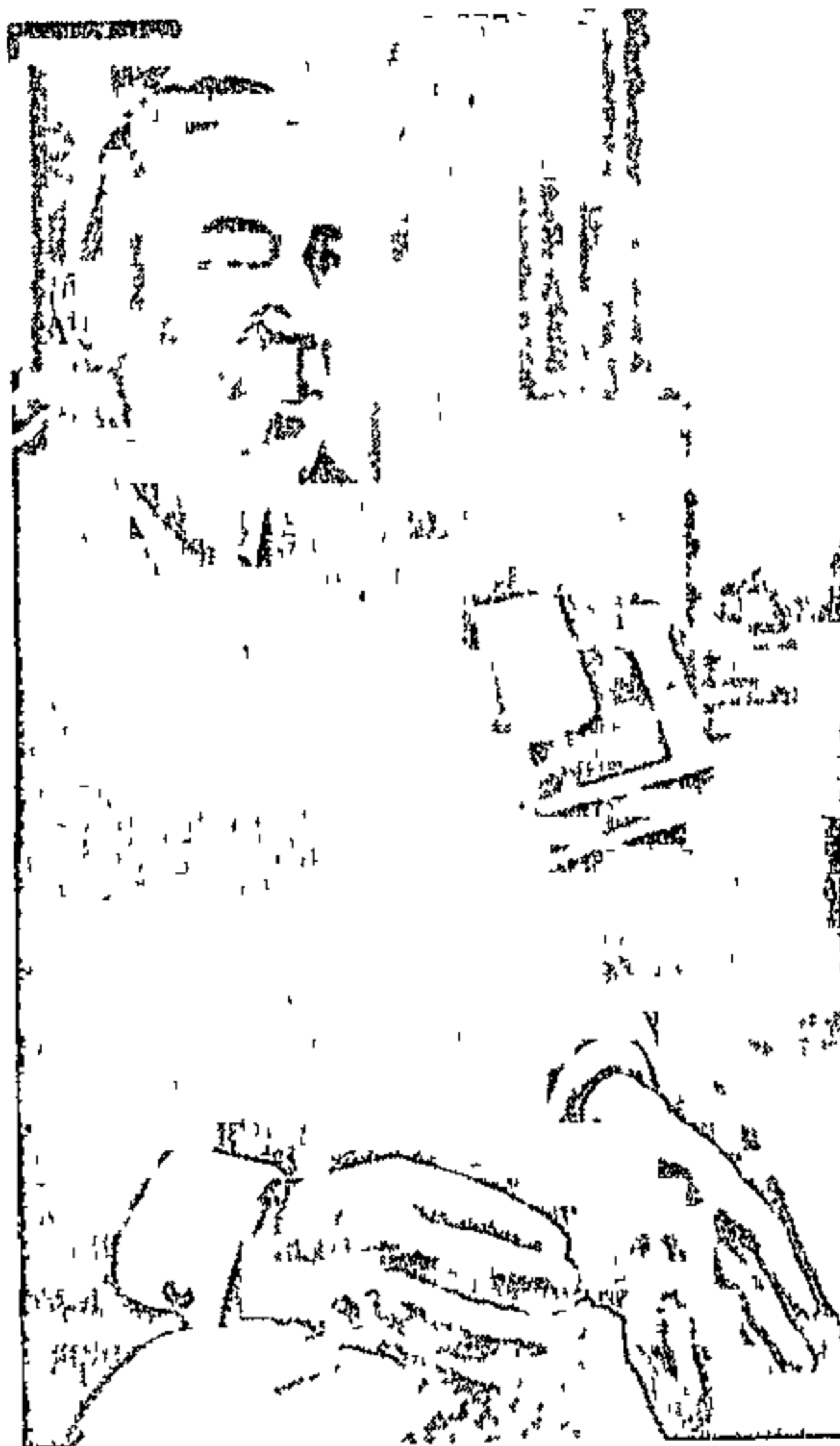
sion of the group's currently fully-utilised ferro-alloy capacity is planned, capex should slow down

At the same time, the full benefit of sales by the Beeshoek iron ore mine should be felt, as will iron ore to be exploited by Iscor on Assomang's behalf on the Bruce farm.

But as with Samancor, the main problem facing Assomang is a possible downturn in ore exports if and when the major industrial nations slide into recession. Be that as it may, additional tonnage allocations on the Sishen-Saldanha line have been negotiated with SAR and further allocations are under negotiation, pointing to significant export growth expectations.

Whatever happens, dividends need be under little pressure. Cover was reduced last year and the group should easily cover any conceivable capex from retentions without having to deprive shareholders. In any event, there is considerable scope for increasing debt. Long-term borrowings are minimal while the current side of the balance sheet is particularly strong. On that basis, the group is well placed to weather any conceivable demand slackness.

If demand does slacken this year, prudence may demand near-term dividend restraint, but an advance to over 200c could be within reach. At 4150c, the tightly held shares are not cheap on near-term considerations. But as a lock-up stock, they take a lot of beating. Jim Jones



Basil Hersov . . . facing a profit squeeze?

ASSOCIATED MANGANESE In a cost vice

Activities Mines manganese and iron ore in the northern Cape. Subsidiary company Feralloys produces ferro-manganese in Natal and chrome alloys in the Eastern Transvaal.

Chairman B E Hersov, technical director G Sacco

Capital structure 3.5m ordinaries of 50c. Market capitalisation R147.3m

Financial Year to December 1979
Borrowings long- and medium-term, R187 000. Net cash R6.5m. Current ratio 3.0. Capital commitments R9.2m.

Share market Price 4 150c (1979-80 high 4 150c, low 2 950c, trading volume last quarter, 2 800 shares). Yields 11.7% on earnings, 4.3% on dividend. Cover 2.7. PE ratio 8.5.

Ore sales (000t)	'76	'77	'78	'79
Manganese	1 696	1 638	1 758	1 741
Iron	754	566	563	1 263
Turnover (Rm)	87.6	83.2	99.7	127.9
Pre tax profit (Rm)	30.4	21.3	22.1	21.4
Earnings (c)	520	485	530	487
Dividends (c)	120	105	105	180

Despite almost unchanged manganese ore sales, and a 150% iron ore sales tonnage advance, profit from mining fell to R12m (R15.4m). Though not directly stated in the annual report, this performance clearly reflects considerable operating cost ad-

The two SA manganese majors are making rapid export market inroads in the field of ferro-alloys. Effectively SA is exporting cheap energy and with considerable transport cost savings available because of domestic alloy plants nearness to raw materials sources, SA's medium-term competitiveness is almost guaranteed.

But on the mining side, inevitable cost advances with escalating oil and fuel prices are the order of the day.

Perhaps one of Assomang's problems last year was that its manganese mines were operating against capacity constraints. The group is busy establishing a new manganese ore mine to increase rather than replace capacity. Hersov says the new facility will start production next year, meaning that no advantage will be reflected in the current year's results.

Meantime, capex this year is planned to absorb R9m compared with last year's R8.1m. Thereafter, unless major expan-

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11/4/80

at full capacity. Improved charge chrome demand led to all chrome furnaces being brought into full production, while records were set in sales of manganese alloys and ferro silicon.

The group can probably take any temporary demand set back in its stride. A better debt structure balance has been achieved through last year's R20m deb issue, while the balance sheet is healthy.

As usual, Kearney gives no estimate of this year's likely earnings or dividend. Much of course depends on consumption and inventory trends in overseas markets.

Several Western nations have embarked on stock building programmes prompted by war fears and fears of disruptions of supplies of chrome and manganese from SA. If this continues at least initially export sales need not be too badly hit, even if the US and other Western industrial nations slip rapidly into recession. And it could be that strategic stock purchases will lessen the impact of recession for some years.

On the other hand, high interest rates, particularly in the US, will almost certainly lead to inventory cut-backs by major consumers and be coupled with resistance to higher ore and ferro-alloy prices. Even so, there remains scope for a further earnings and dividend advance this year which the share price appears to fully reflect.

Jim Jones

ferro-chrome and ferro-silicon. Chemicals division produces phosphoric acid, fertiliser and electrodes. Iscor, directly and indirectly, holds about 45% of the equity.

Chairman: Dr J P Kearney, managing director P E Streicher

Capital structure: 27,8m ordinaries of 20c. Market capitalisation R455,9m

Financial: Year to December 31 1979

Borrowings long-term and medium-term, R40,8m, net short-term, R34 000. Debt equity ratio 30,5%

Current ratio 2,1. Capital commitments R30,7m

Share market: 1 600c (1979-80 high, 1 800c, low, 720c, trading volume last quarter, 96 000 shares). Yields 14,5% on earnings, 5,6% on dividend. Cover 2,6. PE ratio 6,9

	'76	'77	'78	'79
Manganese ore produced (000t)	13 566	n/a	n/a	n/a
Turnover (Rm)	221 3	194 2	199 5	358 1
Pre-tax profit (Rm)	94 1	61 2	41 1	91 7
Earnings (c)	188 8	130 6	108 3	232 4
Dividends (c)	65	65	55	90
Net asset value (c)	512	584	643	789

The turnover and profit advances are highly commendable, but as usual it is almost impossible to project likely trends on the limited information provided in the annual report. For example, though chairman Dr J P Kearney says the results were achieved because of higher sales of ores and ferro-alloys, it is not clear whether there was a corresponding increase in manganese ore production. Manganese ore stocks were reduced during the year.

Of course, one sympathises with management to an extent. In today's ferro-alloy market with, particularly, domestic producers in the US likely to be hard hit by the deepening economic slow-down, the less said about SA production costs the better — if only to pre-empt investigations by an increasingly vocal US anti-dumping lobby.

Be that as it may, the group's mining operations are clearly not operating at full capacity. At least, that is a reasonable interpretation of Kearney's statement that the "group is in a position at short notice, to increase (manganese and chrome ore) production, should market conditions warrant expansion."

For the future, Kearney is confident. Even if the US goes into a recession, he feels the group is sufficiently efficient and large to maintain market share and meet any competition. But the group has taken precautions to prevent, particularly, charge chrome stocks from getting out of hand during a temporary period of slack demand.

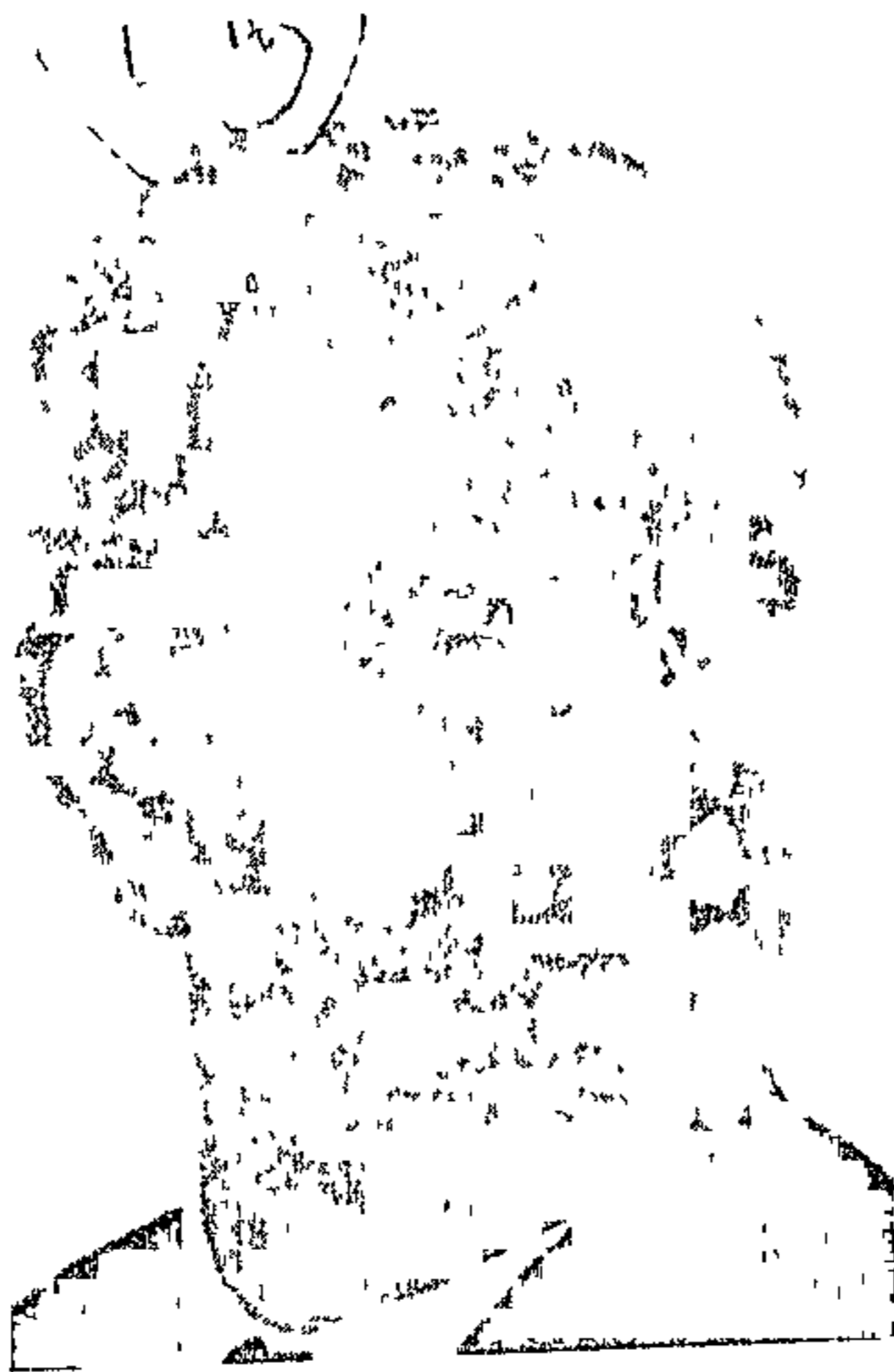
On the manganese ore side, exports should, to an extent, be protected by the \$6,5m acquisition of US-based manganese alloy producer Roane, which consumes some 250 000 t of manganese ore annually.

In SA all ferro-alloy operations worked

SAMANCOR

Market clouds?

PM 11/4/80
217
Activities: Produces manganese in N W Cape and chrome in Transvaal. Metals and ferro-alloy production includes high-carbon ferro-manganese.



Cons Murch's Dalton-Brown . . . fewer problems to face

major customers who have helped fund the mine's antimony oxide plant will almost certainly tighten up their own inventory controls. Couple that with the possibility of a significant demand downturn, and the year could be a tough one.

That, of course, is all hypothetical. On the factual side, last year's sales and earnings recovery has allowed the mine to carry out previously deferred but necessary capex projects. Last year capex absorbed R2.8m, and chairman Tony Dalton-Brown expects capex to run at about R4m this year — largely for shaft sinking.

That, however, does not take Dalton-Brown. Despite his prediction that antimony sales and profits will run at about last year's levels, he hopes that dividends can be maintained because of considerably higher gold revenue.

Last year the mine produced 224.6kg of gold at an average recovery grade of 0.42g/t. But gold losses in concentrates were almost double at 0.82g/t. With the plant to recover gold from oxide slag scheduled to come on stream during this year's first quarter, gold losses should fall significantly.

Last year gold sales revenue was R2.5m, which included payment for gold in concentrates sold to customers. If gold averages only \$450 this year, the mine's increased capacity should mean gold revenue at least equal to planned capex this year.

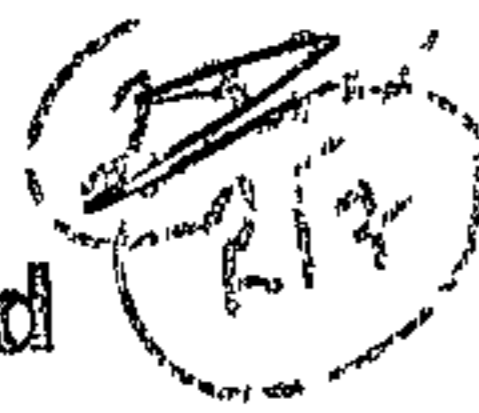
On the antimony side, however, marketing problems could be in the offing. And for the longer term, the mine's remaining life is open to question. A year ago the remaining life was estimated by Dalton-Brown at eight years. While exploration in the vicinity of the mine and underground drilling have helped maintain reserves, as yet no significant additions to reserves, have been reported. Meanwhile, not mentioned in the annual report, the company is currently mounting an antimony exploration programme in Spain.

Completion of this year's capex programme should make the mine a more efficient and flexible operation. And there is no reason why mill head grades should not be maintained with the revised stoping methods. And still on the positive side, earnings now have a much sounder gold underpinning.

The difficulty in evaluating likely distributable earnings this year, however, lies in predicting antimony sales. Some 80% of the mine's concentrates will soon be treated at the extended oxide plant. Customers who have funded the plant's expansion may well have guaranteed to purchase its full oxide capacity. If that is the case, antimony sales could well be supported even if natural demand falls away as Western economies head into recession. Under those circumstances there is scope for a dividend increase this year. But that is probably fully reflected in the share price.

Jim Jones

CONS MURCH
FM 11/18/80
Off the top



Activities: Mining company operating in the Letaba district, Transvaal. Produces a large part of the world's antimony concentrates. JCI is the largest shareholder with 25.2% of the equity.

Chairman and managing director: H Dalton-Brown, deputy chairman J M Meyer.

Capital structure: 4.2m ordinaries of 10c. Market capitalisation R38.3m.

Financial Year to December 31 1979: Net cash R3.3m. Current ratio 2.0.

Capital commitments R1.4m.

Share market: Price 920c (1974-80 high, 1 125c, low 365c, trading volume last quarter, 369 000 shares). Yields 20.8% on earnings, 10.9% on dividend.

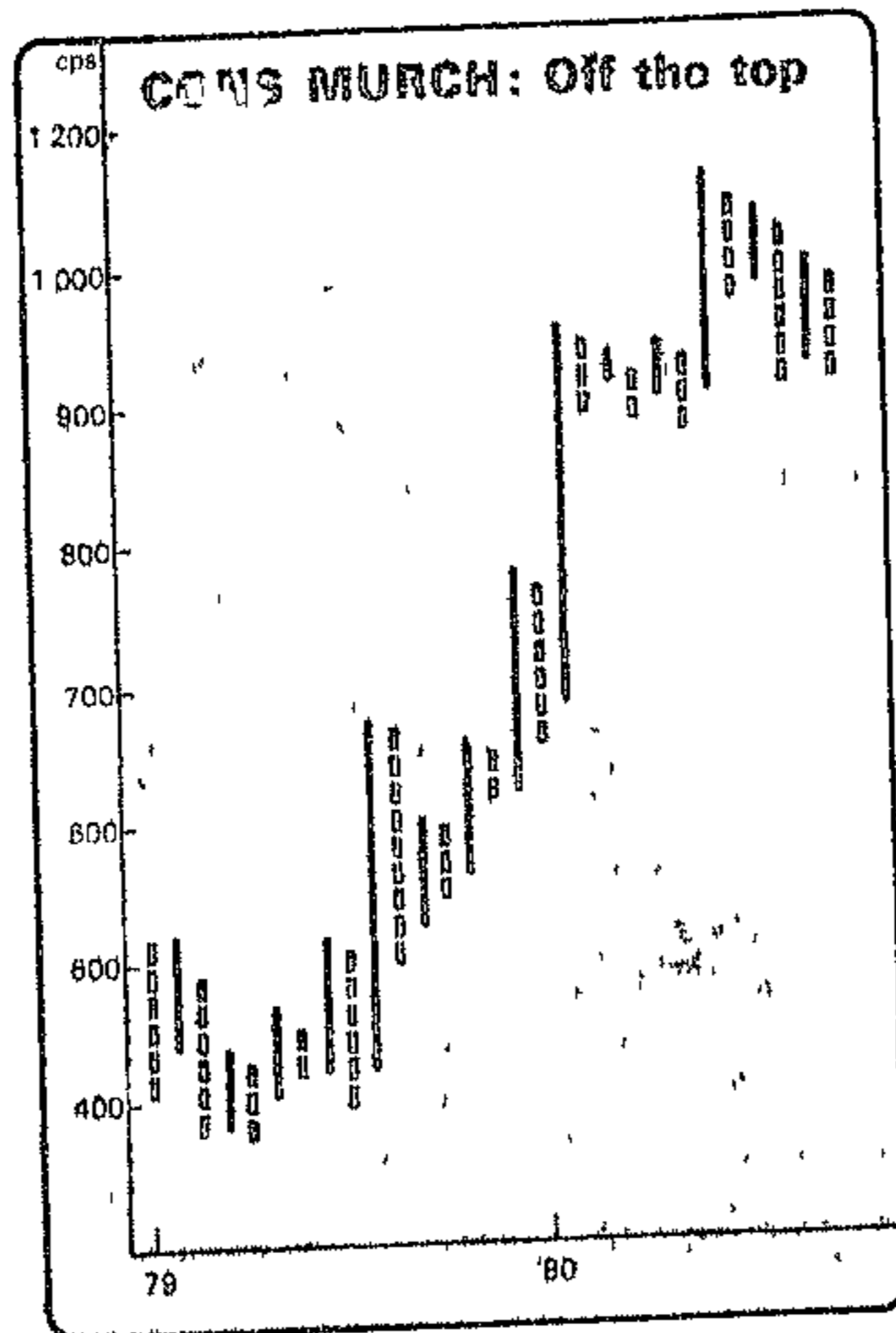
	'76	'77	'78	'79
Concentrate out put (000t)	183	198	163	201
Turnover (Rm)	230	173	116	233
Working profit/ (loss) (Rm)	114	30	(12)	92
Earnings (c)	1865	695	—	1909
Dividends (c)	140	30	—	100

In quoting Cons Murch shares at 920c — 50% up on a year ago — the market has taken the view that the problems of 1978 are well behind the company. And on the past year's results the re-rating seems justified.

Earlier technical problems which restrained production in 1978 have been largely overcome, while, helped by re-establishment of previously reduced consumer inventories, sales tonnage almost doubled to 22 473t (11 632t).

In the event, year-end stocks were reduced from 9 311t to 6 904t. And as stocks are carried in the company's accounts at zero value, revenue from stockpile sales was pure profit in the company's hands. There is scope for further sales from stocks with, probably, a minimum stock level of not much more than 2 000t necessary for the maintenance of an orderly marketing programme.

Which is all very well, but circumstances beyond the company's control could make 1980 a more difficult year than 1979. With US prime rates in the region of 20% correspondingly high UK interest rates, and the increasing possibility of a savage economic recession developing,



MANGULA

Production set-backs

m 11/4/80 217
Higher copper and precious metal prices saved Mangula in the six months to end-March, despite lower copper recovery. The result was earnings of Rh34,5c (14,8c), while the interim dividend was more than doubled to Rh29c (12c) compared with the previous year's total of 27c

The outlook for the second half is, however, more uncertain. Copper prices have tended easier on the LME, trading down from the February five-year high of over £1 400/t in line with world recession fears, better supply sentiment, high interest rates in the US which dissuade speculative holding of the metal, and generally poor markets in the wake of the Bunker Hunt silver fiasco

First-half mill throughput fell to 881 000t (910 000t), with the Miriam shaft not yet fully recovered from the disruption caused by last year's pressure burst. This forced a move to new areas where grade maintenance has been a problem, and the directors expect this situation to continue for "some time." Part of the reason no definite forecast can be given is that the availability of skilled labour in Rhodesia is still unsatisfactory

Ore milled at Miriam was 600 000t (643 000t) giving recoverable copper of 4 700t (5 700t) — a 16,5% fall. At the Norah mine, however, mill throughput rose to 281 000t (263 000t), though copper production was off at 2 800t (2 900t) with poorer grades. Total smelter output was 7 600t (8 600t), while sales amounted to 7 700t (9 500t). Group smelters are still running well below capacity at about 2 200t/month compared with a potential 3 000t/m

Sales revenue in the first half was Rh\$15,5 (\$10,2m) — a 51,4% improvement — while the cost of sales rose 5,8% to Rh\$5,7m (\$5,4m). This low cost increase

should be seen in light of the lower sales. Thus the unit sales costs rose 31,2% to Rh\$746 (\$568). Earnings were helped by a lower 30% (36%) tax rate, as Mangula gears up on capex to complete its refinery by the target date early next year.

Capex in the first half amounted to Rh\$815 000 (\$108 000), most of which was on the refinery. The balance for the remainder of the year is Rh\$3,6m (\$570 000), which if spent, should mean a considerable reduction in the average tax bill. The \$5,3m capex is to be financed by loan capital, which according to the last annual report, should not strain Mangula's dividend payment ability.

The problems at the Miriam shaft highlight the reason why Mangula decided to increase its development work significantly. In 1980 the target was a 27% increase in development metres, which, if achieved, would offer more flexibility in the mining plan if work in a particular area is disrupted. At present it appears the mine is behind schedule on its development target, though progress is ahead of the comparable previous period.

Second-half profit depends largely on the trend in the copper price. Mangula sells most of its production overseas at LME-related prices. In the current six months it appears likely that profit will be lower, in line with the metal price and the continued shortfall from Miriam. Bull points are the tax shield afforded by the refinery capex, and the possibility that industry strikes could change the supply-demand balance.

At 330c yielding 13,2% in SA after non-residents shareholders tax, Mangula reflects the uncertainty in the copper market.

Des Kilelea

10011 (217) 17/4/80
Palamin lower

By ADAMPAYNE

PALABORA Mining Company's copper production in the March quarter was lower than in December at 27 854 tons compared with 28 481 tons

The grade dropped from 0,48% in December to 0,45% in March. Ore milled at 7 088 056 tons was little changed. In December it totalled 7 105 627 tons

Sales were higher than in both the December and March quarters of 1979 at 29 317 tons compared with 27 001 in December and 28 962 in March last year

Uranium sales were higher than in December at 28 479 kg (14 485 kg), but lower than the 42 381 kg in the March quarter last year. The sale of precious metals from anode slimes was also lower at 113 896 oz compared with 176 583 oz in December and 153 138 oz last March

The sales of vermiculite were lower in the first quarter of this year compared with the last and first quarters of 1979 because of a shortage of vessels sailing to the US and because of the tight supply position and higher freight rates for charter vessels bound for Europe

Rooiberg static

(217)
RDM
16/4/80

Financial Reporter

THE MOST damaging thing consumers could feel would be a lack of tin, Mr R A Hope, chairman of Rooiberg Tin, said at a Press briefing at which the base-mineral results of companies in the Gold Fields of South Africa group were announced yesterday.

Mr Hope said the American GSA stockpile release of 30 000 tons of tin into the market would help to eliminate the shortage. The most recent price increase — to £8 500 a ton — was realistic. The price of tin was connected to the supply of oil.

Because of a rise in tax provision, Rooiberg Tin showed no increase in net profit in the March quarter over December.

Profit before tax was R4 005 000 (R3 072 000), but tax at R1 377 000 (R446 000) resulted in after-tax profit remaining virtually unchanged at R2 628 000 (R2 626 000).

There was little change in mining operations compared with the December quarter although concentrates recovered were lower from a slightly higher tonnage.

The smelter produced 498 tons of metal for the first time of which 453 tons were sold.

Only low grade concentrates

were sold as the entire output of high grades is now smelted on the property.

With gross profit at R7 686 a ton against R6 946 the results reflect the higher revenue earned on the sales of metal, rather than of concentrates, as well as higher LME prices.

Costs of sales were increased by smelter operating costs.

The company has exercised its options to buy mineral rights over 832 ha of the farm Ohevenbosch.

Surface drilling has continued elsewhere and has revealed scattered values.

Union Tin's net profit in the March quarter declined to R446 000 from R543 000 in December.

There was little change in mining operations. The production of tin in concentrates improved because of increased throughput and higher grade, but sales were low because of shipping schedules.

The underground borehole to test the mining depth was completed at a depth of 721m. No pay values were intersected, but low-grade mineralisation was present in the shale beds, which were much deeper than expected. Drilling of a second hole is in progress.

	Tons milled 000s	Yield g/t	Costs R/ton	Costs \$ oz	Revenue \$ oz	Net profit R000s	EPS after capex cents
BUFFELS	800	8,04	41,34	195	641	32 312	230
December	798	8,23	40,73	185	408	21 967	115
STILFONTEIN	480	9,00	42,25	178	664	19 535	141
December	493	8,52	42,65	187	409	10 026	57

Lively Stilfontein doubles profit

RDM 17/4/80

244
217

By ADAM PAYNE

STILFONTEIN and Buffelsfontein mines contained costs and stepped up profits and earnings a share in the March quarter. Stilfontein's earnings a share almost trebled and net profit nearly doubled.

The mining policy now being adopted will lengthen the mine's life significantly beyond the five years forecast in the report for 1978

In addition it will be a uranium producer through its subsidiary, Chemwes, for about 20 years

In the March quarter the tonnage milled was slightly lower than in December. This was because of a deliberate policy to mine judiciously in the richer Kromdraai area and conserve ore there.

The mine is opening up blocks of previously unpayable ore which will now be exploited, so lengthening the mine's life as it has large quantities of low-grade ore

In opening up the old areas the opportunity was taken in the quarter to sweep out gulleys, yielding rich material which sent the average grade up to 9 g/t (8,52 g/t).

This level of grade cannot be

expected to continue as lower-grade areas are exploited and ore is conserved in the Kromdraai section

The effect of the programme in the March quarter was to reduce costs a ton milled from R42,65 — one of the highest in the industry — to R42,25

The management does not expect this level of costs to remain static. There will be inflationary cost rises

Gold production was up because of the higher grade and a high price of \$664 an oz was received, resulting in a net profit of R19-million (R10-million)

With earnings a share at 141c compared with 57c in the previous quarter, a Johannesburg analyst forecasts an interim dividend in June of 120c followed by a final of 280c.

Buffelsfontein's tonnage milled was little changed, grade was marginally lower and costs a ton milled were only 1,5% up in the quarter. Costs a centare mined were 3% higher

Net profit was R32-million (R22-million) and earnings a share were 230c compared with 115c in the December quarter

The analyst forecasts a final dividend in June of 400c

West Rand Consolidated showed little change in its net profit at R2 502 000 (R2 864 000)

Even at a gold price of \$604 an oz received, it showed a loss of R2 681 000 on its gold operations. Uranium earnings were R2 901 000

Costs an oz of gold mined were \$767, estimated from the total working costs and the amount of gold produced.

Of the 181 500 tons milled in the gold section, 25 000 tons were from surface dumps at an average recovery grade of 1,2 g/t

In the uranium section the effects of increased sorting by radiometric sorters were shown in the lower tonnage treated and the higher recovery grade

Chemwes, the uranium plant serving Stilfontein principally, with Buffelsfontein holding a minor share, sustained a net loss of R3 458 000 compared with a loss of R1 861 000 in the previous quarter. The operation has still to get into its stride

The increase in the loss occurred because there was no revenue during the quarter whereas there was a small sale at the end of the previous quarter

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(f) Office and general expenses amount to ...

(d) All the plant needed for Southampton has been owned for some years. £1,600 is the year's depreciation (straight-line) in the financial accounts. If the Hull job is taken, less plant will be required, and the surplus items will be hired out for the year on similar work at a rental of £750. Interest is based on a memorandum entry, at 5% of original cost, in the cost records.

(b) Manual labour is hired locally from week to week.

RPM 17/9/80.

Platinum boosts Western 136%

217
215
214

Mining Editor

WESTERN Platinum, a member of the Lonrho group, has benefited from the platinum boom and has boosted working profits for the six months to March by 136% to R15 665 000 from R6 644 000 in the first half of the previous year.

Sales for the six months amounted to R26 151 000 compared with R17 621 000. Overall costs fell to R10 486 000 from R10 977 000. Unit costs, however, rose by 9,5% to R14,84 a ton milled from R13,55.

Production in the half-year was well up after an increase in tonnage milled to 651 000 tons from 587 000.

Platinum production increased to 1 293kg from 1 160kg, palladium to 563kg from 514kg and other precious metals from 254kg to 284kg. Nickel output rose to 829 tons from 743 tons, copper to 520

tons from 471 tons. Cobalt production for the first time amounted to six tons.

The pace of development increased to 11 754m advanced, of which 6 160m were sampled assaying 4,87g/t of platinum group metals over a channel width of 96cm.

Dulker Exploration, which operates the coal activities of Tweefontein and Witbank Consolidated collieries, has maintained profits in the quarter to March — R1 354 000 compared with R1 372 000 in the December three months.

Earnings were equivalent to 12,1c a share compared with 12,4c, but the company will benefit by an additional R57 000 in the quarter after the abolition of the loan levy, which in its case, takes effect from October last year.

Sales of steam coal were up to 608 909 tons from 581 282

tons, and anthracite sales were 133 145 tons against 133 375 tons. Asbestos sales were unchanged at 2 502 tons.

Bosveld Tin Mines became a wholly owned subsidiary in March. Bosveld owns the dormant Klipwal gold mine near Piet Retief and it is planned to reopen the mine at an estimated cost of R5-million over the next two years. The mine is expected to come into production at the rate of 84 000 tons a month and produce 400kg of gold annually.

Corsyn Consolidated, a subsidiary of Coronation Syndicate, had a taxed profit of R4 99 000 in the quarter to March compared with R2 853 000 in the December quarter.

Working profits at the Acturus, Mazoe and Muriel gold mines and the Invati copper mine were well up on the previous quarter's figures with total working profit at R6 118 000 against R4 240 000.

Tonnage milled at all mines was 118 000 against 119 000, producing 466kg (493kg) of gold and 827kg (857kg) of copper.

MSAULI *8/4/80* *Fin* *(217)*
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

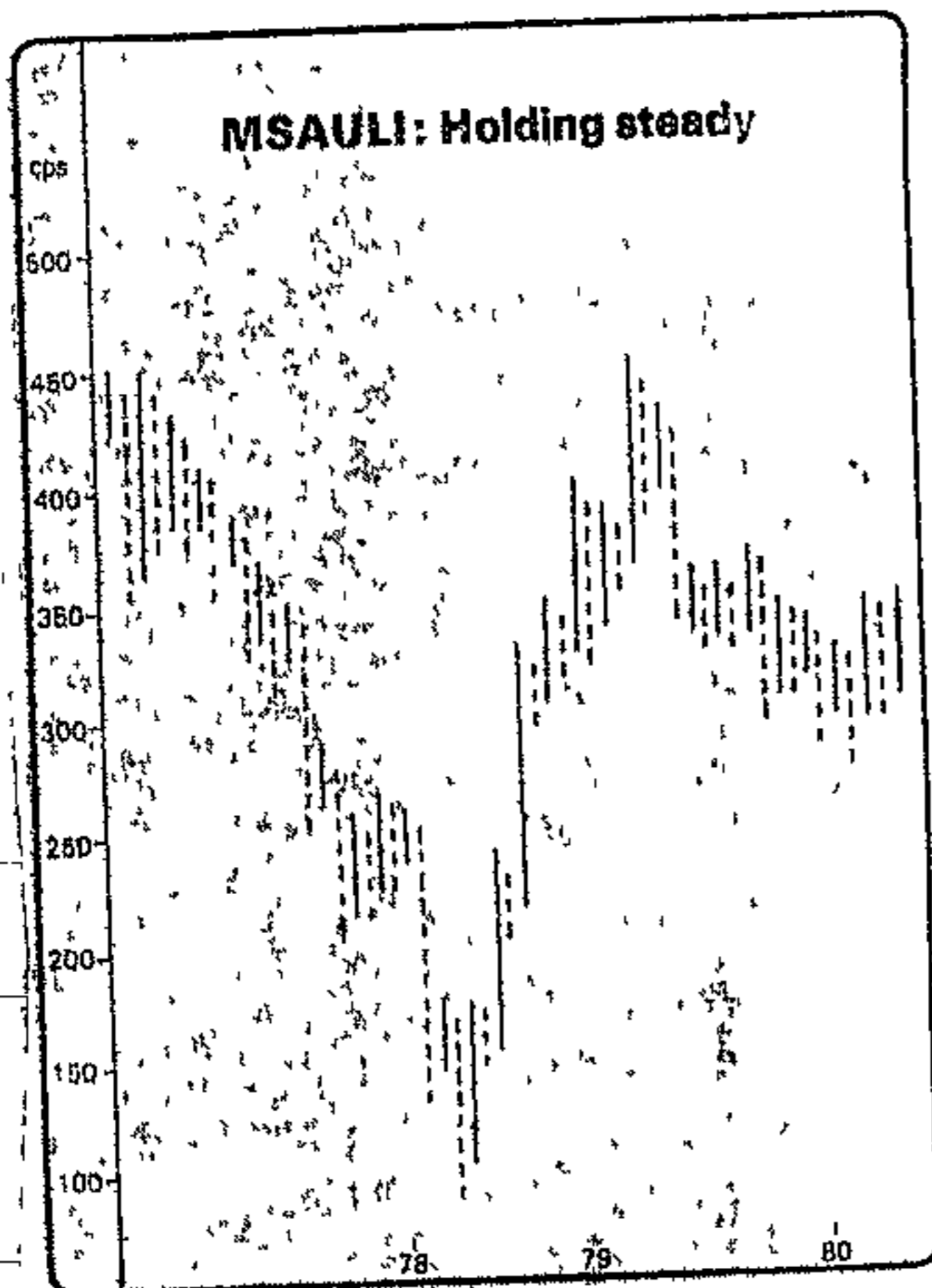
Share market: Price 340c (1979-80 high, 450c, low, 280c, trading volume last quarter, 35 000 shares) Yields

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



Financial Mail April 18 1980



Msauli's Walters . . . no blues over chrysotile

benchmark Canadian quotes, are again eroded by a rising rand dollar exchange rate, profits could be set for a substantial rise.

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

Financial Mail April 18 1980

GEFCO

Battening down

Jim 18/4/80

Activities: Mining company producing crocidolite (blue asbestos) from a number of mines in the Kuruman area of the Cape Province and BophuthaTswana. Managed by General Mining which owns 43,8% of the issued shares. Sentrust holds 13,2% and Sanlam 7,3%

Chairman: C H Walters

Capital structure: 12,0m ordinaries of 5c Market capitalisation R25,7m

Financial: Year to December 31 1979

Borrowings net short-term, R11,4m

Current ratio: 1,2 Capital commitments R284 000.

Share market: Price 215c (1979-80 high, 430c, low, 215c, trading volume last quarter, 155 000 shares) Yields 17,8% on earnings, 15,1% on dividend Cover 1,2 PE ratio 5,6

	'76	'77	'78	'79
Fibre produced (000t)	57.5	76.1	64.3	50.5
Turnover (Rm)	39.3	47.1	45.1	39.6
Pre tax profit (Rm)	9.7	15.1	12.8	6.7
Earnings (c)	66.0	94.3	70.3	38.3
Dividends (c)	30	52	55	32.5

Gefco has problems that are unlikely to be easily or quickly overcome. The developed world is increasingly wary of using potentially hazardous blue asbestos, demand has fallen significantly with a slowdown of infrastructural developments, and consumers in Eastern Europe, who are increasingly strapped for hard currencies, are asking for and apparently getting extended credit terms.

The combined effect of these market problems has necessitated a considerable tightening up of the company's mining operations. And from the chairman's comments it is clear that the company is digging in for a protracted period of slack demand. As he says "Steps are being taken to contain costs by eliminating activities and cost centres hitherto regarded as essential for a speedy return to full production." In other words, operations are being phased out and are unlikely to be brought back on stream in a hurry.

Available markets are being fought over by the SA crocidolite producers, and the competition is cut-throat. Gefco is attempting to counter some of the competition by ensuring that its product meets tight specifications, particularly as regards reducing the health hazardous micro-fibre content of its finished product. But this move, albeit necessary, has resulted in lower recovery efficiencies and higher cost of sales. That being the case, profits are in a vice and a further near-term tightening is in prospect.

But, while costs remain under pressure, the company has to maintain a relatively expensive exploration and mineral rights acquisition programme. New deposits are increasingly difficult to find and competition for them is tough.

For the longer term, management is confident that the company's product will enjoy steady growth. But that is little consolation to investors with shorter-range objectives. Any significant market improvement is unlikely this year, and it is probably safest to count on a further contraction accompanied by keener prices with fixed overheads having to be carried by lower production tonnages.

While that continues, and particularly so long as the communist bloc can demand and get easy credit and payment terms, management could well take the attitude that additional earning retentions are necessary until the position improves. So dividends could well be under double pressure.

On an historic yield basis, the share looks ridiculously cheap — and it probably is for investors prepared to look beyond the problems of the next couple of years. But, last year, parent General Mining cut its interest from 48,1% to 43,8% of the issued shares, helping to confirm that expected recovery will be a drawn-out process. Near-term, then, the shares are best reserved for speculative portfolios or for trading on price movements. Jim Jones

Profits boost

NM
18/4/88
of 136pc (217)

Financial Editor

WESTERN Platinum, a member of the Lonrho Group, has benefited from the platinum boom and has boosted working profits for the six months to March by 136 percent to R15 665 000 from R6 644 000 in the first half of the previous year.

Sales for the six months amounting to R26 151 000 compared with R17 621 000. Overall costs fell to R10 486 000 from R10 977 000. Unit costs, however, rose by 9,5 percent to R14,84 a ton milled from R13,55.

Production in the half-year was well up after an increase in tonnage milled to 651 000 tons from 587 000.

Platinum output

Platinum production increased to 1 293kg from 1 160kg, palladium to 563kg from 514kg and other precious metals from 254kg to 284kg. Nickel output rose to 829 tons from 743 tons, copper to 520 tons from 471 tons. Cobalt production for the first time amounted to six tons.

The pace of development increased to 11 754m advanced, of which 6 160m

were sampled, assaying 4,87g/t of platinum group metals over a channel width of 96cm.

Duiker Exploration, which operates the coal activities of Tweefontein and Witbank Consolidated Collieries, has maintained profits in the quarter to March — R1 354 000 compared with R1 372 000 in the December three months.

Corsyn Consolidated, a subsidiary of Coronation Syndicate, had a taxed profit of R499 000 in the quarter to March compared with R2 853 000 in the December quarter.

Ergo pays 85c final

214
100M
217 217
18/4/80

By Don Robertson

EAST Rand Gold & Uranium (Ergo) has declared a final dividend of 85c for the year to March, making a total of 110c compared with the single payment of 25c in the previous year.

Profits for the year were R64 900 000 compared with R16 465 000

In his last chairman's state-

ment, Mr Harry Oppenheimer said that if the gold price held up, a distribution of at least 50c could be expected. However, the market expected better results from the company and a final of about 80c was forecast. The extra 5c will, however, please the many believers in the scheme.

The directors say the performance of all sections of the plant improved considerably as a result of modifications.

The tonnage of slimes treated rose by 13% to 18 400 000 and gold production was 54% higher at 5 763kg, beating the target for the year by 263kg.

Uranium production at 273 tons was 73% higher than the previous year and well above the target production of 200 tons.

The average gold price received for the year was \$422, which nearly tripled gold revenue to R66-million from the previous year's R22 500 000. Revenue from the sale of uranium and sulphuric acid amounted to R28 200 000 compared with R23 300 000.

Total revenue more than doubled to R94 200 000, and the cost of sales was well held, increasing by only 5.8% to R29 300 000 against R27 700 000.

The policy of including the value of sulphur (in pyrite) and sulphuric acid produced and consumed in the production process in costs and sales at market-related prices has been discontinued and the figures have been amended.

Franchise dividend income into management & marginal
income: $P_1 + MI$. Rth FI function is fixed over time.
If $MI \downarrow \rightarrow$ M expansion will also rise but not by the same
amount ie Marginal Savings will be greater than FI savings rate

Messina has ⁽²³²⁾ 387% boost ⁽²¹⁷⁾ in profit ^{RD 11} 22/4/80

By ADAM PAYNE

FEW, if any, mining/industrial companies could equal the profit performance reported by Messina (Transvaal) Development Company for the six months to March 31.

Net attributable profit rose 387% from R1 788 000 in the six months to March last year to R8 721 000 this year. This represents earnings a share of 79,3c (16,3c).

An interim dividend of 15c has been declared as against no dividend at the interim stage last year and a 10c final, for the year ending September.

The results reflect a fine performance by Datsun which is owned by Messina. Income on the industrial side, mainly from Datsun, almost doubled income from R4 653 000 to R8 963 000.

Mining by the group's copper mines was even more profitable, largely because of the higher copper price with income at R15 505 000 (R7 997 000).

Income before tax rose to R20 141 000 (R5 858 000) and then tax took a big bite at R7 296 000 (R2 855 000).

The sum of R4 124 000 (R1 215 000) was attributable to minority interests and deductible from the after-tax income of R12 845 000 (R3 003 000).

Capital commitments are marginally higher than at this time last year at R9 992 000.

Copper production was little changed in the six months, smelter production was lower and copper sales were lower than at the same time last year.

Mr W J Wilson, the deputy chairman and managing direc-

tor who was at the helm of Datsun when it was turned round from losses to profit, and Mr D A Thompson, a director, report that mining income rose substantially during the first half-year because of higher metal prices.

Income from industry also increased primarily because of improved profits from Datsun.

Although metal prices could be lower, the continuing improvement in industrial profits should result in increased attributable earnings in the second half of the present financial year, they say.

Substantial loan repayments have been made during the past six months and as a result, the interest charged, at R4 516 000, is expected to decline with a resultant improvement in the group's liquidity.

Gefco first quarter profits drop

By ADAM PAYNE

GEFCO, the crocidolite asbestos producer in the Northern Cape, incurred a 33% decline in net profit in the March quarter compared with December. There was a 35% drop compared with the first quarter of last year.

Msauli Asbes, the chrysotile producer in the Eastern Transvaal which has well-filled order books, showed little change in net profit compared with December although it was marginally down.

The fall was greater by comparison with the March quarter last year, because of the hardening of the rand against the dollar, in which currency the asbestos is sold.

The feature of the quarter was the blow to revenue received by both mines because of the hardening rand, compared with a year ago when the rate was 1,15 as against today's rate of 1,24.

Illustrating the effects of the stronger rand, Gefco received R549 a ton of fibre last March and R531,6 this March, although there was little change in the dollar price.

Another feature of the results was that Gefco's costs were lower than in December. This was because costs in the last quarter of the year are often higher because of year-end adjustments.

Compared with the first quarter of last year the costs a ton of fibre were considerably higher at R296 compared with R252. This was because of the restricted scale of mining which is under 50% of capacity. Overhead costs relative to running costs are high.

Gefco's tax was down to R236 000 (R378 000) leaving net profit at R934 000 compared with R1 378 000 in the December quarter and R1 421 000 in March last year.

After capital spending and prospecting expenditure, earnings a share were 6c. Last year the dividends totalled 32,5c, which is unlikely to be repeated.

Msauli's tonnage milled was down at 234 000 (249 000). With grade unchanged, production of fibre was lower.

Costs a ton milled rose to R8,98 compared with R8,15 in December.

Revenue a ton of fibre at R203,6 was up on the December figure of R194,5 reflecting a rise in prices but little different to the figure of a year ago of R201,6. This was because the rise in the price of chrysotile was cancelled out by the change in the exchange rate.

Production costs a ton of fibre were up 11% in the quarter over both the December quarter and March last year.

Tax was marginally lower at R320 000 to leave after-taxed profit at R835 000, compared with R866 000 in December and R913 000 a year ago.

After capital spending of R166 000, earnings a share were 10c. Last year Msauli paid 40c which on yesterday's share price of 335c gives an historic yield of 12%.

COMMENT: There could be justification for expecting Msauli to keep profits at levels not much below those of last year, in which case the yield could be high if not quite at 12%. With a firm demand for its product, Msauli is a investment.

(217)
RDM 23/4/80

Metal shortage is forecast

217 WM
23/4/80

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

Opening the R120-million Black Mountain Mineral Development mine in the North Western Cape which is to produce lead, zinc and copper concentrates as well as silver, Mr MacKenzie said there seemed to be a "price panic" in metals on world commodity markets.

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

The picture reflected worldwide anxiety over inflation, energy and currency problems.

"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 tons a month by the middle of the year.

This highlighted the tremendous importance of the project which was expected to yield annually about 132 000 tons of lead concentrates, 35 000 tons of zinc concentrates and 22 000 tons of copper concentrates, and 113 000kg of silver as a by-product — Sapa

Palamin interim

(217)
DOM 24/4/80
PALABORA has raised its first interim dividend for the current financial year to 25c from 20c last year.

At yesterday's annual meeting in Johannesburg, the chairman, Mr G MacMillan told shareholders that the short-term outlook for copper was now less encouraging than it was earlier in the year.

He said that speculators in commodities had begun to move into currencies so they could take advantage of the high interest rates on offer in the United States and Britain.

"This development has undoubtedly affected copper prices and the position has been further exacerbated by the increasing signs of a recession in the US during the past few weeks.

"Economic opinion seems to indicate that this recession will not be long nor deep, but the very fact that it now appears to have started, makes the short term outlook for copper less encouraging."

However, the income derived from the treatment of anode slimes, which are extracted during the refining process, and are now a major source of revenue, is expected to show a further improvement in the current year.

1 25/4/80 (217)

General Mining Group



ASBESTOS MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1980

Both companies are incorporated in the Republic of South Africa

The Griqualand Exploration and Finance Company Limited

Issued Capital — R597 500 in 11 950 000 shares of 5 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31 3 80	Quarter ended 31 12 79	Previous financial year to date
Operating results			
Development — metres	983	1 268	1 147
Ore milled — tons	100 000	111 000	90 000
Fibre produced — tons	13 115	13 087	12 972
Percentage fibre recovered	13,1	11,8	14,4
Cost per ton ore milled	R38,85	R37,09	R36,40
Revenue per ton fibre	R531,6	R521,1	R549,2
Production costs per ton fibre	R296,3	R314,6	R252,6
Selling costs per ton fibre	R112,8	R114,4	R109,1
Financial results	R'000	R'000	R'000
Operating profit	1 348	1 836	2 089
Profit after tax from non-mining subsidiaries	20	52	45
	1 368	1 888	2 134
<i>Less</i> Interest and sundries	198	132	171
Profit before taxation	1 170	1 756	1 963
Provision for taxation	236	378	542
Net profit after taxation	934	1 378	1 421
Capital expenditure	115	166	217
Prospecting expenditure	82	29	94

Notes

- 1 Consolidated results are given, as information relating to the company only could be misleading
- 2 Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year. Because of a distinct seasonal pattern in asbestos sales, results for the quarter under review should, preferably, be compared with those of the corresponding quarter of the previous financial year
- 3 Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers

On behalf of the Board
L K JOOSTE
W T P MOSTERT | Directors

Johannesburg
22 April 1980

Msauli Asbes Beperk

Issued Capital — R3 225 600 in 6 451 200 shares of 50 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31 3.80	Quarter ended 31 12 79	Previous financial year to date
Operating results			
Development — metres	2 803	2 860	2 580
Ore milled — tons	234 000	249 000	198 000
Fibre produced — tons	22 814	24 381	19 493
Percentage fibre recovered	9,8	9,8	9,8
Cost per ton ore milled	R8,98	R8,15	R8,19
Revenue per ton fibre	R203,6	R194,5	R201,6
Production costs per ton fibre	R92,1	R83,2	R83,2
Selling costs per ton fibre	R59,8	R58,6	R55,5
Financial results	R'000	R'000	R'000
Sales of fibre	4 562	4 867	4 155
<i>Less</i> Cost of sales	3 301	3 527	2 700
Operating profit	1 261	1 340	1 455
<i>Less</i> Royalties	79	109	72
	1 182	1 231	1 383
<i>Less</i> Interest and sundries	27	34	31
Profit before taxation	1 155	1 197	1 352
Provision for taxation	320	331	439
Net profit after taxation	835	866	913
Capital expenditure	166	149	76

Notes

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On behalf of the Board
L K JOOSTE
W T P MOSTERT | Directors

Johannesburg
22 April 1980

Uranium: Nufcor slips out of step?

Own Correspondent
Atlanta, Georgia

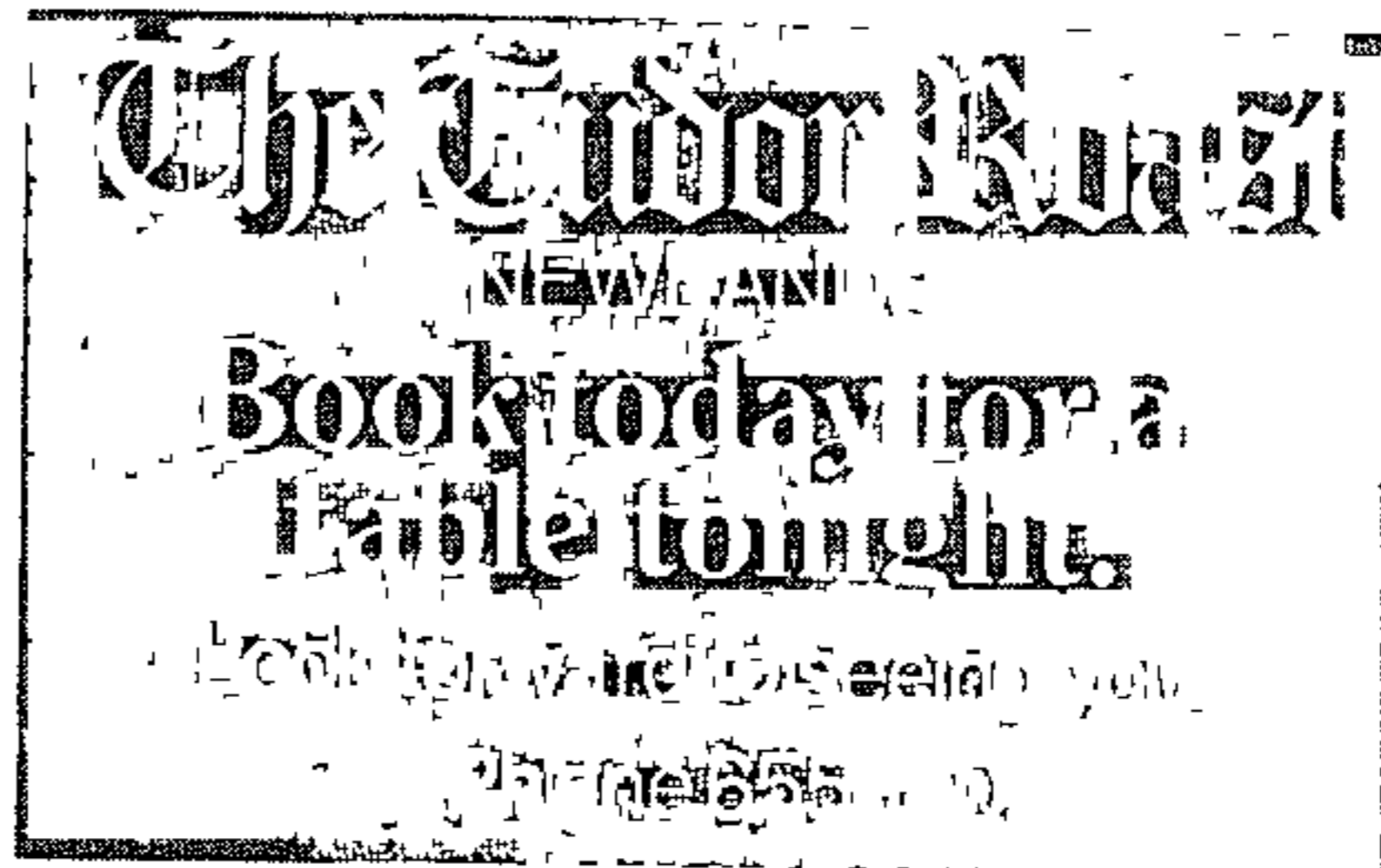
IS SOUTH Africa's Nufcor spending millions of rand to provide a self-sufficient supply of enriched nuclear fuel just as the world is about to be glutted with an oversupply?

The view that world nuclear fuel suppliers — because of reactor cancellations and construction delays — face a decade of producing more enriched uranium than there are reactors to burn it, was one that dominated this week's meeting here on industry fuel needs sponsored by the American Atomic Industrial Forum.

Indeed, Manfred Stephany, a West German nuclear executive, presented a forecast that called for an excess of 110 000 tons of "separative work" — the enriched base fuel that nuclear power reactors consume — worldwide by 1990.

The problem, Mr Stephany says, is that companies like Nukem, of which he is managing director, Eurodif, a French led European consortium and government-backed "captive" market operations, such as Nufcor or the US Government, are currently producing fuel in quantities that may be 65% higher each year than consuming power plants actually need.

In a related development in Washington, the US Department of Energy announced it would be working down its overstocks of nuclear fuel which it would sell at \$49 to \$100 per separation unit ton — or as much as \$50 a ton less than any other world producer — in order to assure that American suppliers of machinery, such as Westinghouse and General Electric, remain competitive in selling their reactors and boiler systems.



Rossing Uranium profit up from R8m to R50m

CT 11/5/80 (217)

By NEIL BEHRMANN

LONDON — Profits of Rossing Uranium, the South West African uranium mine, increased substantially and the division is now a significant contributor to Rio Tinto Zinc's earnings

The annual report of RTZ shows that in the year ended December, 1979, Rossing's pre-tax profits soared from £4.5m (R8.3m) to £27.2m (R50m)

Rossing's pre-tax profits accounted for six percent of RTZ's pre-tax profits

The percentage would have been higher but there were sharp profit increases in areas such as Papua New Guinea where the Bougainville copper mine gained considerably from the higher copper and gold prices

Palabora's contribution also rose sharply from £24.3m (R45m) to £45.3m (R83m)

Combined profits of Palabora

Actuaries

JSE actuaries indices in order of yesterday previous move, dividend yield and earnings yield were

Overall 562.9, 561.3, 1.6, 6.4, 13.7
 Mng Prod 683.9, 679.8, 4.1, 8.0, 16.9
 Coal 1060.6, 1067.6, 7.0, 4.5, 11.0
 Iron 1685.0, 1658.0, 27.0, 7.8
 2.2 All Gold 503.4, 501.0, 2.4, 8.6
 1.9 Met & Min 238.7, 237.6, 1.1
 3.18.5 Mng Fin 628.4, 628.4, 0.0
 1.8.8, Fin & Ind 598.0, 597.8, 0.2
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 2 Ind 499.0, 498.5, 0.5, 4.8, 12.3

and Rossing represented 16 percent of RTZ's pre-tax earnings compared with 10 percent in 1978

At a press conference, deputy chairman and chief executive, Mr Alistair Frame, said that Rossing was now operating at full capacity of 5 000 tons a year

Most of the initial difficulties of ore reserve evaluation, grade control and plant efficiency, have now been overcome

Rossing started commercial production in January 1978 and produced 3 500 tons of uranium oxide. Output would have been substantially higher if one of the two solvent extraction lines had not been destroyed by fire in May, 1978

Rossing's insurance claim was successful and the financial director, Mr A E Buxton, said that Rossing's pre-tax profits included non-recurring earnings from the insurance claim of £3.8m (R7m)

Mr Frame said that in the short term the uranium market could remain weak. Nuclear power programmes had been deferred because of the Harrisburg incident last year. However, he expects the uranium market to pick up in the long term. RTZ's interests in Zimbabwe are shareholdings in Rio

Tinto (Rhodesia), the Empress Nickel Mining Company and Tinto Industries

Empress Nickel Mining produces nickel and copper, while Tinto Industries manufactures and distributes mining and agricultural equipment

Rio Tinto (Rhodesia) operates gold and emerald mines and owns important platinum, chromium and coal deposits

Mr Frame said that RTZ would make available £5m (R9m) to assist Rio Tinto (Rhodesia) in existing developments and new projects

These funds are needed for exploration and a pilot plant at the Renco gold mine in the Fort Victoria area and a pilot operation to prove a platinum project near Hartley

At this stage he could not divulge reserves and the possible output of a future platinum mine in Zimbabwe

RTZ is a huge mining house based in London with metal interests throughout the world

Group assets total £2 334m and the major interests are in Australasia and Canada. Group pre-tax profits rose from £284m (R523m) in 1978 to £453m (R854m) in 1979

Mr Frame said that copper concentrate orders were still going strong but the zinc market was depressed

BORLAND*LIST

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**RTZ profits leap
as Rossing hits
full production**

By John Cavi
LONDON — A dramatic fall in unit costs as Rossing the SWA/Namibian uranium mine hit full production, sent profits soaring by 504 percent for the British mining house Rio Tinto-Zinc and its

South African partners (such as General Mining and the Industrial Development Corporation) in the project. Rio Tinto-Zinc's (RTZ) annual report shows that Rossing's output of uranium oxide reached 4518

tons last year, up 42 percent on 1978 and a fraction below its rated capacity of 4536 tons. Rossing's sales jumped by 57 percent to R233-m but pre tax profits soared from R8,2m to R49,5m.

This lifted Rossing's contribution to total group profits (before deduction of minority interests) to 6 percent from 1,6 percent. These pre-tax profits for Rossing do, however, include the benefit of the insurance claim for consequential loss after the fire at the mine in 1978. The claims produced R15,5 m in 1978 and R6,9 m last year.

TAX LOSSES

As a result of tax losses in previous years, no tax is payable on Rossing's earnings. RTZ discloses that the net after tax profits attributable to it, through its 46,5 percent stake in the mine, totalled R22,9 m against R3,6 m in 1978.

With Rossing up to full production and no increase in uranium prices expected in the short term, RTZ says the mine is unlikely to show a big increase in profits this year. And as it becomes liable to taxation, the net impact on group earnings will be lower.

SPECIAL REFERENCE
OCC. PAPER No. 4/1930 68-71

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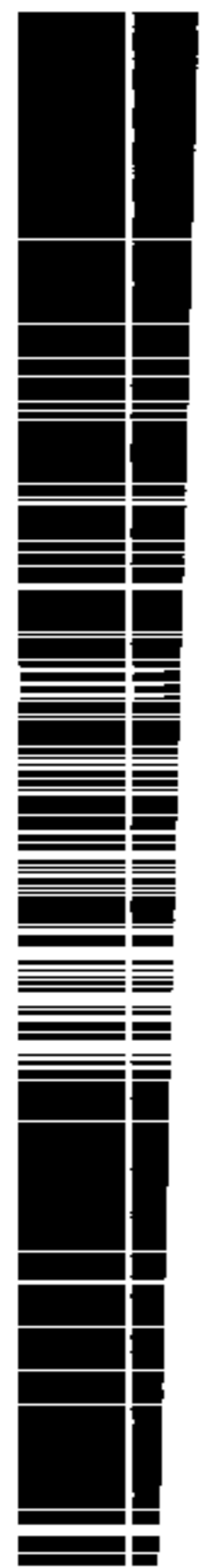
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TC Lands doubles profit

232
214
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9/5/80

By ADAM PAYNE

TRANSVAAL Consolidated Lands, a Barlow Rand subsidiary with wide mining interests, has almost doubled its attributable profit for the six months to March compared with the same time last year, and has declared an interim dividend of 65c (42c) which is more than five times covered by earnings of 349c a share.

The attributable profit of R25 521 000 for the half-year compares with R13 432 000 in the half-year to March 1979 and R20 988 000 in the second half of the year to September.

Prospects for the second half of this year are bright with a forecast that profit levels should be maintained and that the final dividend should be at least 120c (93c), making a total of 185c (135c).

As TC Lands has exceeded dividend forecasts, this prediction should prove to be conservative.

On a total of 185c for the year the yield on yesterday's share price of 4 000c would be 4,6%. This is a low yield, but TC Lands in the past has grown strongly in profits and share appreciation from year to year and this performance should be continued, particularly if the gold price remains high.

Income from coal will be much higher this year than in previous years.

The main increases in income in the past six months came from gold and coal investments. Turnover, which covers sales of asbestos, chrome, coal, fluorspar and timber, jumped by 73% to R130-million, helped by income from the new Duvha Colliery which contributed nothing last year.

It was helped on a much smaller scale by income from the asbestos division which owns Cape Asbestos.

Rietspruit Colliery, jointly owned by TC Lands and Shell, was in production for only a short while in the previous financial year but contributed to turnover throughout the past six months.

In its gold investments, TC Lands benefited by a trebled final dividend from Harmony and by higher dividends from other gold holdings.

COMMENT: TC Lands did slightly better than expected from its asbestos division which is good news at a time when sections of the asbestos mining industry are struggling.

Whether asbestos will be better than the platinum investment which was sold to buy Cape Asbestos remains to be seen — depending on what dividends the platinum companies declare this year.

When TC Lands held its platinum shares, dividends were small and were passed on occasion.

The asbestos interests have good potential.

The coal picture here is excellent with increasing output from Duvha which serves Escom, and rising exports from Rietspruit.

Rietspruit exports last year totalled 2 600 000 tons and they are expected to rise to 4 800 000 tons this year and 5 500 000 tons by the middle of 1983.

A pointer to the strength of TC Lands investments is the fact that the market value of its listed investments rose from R69-million at March 31 1979 to R127-million at March 31 this year.

PLATINUM ²¹⁷ FH 23/5/80

Confident views

There was a mood of relief among the world's platinum producers, dealers and consumers who gathered in London last week for the annual platinum week — relief that, after a record-breaking year which saw free market prices top \$1 040, the metal's value has now stabilised at more sensible levels of just below \$600. Current prices more than justify the Rustenburg-Impala producer price of \$420 which was set last December and remained unchanged despite soaring free market levels.

There is no doubting that dealers made good money out of the platinum boom — if only in commissions. But they, too, were as worried as producers and consumers about the longer-term damage which the price hike may do to the metal's industrial and jewellery roles. Burgeoning free market levels certainly have had an effect on Japanese jewellery offtake, which accounts for around one third of world consumption. But there have been no serious indications that any major industrial application is coming under heavy substitution pressure. And that is a relief as — unlike the jewellery market — industrial outlets, once lost, are considered far more difficult to recapture.

Although price pressure is not being felt across the board, there is little doubt that recession is having a growing effect on the platinum market. "The case for further price weakness seems plain," Irwin Shisko, vice-president of J Aron, told guests at the platinum dinner. Production increases in SA have essentially offset the drop in Soviet supplies which became apparent in the second half of 1977.

On top of this, "demand is now showing weakness in the two leading consuming countries — with jewellery use off sharply in Japan, and US auto industry offtake responding to a steep downturn in auto sales." And with economists now predicting that what had been hoped would be a mild recession, particularly in the US, could now become a downturn similar to that of 1974-75, the demand situation could worsen considerably. Shisko noted that during the last recession, the free market platinum price dropped from a peak of \$300 to a trough of \$140. "Adjusted for inflation, a comparable low in the wake of the current recession might be in the \$250 vicinity."

However, Shisko had his doubts about the price dropping so far. For one thing, although Japan experienced a business decline in 1974, it is "now performing more strongly and may not tilt down as far." Moreover, lower prices could evoke increased jewellery demand in that country. Other factors which may cushion the fall include the fact that platinum stocks are lower than five years ago and SA producers currently enjoy greater financial strength, less excess capacity and less outside competition. "And the platinum market seems more likely to be supported on weakness by underlying investment demand or re-ignited by new shocks in an unsettled world."

For these reasons Shisko is punting for a low in 1981/82 somewhere in the \$300 range, "depending particularly on the further course of Soviet sales."

Even if the free market level does drop substantially below the producer price,

Rustenburg and Impala seem unlikely to react quickly to keep their official quotation in line — that will be their reward for the stability they injected into the market as speculation raged all around, many feel. "It is worth noting that throughout this astonishing period, the main platinum producers have shown a most responsible attitude, having held their price to consumers at relatively low levels," according to Robert Beale, executive director of Samuel Montagu. "Their restraint enabled the market to overcome the serious threat to its viability," he believes.

Most platinum experts believe that when the seemingly inevitable free market discount commences, consumers will not be tempted to switch allegiances out of loyalty and the fear that they could compromise their longer-term relationships with producers.

Looking further into the Eighties, one of the most important issues, according to Shisko, is whether the current leading SA producers will be facing increased supply competition either from a revival of Soviet sales or new production in Transvaal, Zimbabwe and Montana. Although the trend of Soviet sales remains an open question, he believed new supplies elsewhere would only "make a modest long-term contribution," which would not be large enough to alter the predominant position of Impala and Rustenburg.

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Art Print	107	150	150	5.3	Rho Cables	430	590	600	6.7
Bat	215	250	250	5.2	Rho Corp*	80	83	75	1.1
Cairns	127	140	142	6.7	Rho Sugar	67	83	82	6.6
Capri	50	95	94	—	Rho Treads	45	57	57	8.8
Caps	125	175	173	4.7	Rothmans	175	200	200	4.8
C&I Hold	13	22	21	—	Schweppes	190	255	255	3.9
Clan Hold	59	113	120	5.4	Salis Cem	110	235	235	—
Delta Corp	415	570	555	4.6	TA Hold	140	173	167	7.8
Edgars	175	300	300	4.3	Tanganda	135	115	115	2.8
Gat Tex	100	73	73	9.6	Tedco	27	21	20	—
Gulliver	50	67	68	—	TS	340	455	460	6.1
Hipaper	108	155	153	4.4	Whitehead	105	155	158	6.3
Hippo Vall	41	125	145	—	Zim Print	220	260	260	7.7
IHL	68	100	85	4.7					
Maceys	18	18	17	—	Mining and Finance				
Mash Hold	45	128	128	6.3	Bindura	115	185	180	15.6
Merlin	53	50	53	4.7	Cor Synd	327	600	600	11.3
More Wear	52	42	43	—	Empress	275	230	215	11.6
Nat Food	108	177	175	3.7	Falcon	725	1350	1360	18.4
P and C	125	165	155	8.7	MTD (Mang)*	243	270	275	16.4
Plate Glass	180	310	305	4.9	Rio Tinto	160	340	310	6.5
Port Hold	63	74	70	7.1	Shangani	50	42	43	—
Prem Cem*	230	290	290	6.9	Wankie*	143	125	123	9.8
Radar	55	67	67	3.7					
Rho Abercom	133	183	185	6.7					

Samancor, Assmang get Japanese contracts

BY ADAM PAYNE

SAMANCOR and Associated Manganese have wrapped up contracts to join the suppliers of 1-million tons of ferruginous manganese ordered by Japanese steel mills in the fiscal year to next March

South Africa is the main supplier with India among the runners-up

I am told that the negotiated price is about 9% higher f o b than a year ago which will not cover the increase in mining and railage costs, but it is acceptable

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28/5/80
The ferruginous manganese is low in manganese content, but carries iron which is of value in the steel makers' furnaces

In other markets in which Samancor and Associated Manganese are active — ferrochrome and ferromanganese — there is satisfaction that the entry of Zimbabwe to the ferrochrome market has caused no upsets

"The recession in the US and the announcement of strategic stockpiling in Europe are the biggest influences in the alloy situation," I was told by an industry source

"The US recession will affect all markets, but it is not entirely bad for South Africa, which is a low-cost producer of ferroalloys

"It will hit — and possibly knock out — some high-cost producers in other countries. We expect to emerge stronger from the recession. We cannot push prices up and our competitors cannot afford to drop prices. So we have to sit it out with patience."

This informant is bullish on ferrochrome, but not as optimistic as a month ago, pointing out that it has special applications for stainless steel in the petro-chemicals industry

Chrome also plays a big part in the rearmaments programme

The result of this situation is that South African ferrochrome furnaces are still at full production

The re-entry of Zimbabwe as an unrestricted competitor in ferrochrome markets has caused no upset because of the orderly marketing policy adopted by Union Carbide which has taken over marketing from Univex, which operated during the UDI years

Ferromanganese is a little less buoyant than ferrochrome because the demand for high-carbon mild steel from the automobile industry is down in the United States although it remains firm in Japan

However, my informant says the effect of the US rearmament programme, particularly in shipbuilding, should begin to be felt soon, by ferromanganese producers

The announcement of the establishment of strategic stockpiles in Europe has been welcomed by alloy producers

Various countries, notably West Germany and France, are buying to increase strategic materials, but have said that they will not upset markets. Therefore they are expected to buy when markets are slack, so providing a stabilising influence

Namaqualand comes of age

LOW-PROFILE Namaqualand is basking in a powerful industrial limelight certain to change the pace and probably the face of the area for good.

It has been officially acknowledged as one of South Africa's great mining centres in a development tantamount to the coming of age of the remote north west region of the Cape.

This is the agreed implication of a tour of the area last week by the Minister of Mineral and Energy Affairs, Mr F W de Klerk, top officials of his department, 22 MPs and four senators at the invitation of the Namaqualand Mine Managers Association.

The tour recognized the huge mineral-based wealth being generated at relatively obscure locations such as Carolusberg, Alexander Bay, Nababeep, Springbok and Aggeneys, where

new mines have spawned new jobs, new homes and new infrastructure.

You have our support," was the message from the parliamentary mining study group at school hall receptions, mine shafts, processing plants and formal dinners as it whistled through the region in SAAF Dakotas and an air-conditioned luxury bus.

'Support' at Aggeneys, said the manager of the spectacular new lead/silver/zinc/copper Black Mountain Mineral Development company mine there, Mr David Blair-Hook, should mean a rail link to the Sishen-Saldanha railway and a scheduled air service.

Mr Blair-Hook believes the R170-million project, which employs about 1 150 people a year, about R4-million a year at the Broken Hill mine, will leave Aggeneys with a population of 10 000 within the decade.

He expects the project's second phase, a shaft at Black Mountain, to go ahead within the next five years. By then Anglo-American will probably be working zinc deposits at Gamsberg 20 km away.

The managing-director of the O Okiep Copper Company, Mr Gordon Parker, maintains the government should take advantage of the current buoyant

economy to extend the assistance offered to marginal gold mines to other metal mines.

Mr Parker estimates that O'Okiep's operations have generated about R600-million in tax since the first mine was established in 1937. After a relatively strong year, the copper price has now softened, but the outlook remains optimistic.

O'Okiep, which pays its 3 130 employees an annual wage and salary bill of R10-million, is in the process of commissioning a multi-million rand number 2 shaft at its Carolusberg mine to reach a major copper ore body.

At the state alluvial diamond operation at Alexander Bay, where a lush farm in the desert is producing everything from vegetables to mangoes and Peccans, the call was for more trained personnel.

Everywhere the accent is on growth, expansion, and achievement.

What this means in practical terms was spelled out by the MP for Namaqualand, Mr Eli Louw, — a lean, energetic man whose intelligent commentary on features ranging from the indigenous Gta grass to stock-carrying capacity of the land, punctuated with adept rendi-

He wants to establish a nature reserve in the sea near the start of the tarred road to Upington in an effort to encourage local tourism and recreation. He is also gaining support for a resort township at MacDougal's Bay. Hoteliers welcome the initiative because it could be expected to improve weekend turnover.

What is happening here is of tremendous importance to the economy of South Africa, said Mr De Klerk at a dinner in Nababeep. The mayor of nearby Springbok, Mr Andries Schreuder, noted that the growth trend of towns in the area was completely the reverse of that elsewhere in the country where migration to the cities had slowed development in the outlying areas.

The population of Springbok is expected to be the best in years

had been growing at more than 12 percent for the past six years, he said. A new R500 000 civic centre is planned for the town and the hospital is being extended at a cost of R1-million. About R2-million worth of private building plans were approved by the municipal council last year. One of the big supermarket chains is looking for a site and a major financial institution is considering a new development in the town.

O'Okiep's Mr Parker points out that the area is in many ways tied to the world economy, through its dependence on metal prices but he concedes that it also participates in the spin-off from economic buoyancy in the Republic. And while there is some apprehension over world economic trends it isn't depressing the outlook in Namaqualand.

Even the flowers are expected to be the best in years

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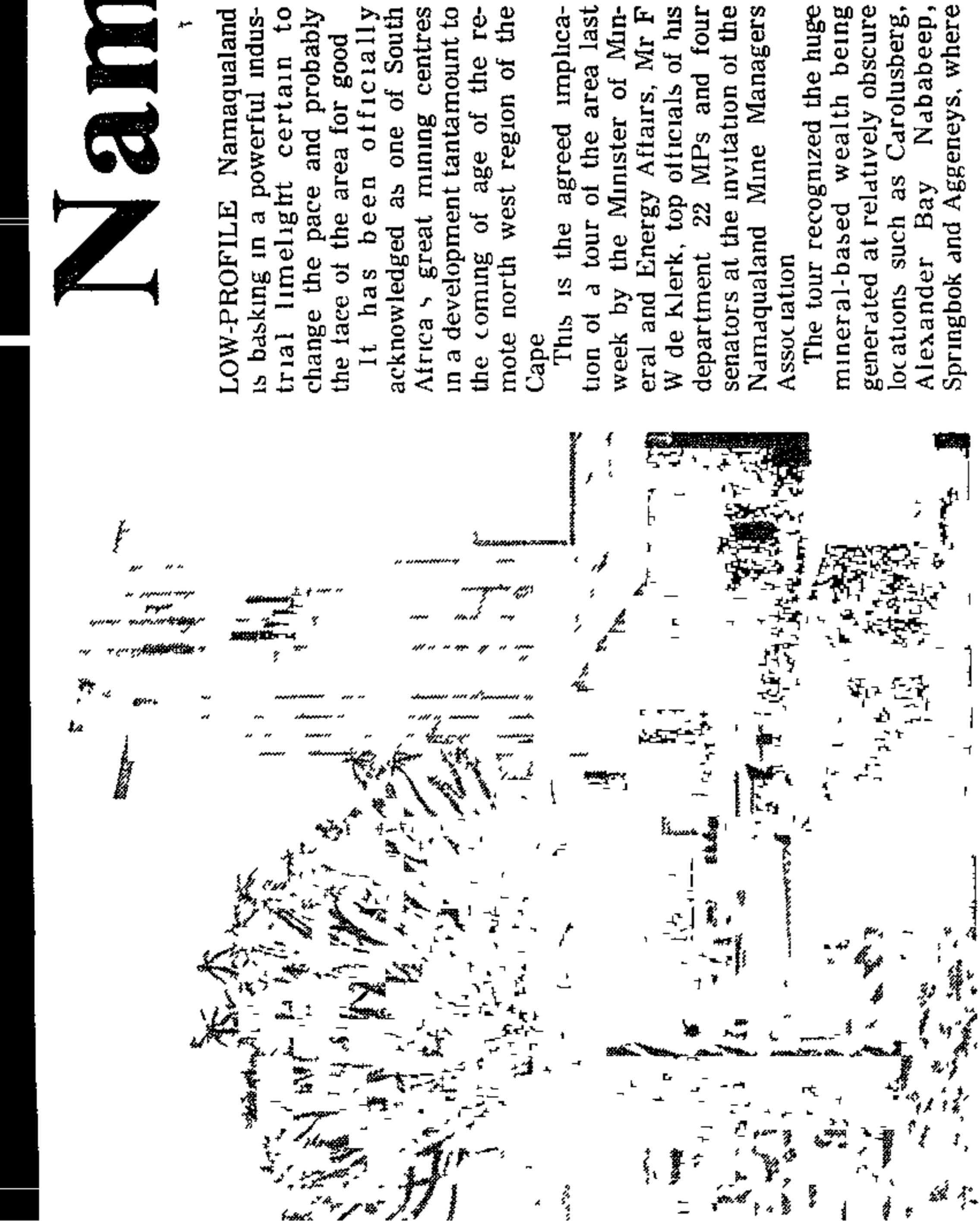
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By GORDON KLING

Pictures: Above left: Rising in the desert at Carolusberg near Springbok is the head gear for O Okiep's new number 2 shaft. Left: the Minister of Mineral and Energy Affairs, Mr F W de Klerk, right, chats with the O Okiep Copper Company manager of mining operations, Mr A P Derrick, in front of the Carolusberg number 1 shaft during a tour of Namaqualand by the parliamentary mining study group. Right: Miss Irene Jones, a bank teller in Springbok, shelters under her umbrella in Namakwa Street. The heaviest rains in years have raised hopes for a good flower season in booming Namaqualand.



US copper producers under union pressure

From NEIL BEHRMANN

ONDON — The copper and aluminium market will be influenced by wage negotiations of US producers during the next few weeks

Wynn Davis of Metals and Minerals Services recently visited major US copper and aluminium companies to see which way the wind was blowing

In 1976 when the previous negotiations took place, the producers were encumbered by a strike which lasted for six weeks and more

Mr Davis says that the US mining unions are fragmented. Single unions within the industry negotiate with individual companies. Labour contracts last for three years

The aluminium talks are already in progress and there has already been a 'walk out' from one of the discussions

The major US copper producer wage contracts expire at the end of June. A smaller copper producer, Cities Services, settled for a 28 percent wage increase in April. This rise lasts for the full three year tenure

But, Mr Davis says, producers believe that the aluminium wage settlements will be the scene-setter for demands from the copper industry

Mr Davis is relatively optimistic. Despite rampant inflation and a depressed copper market any strike will be a token one

Mr Davis reasons that the copper producers are in much

better health than in 1976. Then prices ruled around 60 to 65 cents a pound. Stocks were high and were growing. This year stocks are low and the price is above 90 cents a pound

Mr Davis maintains that the producers will be able to meet 30 percent wage demands. Though costs are bound to be adversely affected, producers can live with the situation because they are more comfortable than in previous years

"If there is any strike, it will be sparked off by other requests, for example indexed pensions, a shorter working week or longer vacations," he says

Mines are anxious about indexation because it could set a precedent which would be untenable for an industry, closely tied to the economic cycle. On shorter week and longer vacation requests, the producers would demand productivity agreements and this is further potential for strife

Graham Haclin of Brook Hunt and Associates is more

pessimistic than Mr Davis. He forecasts that attitudes of the companies and unions will harden during the next two months

"We feel that a strike is likely," he says. During the past month copper orders have declined dramatically, so the companies are under pressure and cannot afford high wage settlements

Inflation is eroding the wage packet so unions will try for high wage settlements to last for the next three years

In these circumstances the copper price would rise. But the rally would not last," he says. The copper fundamentals are sick

Housing and associate industries are in a slump. Mr Haclin forecasts that overall US production could fall by six percent this year

Copper consumption generally falls by a much greater proportion. For instance in the 1974/1975 recession, US copper consumption tumbled by 37 percent

Debt relief for BCL

By ADAM PAYNE EDM 1983

3/2/80

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MUCH-sought relief for Botswana RST's operating company, Bamangwato Concessions, which has a crippling debt burden, has been agreed to by major Selebi-Phikwe project lenders and the Botswana Government.

An announcement adds that no dividend payments by Botrest can be forecast for the foreseeable future.

Botrest's accounts for the year to December last showed an accumulated deficit of 68 390 000 pulas (one pula is worth about R1). This deficit was P8 688 000 higher than at the end of 1978.

Botrest shares have dropped from 80c at the beginning of the year to 62c yesterday.

The Botswana Ministry of Mineral Resources and Water Affairs is to defer the receipt of certain BCL royalty and debt payments for 3½ years from June 30 this year to the end of

The deferrals are part of a restructuring to give BCL time to build cash flow, benefit from capital spending programmes and recover from disappointing metal prices.

They have been agreed to by the Botswana Government for some of its royalties and by major Selebi-Phikwe project lenders for debt.

Lenders include Kreditanstalt für Wiederaufbau, the Industrial Development Corporation of South Africa, Chase Manhattan Bank of America and the principal shareholders Amax, Anglo American Corporation and associated companies.

The deferrals will be made from time to time only if required because of cash shortages. Deferrals that are made and outstanding at end-1983 will be repaid semi-annually over the next 3½ years.

The agreements provide for

De Beers to participate in certain guarantees given by the Anglo American group, along with specifying terms for additional short-term funding for BCL in the event of emergencies in the period covered by the agreement.

Delays in concluding these arrangements and the extended strike at Port Nickel in the United States, where BCL's matte is sold, required interim financing agreements to be entered into last December. Under these interim arrangements the Botswana Government and the principal shareholders provided additional finance for BCL up to P15-million to help BCL overcome cash flow problems arising from the strike.

In addition, the Botswana Government, the principal shareholders and some senior lenders deferred for a limited period amounts otherwise due to them at the year-end.

Cons Murch RDM pays 4/6/80 same

By ADAMPAYNE

CONSOLIDATED Murchison, the antimony producer which paid 100c last year, has declared an unchanged interim of 30c.

This figure may disappoint some holders who have been charmed by the announcement of higher gold production with the installation of a plant to recover gold from slag.

It should be remembered that gold production in the first quarter realised little more than in the last quarter of 1979

The plant started working only towards the end of the first quarter and has probably not yet reached full production

Gold was only 22% of mining income in the first quarter. Working profit was down at R1 800 000 (R2 809 000) because of a lower tonnage sold

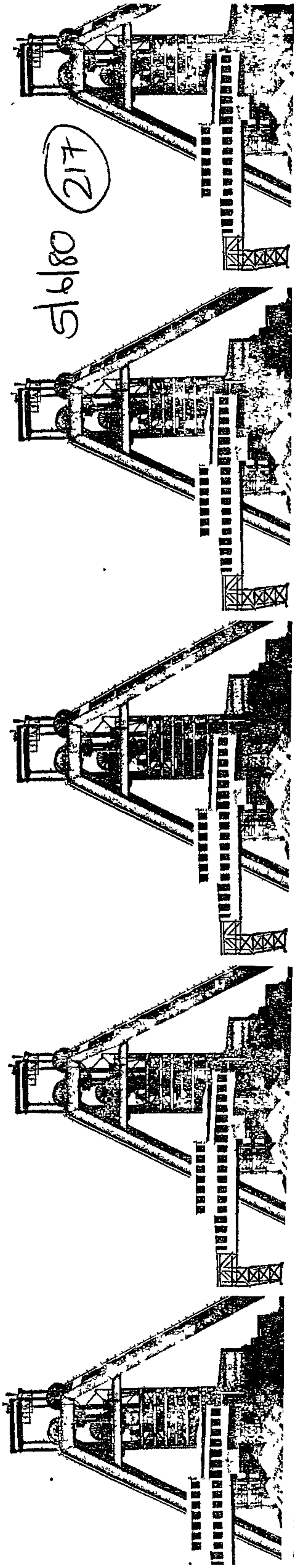
Capital spending this year will be considerably higher than last year, and the antimony price has not increased at the rate of rising working costs

However, the management hopes that gold recovery during the year will make up for both cost increases and higher capital spending and enable it to maintain dividends.

Associated Manganese, which normally declares an interim dividend at this time, has announced that it has found that the substantial differences occurring in sales from month to month have led to unreliable profit estimates ahead of the half-year and year-end.

The board has, therefore, decided to defer consideration of dividends until actual results are available and the company's interim dividend will be declared in August in future and the final in February.

Previously, these dividends were declared in June and December respectively.



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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."

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, is 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. Exact

Just how important are the mineral resources of South Africa and the sub-continent to the world? DEON DU PLESSIS looks at the staggering wealth that is burrowed from the...

Treasure trove of Southern Africa

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figures are difficult but South Africa holds anywhere between 48 and well over 50 percent of the world's manganese reserves. 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. Exports 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 end 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.

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. By any measure southern Africa has more than 80 percent of the world's platinum deposits. One source says southern Africa, mostly Bophuthatswana, has demonstrated resources of 6.2-million kg while the rest of the world has a scant 308 000 kg 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 nickel 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.

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 Aladdin's Cave of 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.

(c) Argus Co, 1980.

Randfontein interim 450c

RDM 6/6/80

~~217~~
217

By ADAM PAYNE

RANDFONTEIN has declared an interim dividend of 450c (250c) which will be welcomed by the market which had been looking for 400c to 450c.

If the company is able to pay a similar final to total 900c, the yield on yesterday's share price of 260c would be 12.0%. The

total dividend last year after a 350c final was 600c

The mine has at last got its Cooke gold-uranium plant operating at capacity after drawn-out commissioning problems, so that production over the next six months should be higher than in the past half-year

Gold grade should be maintained at the level of the March quarter unless a higher gold price leads to lower pay limits Uranium sales' revenue will flow at a higher level with greater sales now that the plant is at full bore

With these plus factors ahead, earnings a share should be higher than in the past six months provided, of course, that the gold price maintains a similar or higher level

Earnings a share after tax and capital expenditure were 417c in the March quarter.

One should not overlook the fact that the mine will have to spend R46-million on capital development this year Current capital spending would have been taken into account in the dividend declared today

Western Areas interim of 40c will not be as well received as Randfontein's payment. Estimates had varied from 50c to as much as 80c, but the latter figure did not make sufficient allowance for the withholding of funds for capital spending

Capital spending totalling R50-million for 1980 is planned so that the board will have withheld funds heavily for this purpose

Earnings a share after capital spending and tax were 51c in the March quarter.

As part of the capital programme, two sub-vertical shafts are being sunk and virtually a new uranium mine is being developed on the Middle Elsburg reefs at the North Shaft A uranium plant is being built, but this will not be a drain on funds as a consumer loan is available

Western Areas is more vulnerable to a fall in the gold

price than Randfontein and is much more able to reduce grade when the gold price climbs

In spite of these factors, I expect it to pay a higher final than today's interim — provided the gold price does not slump

Even assuming a final of only 40c — balancing the interim — the yield on yesterday's share price of 370c would be 9%

Elsburg, which is linked with Western Areas, is paying a interim of 26c (7.8c) The total last year was 30.55c

Elsburg is an indirect way of investing in Western Areas On the basis of its shareholding of 19 631 950 Western Areas shares, Elsburg is worth 65% of the price of Western Areas

US car slump bad for platinum

By NEIL BEHRMANN

LONDON. — The US Government has granted Ford Motor Company a one-year reprieve from anti-pollution standards for its small "world cars" which are to be launched in the US and Europe this autumn.

London platinum agents say, however, that the postponement will have a negligible effect on platinum demand.

Mr Dereck Dumenil, marketing director of Johnson Matthey, agents for Rustenburg Platinum Mines, says that the slump in the US car industry will have a greater impact on platinum than the clean-air reprieve.

June car production schedules are 32% lower than a year earlier and 8% below the similar period during the tough recession year of 1975.

The June reduction comes on top of substantial production

London look at commodities

cuts which were put into effect in April and May. In May the US produced 524 000 cars — down 43% from the same month in 1979. These are the lowest May returns since 1958. June car production schedules are the lowest in 20 years.

In the five months to May 1980 total output, including cars and trucks, fell 36% on the same period last year.

Mr Dumenil says US motor manufacturers bought a lot of platinum last summer and as the winter progressed orders came to a virtual halt. The motor manufacturers resumed platinum buying recently, and on present indications their platinum consumption will be 10% to 20% lower than in 1979.

US platinum consumption for cars should be about 600 000 ounces this year compared with 700 000 ounces in 1979.

Other dealers say US consumption could be between 500 000 and 600 000 ounces in 1980.

The most pessimistic platinum expert estimates US platinum consumption for cars at 50% lower than last year's figure, but Mr Dumenil believes these projections are too gloomy.

"How can US auto demand collapse by 50% when production is only down a third and the more stringent anti-pollution requirements demand increased use of platinum for each vehicle?" he asks.

"The one-year reprieve will affect only a small proportion of the US auto market."

Mr Dumenil says demand from the petroleum reforming industry continues strong, and fibre-glass consumption remains firm.

Japanese jewellery demand is weak, although April imports were marginally better.

Mr Dumenil says producer price increases are constantly under review, but it is unlikely that there will be a change

soon

Mr Brian Nathan, of Ayrton Metals, agents for Impala Platinum, believes it is only a matter of time before the producer price is raised.

Mr Nathan believes the Russians are selling at a rate 250 000 to 300 000 ounces of platinum a year. His estimate is in line with those of other London, Zurich, Frankfurt and New York merchants. Johnson Matthey's estimate is 450 000 ounces a year.

Mr Nathan reckons the platinum surplus this year will be about 300 000 ounces. His theory is that the platinum surplus is so small that the excess can easily be absorbed by speculators and investors.

New York Mercantile Exchange platinum stocks have fallen from nearly 160 000 ounces at the beginning of April to under 133 000 ounces and dealers believe that this platinum is being delivered to Swiss vaults where it is being held for investors.

A Swiss banker, however, claims that a US precious metals merchant is short of platinum. But London dealers are sceptical because they say "that house always keeps a square book".

Mr Barry Salter, of Argos Metals, is sceptical about the investment theory. He says investors buy and hold platinum when the market is going up, but if the price slides after each rally, they become impatient and sell.

Mr Salter estimates there are plenty of stale bulls around and the stocks delivered to the Swiss could be platinum which was bought at higher prices.

"In the long run platinum should be at a premium over gold. But in the short run it could trade at a discount," he says. He would be surprised if the producers raise their price because of developments in the world economy.

(N) (217)
RDM 9/6/80

Blyvoor pays 185c final

By ADAM PAYNE

BLYVOOR has declared a final dividend of 185c (65c) which is higher than analysts' expectations of 150c, to make a total of 285c for the year.

At yesterday's share price of 1950c this gives a yield of 14,6% a year which is in line with the better yields in the present gold market.

The dividend reflects the benefits of the mine's uranium consumer loan in addition to the higher gold price.

One can assume that some retentions have been made towards capital spending in the second half of the current financial year to June 1981.

During the second half the mine will have to finance its capital spending which will call for heavier retentions from profits at that time.

Blyvoor's interim of 100c was higher than expected so that investors are well pleased but one should not overlook the fact that the mine has a limited life with indications that recovery grade will continue to decline as mining in the lower-grade western section goes ahead.

The grade has declined from 14,4 g/t in the June quarter of 1975 to 9,1 g/t in the March quarter this year.

An improvement in uranium profits should be maintained even though the uranium market is weak and contracts are frequently linked to the current price.

ERPM has declared an interim dividend of 175c compared with forecasts of 150c out of forecast earnings of 380c.

This is a reasonable dividend from a mine which has had to increase retentions from profits for its capital spending programme of R36-million in the next two years.

The directors say that increased retentions will be needed by both ERPM and Durban Deep to assist in financing their capital spending programmes and to enable them to go ahead unhindered by temporary adverse fluctuations in the gold price.

The 175c interim compares with last year's interim of 10c and final of 90c.

Durban Deep had declared an interim of 160c which will disappoint the market where analysts had been looking for 200c out of earnings of about 400c.

This compares with the 40c interim and 115c final from Durban Deep last year. Durban Deep's management envisages that capital spending this year will rise to R8 700 000 from R3 100 000 in 1979 and that it will increase to R14-million in 1981 to develop the full potential of the mine.

Most of the capital spending will be on shaft sinking and development of haulages. A hostel to house 3 500 workers will also be built.

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Question 3 (a)

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Apex 60c (217)

better's forecast

By ADAM PAYNE

APEX Mines, whose chairman, Mr Robin Hope, forecast a lower gross profit level this year, has increased its interim dividend to 60c from 50c last year.

Even at this higher level the dividend appears conservative in the view of analysts who recall that Mr Hope's depressing annual statement, issued in March, sent Apex shares down from 2 450c to 1 950c before their recovery to the present 2 325c

Mr Hope forecast in his annual statement that it was like-

ly the cost of sales in 1980 would increase at a faster rate than sales revenue and that therefore there would be a lower gross profit level

He saw little or no increase in sales and high capital spending, but envisaged the possibility of maintaining the dividend rate this year at the same rate as last year

The statement resulted in big sales of the shares by holders who could now be unhappy at their action following the chairman's statement

The raising of the interim dividend suggests the final will also be above last year's 80c. The company ended last year with R3 710 000 cash, or 190c a share, carried forward. On analysts based on this year's first-quarter results, showing a taxed profit of R2 499 000, the company could have a total of 270c a share available after capital spending

On this basis, Apex should be able to increase last year's total of 120c, even allowing for results in the remaining three quarters being not as satisfactory as those in the first quarter

Assuming a final of 100c, if the board is not too conservative, to provide a total of 160c, the yield on yesterday's share price of 2 325c would be 6.8%

Rooiberg Tin has declared an unchanged 90c interim after reporting taxed profit unchanged in the March quarter compared with December last year

This dividend is in line with Mr Hope's annual statement forecast that working profits will be about the same this year as last provided the average tin price does not fall significantly below the 1979 level

The tin price now is little changed on that ruling at the beginning of January although there have been fluctuations. A plus factor for Rooiberg is the fact that tin is priced in sterling which has appreciated against the rand so benefiting Rooiberg's income, but there is always the fear that US stockpile sales will lower the price

Another plus factor for the company is the expectation of profit improvement through the operation of the new smelter.

U.S. Tin has declared an unchanged 9c interim. Profit in the first quarter was down at R446 000 (R543 000) or 18.5c a share

US forecast sees weak uranium prices for years

(217) RDM 16/6/80



By ADAM PAYNE

LOW-LEVEL predictions on nuclear plant building prospects throughout the Western world will make depressing reading for investors hoping for big uranium developments in the gold-uranium industry.

However, one should not overlook the fact that even at big uranium producers, such as Southvaal, the proportion of uranium income to gold is not always large, especially at the present time of high gold prices

A US consulting firm, Interdevelopment Inc, of Arlington, Virginia, has produced a work titled "World nuclear power and its fuel cycle after Three Mile Island A guide for marketing and strategic planning"

It says nuclear plant orders will be non-existent in the US and several other nations in the 1980s, and will continue to be weak generally

Suspected drawbacks to coal-fired power generation could lead to a resurgence of nuclear development, but not in terms of installed capacity in this century, says the publication.

Interdevelopment warns that

nuclear power forecasts have led to serious miscalculations in marketing and strategic planning

The consultants have developed their own methods of analysis which point to a sharply lower installed capacity by the end of the century than most official projections.

They project 480 Gw (a Gw is 1 000-million watts) of installed nuclear capacity in the non-communist world in the year 2000 which compares with the figure of 850 Gw as the lower level forecast of the International Nuclear Fuel Cycle Evaluation (Infce)

It says "There is at present a considerable excess capacity in almost all areas of the nuclear fuel cycle, a situation which almost certainly would have existed even without the TMI incident, because of improper input data regarding demand.

"In the fuel cycle case, the situation is aggravated by large stockpiles of natural and enriched uranium in many countries"

The firm's conclusions are largely based on what it sees as debilitating financial pressures

on nuclear development, exacerbated by the TMI accident. The publication foresees these developments.

● Inhibited nuclear developments brought about by TMI will be felt more strongly in the US than elsewhere.

● Reactive vendors and other nuclear suppliers will drop in number by the end of the decade and weak uranium prices, unless artificially supported, will continue for many years

● Many countries will build fuel cycle facilities, such as enrichment plants, in spite of international overabundance, to reduce dependence on the US.

In its summary of its own nuclear forecast compared with others Interdevelopment says "Official projections of nuclear power capacity, which are generally made using computer models with certain assumptions regarding economic growth, energy prices and so on, but which frequently do not take into account the realities of factors such as political and institutional barriers, have consistently been too high

"In view of the poor histori-

cal record of such methods, the approach taken in this report is quite different. There has been an attempt to analyse the situation in each country and to arrive at forecasts of installed capacity which appear to be realistically achievable"

Here are some of Interdevelopment's forecasts for installed nuclear capacity in the year 2000 for countries with significant nuclear programmes. The figures in brackets are previous lower-case forecasts by Infce

Canada: 22 396 Mw (52 000 Mw) Interdevelopment says that signs of increasing opposition to nuclear power in Canada make it possible that its forecast is too high. It points to declining growth for electricity demand and longer construction times

West Germany: 38 346 Mw (53 800 Mw) For the last decade of the century a modest annual increase of 1 300 Mw is assumed, partly because of Germany's coal reserves. Such an increase would probably correspond to a relatively low economic growth rate, something which is expected

Japan: 79 536 Mw (100 000 Mw) Although the actual construction time for nuclear power plants in Japan is only about six years, the time from initial discussions with regional officials regarding a site until the completion of a plant is 15 to 16 years. It is becoming more rather than less difficult to build nuclear plants

South Korea: 11 698 Mw (42 700 Mw) The investment needed to reach the goal of 42 700 Mw by the year 2000 is so great that its achievement seems unlikely. For the forecast it has been assumed that in addition to the plants on order, one unit of 900 Mw will be completed in 1988 and every two years thereafter. Even this forecast may be too high

USA: 139 184 Mw (255 300 Mw). Under the conditions now existing, including the possibility of using coal, it is considered unlikely that there will be any orders for new nuclear power plants in the US in the 1980s. If there are orders after that, they will not affect the installed nuclear capacity this century

Other similar forecast with much lower figures by Interdevelopment compared with those of Infce apply to Mexico, Spain and the United Kingdom.

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- 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
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Any dishonesty will render the candidate liable to disqualification and to possible University

Assore pays ²¹⁷ final ^{ADM} of 60c ^{17/6/80}

By ADAM PAYNE

THE ASSOCIATED ORE & Metal Corporation has declared a final dividend of 60c (50c) to make a total of 120c (90c) — a rise in distribution of 33%

The estimated net trading profit of the company and its subsidiaries for the year ending June 30, 1980, is about R4 487 000 (R3 637 000) or 330c a share against 260c in 1978-79

The 120c dividend puts the share, priced at 2 450c yesterday, on a yield of only 4.9%

The market is looking for a continued growth in earnings from the company's big holdings in Associated Manganese and Ferroalloys

Manganese ore prices have risen but not more, I am told, than the rise in mining costs. Ferroalloys can be expected to prosper because of the firm ferroalloys market, particularly for ferrochrome

Subsidiaries of Assore include Zeerust Chrome Mines, where production from underground has replaced open cast mining

COMMENT. This is not a spectacular share but it should be a sound investment because of its holdings in Associated Manganese and Ferroalloys and also its mineral rights, which, in time, could be exploited.

The yield is low but the risk of a slump in manganese is minimal

Chrome ore could be more vulnerable but ferrochrome should continue strong because of South Africa's advantages in producing ferroalloys

332 (217)
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23/6/80

Nuco liquidity shock

By DAVID CARTE
Deputy Financial Editor

NUCO, the uranium extraction plant near Nigel, which was to have been listed through Mr Peter Gain's cash shell, Columbus Holdings, has been placed in provisional liquidation.

This was confirmed at the weekend by Dr A Rowe, the founder and manager of Nuco, a company for which Columbus agreed to pay R5-million in December "subject to certain conditions"

On Thursday last week, the intended takeover fell through as certain conditions were not met

Nuco has gone into provisional liquidation owing Columbus R510 000 - Columbus' entire cash holding. But according to Mr Gain, the debt was taken over by an unnamed third party "without recourse"

Mr Gain says Columbus is not affected by the development and still has assets of R510 000 cash, equivalent to 25.5c a share, which it intends to deploy in other assets as soon as it can

Dr Rowe said he was not worried about the future of Nuco. He stressed that the liquidation was only provisional. He said a provisional liquidation gave him time to find alternative finance and "delicate negotiations" were in progress.

He would not disclose the extent of Nuco's total debt or the names of any creditors. He said that apart from Columbus,

no other listed company was involved

Asked who had taken over Nuco's debt to Columbus, he said he thought it was the backers of Columbus personally. This could not be confirmed.

Columbus watchers in the market said the recent fall in uranium prices must have been the final nail in the coffin of the project as far as Columbus was concerned.

Columbus was relisted on Friday after a long suspension on termination of the Nuco deal and the share price moved from 72c to 80c - more than three times the value of the underlying cash assets.

Columbus became a listed cash shell in May 1979 after Mr David Lewis bought its underlying assets of R501 000. Soon after Mr Peter Gain - who also launched several other listed cash shells, including Marlin, Skye, and Simmer & Jack - moved in, the share price moved to a substantial premium on assets and the 32c paid for Columbus by Mr Gain and associates.

Lydplat soars 217

By ELIZABETH ROUSE
ROM 25/6/80.
LYDENBURG Platinum's
taxed profit shot up to
R1 708 000 in the six months to
last April from R590 000 in the
1979 half-year.

The company's interim earnings were 11,86c a share, of which 10,20c was distributed as an interim dividend in May. In the 1979 half-year the interim

was 5c, paid out of earnings of 4,10c a share.

Lydplat's interim income soared on the higher Rustenburg interim dividend of 12,5c

Lydplat shares have stuck at Old Mutual's standby offer level of 345c. Most analysts advise shareholders to stay with Lydplat as chances of an increase on last year's dividend total of 16c look good.



Lydenburg Platinum Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT

The directors announce the following unaudited consolidated financial results of the company for the six months ended 30 April 1980

	Six months to 30 April 1980	1979	Year ended 31 October 1979 (Audited)
Net income before and after taxation	R1 708 000	R590 000	R2 263 000
Earnings per share	11,86c	4,10c	15,72c
Dividends - per share	10,20c	5,00c	16,00c
- amount	R1 468 800	R720 000	R2 304 000
Investment in Rustenburg Platinum Holdings Limited - market value	R52 249 527	R31 246 251	R34 143 255

Notes

- 1 The higher dividend received from Rustenburg Platinum Holdings Limited of 12,5 cps (1979 - 5 cps) resulted in an increase in net income for the present half-year
- 2 The interim dividend number 52 of 10,2 cps was paid on 9 May 1980

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Palladium undervalued and underrated ⁽²¹⁷⁾

RDM 30/6/80

NEIL BEHRMANN — commodities markets

SWISS bankers believe palladium is undervalued. The Swiss, who are bullish on gold in the long term, say palladium could be used for dental amalgams, jewellery and in micro-electronics.

Platinum's free-market price of \$660 is 270% higher than the free-market price of palladium. So for the jewellery industry there is an attraction in the partial substitution of palladium for platinum — especially because palladium is also a silver-white metal.

In spite of the firm gold and platinum market, palladium has been languishing within a \$160 to \$180 band.

At \$178 the free-market price is on a 21% discount to the producer price of \$225.

London merchants and agents contend palladium's fundamental position is sounder than platinum.

South Africa produces about 40 ounces of palladium to 100 ounces of platinum.

South African platinum production is about 2 330 000 ounces a year, which means palladium output is about 930 000 ounces.

The Russian ratios are roughly the opposite, and the Soviet Union is the biggest palladium producer in the world.

Russian sales of platinum are difficult to quantify, and experts contradict one another in their guesses.

A UK platinum agent assesses Russian platinum sales at 450 000 oz a year, but other merchants in London, Switzerland and Germany insist that the true figure is nearer 250 000 oz. So the margin for error is compounded when palladium statistics are assessed.

Russian palladium sales could be anywhere between 625 000 ounces and 1 250 000 ounces a year.

Canadian platinum group metal proportions are similar to those of Russia. Canadian palladium production would be about 350 000 ounces.

The major users of palladium are the automotive, electrical, chemical, dental and medical, jewellery, petroleum and glass industries.

Even though the US automobile industry is depressed, metal agents in London believe that the industrial offtake roughly matches supplies.

Even though a surplus of 300 000 oz is projected for platinum this year, the price keeps rising and palladium remains weak.

The reason lies with the

main palladium supplier — the Soviet Union.

Russia negotiated contracts with US palladium dealers. The price was to be based on the average palladium quotes on the New York Mercantile Exchange.

This has proved to be a boon to the New York traders. Towards the close of the day's business on the NYME they knock the price of palladium to enable them to buy palladium cheaply from the Russians. They sell later at higher prices

to other buyers.

In weak precious metals markets the dealers have profited.

In August 1977 the platinum price fell from over \$160 to \$145. At that time the Russians had a similar deal with the Americans, and the dealers had a field day depressing the platinum price to their own advantage.

But dealers say these market-based contracts do not last indefinitely. With the Swiss eyeing the palladium markets closely, it is not surprising that Rustenburg and Impala have decided to hold their producer price. They are obviously taking the view that the market will turn — especially if gold continues to move higher.

Gold tops in grand year for Anglo

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UDM 30/6/80

By DAVID CARTE

Deputy Financial Editor

ANGLO AMERICAN Corporation produced 36% of South Africa's gold, 35% of its coal and 41% of its uranium in pushing up taxed profit 52% or R104-million to R306 600 000 in the year to March, says the annual report.

Pre-tax profit rose 44% to R382 500 000, earnings a share 50% to 136,1c and the dividend 52% to 70c. Had Anglo equity accounted, earnings would have been 260c a share.

The market value of investments rose to R5 058-million (R3 071 400 000), while assets employed totalled nearly R8 000-million. The total market capitalisation of companies administered by Anglo rose to R11 000-million.

Anglo's own market capitalisation rose 73% to R2 929-million.

Even though all divisions, except level-pegging diamonds, achieved vastly improved results, the gold division outstripped all others, contributing 52% of group income, compared to 37% in 1979.

Diamonds were the second biggest profit contributor, weighing in with 19%, compared to 28% in 1979.

Even though Amic pushed up earnings 62% to a record, industrial investments contribution fell to 13% from 17%. Coal's contribution also dropped from 6% to 5% in spite of a 25% rise in Amcoal's earnings. Finance contributed 4% (1979: 7%), and platinum and other mining 2% (1%) each.

A geographical breakdown of profits shows that South Africa's contribution rose from 74% to 81%, while the South West African contribution fell from 5% to 3%. The rest of Africa contributed 5% (7%) and North America 4% (6%).

Gold production declined marginally to 260 019 kg, and uranium production rose 253t to 2 149t. Working revenue of the gold mines rose 47% to R2 151 200 000 in spite of increased working costs, working profit rose 78,2% to R1 274 600 000. Dividends paid totalled R350 600 000 (R194 700 000).

During the year the South uranium plant at Vaal Reefs was commissioned and a R715-million additional shaft system and gold plant at Western Deep Levels was announced. Both the Joint Metallurgical Scheme and Ergo were operating satisfactorily.

While total mine output rose by 2-million carats to 13 900 000 carats, diamond sales by the Central Selling Organisation were about the same as in 1979.

— \$2 598-million. This was a \$46-million improvement in dollars, but a R27-million decline because of exchange rate movements.

While De Beers diamond account income was R125-million lower because of lower stock profits and higher working costs, interest and dividend income compensated and equity earnings at R741 000 000 were almost the same as 1979's.

In coal the most important development was the securing of contracts to supply two new 1 800 MW Eskom power stations. Sales rose 23% to 36 300 000t and pre-tax profit 25% to R104-million.

Among industrial holdings, Highveld Steel, incorporating a full year's results of Rand Carbide for the first time, lifted earnings 30% to R27 300 000. Scaw Metals, Boat International and Mondi Paper all achieved record results, and Sigma became South Africa's biggest vehicle maker, selling nearly 59 000 units. A 35% stake in Haggie Ltd was acquired.

The report says mining and engineering studies of the possible exploitation of low-grade gold and uranium deposits in the Erfdeel-Dankbaarheid block, north of Free State Saarplaas, are "far advanced", and other Free State prospects are encouraging.

Boreholes are being sunk south and south-west of Vaal Reefs with the aim of confirming reserves. Exploration near Klerksdorp yielded mixed results, and further drilling south of Western Areas yielded similar gold values to those obtained previously. But much more work is required to confirm the gold grades of a number of reefs at great depth.

Coal reserves improved in the year, increasing by 995-million tons to 7 700 million run-of-mine tons. Amcoal's target of reserves of 9 000 million tons is expected to be met by the end of 1982.

Further encouraging results have been obtained from the copper, lead, zinc discovery in the Sperrgebiet in South West Africa and further drilling is planned this year.

Anglo increased its stake in Amgold from 48% to 49%, in Amic from 44% to 49% and in Australian Anglo American from 37% to 41%. Mainly as a result of the Charter Minorco restructuring, the holding in Anglo American of Canada fell to 22% from 39% and in Minorco to 32% from 40%.

Apart from the acquisition of a 12,5% stake in Cons Gold, the most important additions to the investment portfolio were 7-million Rusplat, 1 200 000 Shangan Mining, 800 000 Anglos, 1-

million Hulets, 3-million Sasol and 400 000 Tongaat. Sales included 200 000 Deelkraal and 210 000 Loraine.

Anglo is being sued with 28 other uranium marketing companies in America by Westinghouse Corporation for allegedly violating anti-trust legislation. Anglo has refused to take any notice of the suit as it argues that it is not subject to the jurisdiction of the US. It is not perturbed at an injunction not to remove assets from the US, saying it has none there.

The report does not mention it, but Mr Gavin Rely said at the time of the preliminary report these results were obtained on an average gold price of \$306.

The report also does not describe prospects. This is the prerogative of the chairman, Mr Harry Oppenheimer, who reports in August. But with gold still so high, prospects can only be brilliant.

BUSINESS

Fluospar—the case for SA's expansion

STAR

4/7/80

217

Demand for fluospar on world markets last year was so strong that on an annualised basis to June 1980 prices rose between 15 and 20 percent. South African stockpiles were so depleted that exports, running to 472 000 tons, exceeded production by 21 000 tons

Mr H Gossling of the Minerals Bureau believes that South Africa could easily have disposed of an additional 200 000 tons had more fluospar been available

South African producers are by and large making available extra capacity and other sources say that Armco, an American mining company, is currently assessing a large ore body near Zeerust with a view to setting up a grass roots operation there capable of producing up to 200 000 of concentrates a year.

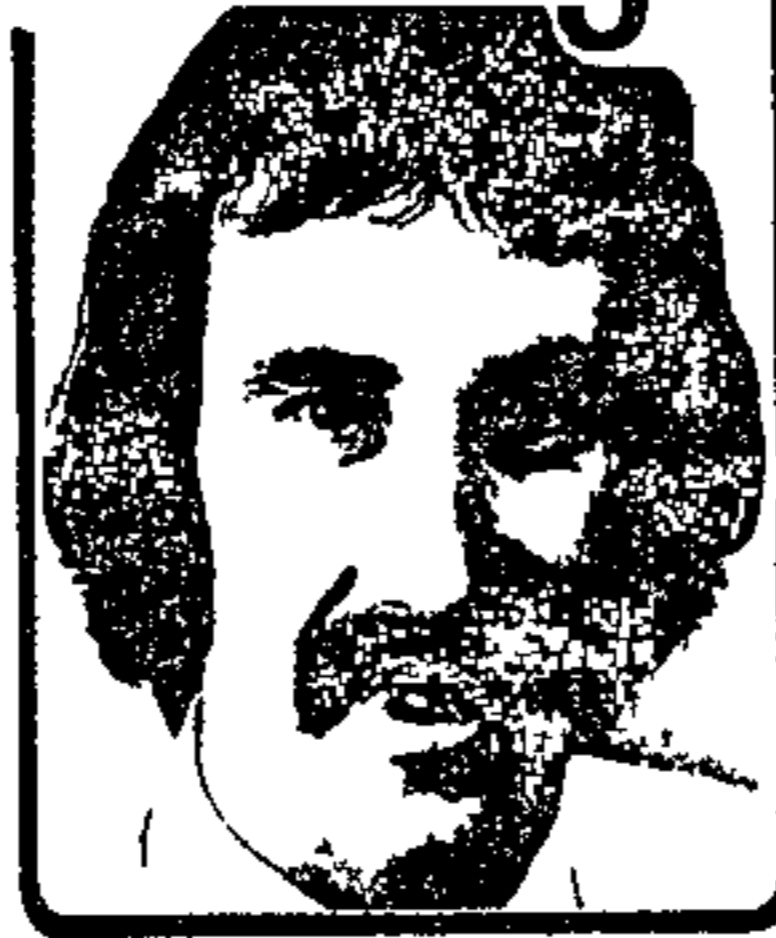
EXPLORATION

Armco is looking at the area, currently held by Esso Minerals, and will shortly go ahead with more detailed exploration and core drilling as Esso had only conducted wide space drilling.

Another major South African producer, Marico Fluospar, a subsidiary of TC Lands, is to almost double production. Marico Fluospar was acquired fairly recently from US Steel and informed sources say that US Steel was unable to expand production to the plant's rated capacity of 170 000 tons a year because its ore body was not large enough

TC Lands, however, holds a very large ore body in the vicinity and

Geoff Shuttleworth Mining



whereas US Steel's actual production was just under 100 000 tons a year, it is believed that the plant, without major modification or expansion, can handle almost double that.

STOCKPILE

Other producers have no major plans to increase plant capacity. Buffalo Fluospar, part of the Gemmin group, is the largest producer in South Africa. After what Wally Walters calls "technological expansion," the mine now produces slightly over 200 000 tons a year. It is one of the few producers to hold a stockpile of between 50 000 and 60 000 tons

Phelps Dodge, which produces a high quality acid grade fluospar, has sold forward its production to 1981 and its stockpile is virtually exhausted

Mr Gossling believes that the current world market position is very tight and that demand will run to 4,1m tons in

1980 and supply to 4, m tons. South Africa, after Mexico, is the world's largest supplier, exporting nearly 500 000 tons against Mexico's 900 000 tons. In addition, South Africa has the world's largest reserves of well in excess of 30m tons of contained fluospar

Most production is in form of acid grade as an initial feedstock for the production of electrolytes used in the aluminium industry, while metallurgical grade, used in the beneficiation of steel, is declining in usage due to the rapidly diminishing availability of the ore. A third use which is growing fairly rapidly is for the chemical industries while ceramic grade concentrates amounting to some 40 000 tons annually are used locally.

Last year South African production rose 14,7 percent over 1978 and exports rose 22,7 percent. Exports have almost doubled since 1976 when 215 000 tons were exported.

CUT-OFF

Mining sources, say, however, there is a cut-off point beyond which it would be senseless to export because of the so-called "wheelbarrow operators" who could re-enter the market and depress prices significantly, as was the case in 1976

The Minerals Bureau, however, does not support this viewpoint. Mr Gossling believes that in the case of Thai producers for example, which are often family concerns added costs are becoming prohibitive, despite the rise in world prices

Prices are currently firm with Mexico leading the way by setting a 25 percent increase at the beginning of the year and this was again increased recently by 12 percent. The Minerals Bureau believes that the short to medium term outlook is encouraging in that demand for acid grades, accounting for the majority of exports, is high

COMPETITION

As far as competition on world markets is concerned, South Africa's position as number two is well assured. The next largest exporter is Mongolia which exports all its 400 000 tons to Russia while China, producing some 300 000 tons, is believed to export between 200 000 and 230 000 tons

Some countries are facing declining exports, especially in the case of Thailand where exports fell by half to 200 000 tons and in Spain, where at least two mines have closed due to dewatering problems, exports fell to 160 000 from 380 000 in 1979

Local consumption of fluospar accounted for only 48 700 tons in 1979, or 9,4 percent of total production. The export scenario looks very encouraging, except that the appreciation of the rand against the US dollar in particular, is hurting producers and cutting back on export proceeds

To date the problem has been mitigated by the price rises obtained early this year, but some producers are concerned that in the longer run, prices might force South Africa into tighter competition with the small operators

Anglo and

~~217~~ (217)

Lonrho

~~217~~ KDM

plan mine

7/7/80

Financial Editor

THE ANGLo American Corporation is poised to start a new OFS gold and uranium mine. Lonrho is also involved.

Top-secret discussions are going on between three major gold-mining companies and the two mining groups about the new mine (reported in the Rand Daily Mail, July 1) expected to be developed on two farms near Welkom.

To prevent speculation, applications were made over the weekend for the mining shares Welkom, Western Holdings, ES Saaiplaas and Duker to be suspended from the stock exchanges in Johannesburg, London and Salisbury.

• See page 10

Financial Editor

ANGLO American is poised to go ahead with a new gold and uranium mine in the Free State. The decision was anticipated in last Tuesday's Business Mail by Adam Payne.

Over the weekend Anglo asked the London and Johannesburg stock exchanges to suspend the listings of Free State Saaiplaas, Welkom and Western Holdings. Lonrho is also involved in the plan through Duker Exploration.

A new mine now looks certain to be developed on the farms Erfdeel and Dankbaarheid, about 10 km east of Welkom.

It is adjoined by FS Saaiplaas and Welkom. Western Holdings would be involved on the milling side.

Anglo American Gold Corporation (Amgold) holds 80% of the Erfdeel-Dankbaarheid area and Duker 40%.

A statement said "The complexity and far-reaching effects of the scheme, which involves discussion between three major gold-mining companies and two mining groups, are such that any breach of security could result in speculation in the shares of the companies most directly involved and have the effect of jeopardising the scheme to the detriment of all shareholders."

"An announcement will be made as soon as possible in regard to the outcome."

Anglo poised for new mine

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~~222~~

RDM
7/7/80

It will, however, be most surprising if a decision to go ahead with developing the mine is not taken.

There are rarely instances when developments reach this point without all the fundamentals being fully known.

In this case, however, there are some complicating factors to be resolved between the various parties.

What is clear is the pace at which the new gold rush is going.

Business Mail reported last week that three famous old mines — Crown Mines, City Deep and CMR — have a chance of a new lease of life.

GFSa has been given a new lease formula for Doornfontein

to boost development there.

Union Corporation has taken the decision to go ahead with the Beatrix mine in the Free State.

Anglo is sinking a new shaft at President Brand.

In the biggest development of all Anglo is to spend R715-million at Western Deep Levels for a new shaft and treatment plans.

GFSa is widely expected to announce soon construction of the new North Driefontein mine adjoining East Driefontein and West Driefontein mines.

Randfontein, of Johnnies, is spending R200-million to open Cooke No 3 section.

Manganese mine (217)

RAND LONDON Manganese Mines (Pty), a Rand London Corporation subsidiary, has opened a manganese mine on Brandvlei farm in the Ventersdorp district

The mine was commissioned to meet increased demand for chemical grade manganese dioxide, and will boost Rand London Manganese's production by 3 000 to 4 000 tons a month

R400m mine to rival Vaal Reefs

217

By HOWARD PREECE

The proposed Anglo American/Lonrho gold and uranium mine in the Free State will effectively become physically part of an enlarged Western Holdings which will mean a super-rival Vaal Reefs, the largest in the world.

It is expected to cost around R400-million to bring the new mine — in the Erfdeel/Dankbaarheids area in the Free State — to production, probably in 1988.

A statement last night said the mine would have an eventual production of 200 000 tons a month and that it had a low-grade gold and uranium deposit of 62-million mineable tons of ore at a recoverable gold grade of 4,5 g/t.

It said "consideration will be given to treating the plant residues containing 0,2 kg of uranium per ton at a later stage".

A company is to be formed to finance the cost of Erfdeel/Dankbaarheids

This company and Western Holdings will share gross revenue and gross working expenditure for Erfdeel on an 85%/15% basis.

Shares in the new company will be held 44,5% by Anglo American and associates, 36% by Duiker (of Lonrho), 10% by Western Holdings and 9,5% by Amgold.

Welkom and FS Saaiplaas are involved in the development and what is intended is that Welkom will absorb FS Saaiplaas.

For its part, Welkom will simply be an investment company rather as Zandpan is to Harmony or Elsburg to Western Areas.

There will be thus be the new company; Western Holdings, Welkom and Duiker in the new mine.

What may surprise some observers is the extent of Lonrho's participation through Duiker.

From its 36% stake in the key new company, Duiker will

have a claim to 30% — 85% of 36% — of the profits of the super-mine.

Duiker has 40% of the Erfdeel rights. Lonrho will, of course, have to chip in its full share of the development costs, but is obviously confident (and why not?) of financing that.

Anglo said "It is announced that agreement in principle has been reached regarding proposals for the development of a mine of 200 000 tons a month in the Erfdeel/Dankbaarheids area as part of a larger complex that will result from the merging/rationalisation of operations in the areas currently being mined by FSS, Welkom, and Western Holdings and for the formation by the mineral right holders of the Erfdeel/Dankbaarheids area of a new company to finance the cost of turning this area into account.

"The operating lives of Welkom and Western Holdings, while dependent to some extent on the gold price, are nevertheless relatively limited and studies have shown that benefits would arise from an amalgamation of their mining leases which have a common boundary."

Although the statement makes no mention of tax, there are major advantages to putting all the developments into a single group.

There are also, of course, normal rationalisation benefits.

The statement said "This would result in greater flexibility in mining operations, particularly along the joint boundary, and would enable the most economical use to be made of their combined hoisting and treatment facilities."

"The mineral rights of the Erfdeel/Dankbaarheids area are jointly held by African & European Investment (a subsidiary of Anglo American), Orange Free State Investment Trust (a

subsidiary of Amgold) and Duiker Exploration.

"This area is regarded as a low-grade area incapable of supporting an independent mine at foreseeable gold prices."

Hence the complex schemes involving the various interested groups to get the super-mine.

The shares of Duiker, FSS, Welkom and Western Holdings will be relisted on Monday.

The fact that such a large low-grade development is going ahead shows, like Union Corporation's Beatrix development, how much faith the mining houses have in the gold price — or at least how far the price has soared to give huge safety margins.

Bearish on uranium

217 PDM
16/7/80

A BEARISH view of uranium prospects is taken by Mr Oppenheimer. He says profits in the foreseeable future may be substantially lower than in the recent past.

There has been a significant decline in the price of the metal on the spot market, particularly in the US. This has been accentuated by the depreciation of the dollar.

Expressed in constant March 1980 dollars the price has fallen to \$32 a pound in May this year from a peak of \$58,5 a pound in April 1976.

The major factors are:

▲ The continued resistance to nuclear energy in most western countries, leading to delays in starting new nuclear programmes

▲ The announcement of "ambitious" programmes to exploit high grade uranium deposits in Australia and Canada.

▲ The disposal of surplus stocks of uranium by American utility companies

In the circumstances it seems likely that no further uranium production plants or extensions to existing ones will be undertaken in South Africa until the middle to late 1980s and that the opening of the Australian and Canadian deposits may be phased to reduce the predicted surplus.

It is possible, Mr Oppenheimer says, that important quantities of uranium oxide will be stockpiled by South African producers over the next five years, and the profits to be earned from uranium in the foreseeable future may be substantially lower than in the recent past

Prieska drops ²¹⁷²⁰⁴

16/7/80

LOWER head grades and a lower milling rate caused production to drop to 206 380 (236 517) tons of copper and zinc concentrates at Anglovaal's Prieska mine in the year to June

Despatches were adversely affected by shipping delays

Revenue was, however, boosted by high gold and silver prices leading to a profit of R15 391 000 (R18 805 000), after deducting interest paid and adding non-mining income

The mine repaid R5 403 000 (R5 787 000) of its loan commitments

Prieska drops ^{21720M}

16/7/80

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Antimony demand falls

By HAROLD FRIDJHON

A WARNING that there has been a sudden and significant decrease in demand for antimony oxide and that it is likely that sales volumes in the third quarter will be severely affected is given in the Consolidated Murchison report for the quarter to June

It is a pity that sales pros-

pects offset the promising picture which the June quarterly presents

Taxed profit rose from R1 447 000 to R2 059 000. This came more from larger tonnages shipped and sold, compared with the first quarter, than from an increased mill throughput — 138 800 tons against 133 800 tons — and higher production of concentrates

and ore — 5 834 tons compared with 5 356 tons

Sales rose from 4 748 tons to 6 291 tons, with the result that income from antimony went up from R4 467 000 to R6-million

Gold sales were slightly lower — R1 120 000 against R1 246 000. This resulted from the lower average gold price in spite of a small increase in

production

A reduction in recovery of free gold from the concentrator because of lower head grades was offset by increased production from the plant which treats slag discharged from the antimony plant. The rate of slag treatment, was restricted by mechanical problems which are being overcome

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RDM

16/7/80

(217)

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R2,5m offers the chance of a uranium kill

AN EMINENT mining analyst tells me that atomic energy is proving itself safe and in three to five years "there will be a uranium buying panic".

Spot uranium prices, currently bombed out to somewhere around \$32 a pound, he says, will eventually outstrip those for oil and coal, the burning of which is environmentally dangerous because of the "hot-house effect" on the earth, "acid rain" and other considerations allegedly too ghastly to contemplate.

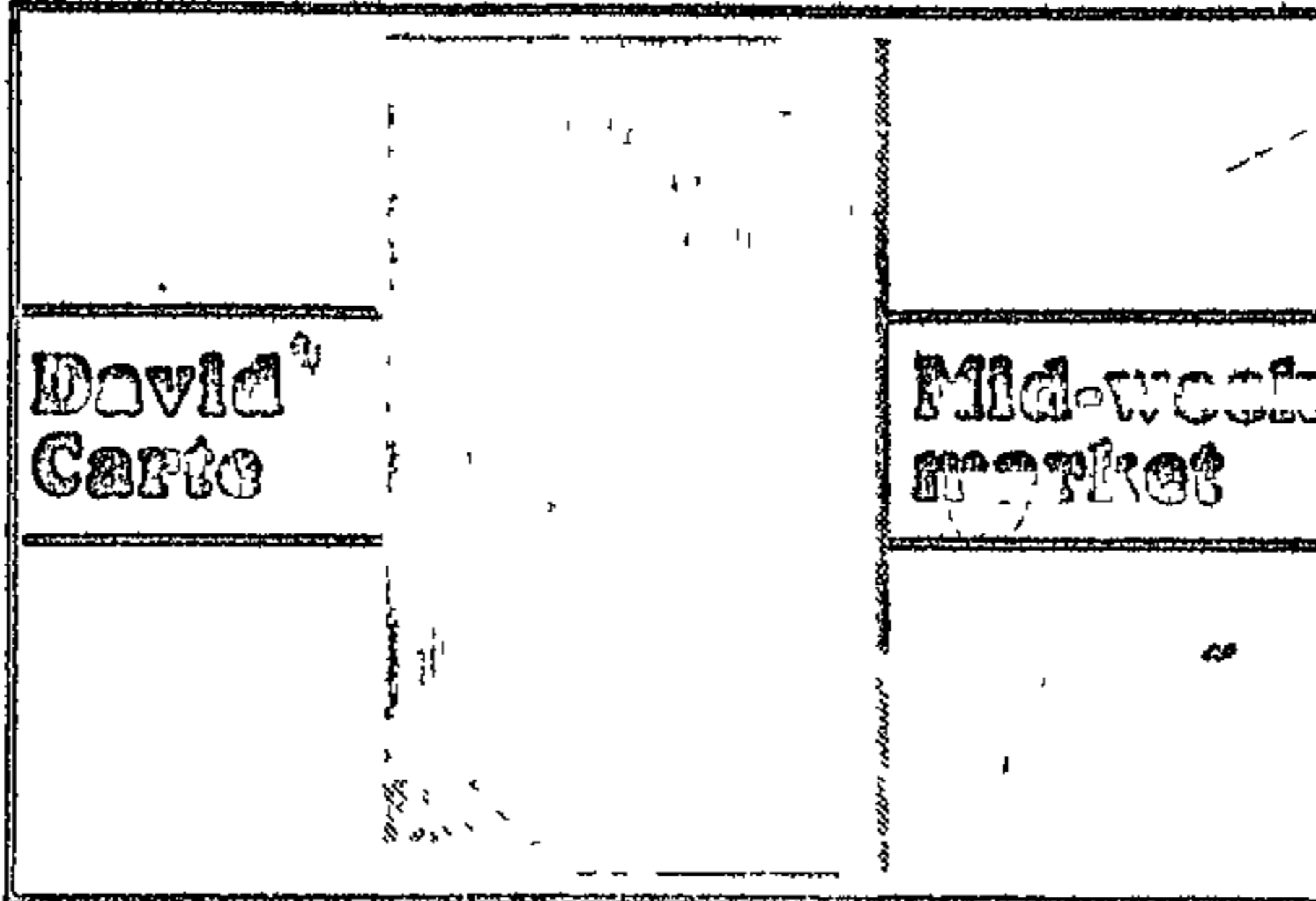
Three Mile Island, the analyst says, was one of the most grossly exaggerated so-called "environmental disasters" of all time. Not only was nobody killed or injured, the plant was not even written off. The accident arose from a specific human error, the possibility of which has now been eliminated.

The dreaded "melt-down", says our uranium bull, has actually occurred at some "nukes" without damage to life, property or permanently to the power stations themselves.

Weekly, the analyst says, the evidence mounts in favour of nuclear energy as, not an alternative, but an imperative energy source, as more scientific papers are published.

The environmental hysteria that has brought uranium prices to current depths will soon be shown to be as so much hot air and prices will soar as the price of the calorific content of uranium moves more into line with those of carbon-dioxide-producing coal and oil.

Well, if you buy this scenario, an interesting investment



for an individual or group with a spare R2 500 000 might be Nuco, the uranium plant that nearly went public through reverse takeover by Columbus but is now in provisional liquidation.

Now that Columbus has withdrawn, after a huge plunge in the spot uranium price, Dr Alex Rowe, founder of the plant, is looking for another equity partner with about R2 500 000. This amount, he avers, will get the plant operational at capacity and will buy a "hair over 50% in the venture".

Dr Rowe tells me he has shown several interested parties around the plant, but so far there have been no takers. But several are doing "serious investigations".

Nuco needs a commitment from a backer in the next fortnight to avoid final liquidation, but this does not make Dr Rowe a desperate seller (Which could be construed to

mean that he already has some backing at less favourable terms.)

Dr Rowe says the plant is capable of processing 1-million tons of slimes a year and Nuco has 11-million tons of its own slimes. There are many millions of other slimes in the area but no other processing plant, so he is confident reserves could be increased.

At this stage R4-million has been spent on the plant. The investor who puts in R2 500 000 for half the equity gets a stake in a plant that will have cost R6 500 000 by completion. This, in itself, is a big discount, but

Dr Rowe adds that because much of the "nevertheless-first-class" equipment was bought second hand at bargain prices, there is no way that an equivalent plant could be built for less than R10-million.

Dr Rowe reckons Nuco can produce 60 tons of uranium a year. At the current price of \$32 a pound, this suggests total revenue of about R4 320 000 a year. Break-even, he says, is a uranium price of \$20, which puts costs at R2 640 000.

This suggests that at the current low price, Nuco can make R1 600 000 a year and the investor who puts in the R2 500 000 will earn a yield of 33% odd at these price levels.

Nuco must be about the only 100% pure uranium prospect available at the moment. If uranium does what the completely independent analyst suggests and all Dr Rowe's projections are realised, anyone who does step forward in Nuco's hour of need could make a killing.

But the full story is undoubtedly more complicated than I have sketched and with the plant not yet operational and the uranium price far from a settled thing, risks in such a high-return venture would probably be high.

Nchanga resumes payment

By HAROLD FRIDJHON

NCHANGA Consolidated Copper Mines made a profit of K131-million for the financial year to March 1980 compared with K26-million the previous year. A dividend of K9 300 000 will be paid, the first since November 1974.

As Zambia Copper Investments (ZCI) holds 39% of Nchanga the dividend works out at about 2,9 South African cents a ZCI share. But it must be remembered that the declaration of the dividend does not necessarily mean that it will be paid outside Zambia. The dividend, however, will accrue to the Zambian Government which holds 61% of Nchanga.

The company reports that the year to March 31, 1980, was difficult.

Various shortages hampered production at all NCCM's divisions. In addition, maintenance work was seriously affected by the continuing loss of skilled and experienced personnel.

In spite of these problems, Nchanga improved its financial position.

NCCM produced 359 816 tons of copper compared with 368 332 tons in the preceeding year. Cobalt production was 1 258 tons, an increase of 153 tons. Lead and zinc production amounted to 46 588 tons (60 015 tons).

The value of copper, lead and zinc, cobalt and other metals sold was K701 700 000 (K489-million).

GFSA warns on tin price

217

ADM

23/7/80

By ADAM PAYNE

MR ROBIN HOPE, chairman of Rooiberg Tin, in presenting improved results for the company in the June quarter warned in Johannesburg yesterday at a news briefing that GFSA expected a drift in the tin price, mainly because of the overseas recession.

However, he said advantage was being taken of the present high world tin price, although it had fallen from R13 849 a ton average in the March quarter for both Rooiberg and Umon Tin to R13 425 in the June quarter.

He said GFSA was "looking for tin" in Brazil in partnership with Brazilian interests.

The coup in Bolivia could be expected to be a factor in tin production and price. The Bolivians were high-cost producers and were anxious to raise the floor price under the International Tin Agreement.

Tin production was increased slightly from 180 000 tons in 1978 to 202 000 tons last year, but the market was relatively stable.

He expected increased production again this year. Stockpiles were being eliminated outside the United States and there was a scarcity of tin. As a result there was a tendency to replace tin in its traditional consumer use for the canning industry.

Rooiberg. — Capital spending was high in the June quarter at R1 433 000 (R794 000) and is expected to continue at a high level.

There is substantial spending on housing and there are various development projects to open up ore at depth on all four

operating mines. There is also expenditure on innovations in the metallurgical plants.

Rooiberg produced more tin in concentrates at 606 tons (531 tons) and 585 tons of tin metal was sold in the June quarter compared with 453 tons in the previous quarter.

Rooiberg's sales revenue rose to R8 020 000 (R6 919 000).

Pre-tax profit was higher at R4 375 000 (R4 005 000) and with marginally lower tax net profit rose to R3 135 000 (R2 628 000) or 79,6c a share after capital spending.

Earnings a share for the six months to June after capital spending were 165c. A dividend of 90c a share was declared in June.

An increase in grade at A mine in the quarter was partially due to the treatment in the A mine plant of 10 000 tons of ore from the C mine stockpile.

The treatment of lower-grade ore from the opencast at A mine was curtailed to make this possible.

Umon Tin — Sales of tin in concentrates fell from 110 tons in the March quarter to 59 tons in June, hitting the financial results.

This was because of technical difficulties at the overseas buyer's smelter. No flotation concentrates were delivered, and because of shipping delays the sale of gravity concentrates to Europe was lower.

Alternative arrangements for the sale of the flotation concentrates have been negotiated, but the backlog is not likely to be eliminated before the end of the present quarter. However, better sales will be reflected in the current quarter as the concentrates from last quarter are sold.

Production of concentrates was steady in the quarter and was 10% up in the first half-year compared with the same time last year.

Sales revenue fell in the quarter to R6 710 000 (R1 235 000). After-tax profit was R263 000 (R446 000), or 5,4c a share, after capital spending.

Earnings a share for the half-year were 16,8c and a divi-

dend of 9c a share was declared.

Capital spending in the first six months was R395 000 (R206 000 in 1979). This is expected to be at a constant level for the remainder of the year and to total about R800 000.

Production capacity is being raised to 36 000 tons a quarter (32 000 tons).

Diamond drilling and development underground continued to locate alternative sources of ore. The first borehole to test the mine at depth intersected the shales at a much greater depth than expected and only low-grade mineralisation was present.

The second borehole is still above the mineralised horizon.

~~217~~ (217)
Genmin

217/60
asbestos

profits

edge up

By Geoff Shuttleworth

The Genmin asbestos twins have both increased profits slightly for the June 30 ended quarter.

Msauli increased taxed profit to R864 000 from R835 000 while Gefco rose to R1,2m from R934 000. This brings Gefco taxed profits for the year to date to R2,1m compared with R3,0m in the same period while in the case of Msauli it reflects a taxed profit of R1,7m (R1,8m).

Msauli increased production of fibre to 26 008 tons from 22 814 tons from increased throughput of 254 000 (234 000 tons) and the recovery percentage increased to 10,2 percent (9,8 percent).

Gefco throughput declined to 89 000 tons (100 000 tons) resulting in a decrease of fibre recovered to 11 122 tons (13 115), reflecting a decrease in recovery to 12,5 percent (13,1 percent).

Production costs per ton at Msauli declined to R84,1 (R92,1) though selling costs wiped out this benefit by rising to R68,4 (R59,8). Gefco production costs per ton rose to R314,2 from R296,3 and selling costs declined marginally to R122,2 (R112,8).

The results are little changed in comparison from last year's corresponding period but as Genmin points out, financial results are based on actual fibre shipments which vary from month to month.

UCI pointer to a higher final

RDM
20/7/80

277
317
222

By ADAM PAYNE

THE forecast by Mr Ted Pavitt, chairman of UCI, in February that the company's overall profit in 1980 should eclipse the record figure of 1979 by a substantial margin is being handsomely fulfilled — judging by the interim results to June 30.

Profit after tax for the six months was more than the after-tax profit for the whole of 1979.

It totalled R16 865 000 compared with R16 616 000 for 1979.

Of this increased profit, R1 267 000 can be ascribed to a non-recurring change in accounting policy.

The provision for tax was

considerably lower at R376 000 compared with R661 000 in the same time last year because share-dealing profits were only a little more than half those in the first six months of 1979. UCI judged the market well in deciding against sales of shares on any scale.

The key to the good results was income from investments at R16 489 000 compared with R14 619 000 for the whole of 1979.

The company's main investments are in Winkelhaak and Kinross mines on the Evander goldfield and in Impala Platinum Holdings.

At the end of 1979 the holding in Kinross Mines was 16,5% of the total investment value, Winkelhaak was 27,7%, and Impala Platinum Holdings 15,1%.

The investment spread showed 63,5% in gold and 10,6% in mining finance.

Income from investments in the first half this year grew with bigger dividends from the Evander mine and Impala. The gold mining dividends were declared in March when the average gold price was lower than it should be in the second half of the year, judging by present indications.

With higher gold dividends in the second half of the year a further improvement in earnings should be achieved and a rise in the UCI dividend above the 45c interim can be expected, especially as there is a tendency for companies to pay more in finals than in interims.

The surplus market value of investments over book value was R412 001 000 at June 30, to which the addition of total net

assets brought the net worth of the company to R371 826 000.

This is equal to 1906c a share compared with yesterday's share price of 1600c.

The company has a participation at par costing R1 500 000 in Bersa, the developing uranium-gold producer south of the Free State Goldfields.

A further R16-million will be needed to follow up this interest this year and next year.

UCI will presumably obtain a participation in Beatrix Mines, the low-grade high-cost gold mine in the same area.

The interim dividend declared is 45c from earnings of 86,5c giving cover of 1,9.

The participation in Bersa, and probably Beatrix, should not be a drag in future when the final dividend is considered because cash could be borrowed or realised on some of the non-strategic investment.

Last year the final dividend was 13c compared with an interim of 11c. If the gold price stays in its present area for the next two months the income from increased dividends declared in the September quarter could provide a useful lift in funds available for the final dividend.

This could be at least 70c making a total of 115c to provide a yield of 7,19% on yesterday's share price of 1600c which is well above the average for the mining holdings section of 5%.

This is a sound and attractive investment with a bias toward gold and platinum and a good spread through Union Corporation companies and solid industrial interests.

Speculation keeps 'soft' platinum on top

The state of the world platinum market is "soft," according to Implats' Mr Ian Greig, and it is only speculative demand that is holding the market price up.

Mr Greig says two developments, the increasing difficulty in detecting physical flows of Russian platinum to the market and the more marked correlation between the gold and platinum prices over the last six months, have added to this "softness"

He hopes, however, without making any predictions, that the price will hold up on speculative demand until industrial demand picks up and jewellery producers in Japan adjust to the new price levels of around 650 dollars an ounce

MOTORS

He estimates that some 300 000 ounces were bought for speculative purposes last year, which represents about 10 percent of last year's sales of metal.

The major areas of lower consumption are currently the US motor industry, the US industrial market and the Japanese jewellery market.

The motor industry which is the largest single user of platinum has suffered lower 1980 sales figures, but platinum producers were confident, until fairly recently, that the increased loading of metal per unit would be able to offset lower sales against actual platinum usage.

Mr Greig now believes that the current downturn will have the net effect of reducing the industry's needs for platinum and despite fixed producer/consumer contracts between Implats and General Motors and Rusplats with Ford, this will result in less South African platinum finding its way into the US.

TESTS

Other sources point out that the increasing sales of smaller Japanese cars to the US will mitigate to some extent the decline of platinum usage as these Japanese models have to pass the same stringent emission control tests

The latest sales figures show that Japanese car exports to the US rose over 32 percent to 1.25m vehicles, bringing up their market share to nearly 22 percent

American industrial off-take is declining in line with the recession there and has had some spillover effect on European sales. The net decline is

more likely to follow the decline in industrial production cutbacks rather than as a result of resistance to higher free market prices

Platinum producers determine their own prices around the producer price in order to cushion the effects of wild price fluctuations which might jeopardise costly research and development programmes.

JEWELLERY

The most serious cause for concern is the downturn in sales to the Japanese jewellery market where consumer resistance is most likely to impact seriously.

Most platinum finds its way into Japan at a price based around the producer price set by Rusplats and Implats, and is then sold through wholesalers and dealers up to three or more times before reaching the consumer as jewellery.

Then the value is usually at a premium to the free market price. The net result is that the free market price is the determining factor in sales

Westplats, for example, disposes of 80 percent of its 80 000 ounce annual production to Mitsubishi on a three-year contract at a price which is higher than the producer price.

CONCERNED

Analysts believe that producers are extremely concerned with the slowdown in Japanese purchases which have slid from 1.2m ounces in 1978 to about 750 000 ounces last year and consumption has fallen another 15 to 20 percent this year to date.

Other world industrial usage is also a little down on last year primarily because of the impact the US recession is having on the economics of Western European countries.

On the supply side Rusplats is the world's largest producer putting out some 1.2m ounces per annum while Implats has recently raised its nominal production capacity to slightly over one million ounces.

SCEPTICAL

The next largest producer, Russia, was until 1977, selling about 750 000 ounces a year but this has steadily declined to 530 000 ounces in 1978 and to 400 000 ounces this year

Mr Greig believes that Russia is producing and selling at these levels this

year while Wesplats' Mr Kevin Wilkinson estimates Russian sales at an average annual rate of 250 000 to 300 000 ounces to date.

In Canada Inco produces and sells some 200 000 ounces a year but grades and ore are declining. Wesplats produces about 80 000 ounces, 20 000 of which are sold on the free market

Another source of supply is that of recovered platinum, particularly from motor vehicles in the US. Some US sources have put net extraction level possibilities at around 400 000 ounces a year, but Mr Greig is sceptical of the claim

"That is the equivalent of a fairly large mine which we do not believe, but, in the absence of any reliable figures we have to monitor all claims and counterclaims. Really it is a question of how long is a ball of string."

RUSSIA

American cars have been using platinum group metal catalysts in increased loadings since 1974 so there is in theory plenty of the metal around. But the real question revolves around logistics and costs

"In high density areas like New York recovery looks fairly economical, but the same scenario does not apply to the mid west"

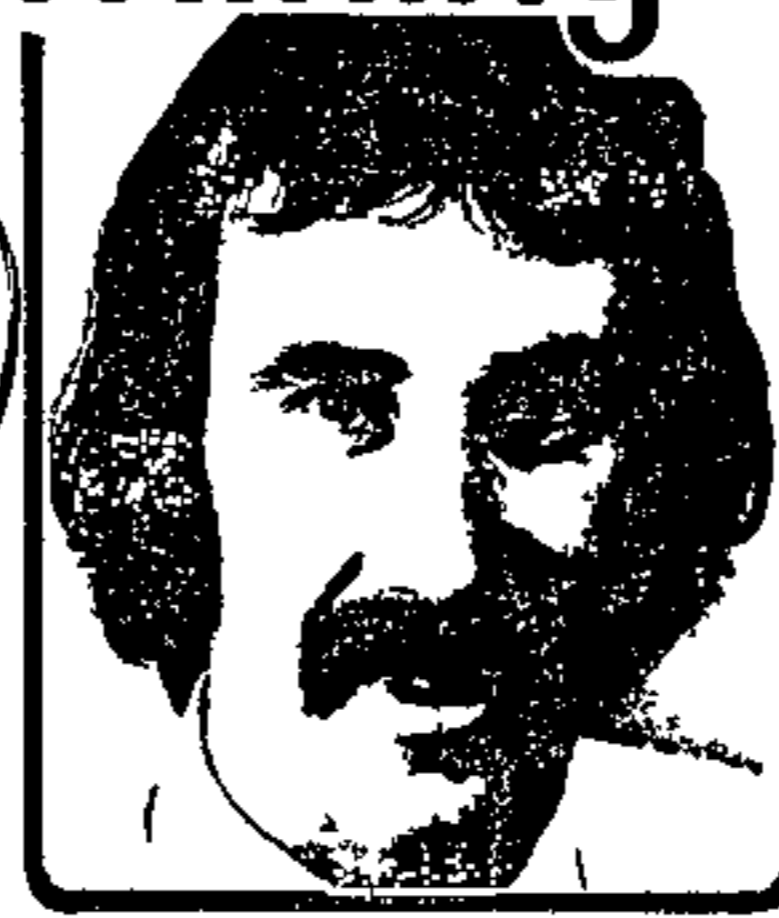
Russian production is believed to be declining as ore and grades have fallen, but another reason cited is that dredges, formerly used in the platinum mining industry have been moved to the gold placer deposits, from where it is unlikely that they will be moved back because of the great distances and cost involved in reversing the decision

COINS

Analysts believe the Russian rationale behind their marketing of precious metals is that they have sold sufficient quantities of gold, platinum and palladium to fulfill their foreign exchange needs for the time being

In addition, Olympic coins will be taking up

Geoff Shuttleworth Mining



fairly substantial amounts of platinum, but sources are unable to put a finger on amounts possibly appropriated

Last year there were a number of rumours that a mining disaster at the New Norilsk complex was the reason behind the reduction in Russian sales while others said that the Russians who had been selling at levels above 700 000 ounces which was considerably in excess of production are now restoring their stockpile

FERTILISER

Another more plausible reason is that Russia is at last building up its own fertiliser industry in which platinum group metals are used as catalysts

This would tie-in with the fact that Russian palladium sales are also sharply lower despite their ratio of palladium to platinum recovery being 10:4 while South African producers achieve a 4:10 ratio

If this is the case it augurs well for the platinum price and South African producers who will then be in a dominating position and be able to reduce the unknown variables of Russian marketing.

There exists little possibility that the two producers will institute a Central Selling Organisation on the model of the De Beers CSO

COMPETITIVE

Mr Greig has come out strongly against the idea in the past and the two companies are extremely competitive. Wesplats uses Falconbridge, which has a 25 percent stake in Westplats as a marketing arm and INCO is well established as well

Analysts believe the platinum price will continue to move in parallel with gold, particularly as amounts sold on the free are only about 10 percent of total supply

They point out that the premium which platinum used to trade above gold has narrowed and most put this down to the substantially lower producer price of 420 dollars an ounce compared with the free market price which is around 50 dollars an ounce

Implats may still be undervalued

Last week saw a sudden rush into platinum shares, spurred principally by US buying of Implats shares but also backed by JSE bandwagoners who possibly had in mind that Implats is coming to the market on August 11 with final results

The splurge had Implats' shares trading at daily volumes of over 200 000 compared with the more sedate June turnover of 231 000. Interest spilled over into other stocks and it was only on Tuesday that the platinum sector looked as if a correction was beginning

DISCOUNT

The reasons brokers cited for the Implats interest was that the so-called "blue skies" status has been afforded to Implats, which potentially offers the shares the opportunity of catching up with Rusplats' on yield considerations. Rusplats has enjoyed this status since early 1979

Traditionally Implats has traded at a discount to Rusplats on yield considerations but brokers feel this will narrow in a matter of months, and only the higher price per share will stop the gap from being narrowed completely

Merrill Lynch, influential US stockbrokers provided the documentation needed by the Securities Exchange Commission and then were allowed to write up the share to its clients

US BUYING

The rush into Implats was a result of this US buying, mainly for portfolio purposes and brokers note that this type of US purchase usually allows for wide margins on price with a result that the share price is chased upwards until orders are fulfilled

The market is expecting Implats to earn around 200c and pay a final dividend of 45 to give 80c for the year. Interim earnings were 89c and the half time dividend 35c. Historically this yields 6.4 percent, based on Tuesday's closing prices while Rusplats yields a historic 4.1 percent and Lydplats 4.9 percent

DIVIDEND

On a prospective 80c dividend Implats will yield 9.7 percent, quite out of line with the plati-

num sector, though much of this discrepancy will be removed when Rusplats turns in results for its August year end in October.

Capels of London are talking of a Rusplats total of at least 65c, while most local sources put it much lower at 50c, which yields a prospective 7.5 percent. By that time, however, share price rises could bring that yield down

Comparison of the two producers shows that capex commitments for the current year is fairly heavy in both cases. Implats will have spent around R55m by year end and another R25m for the next two years is expected

Rusplats' capex is set at R49m, R19m of which is earmarked for maintenance. Implats has given the assurance that borrowings will not jeopardise dividends, an assurance not given mention by Rusplats, not has Rusplats made any projections of future capex

COMMITMENTS

For investment purposes it is impossible to value the shares on a net asset value, despite their very long expected mining lives, and investors have to look at other factors

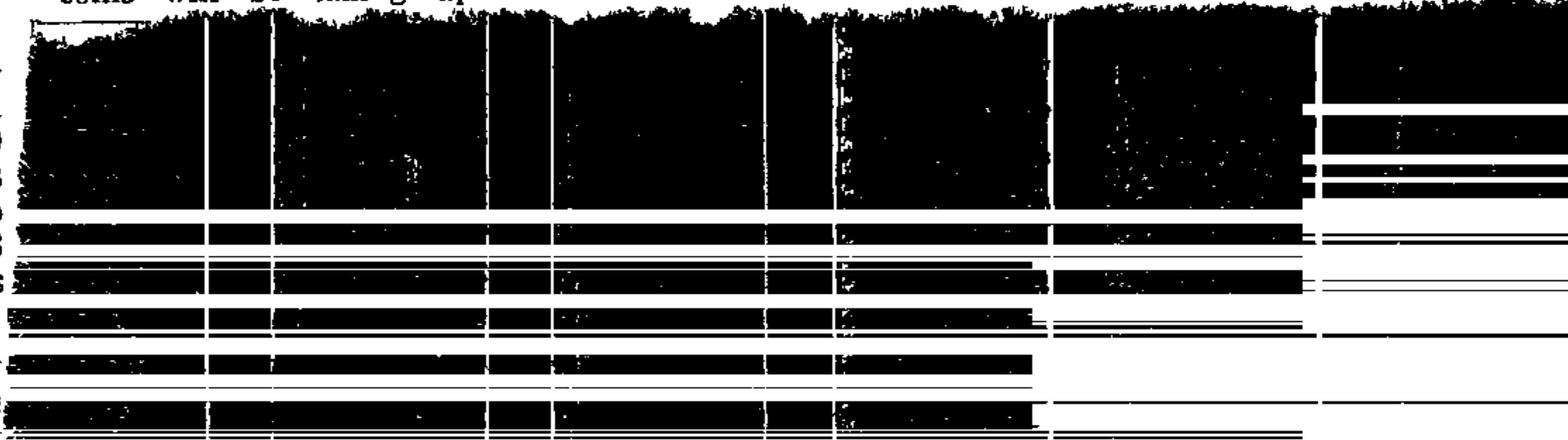
Both are sufficiently comforted by a producer price far below the speculative 650 dollars plus free market price, both have substantial contractual commitments for production sales and both have the same ratios of platinum group metals and base metals in ore

Rusplats enjoys a grade of platinum group metal which is I believe 12.3 percent higher than Implats', though Implats enjoys a higher recovery rate

The milling rate of 12m and 10m tons per annum for Implats and Rusplats respectively puts them roughly on a par

Sources believe that Implats has the edge in marketing, especially as its contract with General Motors was stable in times of extremely low free market prices while Rusplats had to renegotiate theirs with Ford

In addition, Implats stole a march on Rusplats by increasing production not too long after Rusplats had to cut back theirs by 10 percent



Palamin lifts earnings

(217)

WDM
7/8/80

BY IAN THOMAS
Mining Editor

PALABORA Mining lifted its June quarter dividend 30% to 30c, bringing its payments in the six months to the end of June to 55c, says the interim report released today.

Thanks to a 19% increase in copper prices realised and a 5% increase in production, turnover rose 40% to R139 529 000 and pre-tax profit 40% to R56 085 000. A constant 44% tax rate saw it that taxed profit and earnings rose in line to R31 241 000 and 110c a share respectively.

Copper prices realised in the first half rose from R1 584 to R1 878 a ton, while production rose from 53 000 tons to 55 800 tons. Grade at 0,47% was slightly down on last first half's 0,49%.

A favourable factor was that

prices of precious metals — mainly silver and gold — contained in the refinery anode slimes improved 66%.

The chairman, Mr G A Macmillan, warns that the present firmness of world copper prices due to the US miners' strike is probably only a temporary upward phase in the pricing structure.

According to Mr Macmillan, underlying economic conditions militate against a strong and continuing recovery in the copper market in the short term.

He therefore expects second-half profits to be lower than these.

Only diamonds are harder than a cutting newcomer

217 218 RDM
7/8/80

By SIMON WILLSON
Industrial Reporter

A NEW South African product is to challenge the worldwide stranglehold of tungsten carbide on the steel cutting tool market.

Amborite, an ultra-hard synthetic cutting tool material, has been developed by De Beers at its Diamond Research Laboratory (DRL) in Booysens, Johannesburg, and is to be marketed domestically for the first time this month after two months of test use in Europe and the United States.

De Beers' aim is to seize an appreciable share of the esti-

mated \$500-million world market in hard cutting materials, which is cornered by tungsten carbide.

The director of research at the DRL, Dr Corrie Phaal, is confident that Amborite has the extra hardness to compete with tungsten carbide, and says the response from test users after only two months has been favourable.

He claims Amborite is the second hardest material on earth after the diamond, and says its greater resistance to wear will give it a clear advantage over tungsten carbide.

The DRL, which has an annual research budget of R18-million, took four years to develop Amborite. At this early stage of production, before increased manufacturing volume can lower unit costs through economies of scale, Amborite's costly birth has left it with a price disadvantage compared with tungsten carbide.

Amborite now on sale overseas costs between \$130 and \$230 (R170-R301) for inserts with diameters of between 9.5 mm and 12.7 mm. Comparable inserts of tungsten carbide are selling for \$4 to \$5.

"Amborite is more expensive, but it quickly recovers its cost outlay by increased performance," says Dr Phaal.

De Beers' top priority in launching Amborite on the domestic market is an aggressive marketing campaign to clarify its claimed performance edge over rival cutting materials.

Amborite is being produced under a blanket of secrecy to avoid industrial espionage. Journalists were allowed into the DRL's top-security wing for the first time yesterday to see the new material's production processes.

The substance is produced by subjecting amber boron nitride to conditions found 200 kilometres below the earth's surface — a temperature of 1 500 degrees celsius and a pressure of 60 000 kilograms a square centimetre.

Compared with conventional ceramic tooling, the resultant material is claimed to give 100 times greater tool life in machining chill cast iron, 25 times longer life in machining cold work steel, and four times longer life in machining high speed steel.

Among the successful uses to date cited by De Beers for the material is as a reinforcement for the track contact strip on the skirts of ground-effect grand prix cars, and in the manufacture of rough cast suction liners for the slurry pumps of a Johannesburg company.

New mining record

Mining Editor

PALABORA Mining Company, South Africa's largest copper mine and the only producer of refined copper in the country, has set a new world record for material mined in a single day.

Last Saturday, more than 521 000t of ore and waste were loaded and hauled from the company's open pit

This bettered by 27 000t the previous world record, held by the biggest opencast copper operation in the world, Kennecott's Bingham Canyon mine near Salt Lake City in the United States

Friday August 22 1980

CLASSIFIED ADVERTISEMENTS INSIDE

More than 40 000 ^{STAR} 22/8/80 (134) (217) **are at risk,**

More than 40 000 workers who mine, produce, or handle asbestos run the risk of serious or even fatal illness, medical authorities and trade unionists allege.

In addition, many of the tens of thousands of retired asbestos workers have damaged lungs and other serious ailments through working in the even more dangerous

conditions which prevailed in the past

The workers currently at risk include 21 000 asbestos miners, 4 000 involved in the manufacture of asbestos cement, and at least 15 000 in other trades where asbestos products are made or used, according to an estimate by Dr Jonathan Myers of the SA Labour and Development Research Unit

Extensive medical research here and abroad has shown inhalation of asbestos dust over long periods can produce scarred lungs — asbestosis — which, in severe forms, can impair breathing or kill It can also cause

South Africa is the world's third largest producer of asbestos, a fibrous mineral whose fire-resistance and strength give it more than 3 000 applications. But the very qualities which keep the substance in demand make it a hazard — and a case study in the problems of standard-setting. CRAIG CHARNEY reports.

research here and abroad has shown inhalation of asbestos dust over long periods can produce scarred lungs — asbestosis — which, in severe forms, can impair breathing or kill It can also cause

cancer of the lungs, gastro-intestinal tract, and larynx, as well as a unique cancer of the lining of the lung and abdomen

As late as the late 1940s, when asbestos counts ranged as high as 400 fibres a cubic centimetre of air, "you could see the fibres in the air if the light fell through the window," according to Mr H Guettinger of the Asbestos Cement Producers Association.

Since asbestos-related diseases usually take at least 10 to 20 years to develop, the toll exacted by these conditions has been revealed only by recent studies

Ten years

A 1977 study of 1 000 black miners employed on Cape asbestos mines before 1962 showed changes visible on X-ray in 45 percent.

Mandatory autopsies of black asbestos miners found some degree of asbestosis in more than 70 percent of them between 1959 and 1964, and in more than one third as late as 1975 to 1977, although the ailment was not necessarily the cause of death

When the National Centre for Occupational Health looked at 100 employees in an asbestos cement factory five years ago, 44 showed signs of reaction to asbestos

X-rays

Another survey in two other factories showed an asbestosis rate of 10 to 20 percent, and chest X-rays

THE first steps toward bringing the asbestos problem under control were taken in the 1950s.

The mines have stressed keeping newly dug asbestos wet to prevent fibres drifting, and factories installed expensive vacuum equipment to remove asbestos dust (At Rand Mines' newest plant alone, about R1.6 million was spent on dust control machinery) Pre-employment medical exams were also instituted. In consequence, asbestos levels fell from the several hundred fibres a cubic centimetre (f/cc) of air observed in the 1940s to less than 10 by 1970 As a result, "the conditions are very much safer," said Dr J Craig Cochrane of the National Centre for Occupational Health (NCOH)

Despite that, when the Erasmus Commission of Inquiry into Occupational Health examined the subject in 1976, it concluded, "the asbestos problem is a serious matter"

Pledge

While there are no statutory asbestos standards, the mines have already brought underground asbestos concentrations below 5 f/cc, and have pledged to do the same in aboveground mills by the end of 1981. Until then, according to Mr S M Dougherty of the Asbestos Producers As-

Asbestos kills

It can cause lung cancer. It can take 20 years to develop.

Are the safety measures still inadequate?

A CARE investigation

the Federation of South African Trade Unions, shares his scepticism He says workers get asbestos-caused dermatitis in some plants "The dust collects on machines," workers in asbestos cement factories have told him "That implies that the levels are much higher," Even if the standards are met, there are doubts whether they are adequate A study by the South African NCOH of a floor tile factory where they were met found seven of 31 workers had asbestos-related changes in the linings of their lungs

Banned British research found that exposure at that level over a 50-year working lifetime would give eight percent of workers asbestosis, and that it could increase the death rate after retirement up to 100 percent in some conditions which are sub-

Due to such findings, the US and UK governments have received official advisory reports urging them to reduce their asbestos limits from two f/cc to between one and 0.2 for different types of asbestos, while West Germany will cut its limit from two to one in 1982

Sweden has banned the use of asbestos products outright, and Norway is expected to follow suit

Two fibres a cubic centimetre may sound close to nothing, but only long fibres are being measured There are many short and sub-microscopic fibres even at a zero level of long fibres," said one doctor familiar with the field "Ultimately, it's for the public to decide, they want asbestos," said Dr G K Sluis-Cremer of the Medical Bureau for

sequently proved unsafe," he added. Mr Guettinger of the Asbestos Products Advisory Committee insisted: "The workers' health is one of the most important things in the hearts of the managers."

Disagreement

But Mr Ike van der Watt of the Botswanans Union strongly disagreed "If you look at the precautions taken anywhere else in the world against South Africa's, the precautions taken in South Africa are far inferior," he said Industry spokesmen say they will reduce asbestos exposure further when it is feasible, but that technology may limit how far they can go "Ultimately, it's for the public to decide, they want asbestos," said Dr G K Sluis-Cremer of the Medical Bureau for

STAR

22/8/80

Brake-linings factory in 1978 revealed lung changes in more than 30 percent.

About 100 cases of asbestos-related cancer are now reported annually in South Africa, but medical research suggests that 20 percent to 50 percent of people with asbestosis will also get lung cancer, according to Dr. Myers.

Equally worrying is the fact that most living cases reported are white, while most of the industry's workers are black, and NCOH director Dr Ian Webster has said the same holds true for cancers of the lung lining. He indicated that these figures suggest there may be many retired black workers whose illnesses have not been diagnosed.

workers: aboveground must wear respirators in Rand Mines mills

However, air sampled around workers in 1976/77 revealed concentrations well above 5 f/cc, even when mine averages were below. And some workers, such as stoppers, are regularly exposed to concentrations of asbestos well above the mine average.

All asbestos cement producers brought their factory concentrations down to below 2 f/cc by the end of 1978, said Mr H Guettinger of the Asbestos Producers' Advisory Committee. However, Dr John Myers, who is familiar with the issue, noted that the industry was charged with policing itself, and had an obvious interest in going easy

Mr Bernie Paneross of

THE Macdem group, the country's biggest producer and supplier of non-ferrous metals, is to spend at least R40-million on capital expansions over the next four years.

The total could rise substantially if certain projects under consideration come off.

This was disclosed to Business Times by Murray Coutts-Trotter, new chief executive of the R180-million-a-year group.

He says the group is looking at 15% annual growth to a turnover of R273-million by the 1983/84 financial year.

In the interview, Mr Coutts-Trotter, who joined the group in mid-July after spending some 17 years at General Electric and leaving as chairman of GEC Electrical, revealed that UK-owned Macdem is moving towards a local involvement in its ownership.

"I am aware of a definite need for industry in South Africa to have a South African presence. It is my aim to have such a presence in this company.

"But I don't think we will have any firm ideas on how this will be done, by public listing

Macdem Plans R40m expansion

217 S. Times (Bus) 8/31/80

now on a turnover of R40-million, to boost its marketing effectiveness.

Jackson's sales grew by 27% last year alone. Considerable working capital is required to finance that," he says.

As stainless steel is already marketed by Jackson, considerable attention will be devoted to moving into stainless steel production by other Macdem companies in lines not already produced by Southern Cross Steel.

Several other areas, such as aluminium which the group has so far stayed clear of producing will also be examined closely.

Main growth is not expected to come from traditional operating areas, some of which are stagnant.

The plan is to integrate and fill in gaps where appropriate. They will also consider producing further down the line, making finished products in certain areas.

Markets presenting best opportunities include mining, petrochemicals, armaments and chemicals.

"I am delighted to see that at last there is an upturn in the heavy electrical industry, which is a big user of copper and copper-based products.

ness in the logical areas."

It is planned that earnings contribution from exports, now just over 10% of turnover, will rise to 20% or 30% during the next three to four years.

Most proposed expansions have an eye on exports as well as local sales.

In addition to expanding product ranges and increasing productivity, the group is aiming to channel large sums of working capital towards enabling the metals distribution company Jackson Holdings,

By ANDREW McNULTY

tial tonnages of stainless steel, Avon Wires, Maksa Tubes and African Zinc.

It also has major operators dealing in scrap metals.

"We have plenty of scope for expansion," Mr Coutts-Trotter says.

Overall, my aim is simple. We are the biggest operators in our field. We're going to stay that way and expand the busi-

or a link with another company, for another six to nine months."

Macdem, owned 50% each by McKechnie Brothers and Delta Metals in the UK, is a metals group largely producing and distributing non-ferrous metals.

It comprises the R70-million McKechnie Brothers, which produces a range of non-ferrous metals and is the country's only local producer of rolled steel products, Jackson Holdings, which distributes non-ferrous metals and also substan-

Asbestos

217

a menace, expert says

1980
ALMS

Labour Reporter

THERE are obvious gaps in South African legislation on the exposure of workers and others to asbestos, according to a recent study on the cancer-causing mineral.

At least 30 000 South Africans are industrially exposed to asbestos. Dr Jonathan Myers writes in *Asbestos and Asbestos-related Diseases*, a working paper published by the Southern Africa Labour and Development Research Unit (Saldru) at the University of Cape Town.

Research indicates there is no safe level of exposure to asbestos fibres, and some industrial countries are moving towards a total ban on handling asbestos.

NOT UNIFORM.

In South Africa, Dr Myers writes, there is no uniform statutory limit to the level of asbestos dust permitted in the air in different sectors of production.

He says: "The less formal "safe levels" are produced within various State departments at the discretion of officials who consult with the employers on the basis of the "best practicable means" of minimising hazards to those exposed. This includes the damage to profits of introducing expensive dust-eliminating machinery.

"There is no uniformity to the levels in the various departments, illustrating the arbitrary nature of these limits from a

strictly health point of view."

Monitoring of fibre levels and the health of people exposed is mostly in the hands of mine and factory owners, with generally infrequent State inspection of this self-monitoring.

"Research activities which bridge the gap between exposure and disease are often shrouded in secrecy, and the results of monitoring are not necessarily available to those exposed."

Dr Myers says follow-up health checks on workers are "poor and ill-defined," particularly in the manufacturing sector where there is no obligation on management to remove workers from risk work once they have contracted an asbestos-related disease.

RECORDS

"Health records are not kept for epidemiological purposes and there are no follow-up examinations after leaving employment. A result of this is that many people seriously damaged by asbestos are lost from sight."

He describes the compensation paid to workers who contract an asbestos-related disease as "derisory" and points to marked disparities in the amounts paid according to race.

"There is considerable scope for tightening up some of these circumstances in which people are exposed to a hazard and pay the consequences of this exposure," he says.

Botrest's improves its ²¹⁷ half-year ^{10DM 16/9/80} operating profit

By IAN THOMAS
Mining Editor

BOTSWANA RST (Botrest) earned an operating profit of P18-million for the half year to June, compared with P6 6652 000 for the same period of last year.

In the year to December operating profit was P15 665 000 which suggests that improvement in operating profit developed in the second half of the year

But once the mine has to take its deadweight of debt into account the numbers change radically and the operating profit dissolves into a major loss as the interest bill is footed

The six months to June 30 produced a loss of P8 413 000 (P10 349 000 in the six months to June 1979) which must be added to last year's total loss of P16 527 000

Botrest directors say loan negotiations ended on May 29, and provide for deferment of principal loan payments and certain royalty obligations falling due between January 1 1980 and December 31 1983 to the extent necessary to enable Botrest subsidiary BCL to maintain its capital spending programme and retain a reasonable level of working capital

Botrest says mine costs were kept under control with in-

creases being well below general inflation levels

It says its five-year exploration programme to help determine future mine planning has started and has had encouraging results so far

Anglo and Amax increased their loans to the group by P9 500 000 to finance the capital spending programme and debts of BCL

Copper/nickel matte production fell during the six months to 13 627 tons compared with 19 442 tons in the same period last year

COMMENT: This Anglo American-Amax Nickel joint copper/nickel/cobalt venture at Selebi-Pikwe in Botswana will continue despite massive losses

so as not to prejudice diamond exploitation elsewhere in the country, mining analysts claim.

They say that had it not been for the involvement of Anglo, with its enormous financial muscle, the Botrest project would have been doomed to bankruptcy long ago.

There is a long-term possibility of shareholders receiving a dividend, but that would depend on higher copper, cobalt and nickel prices, or a capital reconstruction. And there seems little likelihood of all this in the near future.

Analysts say the Botrest share currently quoted at about 85c is strictly a counter for speculative operators.

Impala leaps to a 65c final div

217
RDM
19/9/80

By ADAM PAYNE
IMPALA Platinum has confounded the cautious forecasters and fulfilled the most optimistic London predictions by declaring a 65c final dividend for the year to June 30 last, bringing the total to 100c.

Group profits were almost doubled at R207 615 000 (R120 715 000) and earnings a share were 207c

Significant announcements by Impala in declaring its highest-ever dividend were

- It expects that the results for the current financial year will show a "small improvement" over those for the year just past. But Mr Ian Greig, retiring chairman, admitted that it was difficult in present uncertain circumstances to make a crisp forecast

- The company expects the car industry in the US to have bottomed and to improve now, so increasing its purchases of platinum for exhaust converters.

- Impala, with its expansion programme well under way, could reach a production of 975 000 oz in the year to June 30, 1981.

- Following an in-depth study, a cobalt refinery is to be built

at Springs with production scheduled for 1982

- The company is looking for a slight escalation in the producer price to cover part of the cost increases

Reviewing the demand for metals, Mr Greig and Mr R C Bovell, managing director, said the platinum market is at present split into two distinct and apparently unrelated elements

During the past eight months consumer demand for industry and, in Japan, for jewellery had been declining because of a recession in the US affecting industry and the high free market prices affecting Japanese jewellery offtake

On the other hand, strong speculative and investment buying was sustaining prices on the free market at a substantial premium over the producer price of \$420 an oz

Mr Greig said "It is to be hoped that the industrial sectors, particularly the automobile industry in the US, will be well on their way to recovery before speculative investor interest wears off

"We believe there will be an improvement in the automobile industry when the new economy cars are marketed. Last year they sold like hot cakes and this year General Motors is doubling production of the X car and Chrysler is producing its K car

"We think there will be an improvement in this model year which starts in September"

On Japanese sales, Mr Greig said "Sales to the Japanese jewellery industry have fallen from about 1-million oz. to about 600 000 oz but we believe if the free market price, now at \$625 an oz, drops to between \$500 and \$550 the Japanese jewellery industry will take off and we shall benefit"

"I am told that about half of Impala sales to the Japanese jewellery industry are at free market prices — a fact which contributed to the greatly increased profit in the year to June 30 last"

Mr Greig said he estimated about 10% of platinum sales went to investor/speculator buyers

On expansion of production, he said that the programme to increase output by 100 000 oz a

year up to a notional capacity of 1-million or 1 050 000 oz of platinum a year is going ahead satisfactorily

On the cobalt programme, Mr Greig said the cost would be about R12 200 000 over the next two years and the company is looking for a pay-back time of two to four years

He said rhodium had been sold to the US car industry as expected but because of waivers on carbon monoxide emission standards by the EPA, it had not been used as expected and was held in stock for future use by the car industry

Other points made by Mr Greig were

Unit costs are expected to rise at Impala at about the same rate as those on the gold mines — about 18% a year

Talks are going ahead slowly but with some progress on the training and acceptance of blacks as mine workers with blasting certificates

Details of the financial performance in the year to June 30 last were

With group profits at R207-million, tax was up at R88-million (R50-million) and after-tax profits were 69% higher at R119-million (R71-million)

These earnings of 207c a share compare with 123c in 1978-79

With R125-million available for appropriation (R72-million) a bigger sum than formerly was transferred to reserves for capital spending at R59-million (R46-million) and the retained surplus was R8-million (R6-million)

Interest paid was higher but this does not represent a change to higher borrowings but reflects a London transaction — borrowing through a subsidiary

The mine, with higher profits, paid R15-million to the Bafokeng tribe, against R9-million last year

Taxes and lease consideration totalling R67-million were paid to the Bophutswana Government. South Africa was paid R18-million in normal tax

Capital spending by Impala amounted to R52-million in the past year and during the current year is expected to drop to R40-million

COMMENT: The 100c dividend total gives a yield of 10% on yesterday's share price of 995c.

In spite of Impala's impressive performance not only last year but in previous years, I would prefer a gold investment yielding 12% to 14% since industrial uncertainties do not affect gold as strongly as they do platinum.

The platinum price is also affected by the movements of the gold price and the platinum market is not in short supply of metal. Increased Russian sales could also disturb the market.

Mr Greig's forecast for the coming year is a cautious one but in spite of this, one can expect Impala to do better than his caution indicates

The danger in the market is that speculators' stocks could be off-loaded if a big crack occurs in the free market price.

Coal fails to take fire out of Randlon

By IAN THOMAS
Mining Editor

RAND LONDON Coal failed to meet its pre-listing earnings forecast in the year to end June but this did not prevent the 78% holding company, Rand London, from pushing up earnings 74% in the same period.

In February, Rand London Coal forecast earnings of 39,5c for the year. In the event, they were 35c — an 11% shortfall.

While Rand London Coal, reporting separately for the first time, achieved sales of R21 294 000 and earnings of R3 799 000, the top company pushed up sales 129% to R47 824 000, pre-tax profit 95% to R6 897 000 and earnings 74% to R5 398 000. Dividends are still to be announced.

As Rand London Coal was reorganised during the year, the Registrar of Companies has exempted the company from quoting comparative figures, as they would be meaningless.

Following the rights issue in January, the number of shares in issue rose about 10% to 13 700 000. Despite the rights issue, earnings per share, calculated on the weighted average number of shares in issue, were 24% better at 41c (1979 33c).

Technical problems with the new Kempslust coal preparation plant caused the shortfall in Rand London Coal's earnings, the chairman, Mr Bernard Holtshousen, told me yesterday.

He said now these had been solved, sales had risen from about 23 000 tons to a sustainable 27 500 tons monthly.

Rand London Coal has already said it will declare a 4c dividend and 3,7c participating preference share dividend next month, which on the current share price of 370c, will give the ordinary share a historical dividend yield of 1,1% and, based on the forecast 14c for next year, a prospective 3,8%.

Mr Holtshousen said the quality of coking coal recoverable was of good quality, although Iscor, RLC's main customer, has indicated a preference for a lower ash con-

tent, and this has now been reduced from 10% to 7,5%.

He said that although Iscor had asked for the contract price to remain secret, it was 15c higher than the original price so as to compensate for extra plant expenses.

Preparation of adits for the new underground Zoetmelk anthracite mine near Vryheid started in May, and opencast operations are expected to start soon.

The mine will produce low phosphorous anthracite and negotiations are in progress with domestic consumers for long-term supply of the product. The

mine is expected to be funded from internal resources.

Although he has great faith in the future of coal, Mr Holtshousen said good progress was being made with Rand London's industrial interests.

Restructuring at newly-acquired Newclare Smelting Works has proceeded exceptionally well, he said. The company has made a satisfactory contribution to group earnings.

The group's recent acquisitions include Hochmetals, Colorado Granite and Aloe Minerals.

COMMENT: The market will not lightly forgive RLC for failing to meet its forecast, especially with the yield so thin and this company will probably be downrated.

If the top company maintains dividend cover of 3, it will pay 13,7c — a 24% improvement on last year's 11c. This puts the share at 405c on a prospective yield of 3,4% — also a bit thin.

AMET

217

RDM 19/9/80

Ian Greig bows out as Impala chief

(217) RDM
20/9/80

"One of my regrets in retiring is that there is not a single black miner on the three Impala mines with a blasting certificate."

— Mr Ian Greig.

By ADAM PAYNE

MR Ian Greig, chairman of Impala Platinum for the past seven years, who retired yesterday from the chairmanship has not only proved himself a top marketing man but a humanitarian with a keen interest in workers' welfare, progress and job security.

On the latter front he feels

strongly on the need for African advancement at the company's three mines in BophuthaTswana.

He told me: "One of my regrets in retiring is that there is not a single black miner on the three mines with a blasting certificate

"There has been foot-dragging by both governments and the white Mineworkers' Union. There are strong resistances and the negotiations are going slowly but at least we are making some progress"

In a recent chairman's statement he wrote

"It is not fully appreciated in some quarters that Impala Platinum's existing mines are no longer in the Republic of South Africa, that job reservation in favour of white people is not acceptable in BophuthaTswana and that positive steps must be taken to improve job opportunities for Tswanas and other black workers and to provide the necessary training for this

"We believe that these objectives can be achieved without in any way prejudicing the status, earnings and job security of any of our present white employees and we are hopeful of being able to achieve them in agreement with the authorities, the trade unions and officials' associations."

In a discussion with me, he enlarged on his statement saying "I find it so self-evident that it's got to happen and happen quickly that I find it difficult to follow the mentality of people, who are standing in the way

"A country like BophuthaTswana just cannot have on its statute books discriminatory legislation on grounds of colour, and I believe that white unions have got an important role to play in training and in

creating better job opportunities for blacks

"I cannot see that any man working for Impala today will ever suffer in status, remuneration, or job security, however fast we advance the blacks. This is particularly true of artisan training, which is a slow process.

"On the mining side, we've traditionally had team leaders who I regard as stalwart NCOs. They've got to be advanced further

"At the moment we are up against two things: a barrier of legislation, which will obviously have to be changed and, secondly, a barrier of resistance in certain union quarters, but not in all

"We've just got to go on negotiating the situation because if we don't do it voluntarily its going to be imposed by the BophuthaTswana Government

"The trouble in South Africa is that we always say 'Oh, give us time,' but time is never on our side.

"The passage of time doesn't solve problems. Problems have got to be solved now"

Asked if he expected black trade unions to be established at Impala, Mr Greig replied that as long as the mine was operating on a migrant labour system he had reservations about black unions.

"There's an awful danger that you get a hard core of professional organisers," he said, "and an unsophisticated group of people can be manipulated.

"I think a trade union is a workable organisation when you've got a stable labour force, but I am not so sure it works on a migrant labour force."

"It will be many years before we have got an entire labour force permanently settled on the property — if ever. As long as we have migrant labourers from other parts of Southern Africa, I am not so sure they are the right people on which to build trade unions."

In running Impala, Mr Greig and his board members decided on a naval principle that impressed Mr. Greig when he served in the Royal Navy in World War 2.

"I never knew a destroyer that wasn't a happy ship, but most big ships — cruisers and battleships — were miserable

"On that principle we split



Mr Ian Greig, retiring chairman of Impala Platinum (right) at one of the mines with Chief Edward, of the Bafokeng tribe (centre), and the former managing director of Impala, Mr Byng Jackson. The Bafokeng tribe received R15.7 million in royalties from Impala in the year to June 30 last, in terms of the cession of the mining leases to Impala.

the three mines at Rustenburg into three administrative units each with its own general manager, plus a general manager at the smelter and conc entrator, so we have four command units instead of one general manager with five managers underground"

On marketing, in which field Mr Greig has earned a reputation for accurate forecasting, he said:

"In running Impala we've got to be constantly looking at the market, production and money in a kaleidoscope that is always changing. On the market we've got to take a three-day, three-month and three-year view, and plan accordingly. It's difficult because the marketing must link in with production and the sinking of shafts.

"If ore is to be mined from a new area, the decision to start sinking a shaft must be taken at least three years ahead, and the future market must be assessed. If you start looking at the market on a daily basis you get so confused you can't think forward"

Describing his position in the marketing picture he said:

"Big customers expect to be visited at chairman or MD level once a year. The Japanese, who in many cases are family businesses, are not interested in talking to fourth-line people.

They want to talk to number one

Mr Ian Greig (63) was born in Scotland, the son of the late Professor J Y T Greig who was professor of English at the University of the Witwatersrand

Mr Greig has been in South Africa for 48 years

After graduating at Wits with a BA (Hons) majoring in English and being a temporary junior lecturer at Wits, he joined the South African Navy early in World War 2 and was seconded as a paymaster sub-lieutenant to the Royal Navy.

"Union Corporation was a pure accident," he says.

"I came back at the end of the war, not clear in my own mind what I wanted to do. I had a scholarship to Cambridge, which was in suspense.

"What looked like a good scholarship in 1939 for a young single man looked quite different in 1946 for a young married man with one child

"My father wanted me to pursue the academic a bit further, but I felt I wanted to see what made the world tick"

Mr P M Anderson, then managing director of Unicon, employed Greig as a junior clerk

He got into Impala "by accident" through taking on administrative duties so relieving the former chairman, Mr Hugh Monro and the then managing director, Mr Byng Jackson, of this side of work when they were establishing the mine

Mr Greig's wife, Dr Doreen Greig, is a distinguished architect, formerly president-in-chief on the National Board of the South African Institute of Architects

All in all all's well, Cullinan reports

By DAVID CARTE
Deputy Financial Editor

WITH attributable profits up 81% in the year to end June, Cullinan Holdings reports "all's well in all divisions" — including refractories

Cullinan's bullish view on refractories comes less than a fortnight after Mr Graham Boustred, chairman of Vereeniging Refractories, reported business slow in refractories during the same period

A Cullinan spokesman said his group was "happy" with local demand for refractories and "more than happy" with export demand. Cullinan derives just less than half its profits from refractories

The spokesman said export prices for refractories were higher than local ones and was confident local prices would eventually have to move up to match foreign ones

Not even the strong rand was proving a problem, he said, as the refractories being exported were a specialised, high quality product, not easily obtained more cheaply elsewhere

Cullinan's preliminary report shows sales up 39% to R75 700 000 and operating profit 53% better at R14 061 000. With interest costs up only 19%, pre-tax profit was 62% better at R11 927 000

The tax rate fell from 34% to 26%, with the result that taxed attributable profit was 81% ahead at R8 787 000

Because of the greater number of shares in issue after Old Mutual's exercising an option to acquire 500 000 shares recently, and the issue of more shares for acquisitions, comparable earnings a share (before lifo) were 56% better at 95c (1979 61c)

A final dividend of 17c has been declared, making 27c for the year, a 28% improvement on 21c paid in 1979. This means cover by pre-lifo earnings has increased from 2.9 to 3.5

For the first time, Cullinan has valued its stocks on the lifo method of valuation, which re-

duces nominal profits but also tax

The lifo provision knocked R1 780 000 off attributable earnings, with the result that post-lifo taxed profit was R7 087 000. No lifo provision has been worked out for last year, so post-lifo earnings, equivalent to 75.9c are not comparable

Lifo enhanced cash flow by R1 200 000

The Cullinan spokesman said there were no problems in any divisions and all performed well, even the previously problematical andalusite mine

With SAG Ceramics of Boksburg included for the full year for the first time, the electrical porcelain division had done particularly well. Two new additions to the division and strong demand for electrical porcelain from Escom, the SAR and the mines made the medium-term outlook look bright, he said

Last year's rights issue, the recent R6-million convertible debenture issue and the much higher level of dividend cover, he said, were aimed at keeping the balance sheet in good shape despite the group's aggressive expansion and increased working capital needs. Exports, he added, required far more working capital than domestic sales

Expansion had recently been concentrated in the electrical porcelain division. Soon Cullinan would embark on further mining expansion. The group had acquired the rights to a large bentonite deposit in the Southern Cape and intended to exploit this. Bentonite was used in the re-refining of oil, in foundries, the chemical industry and in drilling

Cullinan was also contemplating another andalusite mine

COMMENT: At 520c Cullinan yields 5.2% on the new dividend. That may be on the slender side but the price is only 5.5 times pre-lifo earnings and, with recent acquisitions still to come to account and existing divisions performing well, there is plenty of growth left in the stock

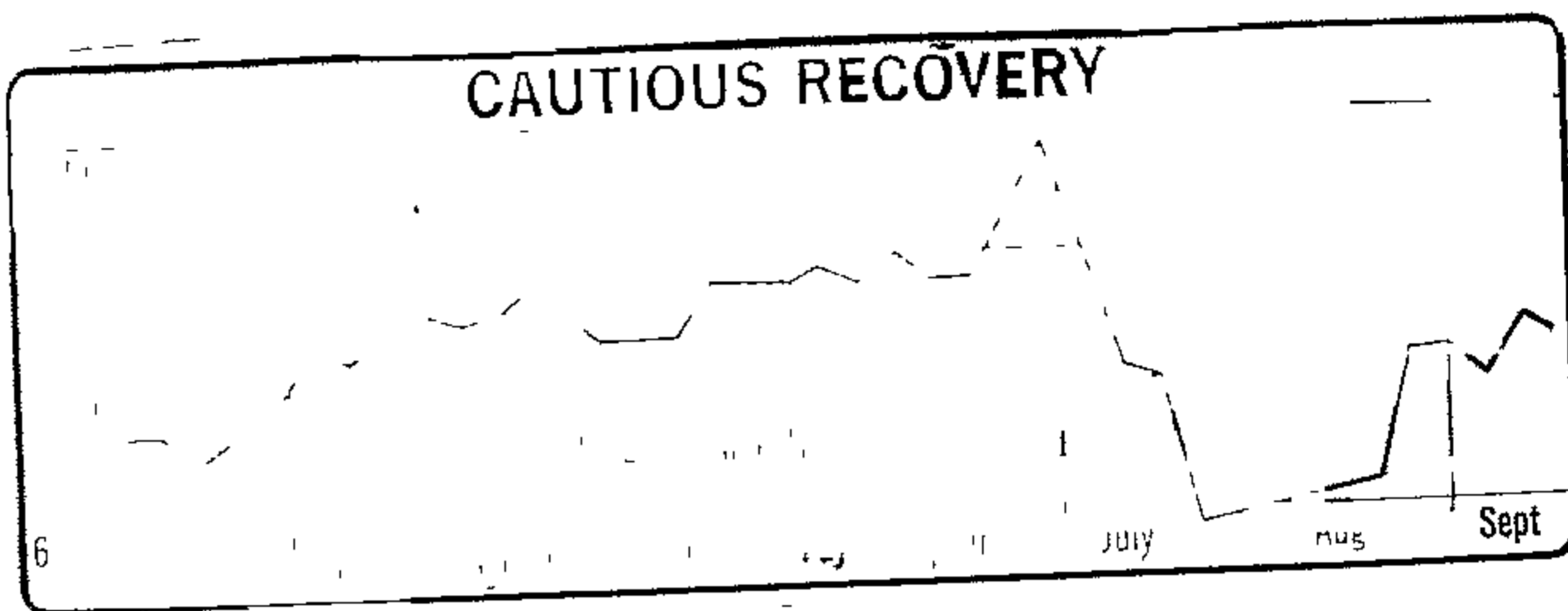
ITA hopes fade

FM 26/9/80

There now seems little or no chance of a new international tin pact between producers and consumers being agreed by next June's deadline, observers in London believe

Following the failure of a series of meetings between consumers and major

CAUTIOUS RECOVERY



RDM 100

% change on
P/E ratio

Div yield

UK FT Ind

% change on
P/E ratio

Div yield

US Dow Jones

% change on
P/E ratio★

Div yield★

Gold price (in US \$ on London)

% change on
Krugerrand.(Rand)

JSF last sale

% change on
★Standard & Poor index

Public buying price is 10% below subject to negotiation

	Current	Week ago	Month ago	Year ago
RDM 100	607,1	617,0	619,7	365,2
% change on	-	-16	-20	66,2
P/E ratio	6,7	7,0	7,2	5,6
Div yield	5,6	5,3	5,1	6,5
UK FT Ind	485,1	498,3	495,8	469,8
% change on	-	-2,6	-2,2	3,3
P/E ratio	7,2	7,0	7,0	6,9
Div yield	7,5	7,4	7,3	6,9
US Dow Jones	962,0	945,9	953,4	886,2
% change on	-	1,7	0,9	8,6
P/E ratio★	9,0	8,8	8,4	8,1
Div yield★	4,5	4,6	4,7	4,9
Gold price (in US \$ on London)	716,0	669,5	631,5	377,0
% change on	-	6,9	13,4	89,9
Krugerrand.(Rand)	709,0	687,0	640,0	360,1
JSF last sale	-	6	10,2	95,8
% change on	-	-	-	-

producers, such as Malaysia, Indonesia and Thailand, and a recent frantic round of shuttle diplomacy by International Tin Council chairman Peter Lai, the gap between the two sides remains very large. Chances are that the next scheduled major meeting, possibly in December, will be little more than an opportunity for restating unchanged positions. The implication is that the current ineffectual agreement will be rolled over for a further year, assuming producers agree and decide against some form of direct market action themselves.

International tin agreements, which go back well over 20 years, have had a chequered history as far as market price regulation is concerned. Like other agreements set up for such commodities as coffee and cocoa, the precise role of an International Tin Agreement has never been clearly defined and universally accepted by all signatories. Depending on whether you produce or consume tin, the aim of such agreements is to provide a realistic, guaranteed price. This shifts upwards as inflation and currency upheavals hit producer incomes, or keeps world

prices within a more stabilised snake about the long-term trend. And this, in turn, hopefully protects producer investment while at the same time guarding against consumers suddenly having to pay wildly higher prices.

On both counts, the current — fifth — international agreement has been a failure. Throughout its five-year lifetime, world tin prices have been soaring above the agreement's ceiling level, with the result that the Tin Council's Buffer Stock Manager soon ran out of metal to sell and so help dampen increases fuelled by considerable tin shortages three or so years ago.

Moreover, as world prices never came near the agreement's floor, which was latterly increased to just short of £6 000/t, the buffer stock was never replenished. In other words, the current agreement, now facing extension, became and remains an ineffectual accord, unable to dampen increases for consumers and, according to producers, lacking any realistic price guarantee due to the refusal of industrialised nations to agree to substantial floor price increases.

Should prices, for instance, drop sharply from current levels of around £7 300/t on the London Metal Exchange towards £6 000, there is little doubt that the Buffer Stock Manager has sufficient funds at his disposal to halt the trend. But producers

P.T.O

lem, as does the establishment of some practical formula for adjusting a new agreement's price defence range to keep pace with market developments and world inflation. And even if agreement is reached on these and other problems at a meeting late this year, it will still be too late to bring the accord into action by mid-1981, experts believe.

Meanwhile, the chance remains that should producers decide to pull out of talks with consumers altogether, they may form a cartel-type operation or plot some form of direct market involvement such as support buying on the London Metal Exchange. This would be similar to the policy currently under discussion at Cipec, the Paris-based club of the world's leading copper exporters.

argue that a return to them at around the current floor would be uneconomic and, in the case of hard-pressed Bolivia, well below the cost of mine production.

In the event of there being no increase in the agreement's price defence range, observers believe the position remains quite dangerous for producers. This is because of the continuing recession in Europe and the possibility that, in view of the failed talks on a new tin accord, the US government may not be so diplomatic in coming months in the handling of sales of the metal from its strategic stockpile.

Following Congressional authorisation earlier this year the US General Services Administration was licensed to sell around 30 000 t of tin over the next three years. Sales ostensibly began mid-year at an originally anticipated level of 500 t a fortnight, but in the last few months the stockpile authority has carefully sifted through bids for its metal, accepting only a very small number. Officials argue this is because bids have been low-priced and the US is committed to not hitting the tin market, but it is generally accepted that the GSA's policy stems from its unwillingness to antagonise producers at a time when a new price stabilisation pact was being actively negotiated. And now that an impasse appears to have been reached, there are those who believe that the government may wish to teach producers a

lesson by accepting more bids, lower priced or not.

The main areas of disagreement between producers and consumers continue to be the unwillingness of the latter to accept export controls as an additional price prop mechanism to buffer stock purchases. The US is particularly against the idea as it reduces the flow of tin to the market and into a buffer stock at times of

low prices, thus reducing the Buffer Stock Manager's sales capacity should tin prices suddenly shoot upwards. For a similar reason the US is still pushing for a buffer stock of some 40 000 t — admittedly a reduction of 30 000 t from its original demand, but still above the level producers generally wish to see.

The previous weighted voting rights in favour of consumers also remains a prob-

Diamond bosses deal for blacks is rejected

By STEVEN FRIEDMAN
Labour Reporter

AN attempt by employers in the diamond cutting industry to increase the range of work which can be performed by semi-skilled coloured, Indian and black workers has failed

This follows the declaration of a dispute between the Diamond Workers Union, which represents white artisans in the industry, and employers

The dispute was referred to the industrial court for its first arbitration hearing

White diamond cutters struck for 11 weeks in 1976 in protest against employer plans to introduce semi-skilled coloured and Indian "operators" into the industry

The strike was settled when the two parties agreed that operators could be introduced provided they only handled rough diamonds up to 1,69 carats in weight and sawn diamonds of up to 0,85 carats

Since the strike, black operators have also been allowed to work in the industry.

Recently, employer attempts to adjust these limits in order to allow the "operators" to work on larger diamonds led to the declaration of a dispute

Employers argued that the limits should be moved upwards because the industry was short of skilled manpower

Moving the limits would also have conferred greater responsibility on the semi-skilled coloured, Indian and black workers

The union opposed this because it feared that, by increasing the work non-artisans could do, employers were trying to phase artisans out of the industry altogether and to open their jobs to "cheap" semi-skilled workers

Artisan unions have generally opposed moves of this sort, known as "job fragmentation", seeing them as threats to the position of skilled workers

Yesterday, a spokesman for the industry's industrial council told the Rand Daily Mail's Durban correspondent that employers and the union had agreed to extend the present demarcation agreement until October 31 next year

This means that the present limits on the work which operators can do remains in force.

According to the spokesman, both sides accepted there could be no change to the present limits because of the industry's "sorry state"

"More than 600 workers in the industry were laid off earlier this year

BUSINESS

Rusplats double dividend, but . . .

SA dominance of platinum 'illusory'

By Geoff Shuttleworth

Rusplat has increased its total payment to 40c for the year compared with 20c last year and tax profits have risen to R124,7-m from last year's R68,9-m.

The company has changed its accounting policy which effectively reduces the after tax figure but "it has no effect on the financial position of the company," and merely reflects better the position of the company in any given year.

Mr Gordon Waddell, the new chairman who presided over the Press briefing, said that all borrowings had been paid and a cash reserve of R48m had been built up. He said that it was the intention of the company to expand this reserve to meet possible hard times.

Questioned on the reasoning behind the increase in the producer price recently to 475 dollars an ounce (420 dollars), he said it was adjusted to compensate for the loss in net rand earnings following that currency's appreciation.

He noted that in the past year, platinum demand from the traditional

jewellery and US auto industry had declined and that the accumulation of large stocks in speculative hands is a matter of concern for the future stability of the industry.

● Immediate past Implats chairman Mr Ian Greig writes in the latest Optima that the apparent market dominance of South African platinum producers, who control 70 percent of supply, is illusory.

He noted in the case of the Russian and Canadian producers "their rates of platinum production and sales are not related to the state of the platinum market. If the going price is relatively low, they are not especially concerned to preserve a higher price set by primary producers, if to do so would involve stockpiling a by-product of their main production lines." Canada and Russia produce platinum as a by-product of nickel, or nickel and copper,

He said speculative buying, which he estimated at 300 000 ounces last year, is continuing at the same rate in 1980 bringing with it the risk of the metal being dumped in a falling market.

One use for the 1980s which could raise demand is the introduction of the fuel cell. Demand could reach 25 000 to 50 000 ounces in 1982, rising to 200 000 to 250 000 ounces a year by the mid 80s.

STAR
9/10/80

217

CONS MURCH (217)
Another let-down

FM 10/10/80

In keeping with its volatile history, Cons Murch will not be paying a final dividend for the year to end-December after a sharp fall-off in antimony demand from major customers. Even to investors, who knocked the price back from 1 125c in February to 900c last week, the announcement was a surprise, despite the directors' warning of falling demand in the second quarter's report. Their response to Tuesday's announcement was to wipe a further 325c off the price, which reached a low of 575c before recovering to 640c.

What has been a disappointment is that 1980 started off well after a resumption of dividends the previous year. Results for the first two quarters, while not exceptional, showed sales almost matching production. The addition to the stockpile in the January-June period was only 151 t, which followed a significant decline in 1979.

With the US and Europe recessed, demand for antimony has not been particularly strong. Some 50% of the world's antimony finds its way into the battery industry where it is used with lead. But with the US auto industry particularly under the whip, and little chance of battery-powered vehicles making any marked gains medium-term, demand prospects are poor. Antimony is also used as a flame retardant in car trim, but here again depressed demand and the possibility of substitution longer-term makes for a dull outlook.

Currently, the mine is reducing the milling rate from 45 000 t/m to 30 000 t/m which, it is hoped, will balance the lower demand. This will mean metal production falling to about 14 500 t (20 000 t) on an annual basis. If the company has read the market correctly, its accounting policy, whereby production costs are written off in the year they are incurred, rather than when the metal is sold, could mean large profit increases if demand recovers. In addition, the gold recovery operation is providing some buffer against the vagaries of the antimony market where prices are more than \$200/t lower than the May high.

On the basis of the 640c price and the lone 30c dividend for 1980, Cons Murch yields 4,7%. Until there is some clearer picture on the outlook for the company next year, the share is probably better left alone, despite the possible R4,5m revenue from gold recovery.

Des Kildea

IMPALA

217

A record year

Activities: Platinum producer of the Gencor group with mines in Mafikeng, Tswana, near Rustenburg, and a refinery in Springs

Chairman: E Pavitt, managing director R C Bovell.

Capital structure: 57,7m Ordinaries of 20c Market capitalisation R730m

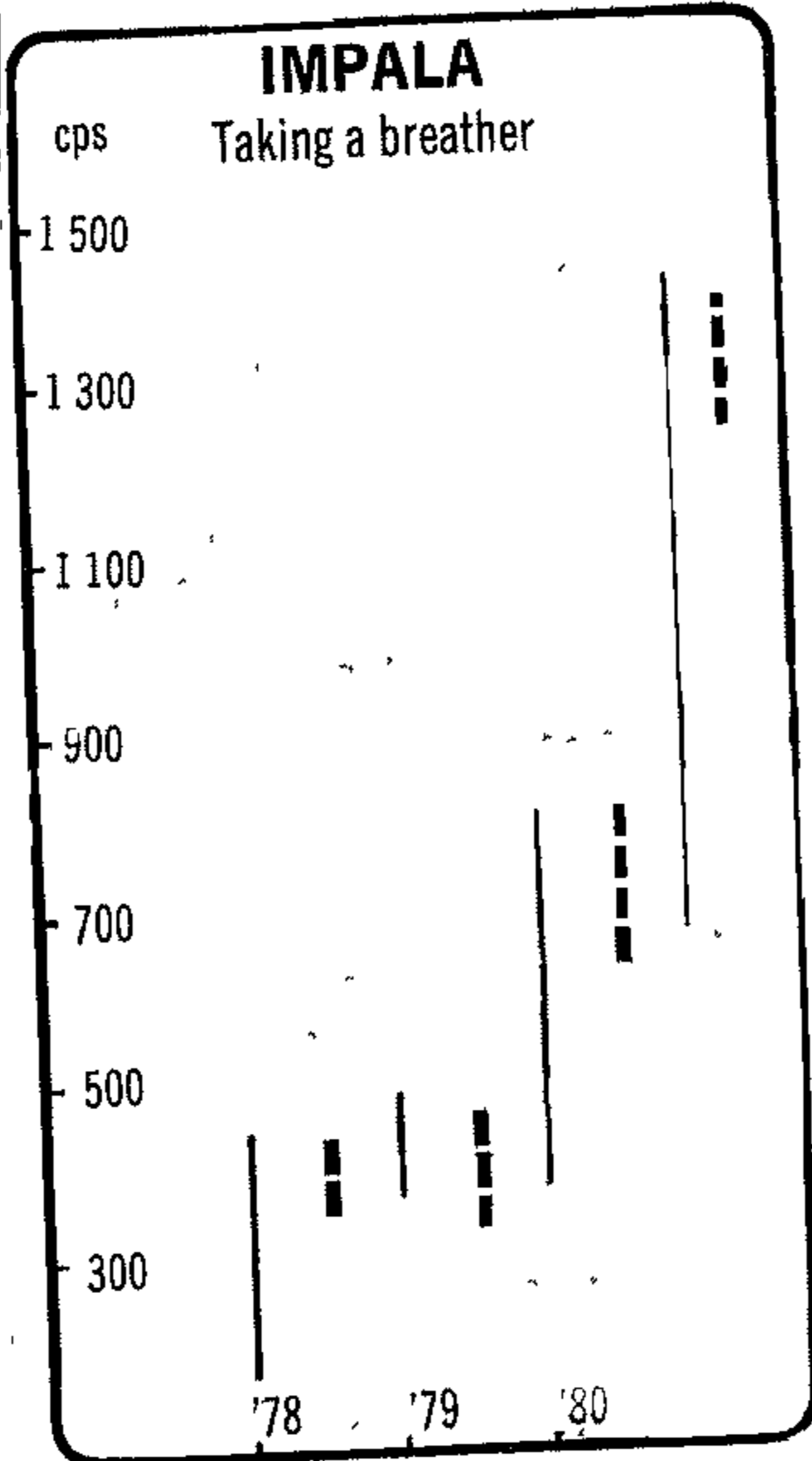
Financial: Year to June 30, 1980. Borrowings long- and medium-term, R31,6m. Net cash R40,8m. Current ratio 1,3 Group cash flow R121,5m Capital commitments R38,5m

Share market: Price 1265c (1979-80 high, 1445, low, 337c, trading volume last quarter, 937 000 shares) Yields 7,9% on dividend

	'77	'78	'79	'80
Average producer price (\$/oz)	169	197	286	383
Turnover index*	113	150	281	434
Pre-tax profit (Rm)	46,2	44,4	120,7	208,5
Earnings (c)	268	279	120	303
Dividends (c)	70	80	34	100

* 1975=100 + Based on 12m shares • 10 months

Record production and booming platinum prices gave Impala its highest-ever profit in the year to end-June, with the 100c



dividend beating even the most optimistic forecasts of a year earlier. And chairman Ted Pavitt expects this year will see a further profit advance, providing there are no major changes in the platinum price trend

Recently, the free-market price has been relatively stable after the sharp fluctuations between \$360 and \$1 047 during the financial year. While market conditions have been largely dictated by speculative/investment buying, Pavitt says there is some indication that depressed Japanese jewellery demand is beginning to pick up again, and that sales to the Japanese motor industry remain firm. But a major bear factor is still the US auto industry — the largest individual consumer. Waivers to environmental requirements for 1981, plus the depressed state of US car sales, have resulted in a marked reduction in platinum group metals (pgm) offtake from this source. And while recent moves to stimulate the US auto industry could help offset this decline, no material improvement seems likely near-term.

Furthermore, if weak holders of platinum begin offloading before industrial demand recovers, the outlook would be bleak. But until there is some end to the world's flight out of paper currencies, no major price reaction seems likely.

Local producers, which raised their own prices to \$475 in August, still have a wide margin against the \$680-\$700 free-market level. This, however, could be upset by a return to the market by the Russians who are currently selling only some 400 000 oz annually compared with 700 000 oz two years ago.

Last year, Impala increased production capacity 20 000 oz to 870 000 oz, and notional capacity will rise further to 975 000 oz before end-June 1981. In addition, Impala is spending R12,2m over the next two years on a cobalt recovery plant in Springs. Pavitt says the contribution from this activity will be "small but not insignificant."

Unit costs are expected to rise some 15-16% this year. Longer-term, Impala hopes to save on transport expenses by installing an electric rail system which will eventually haul 50% of the four mines' production to the central concentrator. Over the next two years, R10,2m has been earmarked for this project.

Longer-term prospects include the exploitation of the UG2 reef, which has become economically viable as a result of a process developed by the National Institute of Metallurgy and Lonrho's Western Platinum. An immediate move by Impala on this front seems unlikely, however, in view of its recent expansion and the uncertain state of the market near-term.

In forecasting only a small profit increase this year on the basis of the higher \$475 producer price, Impala is obviously looking to a slackening in demand. However, with indications that costs will be well controlled — relative to the gold mining industry — and capex funded easily from cash flow, there seems every prospect of at least the same 100c dividend this year. But, as Pavitt says, the whole picture could change dramatically if there is a further deterioration in the US and European economies, or if weak holders start selling on the market. In the meantime, Impala looks fairly valued relative to the market on a 7,9% dividend yield. Des Kuitalea

Prieska hikes ⁽²¹⁷⁾ copper production

RDM 22/10/80

Financial Reporter

PRIESKA copper mine, in the Anglovaal group, increased its copper production by milling more ore and employing a new stoping system, with higher head grades and recoveries, in the September quarter.

Production rose to 33 270 tons (21 304 tons) of copper concentrate and 36 098 tons (29 877 tons) of zinc concentrate.

Despatches were higher with two export shipments (there were none in the June quarter) and copper despatches rose to 37 386 tons (7 803 tons) while

zinc despatches amounted to 36 862 tons (17 616 tons).

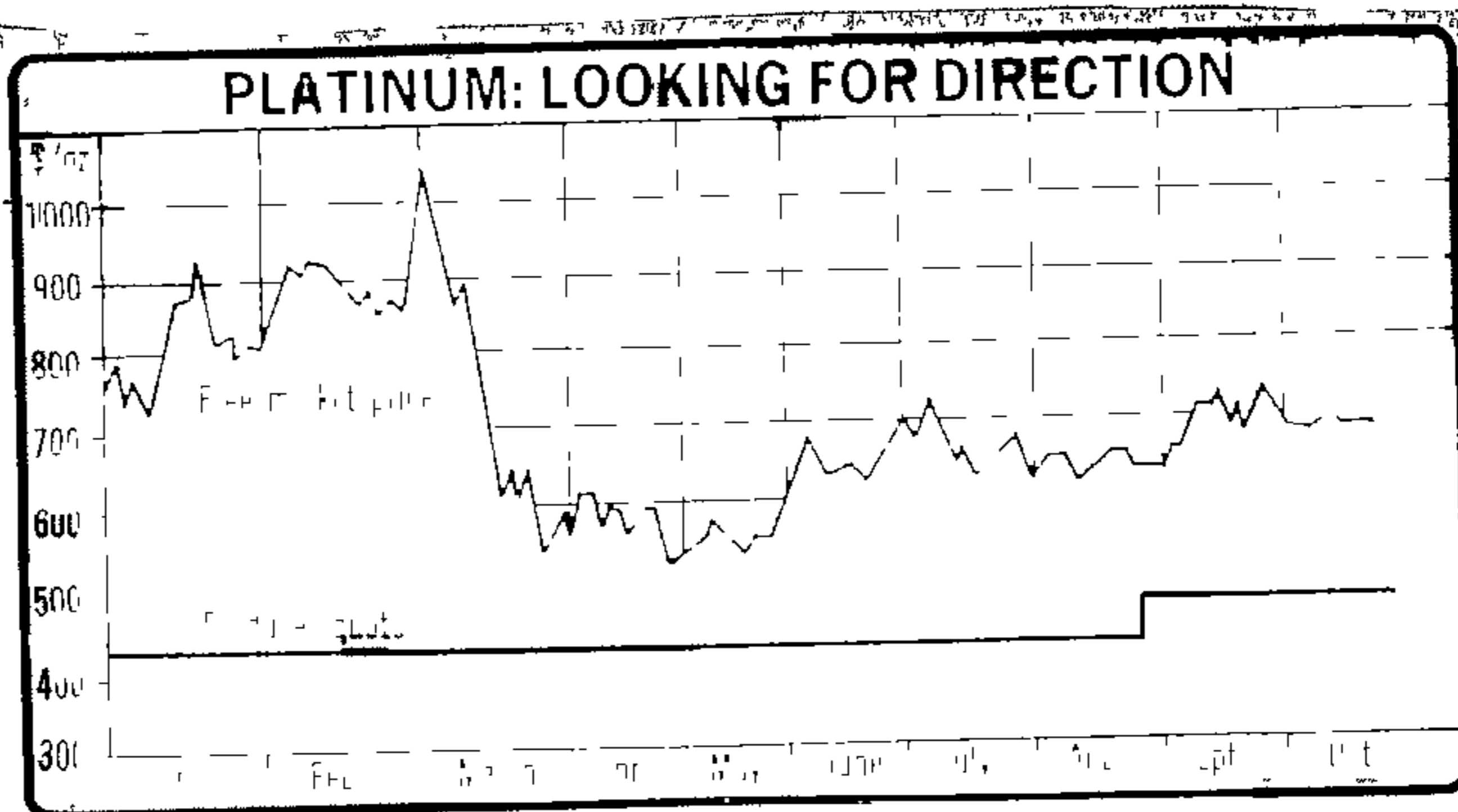
Operating profit was adversely affected by lower metal prices — the average price received for copper was almost £100 lower — and also by abnormally high costs of concentrates previously stockpiled and now exported.

Operating profit was only R192 000 higher at R1 525 000. Non-mining income decreased slightly but interest paid was also lower resulting in a net profit of R1 655 000 (R1 473 000).

PLATINUM (217)
Crunch coming?
 FM 24/10/80

There are fears that the price of free market platinum, which probably accounts for around 10% of annual turnover, could be set to fall substantially in the next few months. Midweek, the metal was fixed between merchants at \$674/oz, still a healthy premium of almost \$200 over the Impala/Rustenburg producer price

However, many suspect that this is a situation which may not last much longer, unless a further major dimension is added to the Iran-Iraq war and the price is dragged up in sympathy with gold and silver. Without such a move, it looks as though the forces of recession will take a major hold on the market, and one London merchant even suspects that the free market "may test the producer price"



London reports are that demand for platinum in the US car industry is still well down and that talk of an early recovery in that sector may, to an extent, have been wishful thinking. In any case, it is now less a question of how many cars are produced in Detroit, than the type of vehicle.

Soaring oil costs have forced manufacturers to switch strongly to medium and small cars which consume less petrol — and use less platinum in their exhaust emission converters. One London merchant believes that apart from the fact that "recovery in the automobile sector looks as though it has been aborted," Detroit is no longer a new market for the metal. It is changing structurally and is generating substantial platinum scrap supplies which can be recycled.

The current record level of platinum stocks on the New York Mercantile Exchange is indicative of the effect of recession on the metal. They currently stand at around 250 000 oz, and some merchants in London suspect they will increase further in the next few months. They add that, in addition to recession hitting the car industry, current offtake by Japanese interests, who traditionally consume around half world production, mainly for jewellery, is still low — about 25% to 30% down on

levels ruling a year or so ago

And there are other factors which may point to lower prices. It was revealed this week that over the last month or so, the Soviet Union, the world's second largest producer of platinum, sold around \$200m worth of gold in Switzerland. This was the first substantial sale for over a year and has raised some expectations of increased platinum sales, perhaps beyond the 450 000 oz which many believe has been the annual norm since the sudden export cutback in the third quarter of 1977.

One possible reason for this is that Moscow, facing yet another grain harvest shortfall put at well over 30 Mt, may be looking to raise extra hard currency abroad. Consequently, with a Soviet delegation due in London next month to discuss new platinum delivery contracts, there is some talk of possible supply increases from that country.

Meanwhile, merchants report that substantial quantities of platinum are coming into the market from consumers who, after having originally taken it on contract from producers, have not been able to use it and hence are selling at a \$200 profit on the free market. Moreover, several hundred thousand ounces of platinum and platinum futures contracts, currently in the hands of speculators or investors, are thought to be hanging over the market. A substantial proportion of this could be rapidly sold off if these operators suddenly lose their faith in a metal which does not have the same historical investment appeal as gold.

BASE METALS

217

Mixed bag FM 31/10/80

In the face of a recessionary world economy, some base metal prices have remained surprisingly firm. Tin, in particular, has been only marginally weaker in the past three months, which is reflected in the quarterly reports of the two GFSA tin producers, Rooiberg and Union.

The December quarter's outlook is for lower prices, though unit cost increases should be easier to control after the traditionally high-cost third quarter.

Tin started 1980 strongly, peaking at over £8 000/t before dipping to around £7 550 in the June quarter and £7 140 in the September quarter. Since then, the metal has slipped to a £6 900-£7 100 range and, judging by London reports, could well move lower.

As the tin price boomed, so supply became easier at a time of strong Soviet and Eastern European buying. Thus, de-

spite the US authorisation to release metal from the GSA strategic stockpile, the price was strong. Now, with little chance of early accord on a new International Tin Agreement, static or declining consumption and increasing supply, several UK commentators predict the price could ease to around £6 400 short term.

Rooiberg: Despite increased throughput, lower grades meant tin in concentrates recovered fell to 553 t (606 t). Sales, however, were marginally higher at 610 t (585 t), of which 487 t came from the smelter. Some 5 500 t of the quarter's production came from the "C" mine stockpile which is now exhausted.

Grade fell to 0.57% (June quarter 0.65%), though comparing the nine months to end-September with the corresponding 1979 period, the decline is less severe at 0.59% (0.6%). This indicates the danger of reading too much into quarter-by-quarter mining comparisons in tin producers.

Total revenue for the quarter was R7.7m (R8m) — equivalent to R12 561/t (R13 709) tin sold. Unit selling costs were lower at R5 513/t (R6 444), reflecting the benefits of the new tin smelter and lower sales. With the smelter, Rooiberg no longer has to send its material to Zaaiplaats or abroad for treatment.

In line with R1.7m (R1.5m) capex for the quarter, the average tax rate dipped to 25.4% (28.3%).

For the final quarter of the financial year, Rooiberg expects the tin price will be easier, though not significantly so. On the basis that tin averages some £6 800 and grades and costs remain around the September average, earnings could be R3.1m for a year's total of R12.2m (R9.3m). After a 90c interim a final of up to 200c (140c) may be possible.

Union Tin: In contrast to Rooiberg, tin head grades improved to 0.58% (0.54%) in the September quarter with 120 t (110 t) of tin produced. Sales were higher at 150 t (59 t) as the previous quarter's backlog was reduced. Low June sales resulted from a delay in shipments, which necessitated alternative transport arrangements.

Total revenue rose to R1.6m (R671 000) for the September quarter, giving a nine-month total of R3.5m (R2.9m). A higher 36% (26%) tax rate as capex dipped to R114 000 (R133 000) gave attributable profits of R394 000 (R263 000). After an unchanged 9c interim dividend, a final of at least 17c is likely for a 26c (24c) total.

Cons Murch: The past quarter has seen management caught with its pants right around its ankles. If it had had any inkling that sales were about to collapse, it is hardly likely the 30c interim would have been declared. Seen from the outside, the whole sales and production cut-back fiasco says very little for the mine's communications with its major customers, particu-

larly as the larger among them are tied to Cons Murch through participation in the crude oxide plant.

The only positive factor, at the moment, is that at end-September the mine was sitting on concentrate stocks of 12 307 t, carried in the books at nil value, but worth about R12m if, and when, they are sold. If the past is anything to go by, they could be the basis for an eventual upswing in the share price. But it would be unwise to count on anything before 1982 especially if, as seems possible, the present US economic recovery is short-lived. If management can gear production reasonably closely to demand, the mine should be able to get through the current downturn without resorting to borrowings. If not, start discounting the recovery once de-

mand picks up and stocks are run down.

Des Kilalea

of the copper market, LME sources point out, is that prices continue depressed, despite the strike of copper workers in the US, causing producers to lose well over 400 000 t or almost 25% of annual refined production.

The strike, over a three-year wage deal in the industry, started on June 30 and although a number of companies, led by Kennecott, have settled their disputes, several producers still have to do so — and thus the toll of lost production continues to mount. When all strikers have settled, the copper price could weaken further, many believe.

Moreover, last week's announcement by Minpeco, the Peruvian state mineral marketing company, that it had declared *force majeure* on an undisclosed amount of copper deliveries to US clients as a result of a two-week-old strike at the country's Ilo copper refinery, had little effect on prices. Similarly, news that Polish electrolytic copper production would be cut by around one third, or 90 000 t, next year as a result of a labour deal between the government and the newly-constituted unions, also had no effect.

Most analysts believe that as a result of the massive loss of production in the US and falling demand this year, the Western market will probably witness a deficit of around 100 000 t in total — an amount easily bridgeable by invoice from the communist bloc and high stocks. According to the latest issue of *Copper Trend*, produced by Amalgamated Metal Trading (which is controlled by Preussag AG of West Germany), stocks will amount to 1.87 Mt at the beginning of 1981. This will represent a slight fall from 1.94 Mt at the beginning of this year.

However, with only such a small deficit expected for this year, despite the US strike, LME copper traders, not to mention producers, are anxiously casting their eyes towards 1981 when the US will be fully on stream again with a possible production level of just short of 2 Mt.

Current estimates among analysts suggest a surplus of perhaps 600 000 t or more and that prices, therefore, stand little chance of improving much. Moreover, they could decline in real, if not absolute, terms. However, whether or not this surplus will indeed develop, which would take Western world stocks to over 2.5 Mt (roughly one third of Western consumption) will depend very much on the mode of the Western recession.

In other words, is the US economy about to turn upwards as some statistics suggest (the country experienced a 1.4% annual increase in productivity in the third quarter, the first increase for six quarters) and how deep will the business cycle "trough" be in Europe, where even the West German economy may face a year of zero growth in 1981? If recession has not bottomed out in the US and the worst is still some way off for Western

Europe, prices of well below £800/t may well be the norm for copper next year.

However, as always, there are those who point out that copper is a "war" metal, that Ronald Reagan may take steps to build up greater supplies of copper and other metals in stock in view of the sad state of super-power relations, and that industrial and transport problems in Central Africa, Chile and Peru can always be counted on to help.

Recent events in Zambia certainly substantiate this latter point, but most accept any trouble in major exporting countries will have to have a substantial effect on supplies, given the sluggishness of consumer offtake.

COPPER

(217)

Little optimism

FM 7/11/80

Dismal days have returned for copper and it looks as though there is little chance of any substantial improvement in the metal's fortunes in the months directly ahead. Current prices on the London Metal Exchange stand at around £840/t for immediate delivery copper wire bars, compared with around £900/t in mid-year and a 1980 high of over £1 370/t in February.

"Although there are signs of an economic recovery in the US, Western Europe is now in the depths of recession," say London-based commodity broker G W Joynson in its latest market report. The company adds that "the Japanese economy is rapidly slowing down, thus the prospects for any major (copper) price improvement appear limited."

The extent of the fundamental weakness

Still smelting FM 14/11/80

Activities: Independent tin mining company with its own smelter. The Balstein family is the largest shareholder.

Chairman: W Q D Routledge; consulting engineer D D McWilliam.

Capital structure: 1,1m ordinaries of 25c. Market capitalisation R4,0m.

Financial: Year to July 31 1980. Net cash R342 000. Current ratio 2,2. Capital commitments R12 000.

Share market: Price 375c (1979-80 high, 505c, low, 260c, trading volume last quarter, 84 000 shares). Yields 15,2% on earnings, 10,7% on dividend. Cover 1,4. PE ratio 6,6.

	'77	'78	'79	'80
Tin production (t)	732	613	776	383
Average tin price (R'000)	8,0	10,4	12,8	13,3
Turnover (Rm)	9,4	9,9	12,2	5,8
Pre-tax profit (Rm)	1,1	0,9	1,1	0,9
Earnings (c)	59,2	46,0	64,2	57,2
Dividends (c)	30	40	40	40

Since Rooiberg commissioned its own tin smelter, Zaaipplaats' scale of operations has reduced significantly. Tin production fell to 383 t (776 t), while pre-tax profit bolstered by a firmer average tin price, dipped to R885 000 (R1,1m). But with no major near-term capex, the company maintained its 40c dividend.

Zaaipplaats investigated whether it would be economic to continue operating its own smelter on a reduced throughput. Chairman William Routledge says that the company will continue smelting its own concentrates together with accumulated slags and that no difficulty has been encountered in selling the metal produced.

Zaaipplaats' new R350 000 tailings plant was commissioned in February, but teething problems meant the unit did not meet rated capacity. Routledge says modifications should mean optimum capacity this year. There is, however, some uncertainty regarding water supplies should seasonal rainfall decline.

Total capex last year was R309 000 (R154 000), of which R301 000 was on the tailings plant. But with retentions and cash flow, the company was able to maintain its 40c dividend and reflect R342 000 (R8 000) cash in the balance sheet.

Last year, Zaaipplaats increased development rates which yielded no exceptional results. However, mining of high-grade lodes resulted in grades of 63,6% (62,3%) tin in concentrates. Concentrates recov-

ered from mining increased to 270 t (264 t), while re-treatment yielded 32 t (36 t). The yield from re-smelting old slag is sufficient to cover costs and thus keep the smelter operational.

Routledge says towards the year-end refractory residues were exported to the UK and further shipments of tin fume could be exported. This has allowed stocks of tin tied up in by-products for many years to be reduced.

On this year's operations, Routledge says efforts to control costs should mean satisfactory results, despite the forecast international tin supply surplus. His optimism appears, to a large extent, to be based on the fact that a tin price below R12 800 is uneconomic for most tin producers.

It appears that with negligible capex on the cards and optimism that tin prices will not weaken much, Zaaipplaats is hoping to maintain its 40c dividend. The share, at 375c, yields a prospective 10,7% compared with a 9,3% sectoral average, indicating the market's uncertainty about the trend in tin prices near-term.

Des Ktala

Chrome mines face closure — TC Lands chief

26/11/80
MR 945

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CHROME MINES are being forced to close down while a Government agency, Mining Corporation, is selling chrome at a loss, claims Mr A C Petersen, chairman of T C Lands, the Barlow Rand mining finance company.

The chrome market is plagued by overproduction by South African mines, he says in his annual review.

The position has been exacerbated by the entry of Mining Corporation into the mining and marketing of chromite

This Government agency, in its determination to enter the market has been and is prepared to sell chrome at prices below market rates and incur losses which one assumes will have to be met by the taxpayer.

Meanwhile, established mining companies are being forced to reduce operations or even close down and so simply increase the number of unemployed workers in rural areas.

T C Lands' chrome mines were well established and would survive this intense competition but profits would stay low for some time.

Group profits and dividends were expected to increase this year as a result of higher income from gold and coal mines.

Earnings rose 58 percent to R54,2-million in the year to September and dividends are up to 60 percent to 215c (135c).

● Plate Glass is boosting its interim dividend by 95 percent to 35c (18c), a reward to shareholders for the two lean years when the payouts were cut to 5c.

It is paying R12,6-million to take over Knepe Timbers and is issuing R10-million of preference shares to fund this and other investments.

Tom Hood

MTD MANGULA (217)

Production problems

FM 19/12/80

Activities Operates copper mines north of Salisbury in Zimbabwe Has a 25% stake in Merits, which owns Lomagundi Smelting & Mining Controlled by Messina

Chairman Commander H F P Grenfell, deputy chairman W J Wilson

Capital structure 20m stock units of Z\$1 Market capitalisation R47m

Financial. Year to September 30 1980

Borrowings net short-term, Z\$4.9m

Current ratio 0.9 **Capital commitments** Z\$2.4m

Share market. Price 230c (1979-80 high, 385c, low, 123c, trading volume last quarter, 27 000 shares*) Yields †15.9% on dividend

* JSE only

† Z\$1 = R1 203 and after non-resident shareholders' tax

	'77	'78	'79	'80
Copper sales (000t)	17.5	15.4	17.3	15.3
Average Cu price (Z\$/t)	823	873	1 214	1 635
Pre-tax profit (Z\$m)	3.7	4.1	10.1	12.5
Earnings (Zc)	17.6	15.1	32.6	46.8
Dividends (Zc)	14	11	27	38

Despite production falling short of targets and strongly rising unit costs, MTD Mangula reported near-record profit and lifted its dividend payout to 38c (27c) Deputy chairman Bill Wilson warns that this year's performance is unlikely to match that of financial 1980 unless speculative fever 'pushes copper back to the highs recorded in February

During the year to end-September, Mangula received an average copper price of

Z\$1 635/t — a 35% hike on financial 1979's Z\$1 214 This arose from a supply shortfall in the copper market while speculative demand fuelled prices The result was a copper high of †1 375 t on February 11 By end-September, the metal had fallen to around †900

In addition to higher copper revenue, Mangula's silver and gold production contributed more to profit

Thus Mangula's pre-tax profit increased 25% to Z\$12.5m (Z\$10.1m) in financial 1980, including a Z\$500 000 (Z\$400 000) dividend from its 25% holding in Merits

Wilson says the financial results were "very acceptable," but the results of operations were not Production and development fell short of targets, mainly as a result of ground movements in mining areas In addition, the company suffered from higher than usual waste dilution

At Miriam mine, 20 900 t of concen-

CAXTONS' INTEREST

Last week we said Caxton had taken a 25% stake in Pace magazine during 1980 In fact Caxton acquired 75% and Argus 25% In addition, the table for 1979 reflected an 18-month accounting period

rates were produced containing 9 293 t recoverable copper compared with a target of 13 231 t This year the target is 11 000 t recoverable copper from 1.32 Mt ore, reflecting production constraints due to the Miriam shaft rockburst in 1979

At Norah mine, 502 000 t was treated in the concentrator, 8 000 t below target because of a mill failure However, by switching treatment to the Miriam concentrator recoverable copper production was 5 145 t — 305 t more than planned

At both mines cost increases were sharp, reflecting higher wages and electricity charges, as well as a greater stores bill Total working expenditure per ton of refined copper produced increased 45% at Miriam and 26% at Norah

Capital expenditure this year is scheduled at Z\$941 000 after Z\$624 000 in 1980 In addition, the electrolytic refinery at Alaskaka, on which Z\$3.1m was spent in 1980, should absorb some Z\$2m This financing resulted in a short-term borrowings increase to Z\$4.9m in financial 1980 (Z\$439 000) Before end-December, these loans will be converted into long-term

At 230c on the JSE Mangula yields an historic 15.9% after non-resident shareholders' tax, reflecting market expectations of a lower dividend this year and some caution about investment in Zimbabwe

Des Krielen

Surplus threats

The international tin market is moving strongly into surplus with the likelihood that the London-based International Tin Council's (ITC) buffer stock manager will soon be pressed into action to defend prices at around £6 000/t

Early this week, tin for immediate delivery on the London Metal Exchange was quoted at around £6 300. However, over the next few weeks the tin price could come under increasing pressure from the US' new General Services Administration tin sales policy which is geared to disposing of 300 000 t of the metal over a three-year period — an amount roughly equal to 17% of the country's tin stockpile

Originally launched at the beginning of July this year, GSA auctions were based on potential clients submitting sealed bids which the GSA could accept or reject on the basis of the price offered. Unfortunately, most of the bids were too low and as the US government had previously given an assurance to producers, such as Malaysia and Bolivia, that its tin disposal policy would not seek to destabilise tin prices, the majority were rejected

Until the last auction in November, the

GSA had only managed to dispose of 5 t of the metal against the originally anticipated amount of 500 t a fortnight. Not surprisingly, the GSA decided to change its marketing method and starting on Monday this week, began making tin available on an off-the-shelf basis daily at market-related rates — which are anyway falling. Most accept that the amount sold in coming weeks will therefore be substantially greater

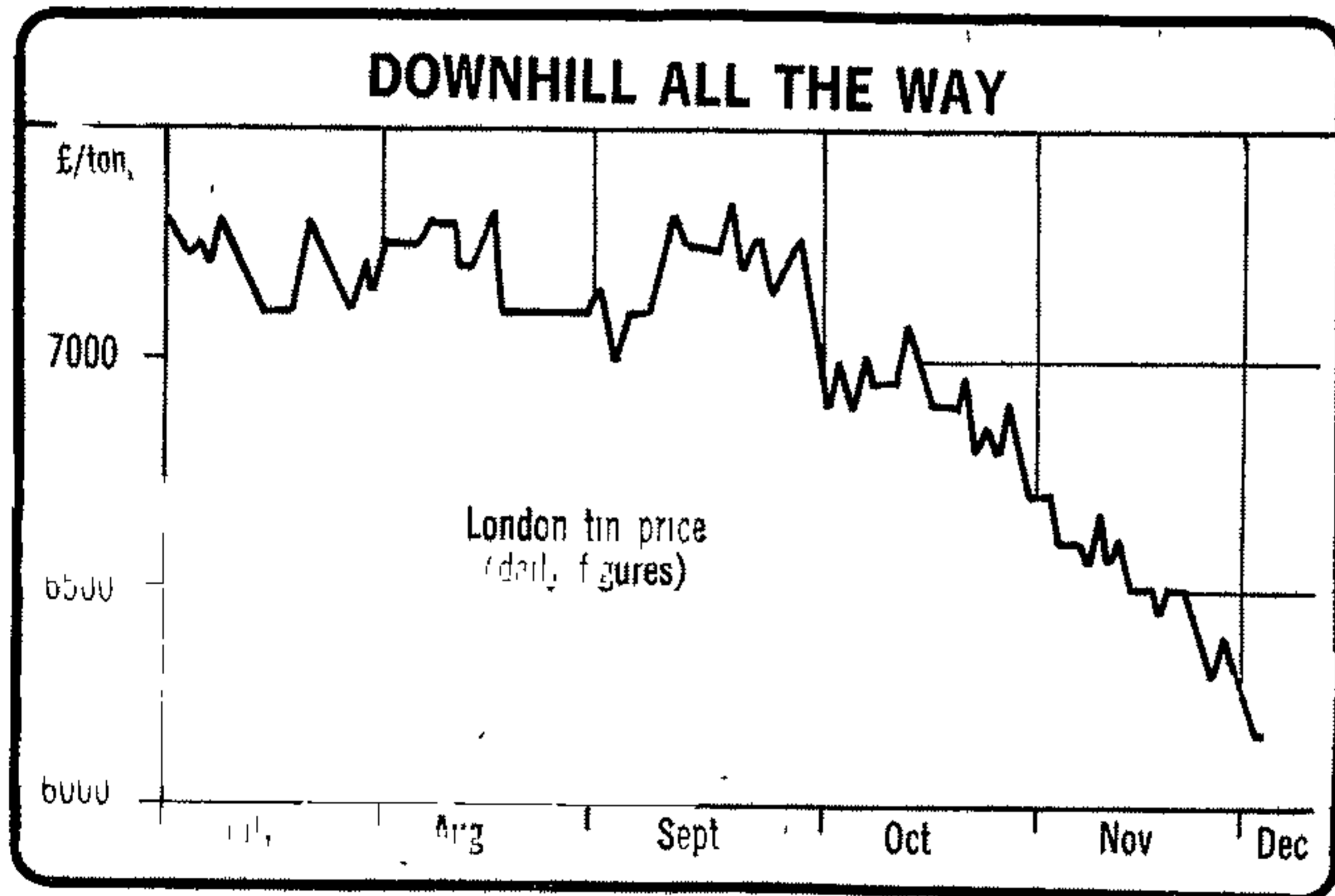
This change in the GSA's marketing strategy comes at an unfortunate time for the tin market. Production of tin in concentrates is expected to exceed consumption this year by around 4 000 t, though this could be reduced slightly due to lower deliveries from Bolivia in the wake of the military coup and the subsequent conflict between miners and the army

Next year, extra supplies seem likely to come onto the market from a broad group of producers, including Malaysia, Indonesia and Australia, following capacity expansions in response to high prices over the last few years — and Bolivian output could be back to normal. Meanwhile, on the consumption side of the equation, the staggered progress of recession suggests

any increase in US offtake could be neutralised by reduced demand in Europe where the metal's use in the canning, solder and brass industries could be increasingly hit by the economic downturn. In other words, the outlook for the supply-demand balance next year suggests another surplus, even before GSA sales are taken into account

The price "has slid by nearly 25% in almost a straight line and we don't think this is the bottom," says London commodity broker Rayner-Harwill in its latest review. Given the current price defence range operated by the ITC under the existing tin accord, the review comments that "there is little support before £6 200 and perhaps £6 000 — at that level the manager can become busy again supporting the price. He's not short of funds and the producers will be encouraging him."

Meanwhile, the latest tin negotiating conference also commences this week in Geneva under the auspices of UNCTAD with a view to hammering out a new International Tin Agreement to replace the current — fifth — accord signed in June 1980. Even if an agreement is reached this month — and some think it will not be due to disagreements over the role of export quotas and the size and financing of a buffer stock — it will be some time before it would become effective. However, there is a chance that the current accord's base-price could be raised at the March meeting of the ITC and the suggestion is that this could lead to buffer stock support at around £6 500, up to £500 above current levels. But that is four months away



MINING — Other.

18 JAN. 1981 — 11 Dec. 1981

Americans to develop mine

S. Tribune 18/1/81

By GEOFF SHUTTLEWORTH

217

ARMCO BRONNE, the South African subsidiary of Armco Inc of the US, is to go ahead with the development of a 200 000 ton a year fluorspar mine near Zwerust at a cost approaching R35 million. At present Bronne's only other significant interest in South Africa is its 50 percent stake in Marico Chrome.

The proposed mine will be second in size only to Gencor's Buffalo fluorspar mine.

Armco will spend R13 million on the first phase of the project which provides for the acquisition of some mineral rights under

Armco control and the simultaneous start on preliminary development work and on further exploitation in the surrounding area.

Managing director, Eugene Pienaar says extensive drilling has confirmed the existence of at least 20 million tons of recoverable ore in two orebodies.

This considerably enlarges proven fluorspar ore reserves in South Africa which according to the Minerals Bureau are more than 30 million tons.

A much larger potential deposit than the one to be mined exists on another property also under Armco control.

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General J B M Hertzog Prize

D H Pryce Lewis

For the best student of
Architecture (or Quantity
Surveying) in the subject
of Professional Practice.

David Haddon Prize

Miss C Tredgold

For the best woman student
in third year.
Molly Gohl Memorial Prize

P A Rappoport

For a student who has
satisfactorily completed
1st, 2nd and 3rd major courses.

Helen Gardner Travel Prize

P F Dunctley

Sixth Year

For the best student in :-
of Architects' Prize
Cape Provincial Institute

FINE ART & ARCHITECTURE

ARCHITECTURE

Falling reserves at Nat Ants

RDM
19/1/87
217

By JOHN MULCAHY

BASED on current mining rates the anthracite reserves at Natal Anthracite Colliery — estimated at 8 600 000 tons at June 30 last year — and at Balgray — estimated at 12-million tons — would be exhausted in about 14 and 30 years respectively.

According to a circular to

NAC shareholders giving details of the bid by Amcoal, the current production level at Balgray is insufficient to support the high level of management overheads associated with modern mining techniques, and planning at Balgray has been based on a programme to increase production, reducing the estimated mine life to around 20 years

NAC owns further reserves in addition to the Natal colliery and Balgray, but these are some distance from the current mining operations and not accessible to the existing mining infrastructure.

Capital expenditure by NAC in recent years, which was of a "stay-in-business" nature, was financed out of cash flow, but the substantial capital expenditure required to exploit the further reserves and recreate capacity would require NAC to call on its shareholders for additional finance.

At this stage it is not possible to quantify the required capital expenditure, but the circular argues that if NAC becomes part of the Amcoal group it would have access to the substantial funds available to Amcoal.

In terms of the Amcoal offer, NAC shareholders other than Amcoal will receive 1900c a share in cash or equivalent shares in Amcoal in the ratio of 50 Amcoals for every 100 NAC shares held.

NAC shares closed at 1950c on Friday, and Amcoal's closing price was 3 675c.

This means that NAC shareholders are being offered shares with a market value of R1 828, or R1 900 in cash, for every 100 NAC shares. The market value at Friday's closing price for 100 NAC shares was R1 950.

The net asset value of 100 NAC shares at June 30 last year was R437,70, and that of 50 Amcoal shares R591,35 — a premium of 35,1%.

Cape Provincial Institute
of Architects' Prize
For the best student in :-

Sixth Year

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Helen Gardner Travel Prize

For a student who has

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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 Peirv Prize

US car industry Rustenburg key

By ADAM PAYNE

MR GORDON Waddell's first review as chairman of Rustenburg Platinum Holdings makes it clear that the group's fortunes in the year to August 31 next hinge mainly on the unpredictable performance of the US economy.

The year from September 1 has started well, he says, but the outlook in the US motor-car

industry, which is a big consumer of platinum and palladium, is uncertain because the Reagan Administration will be lobbied by the industry against further tightening of the emission control regulations.

The other and brighter side of the coin is the fact that the Japanese economy is not under the same cloud, and since August there has been a healthy recovery in demand from the Japanese jewellery industry.

Discussing the outlook for 1981, Mr Waddell says: "Available supplies at present exceed the demand from the traditional end users of platinum and there is now renewed concern over the prospects for the American economy in the immediate future."

"It is therefore extremely difficult to predict the results for the current year other than to say that, despite higher costs arising primarily from the wage increases granted to employees, the start has not been unsatisfactory."

Mr Waddell says the rise in the producer price of platinum to \$475 an oz in August amounted to a 25% increase over the year in dollar terms, but was a rise of only 14% in rands.

"The increase in purchases for speculation and investment purposes outweighed the decline in the demand for platinum from the automobile and jewellery industries."

"While this increased speculative and investment demand had obvious benefits during the year, since in its absence available supplies would have exceeded demand, it remains to be seen whether it will on the present scale become a permanent feature of the platinum market."

"It seems likely that it will persist at least to some extent, but there is a risk that significant quantities will be sold back to the market at some stage in the future. That probability adds yet another factor of uncertainty to the market."

During the second half of 1980 it appeared that the nadir in demand for platinum from the US automobile industry would be passed before the yearend and that a recovery in automobile sales would take place during the group's financial year to August.

Mr Waddell comments: "This hope must now be tempered in the light of the fact that the initial recovery in the American economy may have been falsely based."

There has been a significant change in the US from big V8 motor-cars to four-cylinder, or six-cylinder cars.

This, together with the expected increase in the sales of diesel-engined cars, has impor-

tant implications for the platinum industry as the overall demand for catalysts and hence for platinum may be lower than previously expected.

He says increasing quantities of platinum will be recovered from converters on scrapped cars later in the decade. For all these reasons the extent of the future demand for platinum is difficult to assess.

Demand from Japan's jewellery industry fell during the groups' financial year.

"The Japanese jewellery industry is generally supplied on the basis of the free-market price and both the level of and the rapid and wide fluctuations in that price adversely affected the demand for platinum for this purpose until comparatively recently."

"Indeed, since August there has been a healthy recovery in demand which coincided with the return to comparative stability in the free-market price between \$600 and \$670 an oz."

"It would be possible to place more confidence in the continuation of this recovery if Rustenburg's price had greater weight in the Japanese jewellery industry."

I am told that steps are being taken to introduce platinum to the Japanese jewellery industry at the producer price although this is not easy because of a chain of intermediaries before the jewellery is sold over the counter.

COMMENT: On this report and on the state of precious metals markets, I would not be a buyer of platinum shares because time is on the side of anyone who waits.

The shares are unlikely to rise and there is downside potential in them.

While the state of the US economy will be the major factor influencing sales of platinum for industrial use, the gold price will be the main factor affecting the free-market price of platinum.

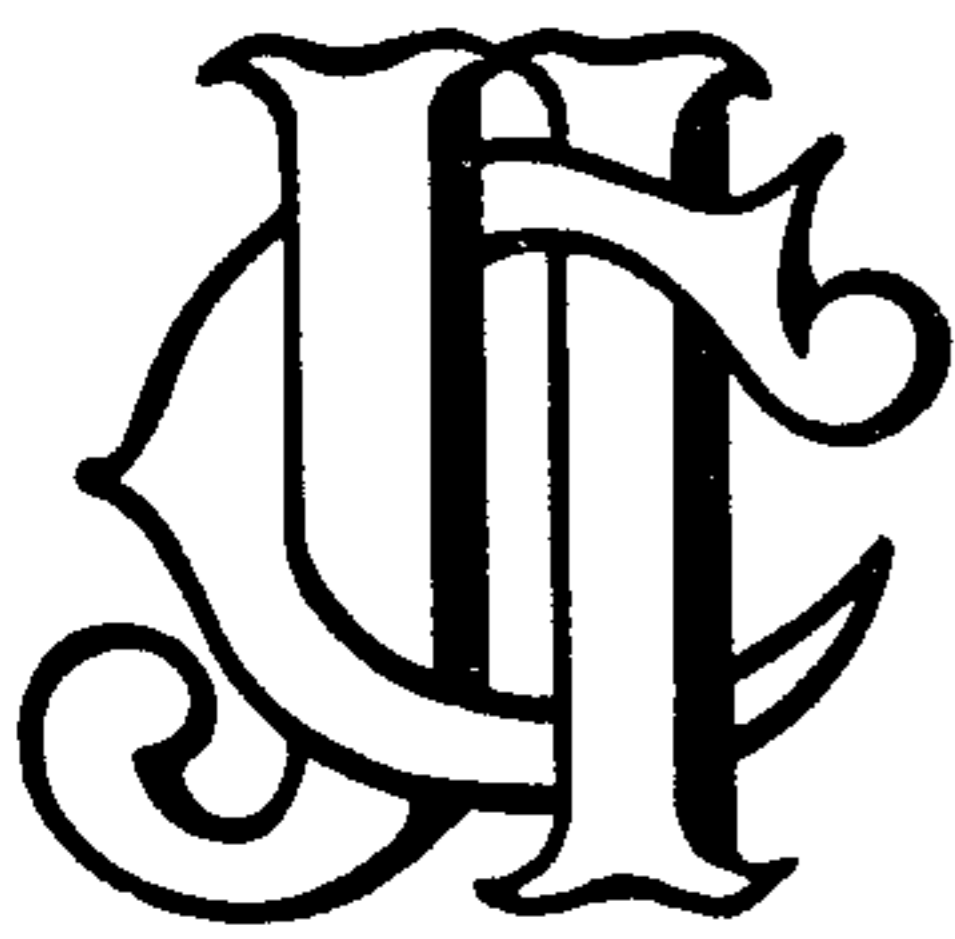
Should the free-market price fall below the producer price, my information is that Rustenburg will not chase it down as it did in 1975. The company is in a much stronger position now than then to resist such a course.

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OF
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FINE ART &

ARCHITECTURE



Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

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Chairman's Review by Mr G. H. Waddell

The thirty-fourth annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, at 09h30, on Wednesday, 28 January 1981.

The Group's profit before taxation at R240 million in 1980 was the highest yet achieved. The provision for taxation, including tax normalisation to which I refer below, amounted to R114,4 million and the profit after taxation was therefore R125,6 million or 100,2 cents per share compared with R68,9 million or 55 cents per share on the same basis in 1979. Dividends paid amounted to R50,1 million or 40 cents per share (1979 R25 million or 20 cents) and R75,5 million was transferred to reserves. These results reflect a 41% increase in revenue over 1979 primarily as a result of the higher prices for platinum group metals and nickel as well as a higher volume of sales.

The inflow of funds to the Group after provision for taxation and payment of dividends during the year was R132,0 million. Expenditure on mining assets amounted to R86,3 million, R4,3 million was spent on various studies into the feasibility of the mining alternatives open to the Group, R5,7 million was invested in Matthey Rustenburg Refiners, R0,9 million on sundry items and working capital increased by R34,8 million.

It remains the policy of the Group to strengthen its financial position to be better able to meet future commitments and to endure adverse changes in the market as and when they occur. To this end significant progress was made during 1980 and at its year end the Group had repaid all its borrowings and had built up its cash to R42,1 million.

Tax Normalisation

The 1980 financial statements include a transfer to non-distributable reserves in respect of tax normalisation. In the past, the Group's reported profit after taxation contained an element of tax relief which arose when expenditures were made to expand its mines. Since these expenditures were not charged against profits, the reported profit levels after taxation were overstated by that element of tax relief. Tax normalisation has been adopted to avoid this in the future. The aggregate of tax normalisation and the actual provision for taxation is therefore equal to the taxation that would have arisen in the absence of any expenditure on expansion.

The Platinum Price

During the past financial year, the Free Market price of platinum has been as low as \$420 per ounce in September 1979 and as high as \$1047 per ounce in March 1980. However, since June 1980 the amplitude of the oscillations in the Free Market price has narrowed considerably and until August 31 was confined to between \$600 and \$730 per ounce. Rustenburg increased its price from \$380 to \$420 per ounce in December 1979 and again to its present price of \$475 per ounce in August 1980. Whilst these increases amounted to a 25% increase in terms of US Dollars, due to the appreciation of the Rand against the US Dollar the increase in terms of Rand was only some 14%.

The behaviour of the Free Market price of platinum reflected the flight from paper currencies as people, motivated by a wide variety of reasons, turned to precious metals such as gold, silver and platinum. The increase in purchases for speculation and investment purposes outweighed the decline in the demand for platinum from the automobile and jewellery industries. Whilst this increased speculative and investment demand had obvious benefits during the year under review, since in its absence available supplies would have exceeded demand, it remains to be seen whether it will on the present scale become a permanent feature of the platinum market. It seems likely that it will persist at least to some extent, but there is a risk that significant quantities will be sold back to the market at some stage in the future. That probability adds yet another factor of uncertainty to the market.

In contrast to the Free Market, Rustenburg will continue to try to price its metal on a basis which both gives it a reasonable reward and encourages new and continued usage.

Automobile Industry

The sharp decline in the demand for platinum from the US automobile industry during the past year mirrored the substantial fall in US automobile sales and production.

During the second half of 1980 it appeared that the nadir would be passed before the year end and that a recovery in automobile sales would take place during the Group's financial year. This hope must now be tempered in the light of the fact that the initial recovery in the American economy may have been falsely based.

During the year the US automobile industry was granted waivers by the Environmental Protection Agency (EPA) in respect of certain regulations and with the advent of the Reagan administration it is possible that the US automobile industry will lobby the new administration, Congress and the EPA against further tightening in the regulations for emission controls on automobiles. There was also a significant change in the US automobile industry when it started to move from large V8 powered automobiles to the smaller 4 or 6 cylinder powered automobiles. This, together with the anticipated increase within the United States in the production and sales of diesel engine automobiles, which may or may not require exhaust emission catalysts, has important implications for the platinum industry since the overall demand for catalysts and hence for platinum may prove to be lower than previously anticipated. It is likely too, that increasing quantities of platinum will be recovered from converters on scrapped automobiles later in the decade. Of course, sales of automobiles will increase as and when the American economy recovers, bringing in turn a recovery from the present level of demand for platinum for automotive catalytic devices. It also seems likely that catalytic devices will be used on heavy vehicles as from the middle of the decade. For all these reasons the extent of the future demand for platinum is difficult to assess.

During the year the Group entered into another long-term contract with an automobile manufacturer for the supply of a significant quantity of platinum for use in that company's automobiles. This new contract, which has substantial safeguards built into it for the benefit of the Group, serves to re-emphasise the importance of the platinum group metals to the automobile industry in those countries concerned about the harmful effect on people of exhaust emissions.

Jewellery

Since 1975 Rustenburg has spent significant sums on promotional campaigns overseas to encourage the use of platinum in jewellery. The budget worldwide for the current calendar year has been raised to R8,25 million. Contributions from the trade will augment this by R0,8 million.

In Japan, the demand for platinum for use in jewellery fell further during the Group's financial year. The Japanese jewellery industry is generally supplied on the basis of the Free Market price and both the level of and the rapid and wide fluctuations in that price adversely affected the demand for platinum for this purpose until comparatively recently. Indeed, since August there has been a healthy recovery in demand which coincided with the return to comparative stability in the Free Market price between \$600 and \$650 per ounce. It would be possible to place more confidence in the continuation of this recovery if Rustenburg's price had greater weight in the Japanese jewellery industry.

However, it is pleasing to report good progress although from a low base as measured by the offtake of platinum for jewellery in the United States of America, the United Kingdom and West Germany. It is no coincidence that these are markets where the platinum supplied to the jewellery industry is based on Rustenburg's price as opposed to the Free Market price. It is only recently that metal has been made available for jewellery at our price in West Germany and the initial response has been more than satisfactory. The Group's policy of supplying at a reasonable and stable price may prove to be of significance as compared with the gold industry, which does not have the same opportunity.

Base Metal Refinery

Progress on the construction of the new Matthey Rustenburg nickel-copper refinery is now well advanced and at present it is expected that commissioning will start

as planned during the third quarter of 1981. The refinery's rated capacity has been raised and the final cost may be as high as R75 million if certain expenditures for additional equipment to improve recoveries are approved. Despite the higher capital expenditure required, the project still offers a satisfactory return.

Possible Future Mining Operations

The Group has over the years investigated the potentially viable platinum reefs found in the Bushveld Igneous Complex including the UG2 horizon. These evaluations are regularly updated and subjected to review. In 1977 the Group patented a process for the treatment of the UG2 but, at present, mining the available Merensky Reef remains the most attractive course to follow.

The Group is continuing its feasibility study into the potential of the "Plat Reef" in the Potgietersrust district. Exploration has been completed and studies related to metallurgical processing and the financial aspects are in progress. The Potgietersrust deposit is only one of a number of possibilities open to the Group as and when further expansion is justified.

Outlook

It is worth repeating that available supplies presently exceed the demand from the traditional end-users of platinum and there is now renewed concern over the prospects for the American economy in the immediate future. It is therefore extremely difficult to predict the results for the current year other than to say that, despite higher costs arising primarily from the wage increases granted to your employees, the start has not been unsatisfactory.

Employment Practices

The Group is moving towards an integrated wage scale free from discrimination in any form for all its employees. Considerable progress was made during the year through the award of significant wage increases, the extension of fringe benefits to those who did not previously have the opportunity to participate in them and through a further expansion in the Group's training programmes.

Directorate

Sir Albert Robinson resigned as Chairman with effect from the 31 December 1980. He has been deeply concerned during the past decade with the affairs of the Group in particular and the platinum industry as a whole. During that period he guided the Group through both the good times and the bad and the record results of the past year are the best tribute to his leadership. I would like to place on record both my personal gratitude and that of your Board to him.

During the year, Mr B. A. Smith and Mr J. N. Clarke resigned from the Board and I wish to express my appreciation to them for the contributions they made to the affairs of the Group. Mr H. Scott-Russell and Mr M. W. King were appointed to fill these vacancies. Mr F. J. L. Wells was also appointed a Director during the year. I would like to welcome these new appointees to the Board. As a result of Mr H. Scott-Russell's assumption of wider responsibilities within the JCI Group he has recently relinquished his position as Consulting Engineer for Platinum although he will remain a member of both your Board and the Executive Committee. He has been succeeded as Consulting Engineer for Platinum by Mr R. B. Sutherland who has also been appointed to the Executive Committee.

General

I wish to record my appreciation to Johnson Matthey and Company Limited, our sole Marketing Agents, and to our customers throughout the world. I am also very grateful to all, both at Head Office and on the Mines for the services rendered by them during the past year.

Johannesburg
19 January 1981

Most producer supplies sold on contract

RDM
27/1/81

217

By JOHN MULCAHY

RUSTENBURG and Impala, the two major South African platinum producers, have no immediate intention of lowering their price — in spite of the plummeting free-market level.

Mr Ken Maxwell, managing director of Rusplat, said the free market appeared thin with little trade, and the fall in the price over the past few days

was not sufficient reason to alter the producer price of \$475 an ounce

He admitted that the fall in the free-market price affected Rusplat as part of the company's production was sold on the open market. Most of the mine's production was sold on a long-term contractual basis, but he declined to quantify the proportion sold on the free market.

Impala's managing director, Mr R C Bovell, said the company had been happy to sell platinum to consumers at the producer price even when the free-market level was rocketing up early last year — it reached \$1 047,50 on March 5.

The fall in the free-market price to around the producer price was an indication that the market had stabilised, and justified the producer price concept

Impala sold its entire output on a contractual basis, said Mr Maxwell, and production was totally committed at this stage. There were no major contracts coming up for renewal soon, and it was "anyone's guess what the free-market price will be when the next contract falls due for renewal"

Mr Kevin Wilkinson, a director of Lonrho's Western Platinum, said the company sold its production at prices linked to the producer and free-market levels

One of the major problems facing platinum producers in times of wildly fluctuating prices was the difficulty in predicting price levels when arranging financing for capital expenditure

"A price of \$600 an ounce could possibly allow a producer to finance a particular project internally, while \$400 could necessitate outside assistance," he said

The historic premium of the platinum price over that of gold

was seen as a reflection of the relative scarcity of the metal — in 1979 the global total of newly mined production was 71,2 tons, compared with 962,4 tons of gold and 8 255 tons of silver

SA producers accounted for 72,2% of world production in 1979, most of it from Rusplat and Impala

The steadily rising free-market price last year attracted an increasing number of speculators to the platinum market, pushing the price even higher

One producer said the problem with speculators in the market was that they always bought in a rising market and sold in a falling one, causing instability in either case

The one bright point in the lower-priced market was its deterrent effect on speculators, leaving a more stable climate for physical consumers

Why Rusplat plays it cards close

RDM
29/1/81 (217)

By JOHN MULCAHY

FULL disclosure of information about Rustenburg Platinum's operations and its price policy would not be in the interests of shareholders, said Mr Gordon Waddell, the company's new chairman, yesterday

He told shareholders at the annual meeting in Johannesburg that competition between Rusplats on the one hand and Impala and Western Platinum on the other consisted of many different facets in the marketing, production and financing of the three companies

By way of comparison, he said that the Russian platinum industry, De Beers and the gold-mining industry were not subject to the type of competition existing among the three South African platinum producers

"The manner in which a company can improve its competitive position depends on its ability to produce its products at a lower cost, to market them as effectively as possible, and to be in a financial position to expand as and when that is justified, or alternatively to go through the lean periods as whole as possible," said Mr Waddell

To be able to anticipate com-

petitors and use that information either to better them or at least match them was most important, and any detail Rusplats could glean about the opposition was of assistance in that regard

Mr Waddell said there was the threat of new competition, and the less information available about the operations of existing producers, the more difficult it would be for those who might consider entering the platinum-mining business to assess the risks they would have to face

Questioned on the reasons for non-disclosure of details about the amounts of nickel and gold produced, Mr Waddell said if this information on the mine's by-products was disclosed competitors and potential competitors would have further information and could make a deduction from that assumption on total production of platinum.

This would remove another area of doubt as to the constituents of Rusplats revenue

Mr Waddell said the company was investigating the possibility of extracting metals from some of the slimes dams, although this would involve some techniques which had not yet been developed, and at this

stage it would be premature to predict the outcome

A shareholder said that for every research project embarked on for reducing the use of platinum, there was some other research promising to open up new applications for the metal

Mr Waddell agreed that this was true, borne out by the fact that overall demand for platinum had increased. But it was questionable whether this would have been the case had Rustenburg not maintained a realistic price for platinum at times when the free market price increased substantially over the producer price

"We fully appreciate the attractions of higher revenues, but we are satisfied after careful discussion with our customers that we would have paid too high a penalty as both present and potential new users would have moved away from platinum and that the significant progress in the jewellery business would have ceased and its revival in Japan would have aborted"

Some suspect that this reflects a genuine desire to reduce dependence on SA supplies, though undoubtedly an important reason is rapidly rising freight charges

Over the last year or so, chromite freight rates have more or less doubled to over \$30/t. Although recession has numbed international demand for ore shipments, other factors have underpinned a general rise in dry cargo rates. These include strong Soviet demand for grain tonnage, particularly from the US Gulf to the Baltic and Black seas and a major increase in demand for vessels to transport coal, particularly from the US Eastern seaboard to Japan. Congestion in the Panama Canal has also played its part.

Given the consequent surge in freight rates, Japanese chrome users are focusing their attention more on the Philippines and India. Currently the Japanese, for instance, purchase most of the high-grade ore produced at Acoje in the Philippines and are examining the promising Parawan and Malaya Wood prospects. This demand switch by the Japanese has, so far, assisted in several mine closures in the Transvaal, including Gencor's Zwartkop operation.

Meanwhile, although European users are looking to offset high freight costs by importing more material from Turkey and Albania, they are not so fortunately placed as the Japanese. Ore traders in London detect increased flows from Turkey and Albania in recent months, though the amounts involved are difficult to quantify.

However, there are problems. The Turks, desperately short of foreign exchange, are trying to wring every last dollar out of foreign buyers of chrome and delivered Albanian ore can sometimes be of lower quality than that originally ordered. Additionally, though European users would be pleased to take delivery of Soviet chrome, Russia has been more or less totally withdrawn from the market over the last year or so. Thus, although

European users will continue to be more dependent upon Transvaal deliveries than the Japanese, ore traders suspect they will continue to chip away at the Turkish and Albanian markets.

Stainless steel production prospects are additionally depressing for SA. European stainless steel output is expected to fall well below 2 Mt this year compared with 2.6 Mt in 1979. And although US production is expected to hold steady at around the 1.8 Mt produced in 1980, output in Japan could fall 100 000 t to 200 000 t in 1981 from 1980's figure of just over 2 Mt.

Overall, the situation bodes ill for the current round of price fixing sessions for 1981 South African deliveries. At the moment, Transvaal ore is quoted in a \$60 to \$70/t range fob. And given the current outlook, prices much above \$70 seem unlikely this year.

CHROME (217) Hard times

FM 30/1/81

South African chromite producers seem likely to face tough times in 1981. Production in the key stainless steel industry is set to slide further this year as recession continues to bite in the US and increasingly eats into the European and Japanese economies. Additionally, ore traders detect that major Western users are switching purchases to higher grade ore from such sources as Turkey, Albania and the Philippines, and reducing imports of lower quality material from the Transvaal.

dust particles. These include the wetting down of broken rock after blasting, both before and during transit. (67)

Dust control by these means is the main factor in safeguarding workers. Nevertheless in certain circumstances it may be necessary to protect the individual further by providing him with specialised clothing, particularly a respirator. While R. Archibald claims that advances in the design of respirators have made them efficient and comfortable to wear, other writers throw doubt on their comfort when worn for long periods. (68) The importance in the wearing of protective clothing lies in the individual responsibility of miners.

Technological improvements in machinery have led to increased dust formation and dispersion in mining procedures, but better constraints in the environment and observance of modern standards of dust control and ventilation by management and workers, should result in workers being exposed to lower concentrations of silica. Already less noxious abrasive materials have been substituted, for example, in sandblasting operations. (69) Attempts have been made to find prophylactic substances which will prevent the action of silica in the lungs. (70) Aluminium powder has been tried, but not with total success, in Canadian goldmines, in conjunction with the use of other dust suppression methods. Aluminium delays but does not eliminate the production of silicosis. (71) Webster demonstrates clearly that any prophylactic measure must be 'uniquivocally' successful in preventing fibrosis, otherwise miners or industrial workers will become lax in the use of dust prevention methods. (72)

Finally, in South Africa (and elsewhere) preliminary examinations of applicants for employment have since 1916 become standard procedure. This measure prevents workmen with defective respiratory physiques from entering dangerous employment. It also helps to detect workers with pulmonary tuberculosis who would expose themselves to additional risks by remaining in dusty occupations and who could possibly infect their fellow workers. (73)

In order to understand the disease process (namely the pathology) of silicosis it is necessary to have an elementary understanding of the anatomy and physiology of the lungs and their defence mechanisms. It is, however, beyond the scope of this paper to

IsCOR plan: more ⁽¹⁸⁴⁾ ⁽²¹⁷⁾ ⁽⁵⁰⁾ ^{SINK} ^{SINK} PROTESTS TO CARE

The petition to prevent Iscor mining coal in the Kruger National Park closed months ago, but The Stars CARE Campaign continues to receive signatures.

The petition reads "The Pafuri — the northern part of the Kruger Park — belongs to all

future generations of South Africans, just as it has done since the time it was first discovered. We, the undersigned, will never condone its exploitation under any circumstances."

But last September, the Northern Transvaal Regional Planning Advisory Committee, a statutory

body which advises the Government on regional development came out in favour of the project.

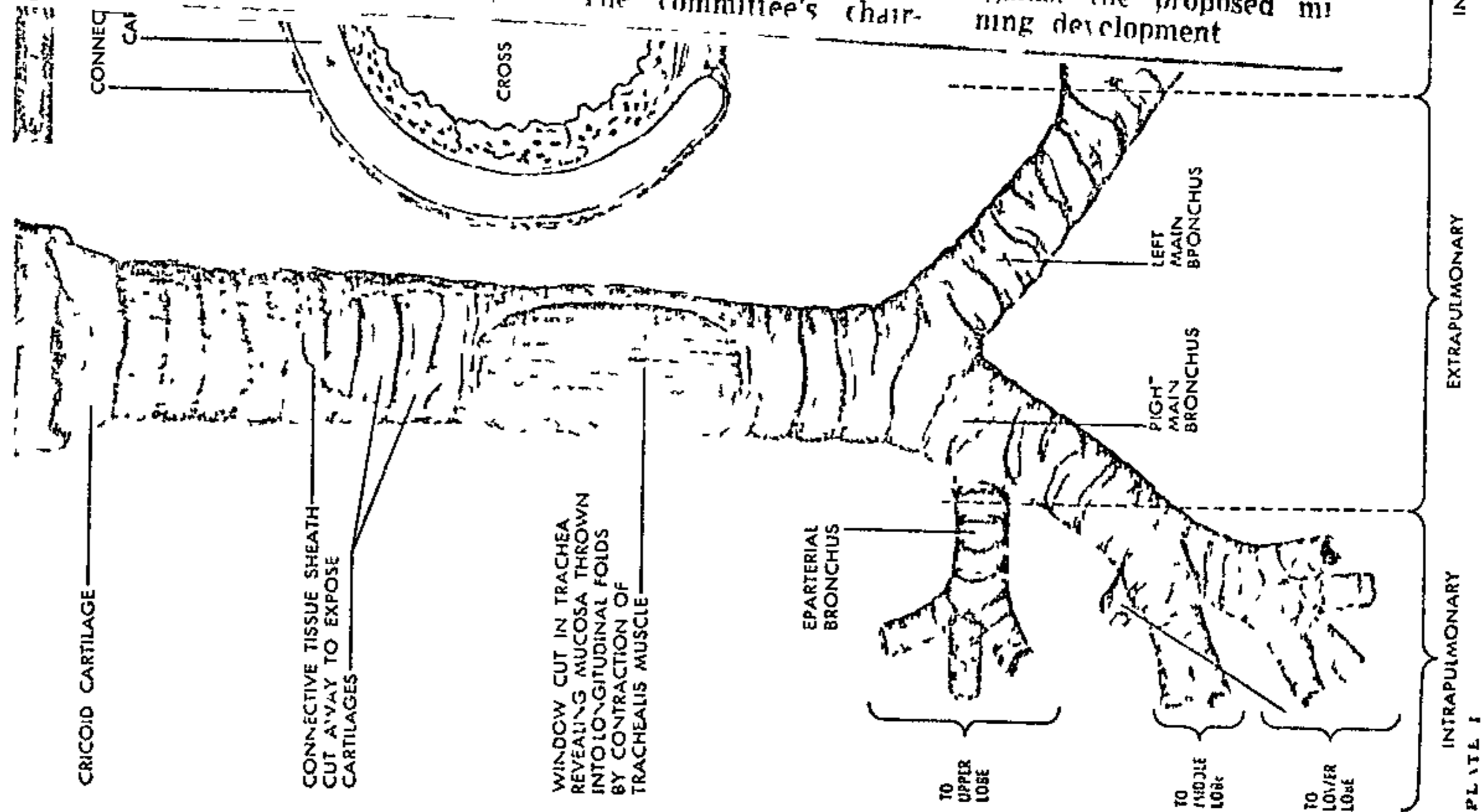
Employment opportunities in the homelands and repopulation of the border areas were cited as reasons for the exploitation.

The committee's chair-

man, Mr Jack Botes said that Iscor is assured of the "wholehearted support of the Northern Transvaal."

But hundreds of signatures from the Northern Transvaal have been received protesting against the proposed mining development.

Page 11(a) Table I



INTRAPULMONARY AND MAJOR BRONCHI

Mine sets safety record

By Bob Davis

A platinum mine which had 14 deaths in 1974 yesterday became the first of its kind in the world to receive a five-star international award for safety

The Bafokeng South platinum mine near Rustenburg was given the international award yesterday after it had scored consistently high on 21 factors

It is the only platinum mine in the world to have achieved the five-star status which is the highest international rating for mine safety

Making the award, Mr R S Lawrence president of the Chamber of Mines said only four others — all South African — had achieved the same status

He said Bafokeng had also achieved more than

two million fatality free shifts. It would probably pass the three-million mark later this year

RECORD

The world record was 3 030 029 fatality free shifts achieved in 1964 by West Rand Consolidated

Mr Lawrence warned mines with high safety standards that the qualification for rating would be difficult to maintain

Mines are tested once a year for star ratings

The originator of the international rating scheme for mine safety, an American Mr Frank Bird said yesterday the highest rating achieved outside of South Africa was a three star by a Canadian mine which had a South African manager

Mr Bird is in South Africa to lecture on mine safety

metal

Copper faces similarly poor prospects US production has resumed in full after the protracted wage negotiations and the strike, while a world consumption drop of 3%-4% is expected This has led to estimates that the world surplus could rise by 500 000 t in 1981 to a three-year record level of 2,5 Mt

As in the tin market, high US interest rates are bearish for copper as fabricators postpone stock building and speculative fervour is cooled off Thus, after a £1 350/t high in March last year, LME copper has dwindled to £770, with little chance of any immediate cover

While 1980 was reasonably satisfactory for shareholders in base metal producers, 1981 looks, at best, dull Rooiberg and Union Tin chairman Dru Gnodde does not regard the next year very optimistically for the two GFSAs tin producers, a view which no doubt stems in part from the difficulty in curtailing costs in the face of expected administered cost hikes this year

Rooiberg: Production in the December quarter was down on the July-September period at 416 t (522 t), with production in the year to end-December almost unchanged at 2 040 t (2 191 t) However, with gravity concentrates now being smelted at the mine, tin metal production was 1 972 t (340 t)

Higher sales revenue for the year of R29,1m (R21,8m) was sufficient to offset the sharp cost rises, but offers little hope in fiscal 1981 Unit costs for 1980 rose 23,3% to R6 161/t (R4 998/t), while sales revenue per ton was only 14,9% up at R12 956 (R11 278) But with the higher production, taxed earnings after capex at R5,8m (R5m) were sufficient to hold the dividend at the promised 230c a share

If this year's production is unchanged and the tin price averages its current £5 600 — which might well be optimistic — Rooiberg's revenue per ton could slip by some 25% to around R23m

Even if costs do not shift from 1980's R6 161/t, pre-tax profit will fall to around R8m (R15,2m) This would leave pre-capex taxed earnings around R7m, which would not be sufficient to maintain the 230c dividend

Union Tin. The mine, which a few years ago was under sentence of death, produced higher grades of 0,59% (0,58%) in 1980, with the December quarter at 0,62% The life of the mine is still estimated to be at least three years

Drilling to see whether shallower ore-bodies were duplicated at depth has been abandoned in view of disappointing results

Like sister mine Rooiberg, unit sales costs were up 22% to R6 609/t But higher production and sales, and an almost unchanged revenue per ton of R10 983, meant gross profit level pegged at R2m Thus an unchanged 15c final was paid for the same

24c total

As with Rooiberg a reduction in the average tin price for 1981 to current levels would mean a dividend cut

Cons Murch. Shareholders will have to wait until March and the annual report to see how management views prospects for 1981 But at this stage there seems little to go for as far as earnings and dividends are concerned

Despite the December quarter's mill-throughput reduction to 107 000 t (133 000 t), antimony concentrate production rose marginally from 5 562 t to 5 621 t because of "abnormally high" head grades But the scope for repeating that seems limited The full effect of the monthly mill throughput cut to 30 000 t has yet to be felt and the mine will probably find it difficult to concentrate operations on high grade ore pockets

Not that there is apparently much point in boosting production of concentrates. Several of the mine's major customers are participants in the crude oxide plant and, as such, have presumably favoured Cons Murch in their recent procurement policy What appears to have happened is that these customers continued to buy from the mine during the first half of last year when demand for final product antimony was weakening They probably still hold stocks which are large relative to demand by, particularly, the important US auto industry In the US, antimony is used as a flame retardant in auto trims and, to a lessening degree, in lead acid batteries. So until Detroit recovers from its recession the outlook for antimony seems bleak

For investors with a speculative bent there is, of course, the silver lining of concentrate stocks at the mine They are carried in the books at nil value and represent solid profit potential when they are sold

At end-December the stockpile weighed in at 16 560 t, worth about R20m at today's prices But if you are thinking of buying the share in anticipation of an eventual sale, be prepared for a dividend drought and further additions to stocks, which may have to be funded by borrowings, before any recovery gets under way

Palabora: Production for the December quarter increased to 28 878 t (28 481 t) with a higher copper grade of 0,5% (0,48%) Grade fell to 0,48% (0,49%) for the year to end-December but higher mill throughput meant metal production was 33 000 t higher at 114 008 t Sales totalled 113 051 t (112 667 t)

Last year, Palabora paid 125c in dividends despite technical problems with its autogenous mills and the large increase in the cost of diesel fuel So far this year Palabora has paid three interim dividends totalling 85c (75c), while the final will probably be held at 50c for a 135c (125c) total

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BASE METALS

247

Tarnishing prospects

FM 6/2/81

For the present, none of the quoted base metals companies has much going for it in the way of near-term growth prospects This year, prognoses are for slack demand, rising inventories and/or production cut-backs Link that to weakening foreign currency denominated prices, a relatively strong rand and the prospect of continuing cost inflation, and this year's earnings and dividend prospects are not bright

Not surprisingly, tin shares have been poor performers over the past year In 1980, share prices fell an average 34,4%, and since end-December, by a further 25,1% During that time the LME tin price reversed its rising trend — peaking at £8 500/t in early March, before sliding to a £5 600 three-year low trading range last week

The market picture includes a mounting tin surplus as world demand dwindles in the face of recession, tired speculators continue offloading and the threat that the GSA stocks will begin moving Little GSA metal has yet been sold because of slack demand and unacceptable prices In addition there is unlikely to be any constructive early news on the International Tin Agreement, which could be a forum for placing a reasonable floor price under the

Concentration Metals

COPPER (217)
Dim outlook

FM 6/2/81

Despondency reigns in the international copper market as recession in Europe, Japan and the US savages demand for the metal. Earlier this week, copper wire bars on the London Metal Exchange were trading at around £770/t, just over half the levels ruling a year ago. And for the moment there seems to be little or no light at the end of the tunnel.

"The possibility that the market could fall below £750 is still very much on the cards," say London-based commodities traders Rayner-Harwill, in their latest market review. Moreover, Chart Analysis, the research arm of commodity brokers, Commodity Analysis, foresees "further weakness." The company comments, in its latest chartist review, that price rallies in most metal markets in coming months "are likely to be temporary rather than the beginning of recoveries."

	Current	Week ago	Month ago	Year ago
RDM 100	537,2	560,0	602,3	478,5
% change on	—	-4.1	-10.8	12.3
P/E ratio	5.5	5.7	6.1	6.6
Div yield	6.8	6.5	6.1	5.5
UK FT Ind	476,6	467,4	467,6	447,8
% change on	—	2.0	1.9	6.4
P/E ratio	7.3	7.1	7.2	6.8
Div yield	7.5	7.7	7.6	7.3
US Dow Jones	941,4	949,5	1 004,7	876,6
% change on	—	-0.9	-6.3	7.4
P/E ratio*	9.1	9.4	9.7	8.3
Div yield*	4.6	4.6	4.3	4.9
Gold price (in US \$ on London)	488,5	517,5	601,5	685,5
% change on	—	-5.6	-18.8	-28.7
Krugerrand (Rand)				
SA Coin Exchange sale	525,0	550,0	630,0	630,0
% change on	—	-4.6	-16.7	-16.7

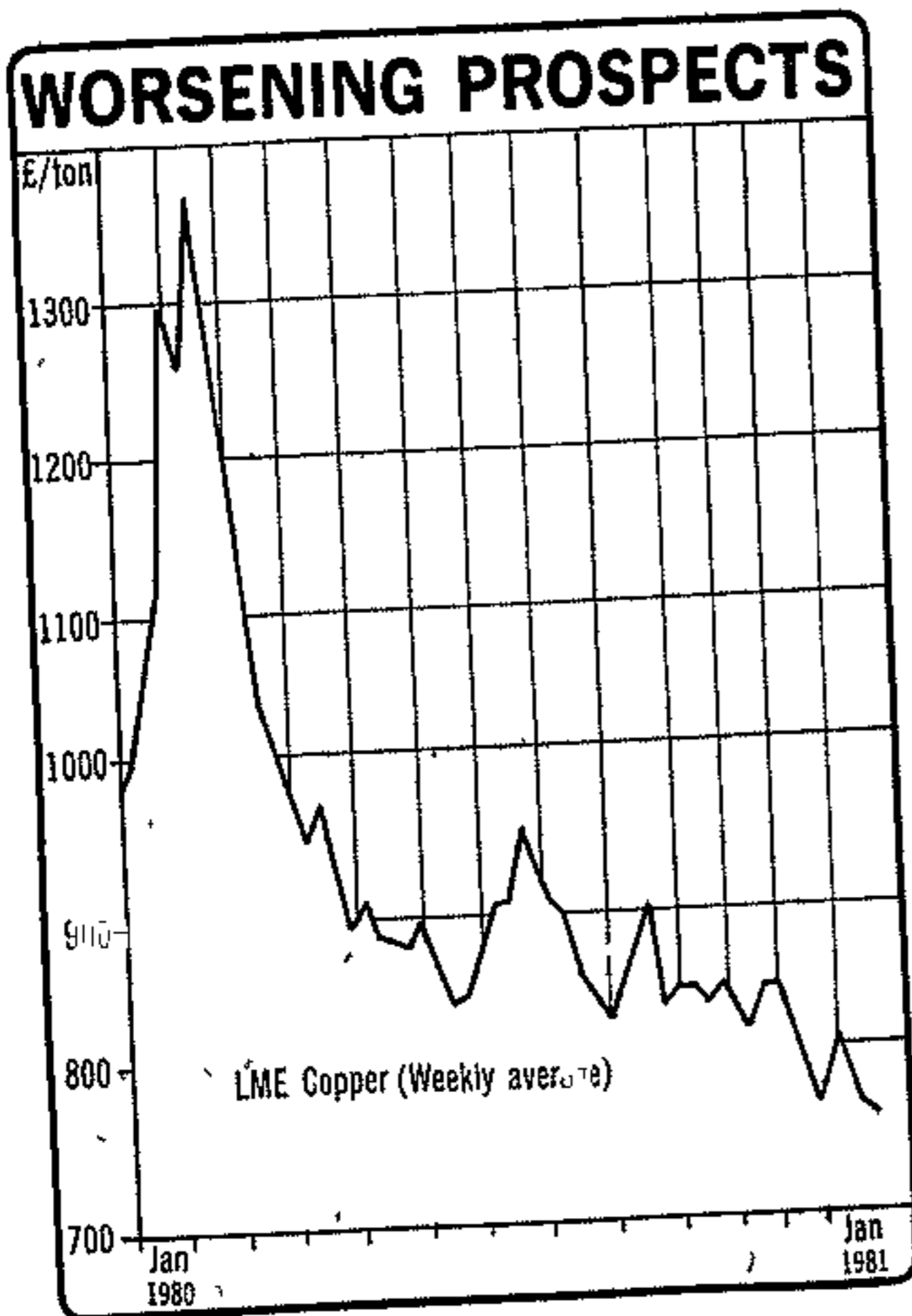
* Standard & Poor index
Public buying price is 10% below subject to negotiation

Copper's extreme weakness has been underlined over the last week or so as the major unofficial strike of Zambian copper workers has had, according to Rayner-Harwill, "no effect whatsoever on market sentiment." Given the current depressed state of demand, that is hardly surprising. In recent weeks, stocks of copper in LME warehouses — a key indicator of the market's health — have continued to rise. They currently stand at 123 000 t (roughly 25% of Zambia's likely production this year) after a rise of 500 t last week. Further increases seem likely in coming

months as new supplies outstrip industrial offtake.

The most popular supply/demand scenario amongst copper specialists is that the market will be substantially over-supplied during the first half of the year assuming no major African or South American production or transportation problems beyond the accepted norm. Thus world stocks could rise to well over 2 Mt by mid-year from levels currently estimated at around 1.8 Mt.

However, improved offtake, especially in the US during the second half of this



year, could lead to slightly tighter market conditions. Viewing 1981 as a whole, London-based consultants Metals & Minerals Research Services believe that this anticipated demand pick-up could lead to average prices for the year of between £825 and £875.

How much copper demand will improve in the US as a result of the change of

administration is a matter of conjecture. Whereas President Carter could have been expected to try to boost the economy this year, had he remained in office, it has not been lost on the market that some of President Reagan's advisers are predicting a continuation of record interest rates of around 20% for some time to come. Public expenditure cutbacks and a policy of harsh monetarist control may eventually pay off. But in the shorter term they will do little for base metal demand, analysts believe. Additionally, the high cost of bank credit could deter speculators and investors from participating in speculative activities on the LME and New York's Comex market. Speculators classically, but by no means exclusively, try to make profits by buying in ahead of price increases, thus helping to bring forward the price increases themselves. This effect may therefore not be as pronounced this time around.

Meanwhile, although currently anticipated supply/demand developments suggest a further slight fall to below £750 in the near future, followed by an upturn towards £900 during the second half, copper dealers accept that this likely price pattern could be upset overnight should the political situation in Poland suffer a sharp deterioration. Already, Poland's copper production is expected to be roughly one third or 90 000 t lower this year due

to new labour contracts between workers and the government. Should strikes and stoppages lead to a major confrontation and Soviet intervention, production — and exports to the West — could suffer further. Additionally, the psychological impact on Western security generated by Soviet involvement, could produce panic buying by copper users and speculators. Such a development could lead to prices of £900 and over much sooner than currently predicted.

Asbestos
twins have
good year

By Geoff Shuttleworth

Gencor's asbestos twins
Msauli and Gefco showed
marginal taxed-profit
increases for the quarter
ended December 31

Msauli had taxed profits of
R796 000 (R643 000). De-
spite a lower tonnage
and production for the
quarter, the selling price
was higher and sales
costs were lower, offset-
ting higher unit costs

Tax was higher at R209 000
(R176 000) and capex
was also up at R387 000
(R119 000).

Gefco increased taxed pro-
fits to R514 000
(R506 000) reflecting a
tax credit of R201 000
(R217 000 debit). Ton-
nage milled was slightly
up, but fibre produced
was almost unchanged
owing to the lower
grade. Capex was up to
R118 000 (R87 000).

Rigid Govt policy is fuelling the anthracite crisis

S. Express 15/2/81

217

CLIVE GRANT has an anthracite mine — but can't get a permit to export what he isn't able to sell on the local market. Mr Reuben van Rensburg doesn't have a mine — but has permits to export 200 000 tons of anthracite a year.

This strange state of affairs, the Sunday Express was told this week, reflects the inflexible official attitude towards the granting of export permits. And some anthracite producers blame it for the periodic anthracite shortages on the local market, which nearly developed into a crisis last month when merchants feared they might even have to cut supplies to priority users such as hospitals.

The producers complain that the situation is stifling free enterprise and is leading to the development of a near-monopoly in the South African coal mining industry.

The Sunday Express discovered there were a number of small collieries which, if they could get permits to export their coal, known as duff or fines, could ensure that a shortage of anthracite for domestic use would not develop — but they cannot get permits.

The entire available quota has been awarded to a number of big mining groups and to Mr Van Rensburg, a coal broker who has no mine but an arrangement with three mines to supply his needs of 200 000 tons a year.

Mr Clive Grant, a director of D and G Anthracite in Vryheid, said the local market would accept only washed, sized anthracite (large nuts, nuts and peas) and that there is no market in South Africa for fines.

More than 50% of anthracite is duff, for which there is a large market in Europe and the Far East.

While I was interviewing him he received a phone call from West Germany asking him for "all the duff you can spare".

If Mr Grant were able to sell his duff abroad it would enable him to install a R750 000 washing plant to produce the grades and sizes of anthracite required on the local market.

The total South African market for anthracite for domestic use is a modest 200 000 tons a year, compared with about six million tons a year used by large industries.

But frequent applications by Mr Grant and his managing

SMALL MINES OUT IN COLD

By DAVID PINCUS

director, Mr Barney Diamond, for "just a small permit to export" have been turned down.

They enlisted the aid of their local Member of Parliament, Mr Jurie Mentz, who went to the then Minister of Commerce and Consumer Affairs, Dr Schalk van der Merwe. He also had no success.

To keep their mine going, Mr Diamond and Mr Grant sell their entire anthracite production as "run of mine" at R13,50 a ton to collieries with export permits, but must deliver it to the collieries at a cost of R4 a ton.

According to Mr Grant, the collieries put the material through their washing plants and sell the sized coal on the local market for R21 a ton and export the duff at anything between \$33 and \$55 a ton.

"We simply cannot afford the R750 000 needed to put up a washing plant if all that we can sell, once our anthracite is washed, is 50% of our production on the local market at R21 a ton," said Mr Grant.

"What upsets us is that others can buy our coal and export it, but we can't even get an allocation," said Mr Diamond.

"The fact that they have to come to the smaller collieries and buy on an on-going basis shows they have over-committed themselves."

Some evidence of this occurred in my presence. While I was with Mr Diamond, an official of one of the larger collieries asked "For God's sake, can't you let us have any anthracite? We're desperate."

"Why can't a portion of their over-commitment be given to

the smaller collieries?" Mr Diamond asked. "We are restricted all the way."

"Some weeks ago the ad hoc allocations were given out, but they all went to those who already had export allocations."

Mr Grant pointed out that, in most cases, collieries which had export permits were merely reclaiming the duff dumps they had accumulated. While this made good business sense, he felt it did nothing to alleviate the critical unemployment problem in the Vryheid district, nor did it create new anthracite to feed the local market.

The Department of Mineral and Energy Affairs — alerted to the growing crisis by the Sunday Express towards the end of January — sent its assistant director, Mr R J Roets, to the anthracite areas of Natal "to get to the bottom of the mess".

"The purpose of my visit was to try to find out who is to blame for the situation," said Mr Roets. "I will, hopefully, soon be holding talks with merchants, the Transvaal Coal Owners' Association and the Anthracite Producers' Association."

He did not discount the possibility that his report may suggest changes to the Government's rigid export policies.

Secretary for Commerce and Consumer Affairs, Mr J T Nel, said small mines knew the Government's policy. "In the light of South Africa's known economic reserves, in relation to our rapidly expanding internal demand, the Government has placed certain limits on the export of coal and anthracite."

"What I am telling you is that there is simply no place for newcomers."

"People know they cannot sell coal on the local market unless they can export their fines, but they start their mines anyway and then start trying to get export permits."

Asked how Mr Van Rensburg obtained an export allocation, he said. "He applied for an export permit long before many of the others. All he had to prove was that he could get the coal."

THE

ident in each
and final years.
Bronze Medal)
1907

SAGAS

217

FM

20/2/81

Chasing big money

The Consolidated Base Minerals/Midwest Mining saga continues. Having already raised, and seemingly spent, R4,5m from the public, CBM is now trying to tap the financial rand market for R2,45m.

It is unlikely to succeed. Having taken a careful look at a consulting engineer/geologist report on CBM's main asset, a garnet mine, the agent who was supposed to sell shares to his overseas clients (plus putting in R100 000 himself) is said to be breaking all records in his retreat.

The latest events in the CBM saga, which has featured from time to time in the *FM* and other publications in the last two years, surfaced this week.

CBM, which is controlled by Midwest Mining Securities (Pty) Ltd, was set up to mine minerals like garnets, sillimanite and corundum.

Shares were sold to members of the public, said to be mainly farmers, and R4,5m was raised. What has happened to the money is not known, although CBM does have some sort of functioning garnet mine at Barend, near Messina. Last month, however, a cheque for R5 026,92 written on CBM's account at Nedbank's Sandton branch was returned marked "refer to drawer".

So a new scheme was developed to keep the company operating. A company called Collins Corporation (Pty) plus a Richard F Burns became party to a scheme to take over control of CBM from existing director Hermanus Bonnet.

They approached a finance broker to sell 3,5m CBM shares mainly to his overseas clients at 70c a share and also to raise an immediate R100 000.

The 3,5m shares could easily be spared as according to the *FM*'s information, Hermanus Bonnet owns 3 500 shares in Midwest Mining Securities and it in turn controls no fewer than 21m shares in CBM.

The broker was prepared to consider the deal, particularly as he was told it was the opinion of a consulting mining engineer that the only capital expenditure required at CBM's garnet venture, was about R60 000 for buying and installing crushers.

Subsequently, he saw a copy of the engineer's report. The consulting engineer had reported the workings could not be considered a mine, the plant was a jumble of new and second-hand equipment and that a large amount of capital must already have been lost.

Asbestos mines

217

Mr N B WOOD asked the Minister
of Mineral and Energy Affairs,
*How many persons are employed in
asbestos mines in the Republic?*

18/2/81

FEBRUARY 1981

150

The MINISTER OF MINERAL AND
ENERGY AFFAIRS

12 399

†Indicates translated version

For oral reply

Hans G. G. 196
Asbestos: safe level of contact

217

20/2/81
*1 Mr N B WOOD asked the Minister of Mineral and Energy Affairs.

- (1) Whether a safe level of contact with asbestos has been established for asbestos miners, if so, what is the nature of such level,
- (2) whether any precautions to protect asbestos miners are in operation in South Africa, if so, what precautions?
- (3) whether consideration is being given to improving safety regulations in asbestos mines, if not, why not if so, what progress has been made in this regard?

FRIDAY, 20 FEB

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Yes, international safety standards for asbestos mining are being pursued
- (2) Yes all practical preventive measures for dust suppression and control
- (3) Yes, the safety regulations are being improved continuously and average airborne dust counts in asbestos mines compare favourably with current international standards

For written reply, 20/11/77

Coal

6 Mr N B WOOD asked the Minister of Mineral and Energy Affairs

- (1) What was the value of coal exported from the Republic during the last year for which figures are available,
- (2) whether his Department has during that year received representations to limit or cease such exports, if so (a) from whom and (b) with what results?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

245

THURSDAY 26

- (1) The preliminary figures for 1980 were
 - (a) Bituminous coal R584 400 637
 - (b) Anthracite coal R97 331 756
- (2) No
 - (a) and (b) Fall away

RDP 5/3/81

More gloom for uranium mines

(217)

By ADAM PAYNE

With South African uranium producers building up stocks of uncommitted production and facing low prices for spot sales, a report to the US Department of Energy adds further gloom to the situation of overproduction and low prices.

The report was drawn up by the Massachusetts Institute of Technology's Energy Laboratory and is called The International Uranium Market.

It says expanding production, growing inventories and decreasing demand will probably propel uranium prices lower — "probably significantly" — over the next decade, calling into question the need for rapid nuclear technological advances and the continued ability of supplier nations to exert non-proliferation leverage.

It says. "Inventories, contractual positions and producer commitments — when compared with realistic or even unrealistic demand estimates — imply a buyers' market for at least the next decade.

"The result will be real prices that are low relative to those of the past few years.

"While some in the industry believe that this is a temporary phenomenon and prices will rise again in a year or so, there appears to be little reason for this optimism. Rather, it is possible to see constant dollar

prices declining to the depressed levels of the early 1970s."

According to the report, quoted by NuclearFuel, published by McGraw-Hill, the downward pressure on price is being caused by continued expanded production and an inability to retard that momentum; large capital costs, large inventories, and a lack of demand.

"By the end of the decade, cumulative new sales and total inventories outside the US will amount to about 170 000 tons of uranium, or nearly eight years' forward supply for non-US reactors now built, under construction or ordered as of 1980.

"The US is seen only weakly coupled to the rest of the world during that period.

"Economic incentives to sell, even at lower prices, are front-end investment already made in mines and mills, often through zero-interest loans to be repaid out of production as with some South African producers, and low recovery costs, particularly at by-product mines such as those in South Africa.

"The downward pressure on prices is further increased by inventory build-up, and there are preliminary indications that significant quantities of these stocks will come on the market from the consumer side."

Fears that in the longer run uranium will not be available because of reduced demand expectations appear to the authors of the report to be without basis.

"In fact the historical evidence is that the uranium industry — even when in a depressed state — has consistently overresponded to demand perceptions with reserves and production capacity well in excess of needs."

The report calls into question the ability of producers to form cartels, either formally or informally.

"US and non-US producers would probably prefer to keep world uranium prices close to US long-run marginal cost.

"But to implement such 'orderly marketing' arrangements would involve formal or informal cartelisation, and probably considerable government involvement."

This would be opposed by consumers as a threat to fuel assurance.

Mines show mixed bag of dividends

NM 17/3/81

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Mercury Correspondent

GENERAL Mining Union Corporation's Evander and Free State mines have declared a mixed bag of interim dividends, with the market likely to be satisfied with St Helena and Winkelhaak, and possibly a little disappointed with payments from Bracken and Unisel.

St Helena has declared a 330c interim, for the six months ending March 31, compared with 305c in the comparative period.

Market analysts said yesterday they were expecting between 290c and 300c from St Helena, and the decision to pay 330c could be an indication that possible further capital expenditure programmes are to be kept in abeyance, at least for the time being.

Winkelhaak is paying an interim of 220c, compared with 194c in the previous period, and well above market expectations of 180c to 210c.

The increases from St Helena and Winkelhaak are all the more surprising when seen in the light of planned expansion programmes at the mines, which were announced in December and which were based on an average gold price of \$580 an ounce, in real terms.

Gold price

With the gold price coming down, one would have expected more retentions, but Gencor seems to have taken the view that the gold price is in a correction phase rather than a sustained bear trend.

Leslie maintained its interim at 29c, which prompted one observer to remark: 'I wonder where they found the money — 18c seemed to us a more likely figure.'

The interim beat the most optimistic of forecasts — 25c — and is certain to surprise the market. However, one analyst said the attraction of Leslie as an investment medium was not based on its dividend paying potential, but rather on its price's 'yo-yo' tendency.

It seems likely that Leslie has managed to improve grades over the past few months, but this possibility will be clarified only when the quarterly results are released next month.

Bracken's interim has been reduced to 30c from 37c and compares with market estimates of 32c to 34c, while Unisel's div-

ment has been maintained at 40c. Unisel was expected to raise the interim, but distribution may have been inhibited by loan repayment commitments.

Kinross has declared an interim of 80c, which is spot on with market expectations and compares with 84c for the six months to March 1980.

COMMENT: The dividends were generally better than expected, or at least satisfactory, and it would appear retentions have been kept at a very low level.

There is some strong opinion among analysts that retentions in the mining sector may start moving down as, even at the current depressed gold price level, many of the mines have an excess of distributable reserves.

The payments by Gencor

may also be seen as an eloquent expression of confidence in the future gold price.

0 - 5,00
5,01 - 10,00
10,01 - 15,00
15,01 - 20,00

25
20

Value of payment, R per year

R per

Distribution of workers' accounts

TABLE

(again, farmers' own estimates of value)

The value of these items is reflected

household articles like clocks or crockery

material for furnishing or clothing, once

and sweets, wine, cake or cake ingredients

given included clothing for women and children

workers and their families at Christmas.

Most farmers gave 'presents', or a 'box'

(v1) 'Presents'

the equivalent value of the grazing - R21,

them for R90 a year would presumably not be

The worker who has 30 goats and can see

Price threatens copper mines, says Palamin

207
RDM
17/3/81

By ADAM PAYNE

AT current copper prices many producers are operating below break-even point and if these levels persist some mines will be forced to curtail or cease production.

With this statement as a background to the copper market, Mr Alistair Macmillan, chairman of Palamin, says in his annual review it must also be borne in mind that world stocks of copper are now lower than they were in previous recessionary cycles and the development of new production capacity has been inhibited by spiralling capital costs and uncertain demand.

"A modest improvement in world economic activity should see an improvement in copper prices to more acceptable levels," says Mr Macmillan.

He says the London Metal Exchange price of £770 a ton, at the time he wrote his review on February 11, was 20% lower than last year's average on the LME.

The LME cash price yesterday was £823.

The company's production costs have continued to increase. But one cheerful note on the subject of price is that although the LME average price in 1980 rose only £8 a ton to £942, the average price realised by Palamin was R1 727 a ton compared with R1 623 a ton in the previous year.

The main reason for this disproportionate increase in actual rand revenue compared with the LME price was the further strengthening of sterling against the rand so that the conversion from one currency to the other operated in Pala-

min's favour.

Mr Macmillan repeats the warning issued by the directors when the final dividend was declared — that if copper prices remain at current levels both profits and dividends will be reduced in 1981.

He refers to the company's long-term capital and other commitments arising out of the expansion of mining operations to increase the life of the open pit and says "the payment of dividends must of necessity take into account the forward cash position, particularly in the light of presently depressed copper prices".

He says there are a number of different views about the longer-term prospects for copper prices, but it seems generally believed that there will be no meaningful improvement in these until towards the end of this year.

Palamin's cif cost of cathode production rose from R1 206 a ton in 1979 to R1 300 in 1980 — an increase of 7.8%.

The main factors raising the figure were maintenance supplies and fuel which accounted for 64% of the total.

To check the spiral, Palamin is introducing trolley-assisted electric traction for its trucks hauling rock and ore from the open pit and will use only 150-ton trucks instead of a mix of 100-ton and 150-ton trucks.

Several smaller power shovels will be replaced by one large shovel.

When the two projects have been commissioned, they should help to keep the cost of Palamin's copper production competitive on world markets.

"This should be achieved in spite of the effect on copper prices of uneconomic operations in some producing countries whose welfare is derived mainly from copper but whose solvency is dependent on financial assistance from world monetary bodies to the detriment of the copper industry and free market influences as a whole," says Mr Macmillan.

SA uranium anti-trust case to be settled

By ADAM PAYNE

AGREEMENTS have been reached in principle between Nuclear Fuels Corporation of South Africa (Nufcor) which markets uranium for the gold/uranium mines, and Westinghouse Electric Corporation and Tennessee Valley Authority to settle the private anti-trust actions brought by Westinghouse and TVA against Nufcor and certain United States and foreign uranium suppliers, now before the United States district Court in Chicago, Illinois.

Announcing this, Nufcor says "In terms of the settlement, which includes a number of other defendants, Westinghouse will purchase 9-million lb of uranium for delivery over the years 1981 - 1985 at a firm price, subject to escalation, and will receive a cash payment of \$39-million

"Tennessee Valley Authority will receive a cash payment of \$2-million

"Part of the uranium to be purchased by Westinghouse will be supplied by Nufcor but the company will not participate in the arrangements for cash settlement

"Nufcor will be dismissed from both actions without cost. There has been no admission of liability and no waiver of the objections to the jurisdiction of the US courts over the matters in dispute.

"Certain judicial and other formal procedures are still to be completed and certain governmental consents and authorisations have yet to be obtained before the settlement arrangements can be made final. For these reasons no further details can be given"

Anglo American Corporation in a separate statement says it was one of the defendants with

Nufcor.

Anglo says "The Corporation will participate as a member of Nufcor in this settlement. Anglo American was not involved in the Tennessee Valley Authority case. The defendants will be dismissed without costs from the action brought by Westinghouse."

COMMENT: The settlement is a strong bull point for the South African uranium industry. Without it, the country could have been prevented from doing uranium business in the US, where Westinghouse could have attempted to attach the assets anywhere in the world, but specifically in the US, of members of Nufcor

The affair began when Westinghouse made uranium contracts with customers to whom they had supplied nuclear plant. They never had back-to-back arrangements to purchase.

These contracts were made at a price of about \$7 a lb. Meanwhile, the world price of uranium rose sharply and Westinghouse was unable to supply its customers at the contracted price

They alleged that a cartel had been formed which pushed the price up and they sued members of the so-called cartel for raising the price

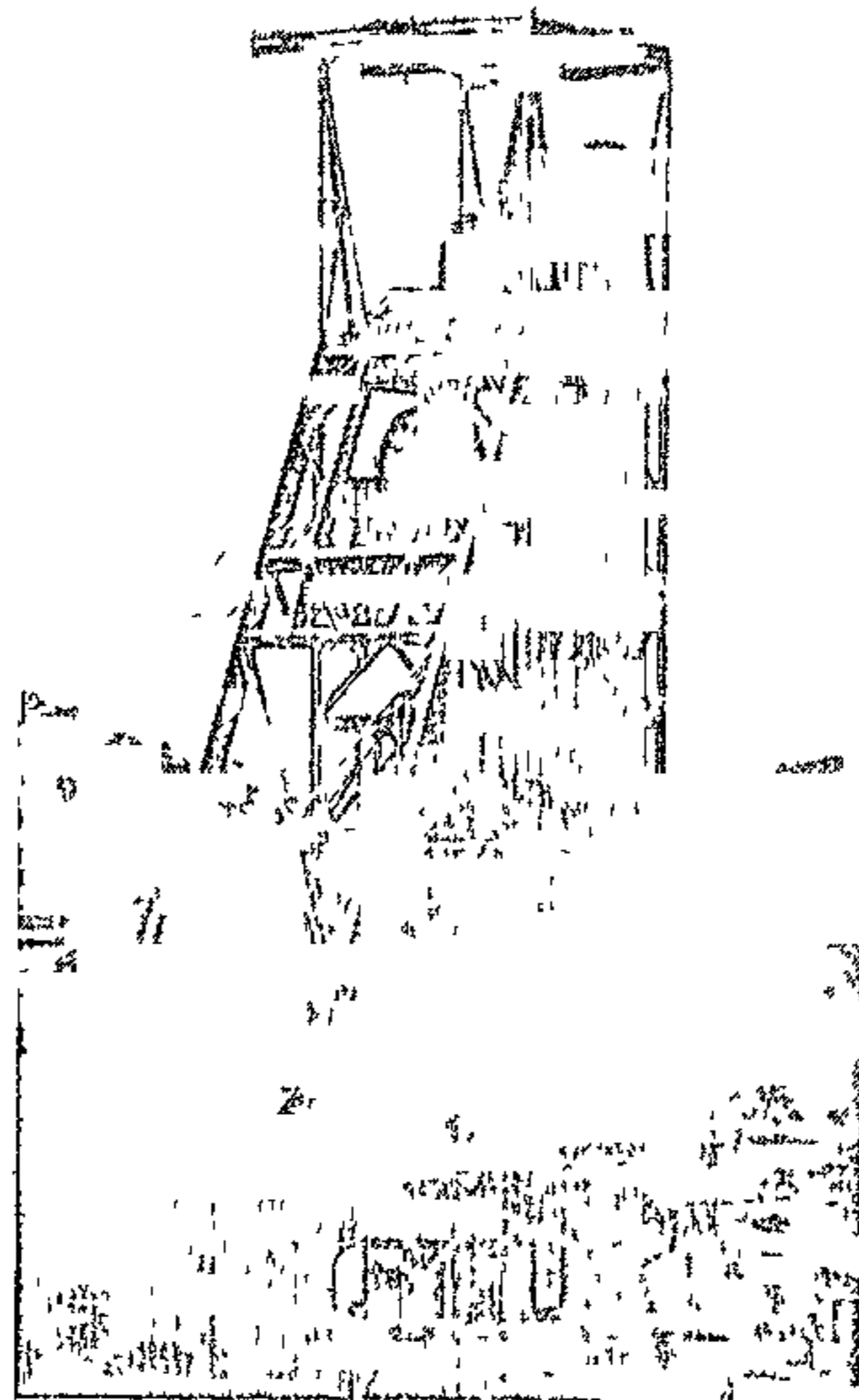
Such a case could not have been instituted anywhere else but the United States.

The settlement clears the air of an uncertainty that has been hanging over the heads of South African uranium producers for several years.

The 9-million lb of uranium will be provided by different suppliers who were sued by Westinghouse.

South Africa's share of this 9-million lb or the share of other suppliers is not disclosed.

RBY
18/3/81
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Rustenburg a sounder framework

that turns out to be right, prospects for free-market platinum may not be bright. And if free-market platinum takes a nosedive, Rustenburg will be hard put to maintain its current producer quote.

If that sounds unduly pessimistic, it should be remembered that Rustenburg and its competitor Impala are not like De Beers which can support prices by stockpiling and cutting supplies to the market indefinitely. Too large a proportion of their sales are, in any case, made under contract.

On the other hand, the past few years have seen Rustenburg adopting increasingly conservative accounting and financial policies. The balance sheet is debt-free and at end-August net current assets of R63.8m included a R42.1m cash element. During the half-year just completed capital expenditure absorbed R9.6m of the period's R46.6m retained earnings. Those, in turn, were struck after depreciation and tax normalisation. It means that Rustenburg has a sufficiently sound financial base both to stockpile if necessary and to continue operations and capital programmes without a repeat of previous disruptions. Capital expenditure is estimated at R29m this half.

Limited stockpiling too may be a potent marketing strategy. Normally, physical free-market platinum turnover runs at an annual 150 000 oz-odd. But unconfirmed reports from the US suggest that for the past six months or so Rustenburg has been selling about 10% of its production through US futures markets — an annual 120 000 oz-odd. If so and if those sales are stopped, the free-market price could strengthen, helping to underpin the producer quote.

So unlike previous market setbacks, Rustenburg has a wider range of marketing options to protect its trading position. Even so the company will almost certainly be cautious when it comes to declaring its final dividend. The interim has been maintained at 12.5c from first half earnings of 47.9c (45.5c) and, barring a major catastrophe, the final should match last year's 27.5c. At 600 the share yields a prospective 6.7%. That is not particularly exciting if the next 12 months or so are likely to be flat. But it is attractive enough for longer-term investors who feel that Rustenburg's boom-bust days are a thing of the past.

Jim Jones

RUSTENBURG

Wider options

FM 27/3/81

Last August's platinum producer price increase from \$420 to \$475 added little or nothing to Rustenburg's interim profit.

217

1357

Before provisions for renewals and replacements first half operating profit for the six months to end-February was R128.8m against a corresponding R126m last year and R273.7m for the year to end-August 1980.

It seems that the company's profit recovery, which started in 1978, is over — at least for the time being. Management warns that this year's second-half profit is likely to be materially lower than that recorded last year when earnings were 54.7c a share.

The August price increase was aimed in part at redressing the effects of intervening cost increases and the adverse effects of the rand's strength against the dollar. Presumably, then, management's latest warning on profit takes into account the rand's recent relative weakness, which should have a positive influence on the bottom line.

For the moment it seems that management is confident that platinum prices are not under pressure. It warns that palladium and rhodium markets — both relatively important in the profit mix — are expected to weaken. That weakness need not spill over into the platinum market. Japanese purchases, which slumped last year when free-market platinum was heading to the \$1 000 mark, have improved and should at least maintain current levels.

The major imponderable is, however, what is likely to happen to free-market platinum. It hit a low of \$441 — \$34 less than the producer quote — in March in the wake of gold's weakness. And its subsequent recovery to around \$530 has largely mirrored gold's recent strength. But many gold followers remain cautious on bullion's near-term future and believe that the present strength is a temporary advance ahead of a decline to \$400 or so. If

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CO:JS MURCH FM 27/3/81
Dead market (217)

Activities Mining company operating in the Letaba district, Transvaal
 Produces a large part of the world antimony concentrates JCI is the largest shareholder with 25% of the shares

Chairman H Dalton-Brown
 Capital structure: 4,16m ordinaries @ 10c Market capitalisation R27,0m
 Financial. Year to December 31 1981
 Net cash Nil Current ratio 2,1 Capital commitments R703 000
 Share market Price 630c (1980-81 high, 1125c, low, 590c, trading volume last quarter, 151 000 shares Yields 5,7% on earnings 4,8% on dividend Cover 1,2 P/E ratio 17,7

	'77	'78	'79	'80
Concentrate output (000 t)	198	163	20,1	22
Turnover (Rm)	173	116	233	19
Working profit/loss (Rm)	30	(12)	92	1
Earnings (c)	695	—	192,9	35
Dividends (c)	20	100	—	—

Last year provided a classic example of the antimony market's volatility. During the first half, sales were more or less in line with management's expectations. But by the second half, sales had slumped almost nothing, taking management completely unaware.

Chairman Tony Dalton-Brown has little comfort for shareholders as far as recovery is concerned. After last year's setback, liaison with the mine's major customers has almost certainly increased. And the picture is not bright.

Manufacturers' stocks remain at high levels. And it is probable that a threat has been placed on additional purchases even by those major customers with stakes in the mine's crude antimony oxide plant. The strategy of tying customers to the mine by participation in beneficiation operations is sound in theory, but it

Financial Mail March 27 1981

statistics are far from exact. The influenza (vaccines) gathered by the Influenza Epidemic Commission sets out the incidence

obviously inadequate to ensure a high level of sales when the market is dead Dalton-Brown is unable to say when a recovery might occur and warns that the mine will continue to husband its resources while trying to improve recovery of a more reliable metal, gold

For the present, mining activities are emphasising the exploitation of higher grade ore, meaning that concentrate output can be maintained though mill throughput is at a lower monthly rate of 30 000 t. But that is only a short-term expedient. Eventually, the mine will have to revert to exploiting lower-grade ore.

One near-term problem is, of course, how to fund operations while the market remains dead. This year capex is to be kept to a minimum, with R2.5m planned for projects which cannot be deferred without threatening the mine's future. But with lower mill throughput, cost control may be difficult, leading to the possibility that unit costs will rise at a greater rate than the mining industry average.

At this stage, there is no way of telling whether the mine will earn sufficient revenue to cover operating and capital costs. It certainly will not if there is a repeat of last year's second-half performance. If not, borrowings will be needed to keep operations afloat. And repayment will restrain the normal cyclical profit splurge as markets recover and Cons Murch sells its concentrate stockpile. Concentrate stocks are carried in the accounts at zero value, so their eventual sale is pure profit after shipping and marketing costs.

At current prices, the 16 559 t stock of concentrates is worth about R17m before deducting selling costs. But when that will be realised is open to question.

This time last year it seemed that the mine's fortunes were improving, but the events of the second half put the lie to that. It is impossible to predict what earnings or dividends are likely to be this year and the recent share price advance seems to have been founded on speculation of an earnings surge when the antimony market recovers. For the present, the share is best suited to speculative portfolios. It can hardly be recommended to investors looking for steady growth prospects.

Jim Jones

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hours and from 21 October very few were visited. As the more serious cases still in the emergency hospitals were sent to ordinary hospitals, the former were able to close down too.

ings at the interim stage were well ahead at 110c (79c) But the second half closed with pre-tax profits substantially down at R22,9m (R41,9m) reflecting both the copper price weakness and a firmer rand This led to a marginally lower pre-tax profit of R79m (R82m) for the full year

What saved Palabora's total earnings was good cost control Even so, higher fuel and maintenance supplies prices helped increase the average cost of producing a ton of copper 7,8% to R1 300 (R1 206) Fuel accounts for about 64% of the mine's total costs, hence the efforts being made to control consumption

This year Palabora will install its electric trolley assist system for hauling material from the pit This plus a new mechanical shovel, will absorb R23,4m over the next year and both projects are expected to alleviate some of the cost pressures

Additional capex will also go to the planned pit extension, which will be partly financed by Foskor in terms of a phosphate supply agreement between the two companies Last year R4,2m was spent on mining additional overburden for the pit expansion and was accounted as deferred expenditure This amount will be written off assets over five years from 1992 when the additional ore tonnages envisaged by the extension plan are mined

The pit expansion, which will increase the life of the mine by five years at a cost of R32m, will put some pressure on Palabora's cash flow should the copper price remain weak In terms of the agreement, Foskor will lend Palabora money to buy equipment and will finance part of the pit expansion In addition, Palabora will need to take up bank loans to augment retentions

At end-December total borrowings were R47,2m (R33,7m), but shareholders will be asked to authorise an increase in borrowings powers to R150m (R60m) to assist in the expansion funding Thus, if lower copper prices are combined with the substantial interest payments, dividend restraint could continue for some time

Macmillan notes that current world copper prices are below many mines' break-even levels and that copper stocks are lower than in the previous recession On the other hand, the high US interest rates inhibit any stock build-ups, suggesting the near-term outlook for the metal is dull At 1 225c the share yields an historic 9,0% And the price may have further to fall ahead of the next interim dividend



Palabora's Macmillan . . . warning on profits

Financial: Year to December 31 1980
Borrowings long- and medium-term, R32,0m, net short-term, R6,8m Current ratio 1,5 Capital commitments R40,5m

Share market: Price 1 225c (1980-81 high, 2 075c, low, 1 050c, trading volume last quarter, 146 500 shares)
Yields 12,5% on earnings, 9,0% on dividend Cover 1,4 PE ratio 8,0

	'77	'78	'79	'80
Copper sales ('000 t)	104,2	114,9	112,7	113,1
Average Cu price (R/t)	1 108	1 139	1 613	1 727
Turnover (Rm)	142,4	161,9	219,5	239,2
Pre-tax profit (Rm)	32,8	43,4	82,0	79,0
Earnings (c)	66,6	92,3	159,5	153,1
Dividends (c)	45	70	125	110

Lower copper prices in the second six months, rising costs and the need to finance planned mining extensions resulted in a lower total 110c (125c) dividend from Palabora — the first fall since 1977 And chairman Alistair Macmillan makes it clear that unless there is a substantial copper price hike this year, the dividend will be cut again This follows not only cost increases, but the substantial capex planned the next year as cost-saving measures are introduced and the pit is expanded

Last March Palabora expected copper prices to continue to rise strongly throughout the year The year started well with copper at £1 000/t and rising to a £1 350 high But as the metal weakened from the second quarter onwards, the year's average LME was only £942 (£934) Sterling's strength, however, meant the price Palabora realised increased 7,1% to R1 727

These higher copper prices meant earn-

doctors were realizing the full extent of their helplessness, the City Council was contemplating action. Perceiving how grave the situation had become (the re-opening of schools after the vacation had already been postponed¹⁵) and in the absence of a lead from the Government sub-department of Public Health, on 7 October the Mayor, M.J.Thorne, convened a special meeting of the City Council to consider the influenza epidemic and ways of combating it. The City's serious plight was outlined by speaker after speaker in the Council.

doctor was down with 'flu and of its residents had died¹⁸ were dying from the 'flu'¹⁹ Appeals for food and blanket man the depots and creches in house visits, generally reception organizations made large donations and still health

bodies, from 5 days, have been buried. This is the first time since the war that the City has had to be put in the hands of the Mayor and senior councillors. The relief operation is being undertaken by the City Council.

PALABORA FM 27/3/81
Price worries (217)

Activities: Operates an opencast copper mine and refinery in the north-eastern Transvaal Also produces uranium, magnetite, vermiculite and sulphuric acid Managed by Rio Tinto

Chairman: G A Macmillan, managing director A J Leroy

Capital structure: 28,3m ordinaries of R1 Market capitalisation R347m

Low prices threaten uranium producers

2/17
3/3/81

(An average of R2 833 per gram.)

Financial Reporter

GLOOMY prospects for uranium are seen by Anglo American Corporation

Mr Etheredge says "Given a situation in which uranium oversupply is projected for some years, it is difficult to see how spot prices can improve and pressure from our present customers to modify our existing contracts appears a likely corollary

"I believe that, at best, it will be possible to maintain present contract prices only in current money which means, of course, a decline in real terms"

These views are endorsed by Mr Harry Oppenheimer in the Elandsrand report, by Mr Nicholas Oppenheimer in the SA Lands report and by Mr Gerald

Langton of Western Deep Levels

Mr Etheredge says "Uranium prices in the spot market fell dramatically during the year and opportunities for doing new short-term business at reasonable prices were further reduced

"In the recessionary economic climate affecting most of the developed world, projections of demand for additional power generation have slipped considerably

"Although exploration activity is now diminishing, a number of high-grade orebodies have been discovered in various countries during the past few years and existing producers have extended their production capacity

"As a result an oversupply is developing and this is affecting

uranium consumers' perceptions of the security of their future supplies

"Arising from these altered perceptions and the influence of high interest rates early in the year, certain electricity utilities in the US began to dispose of surplus inventory and this accelerated the market's decline

"At current prices and with production costs escalating rapidly more and more primary producers of uranium will be forced out of business while producers of by-product uranium and new, low-cost primary producers take their place in the market

"Such a trend is already evident and the balance between supply and demand will consequently be re-established eventually although it is anticipated that uranium inventories will continue to increase in the medium term"

There are many other minor fields where the Government finances health services, largely bordering on the social welfare

5 Other State Health Services

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SECTION 2

2.1 Welfare Organisations

About 15% of registered welfare organisations in South Africa deliver a health care service, as opposed to animal welfare, care of the aged and child care, mental health, recreation/education etc. (8) It has not been possible to find out the income of these organisations.

Health-orientated Welfare Organisations are subsidised by the Department of Health. The salaries of staff employed at any medical clinic run by a Welfare Organisation are 87,5% subsidised by the Department. For example, SHAWCO's total revenue in 1975 was R155 085 of which R28 880 was a departmental subsidy paid through the provisional administration and the Department of Coloured Affairs.

In respect of duplicated services, e.g. tuberculosis hospitals run by SANTA duplicate the Department's own such hospitals, the Department of Health pays the total running costs of these institutions.

2.2 Medical Schemes (medical aid and medical benefit societies)

The interpretation of financial information on medical schemes is difficult. A new member of a scheme is not obtaining a new source of finance for his health bills - he is merely joining an insurance scheme where contributions should roughly equal the benefits received during the period of membership for the average member. Further, the data presented below relates to members of medical schemes only: the benefits associated with these schemes accrue to them alone. For perspective, we should note that at the end of 1975, 75,1% of the White population and 2,5% of the Black population was covered by some type of medical scheme. The average for South Africa was 14,6%. (9)

Table 3 indicates the sources of income of these schemes in 1975, the latest figures available. Subsidy is the amount which the employer pays into the medical scheme in order to supplement the membership fees of its employees. Roughly 70% of South African companies run a medical aid scheme for employees.

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Tarnished times for Rooiberg, Union

20M 31/3/81 (217)

By HAROLD FRIDJHON

THE outlook for the tin price is not encouraging and Mr A M D Gnodde warns shareholders in Rooiberg Tin and Union Tin that this year's dividends from both companies are likely to be reduced.

He says in his annual chairman's statements that it is possible there might be a slight fall in world production as a result of lower prices and higher costs, coupled with falling grades at some Bolivian mines. But in spite of this, demand for tin is likely to remain weak.

Together with the continued expectation of greater US General Services Administration disposals and the high interest rates existing throughout the world, this will tend to depress any recovery in tin prices later in the year.

But, in his Union Tin review, he sounds a slightly hopeful note. The price is unlikely to fall substantially because it is

widely considered possible that at the International Tin Council meeting in April, producers will seek higher support prices on which the buffer stock manager could operate. If successful this would result in an effective floor price being set at about current levels.

While it is expected that more ore will be sent to Union Tin's mill and more tin in concentrates will be available for sale, total revenue and gross profit from tin mining will be less than in 1980 because of the lower tin price.

Last year the production of tin in concentrates was 482 tons, an increase of 50 tons over the previous year's figure. This followed an increase in the total tonnage treated and a slightly higher grade being maintained.

Tin sold was only 460 tons, but with a higher average net revenue a ton total revenue was R750 000 higher at R5-million. Increased cost of sales kept gross profit from mining in line with the 1979 figure. Working costs rose by 15,6%.

Capital expenditure last year was R679 000 and it is expected that R673 000 will be spent this year.

A new screen and density controller installed in the heavy media separation plant last year increased capacity to 12 000 tons a month. It is planned to achieve this throughput by June 1981, but to ensure that the underground tonnage is forthcoming, additional underground equipment is necessary.

Underground exploration revealed encouraging extensions to known lodes, but the deep drill-

ing programme to test the mine at depth was disappointing and the programme has been terminated. Exploratory underground drilling will continue to try to locate lodes and to find extensions of lodes now being worked.

Rooiberg's production of tin in concentrates was 2 236 tons, an increase of 165 tons. This increase, together with the fact that most of the sales took the form of tin metal and the tin price was high in the first three quarters, resulted in revenue being more than R7-million higher at R29-million. Taxed profit was R11 565 000 against R9 356 000.

Capital expenditure was R5 706 000. This year's capital expenditure of R6-million will again be mainly on improvements and amenities for staff.

The set of relative prices that emerge from a market system, is influenced extremely strong desires or feelings. Finally, benefits and costs of certain decisions fall on people who were not party to the decision, as it was taken in the market and whose views and feelings consequently were not evaluated at the time the decision was made.

(3)

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The market also operates on a relatively short time horizon and discounts benefits or costs that are expected to accrue in the future very heavily. This also produces a bias in the nature of the health care provided towards curative rather than preventative care. This bias is reinforced by the fact that the needs for curative and preventative medicine are to some extent linked to income. The general health of low income families can often be quite substantially increased with a programme of preventative medicine. These campaigns, on the other hand are likely to have a relatively small impact on the general health levels of the wealthy, whose living conditions already protect them from many of the diseases that yield ground to preventative programmes. As a result, the market will tend to value preventative health care at a level well below the level that society as a whole would value it.

The markets inability to value resources at a price that is socially desirable does not only affect the allocation of resources in the private sector, but also has a significant impact on health care provided by the

health projects are evaluated in terms of market value. It is in a bias towards towards satisfying the needs of the community. Consequently, if such to be avoided, it is crucially important that posed public health be adjusted to take these If this is not done, public health programmes, desirable, may be rejected simply because they

problem that is particularly relevant in the apart from the theoretical approaches to evaluating health projects, the governments of developing countries face stringent resource constraints when trying to implement their schemes. In low income countries, the social need for the provision of an adequate range of health services is great, but both the supply of trained professionals and developed facilities and the supply of government controlled resources is limited. Again, due to the greater impact of the wealthier members of society on the outcome of the market process, the returns to these limited resources are likely to be very much greater in the private

(4)

Msauli seeking new markets

By Geoff Shuttleworth

Dividend prospects at Msauli will be inhibited to some extent because of higher planned capital expenditure, the chairman, Mr C H "Wally" Walters, said in the annual review. Dividends of 35c (40c) were paid last year.

Satisfactory trading is expected this year with further planned diversification of sales in new markets and a slightly better income a ton expected.

Turning to marketing, Mr Walters said that indicators show a continued firm demand for Msauli asbestos fibres in traditional areas in 1981 but the diversion of large tonnages of Canadian fibres away from stagnant US market could have a dampening effect on tonnages and prices in the extensive Far East market. This could result in a slow start to the year.

He added that a growing demand for fibre in North Africa and the Middle East can offset this loss to some extent.

Price increases for standard grades of fibres will follow the Canadian pattern although some price resistance in the face of the possible Canadian oversupply situation can be expected.

The drive for new markets areas for the asbestos mine's newly developed short grades continues unabated and further success is anticipated in 1981.

COMPETITION

Msauli grades, apart from Zimbabwe grades mined at Shabani, are the most sought after in the world. Mr Walters made brief mention of strong competition from Zimbabwe among others, but gave no indication of the size of the threat posed from this source.

Whereas an appreciating rand last year cut back on operating profit quite severely, cancelling the opportunity of improving of income a ton significantly following last year's price rise, the same situation is not expected to repeat itself this year. Already the rand has fallen to 1.25 against last year's peak of 1.33.

Housing boom benefit to Gefco

Msauli stablemate Gefco's 1981 prospects are expected to be static with the possibility of improvement later in the year.

Mr Walters said, however, that an improvement in demand for asbestos should facilitate reasonable price increases during 1981 to compensate for cost rises over the last few years against a virtual static price achieved.

Growth of low-cost housing, a traditional market for the blue fibres produced by Gefco and other South African producers, in developing countries should contribute to the recovery together with anticipated increased sales volumes.

ADVANTAGES

This anticipation is attributable to the satisfactory launch of a technical promotion programme enhancing product improvement and demonstrated economic advantages for users.

He warns, however, that "changes in the Middle East trouble zone could influence demand for asbestos from this area either positively or negatively. The situation on the health issue remains subject to adverse reporting, and further pressure from the EEC health authorities could have an effect on sales in Europe."

The short-term outlook still depends on the recessionary conditions in developed countries, but it is expected that there will be moderate but steady growth in the longer term. — Geoff Shuttleworth.

PLATINUM (27) FM 3/4/81
Further weakness?

"This is a jittery and emotional market," commented one free market platinum trader in London this week, pointing out that in recent weeks prices have seen-sawed dramatically through the Rustenburg-Impala producer quotation of \$475/oz. Early in March, the free market hit \$435/oz, with many suspecting its remorseless decline would continue, thus making the official producer selling price look more and more expensive.

However, with gold staging a strong recovery, fears over the political situation in Poland generating extra speculative interest in platinum and Japanese consumer demand quite healthy, free market levels climbed to around \$550 by the end of last week.

Although the attempted assassination of President Reagan this week lent some support to the market, the immediate fear of an indefinite general strike in Poland subsided and with it a measure of the crisis buying which had sustained the market recently. Speculators have taken profits in the last few days, with the result that the metal was traded on Tuesday at \$506.50/oz — not far above the producer quotation.

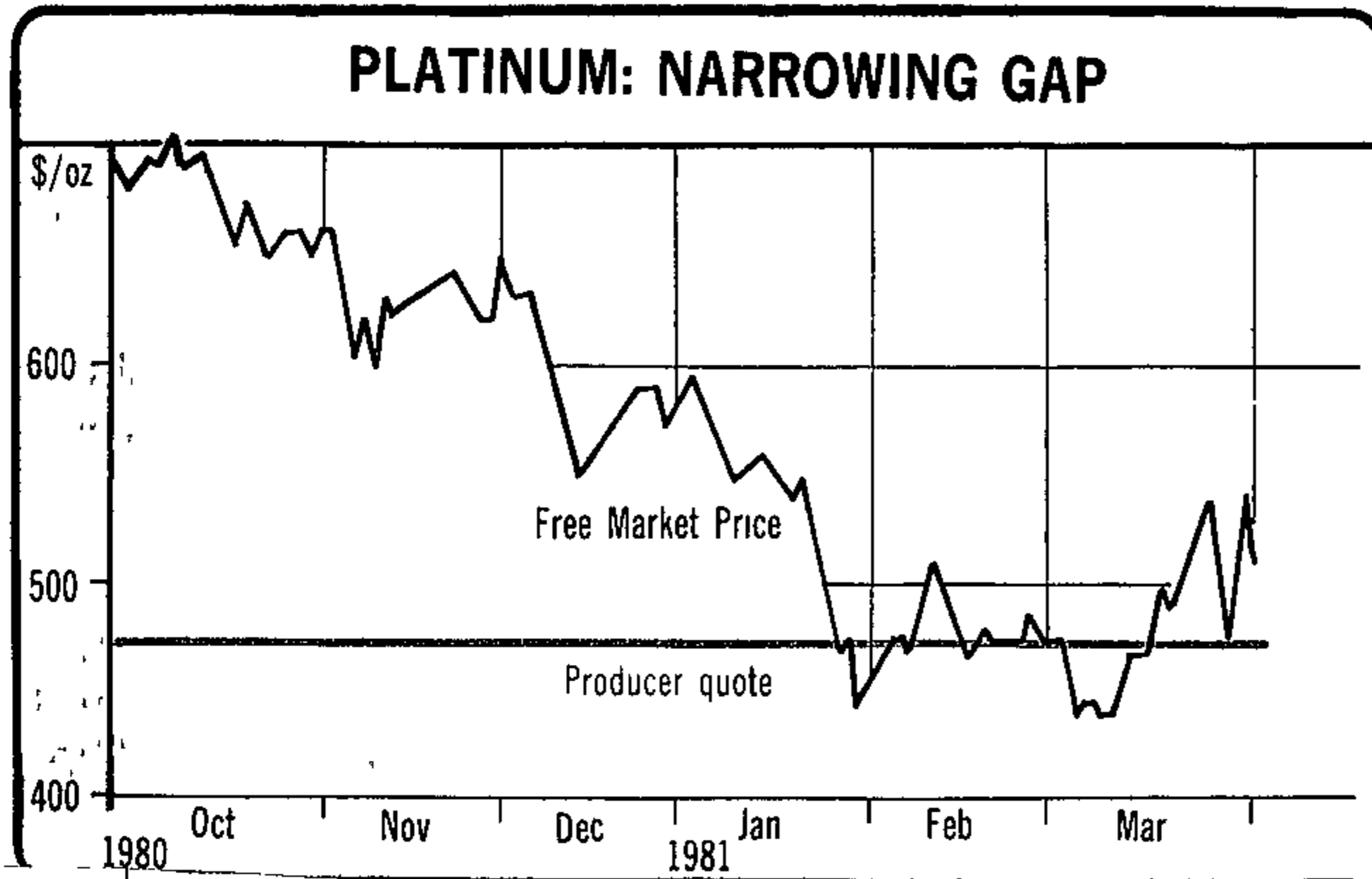
According to most traders, the market still has much more downside than upside potential, though sharp increases would undoubtedly occur in the event of a further deterioration in Polish political affairs. Another factor which may have some effect on prices in the near future is the steady unfolding of US government mineral stockpiling plans.

Far more defence and security conscious than his predecessors, Reagan is currently assembling plans requiring the

authorisation of a further \$100m from Congress to add supplies of deficit metals to the country's existing strategic mineral and material stockpiles already valued at around \$15 000m. So far, only specific purchasing guidelines have been issued for cobalt — the acquisition of 1.2m lb. However, the country's Federal Emergency Management Agency has stated that future strategic metal purchases will include platinum.

How much has not been settled. But, according to a bill introduced by Republican senator Larry McDonald, the amount should be around 200 000 oz at current producer prices. McDonald is campaigning for Congress to make available around \$95m for platinum purchases. His bill stands little chance of success given its integral opposition to Reagan's plans to sell silver (McDonald believes the US should be setting aside \$131m for silver purchases).

Nonetheless, European platinum dealers believe that it could be indicative of America's desire to build up platinum holdings. The US, these dealers argue, is particularly aware of the metal's increasing industrial role in catalytic form in the automobile and oil-refining sectors, but more importantly in the likely event of the commercial introduction of the fuel cell — a development which some analysts feel may not be too far away, given rising energy costs.



Problems for World's biggest chrome mine

RAND MINES, the mining arm of Barlow Rand, is poised to take advantage of any upturn in the chrome market, but is containing expansion plans because of the depressed world market, say company executives.

The world's largest chrome mine, Winterveld in the Eastern Transvaal, contains about 10% of the world's estimated 4 300-million tons of chrome ore reserves, but is producing less than half its maximum output.

Almost 90% of the world's chrome reserves are in Southern Africa. South Africa has two-thirds of them.

Mr Richards says an extensive capital expenditure programme was completed at the mine two years ago. It compared two shafts for almost immediate use should the price pick up.

At the present price of \$55 a ton the mine is struggling to break even and is containing costs by reducing the labour force. Although there have been no enforced redundancies, the mine's workforce has

dropped from 3 500 two years ago to 1 800.

The company does not expect the market to show a substantial upturn for three to five years, in spite of some analysts' suggestions that the chrome price could rise significantly within two years.

Rand Mines chrome director, Mr Clive Nobbs, points to the slump in world steel production, which accounts for 60% of world chromite use, and the declining construction industry worldwide which takes about 10% of chrome output.

Analysts say another problem arose when the chrome price boomed in the mid-1970s and many small producers came into the market with costs much lower than those of the major companies as they used strip mining.

This meant these operations were capital intensive, thus reducing labour costs, and profitable because they merely scratched the surface, avoiding the huge capital expenditure needed to dig deeper.

Winterveld is the deepest chrome mine in the world, says Mr Richards. It started in 1956 by mining on the surface, and followed the seam underground to a current depth of 350 metres and extending several thousand metres into a mountain.

Given an upturn in the market the company could increase production to 180 000 tons a month within six months and supply a larger market during the interim from its stockpile.

Senior officials say the company is still making a profit, if only a small one, and will be in a difficult position should the market become more depressed.

Mr Richards says 70% of the mine's output is exported, with the major markets being the US and Japan. Of total produc-

tion, almost 70% is sent to a smelter at Middelburg, Transvaal, and two-thirds of this is exported.

There have been problems with exporting recently because of inefficiency at the mine's traditional outlet at Maputo.

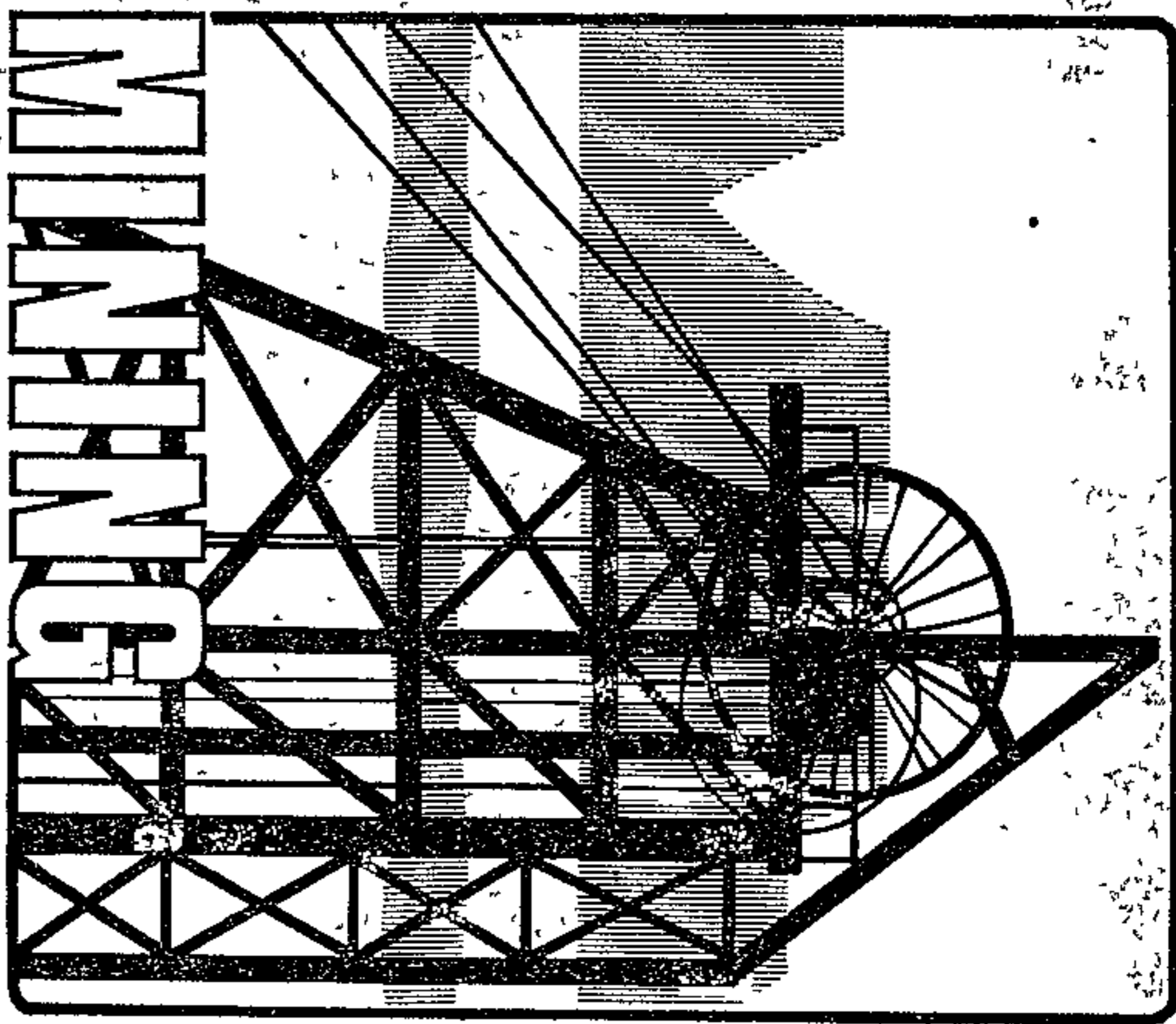
Mr Nobbs says the turnaround time for rail trucks has now risen to more than two months in some cases.

Although the company is continuing to use Maputo, the tonnage through there has been reduced substantially, with the balance now shipped from Richards Bay. The increase in

transport costs is negligible, and is far outweighed by the reduced paperwork.

The other area for concern is the company's mine in Zimbabawe, where a deteriorating infrastructure, particularly the railways, and wages rising disproportionately to other costs have made production uneconomic.

Mr Nobbs says discussions are being held with the Zimbabawe Government on these problems, but there is a possibility that the mine may have to shut down, if only temporarily. — Reuter



Diamond-market 'back-ground' most discouraging

De Beers share price could fall as low as 800c between now and August from its current 945c level.

Analysts said that publication of the company's annual review in two weeks' time is likely to start a decline which will gather momentum as Central Selling Organisation (CSO) interim sales figures are announced in the second week of July.

De Beers interim results are expected in the third week of August but they expect the 1980 25c interim dividend to be maintained.

Preliminary

They said that good long-term buying opportunities will present themselves in the 800c to 900c range. CSO second-half sales figures will be announced in the second week of the new year and De Beers preliminary re-

sults in early March 1982. They said that the background to the diamond market is most discouraging. De Beers has broken its traditional silence and confirmed the reduction in diamond rights, there has been Russian flooding of polished stones. US interest rates are expected to remain at high levels. De Beers diamond stockpile is expected to reach new highs soon and CSO sales are expected to be around R750-million and for the year R1500 to R1600-million against last year's total of R2142-million.

De Beers diamond stockpile, which last year touched R700-million, could breach the R1000-million mark this year.

Handwritten note: *1980-1981*

Having painted a black picture for the next year, it is appropriate to look a year further ahead. In this period CSO sales are expected to pick up steadily as overseas and particularly US economic conditions improve. Thus, the analysts said should herald a steady and strong upturn in the market which should really take off in 1983 and 1984.

Steady climb

They commented that De Beers is likely to benefit enormously from such an expected market because it will be disposed from its own stockpile and also from a vastly expanded primary production which should be on stream by 1982/3.

Production has been climbing steadily so that whereas the annual total was around 12-million carats in 1978, this rose by 2-million carats in 1979 and by 1982 should reach 19-million carats.

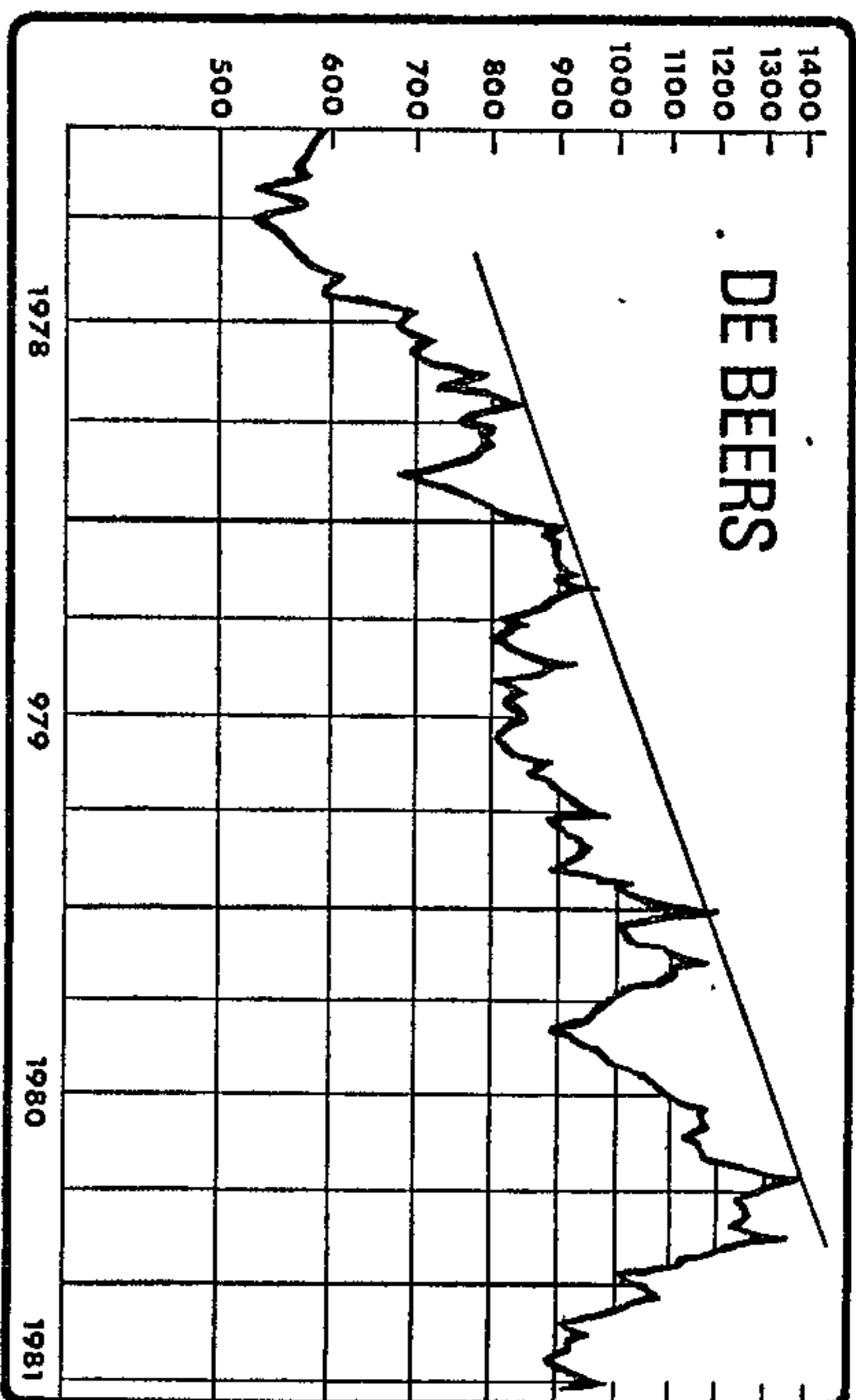
For the present, however, diamond sight cuts initiated in February are likely to continue until around midyear at least. De Beers gives no indication of the size of the reductions but analysts believe these were 25 percent on average.

Several analysts questioned the wisdom of De Beers raising of diamond prices by 12 percent in February last year when sales were at an all-time high.

They said that the recessionary conditions prevalent in the world at present, while not entirely foreseen, have nevertheless exacerbated the problem, as it is CSO policy never to cut prices of rough stones.

Financing

They said that the financing needs for this stockpiling will probably strain De Beers own cash resources and some see this confirmed by the 55c total dividend paid last year. About 80c was expected and the 5c difference, representing about R18-million, will be utilised to finance the ex-



Deep-sea task for India

NEW DELHI — India plans to give a major thrust to deep-sea mining following the recent discovery of a huge carpet of polymetallic nodules in the Indian Ocean.

The Minister of State for Science and Technology, Mr C P N Singh, told Parliament that the nodules were found on a large scale near a crater about 130 miles from the southern tip of Indian territory. He did not give the exact location.

Samples of the nodules were brought up by the country's oceanic research vessel Gvashani Researcher.

Mr Syed Zahoor Gasim, director of the National Institute of Oceanography, said that the samples, turned up last January, contained manganese, nickel, cobalt and copper.

A square metre of the seabed contained about 2.5 kg of nodules found at depths from 3600 m to 4500 m.

West German Foreign Minister Mr Hans-Dietrich Genscher recently signed an agreement in New Delhi giving India a loan of R24.8-million.

This will provide equipment and training for Indian scientists and pay for an ocean-floor mining ship to be built in Germany and delivered to India next year — Sapa-Reuter.

shed stones at discounts of up to 15 percent in the latter half of last year could not have been foreseen by De Beers when it raised its prices in February 1980.

The latest news from New York is that De Beers has taken the unusual step of informing dealers ahead of the May sight that the selection will not include top colliers and qualities. Some dealers there apparently expect cuts to be as high as 70 percent, says the Wall Street Journal.

The February sight in New York was cut back 60 percent from the month before while in Israel supplies were cut back by 80 percent and in Antwerp — the world's largest diamond trading centre — by half.

None of these estimates by trade sources were confirmed by De Beers spokesmen.

Historic

The outlook for the interim De Beers dividend is 25c — unchanged from last year, though earnings could decline. They expect a nominal increase in the total dividend to 80c — 5c up — though if conditions improve in the latter half of the year this could reach 85c.

On the current share price of 945 the share yields a historic 7.9 percent and the prospect of capital gain is remote. A buy below the 900c share price level on a 80c total estimate yields a better 8.9 percent or more and should then represent far better growth prospects although they estimate this is a

1000-million stockpile
Others said that the Russian offloading of polished diamonds after 1982

Central Selling Organisation diamond sales 1977 to 1980:

Period	1977	1978	1979	1980	Estimated
Six months to June	943.4	1 063.5	1 085.4	1 267.2	750
Six months to Dec	859.5	1 155.4	1 106.2	2 974.8	750
Total year	1 802.7	2 218.9	2 191.6	2 142.0	1 500-1 800

Compiled by
GEOFF SHUTTLEWORTH

278 217 220 7m- 15/4/81

Mineworkers on rampage: 1 killed

Mineworkers at the small Eastern Transvaal town of Penge were still refusing to return to work yesterday after a rampage on Monday night in which one black worker was shot dead by white residents and eight others were injured.

The trouble began when the workers at the asbestos mine became dissatisfied with their long hours and low wages, accord-

SOWETAN REPORTER

ing to Brigadier J Smith, divisional CID officer for the Eastern Transvaal.

Negotiations between mine management and the workers began underground when the workers refused to continue work.

Brig Smith said that at 7 pm on Monday, a group of 700 mineworkers moved towards the white residential area and began stoning cars and houses.

The residents, mostly mine officials, opened fire with private weapons, killing one man and wounding eight others.

Riot police arrived and the men were driven back towards their quarters. On

the way, they stoned buildings and set fire to mine offices, the kitchen and a beerhall which they looted.

Teargas was fired into the crowd as police tried to quell the rioters.

Brig Smith said the scene at the mine yesterday was quiet, although the workers

had still refused to continue working.

Senior mine officials from Rand Mines have gone to the area to discuss the opposition.

Brig Smith said police only fired once last night, wounding one man believed to be a ringleader.

He said so far no arrests had been made, but police are still at the scene keeping watch.

22

SECTION A (contd.)

15. For any assets which have recently been taken over by the Department of Health, please state if available the valuation of the hospital for purposes of compensation and the year it was taken over. Separate hospitals and clinics if possible.

Year amount

Hospitals
Clinics

16. Outpatients at what times is the outpatients department open?

What is the normal total complement of staff in CPD?

- a) nurses
 - b) clerical staff
 - c) dispensary
- For how many hours per week is there in O.P.D.
- a) no doctor
 - b) one doctor
 - c) two doctors

State if any of these are normally medical students:

17. Are any extra unpaid staff available, e.g. medical students, army doctors, village voluntary workers? If so, state:

Type of staff Role Period present (1976)

18. How much condensed milk do you distribute per annum:

- a) at market prices
- price: R per kg
- b) at subsidized prices
- price: R per kg
- c) free

State any proportion of these costs borne by the state in list of hospital income, and, with total cost of dried milk distribution, in expenditure account. If in no other category, list under 'other nonlabour expenditure'.

2. cont.....

- (1) Plot this demand curve as accurately as possible, preferably using graph paper.
- (2) Now suppose that over a period of ten successive years the annual "crop" amounted to outputs of 80, 60, 70, 40, 50, 80, 60, 50, 40, and 70 million bushels respectively. Calculate and tabulate the gross value of the crop and the demand curve scheduled above was the

(3) Calculate the average annual value of the ten years.

GEECO FM 17/4/81 (217)

Singing the blues

Activities. Mining company producing crocidolite (blue asbestos) in the northern Cape and Bophuthatswana. Managed by Gencor which has 37.6% of the equity. Sentrust has a 13.2% holding and 11.5% of the shares are owned by Sanlam.

Chairman: C H Walters

Capital structure: 11 95m ordinaries of 50c Market capitalisation R16,7m

Financial: Year to December 31 1980

Borrowings net short-term, R10,2m

Current ratio 1,3 Capital commitments R298 000

Share market. Price 140c (1980-81 high, 300c, low, 140c, trading volume last quarter, 209 000 shares) Yields 14,4% on earnings, 10,7% on dividend

Cover 1,3 PE ratio 6,9

	'77	'78	'79	'80
Fibre production (000t)	76.1	64.3	50.5	47.3
Turnover (Rm)	47.1	45.1	39.8	37.5
Pre-tax profit (Rm)	15.1	12.8	8.7	3.5
Earnings (c)	94.3	70.3	38.3	20.2
Dividends (c)	52	55	32.5	15

Chairman Wally Walters' report for 1980 is a tale of woe. And he has little comfort for shareholders in 1981.

Financial Mail April 17 1981

Sales have been hammered by a combination of weak demand, de-stocking by consumers, adverse exchange rate moves, health fears and substitution. And though some of these problems could be alleviated during the current year, improvement prospects are limited.

As Walters sees it, the rand/dollar parity should shift in Gefco's favour this year. And he sees some changes in the health hazard allegations levelled against crocidolite. But these are minor advantages when weighed against prospects of a further year of weak demand.

Several importing countries, with foreign exchange shortages, have switched purchases to poorer grades of chrysotile asbestos while, in the present climate of lower economic activity, there is probably scope for further de-stocking by consumers.

As the sales downturn has deepened, Gefco has rationalised production by stopping extraction of some lower-grade ore bodies and concentrated on those with higher grades. In addition, last year's fibre recovery improvement from 12,4% to 13,0% was aided by modifications to extraction techniques. The net result was that production costs per ton of fibre rose only 8,5% to R313,3. Cash flow was conserved by pruning the company's capital spending programme and limiting exploration to only the most promising target areas.

It is difficult to see anything better than a slow, medium-term recovery for the company. And that implies that management will be ultra-careful in recommending dividends. For the current year it is unlikely that there will be an improvement on last year's 15c distribution. At 140c the shares are only for investors prepared to take an optimistic medium-term view or for traders who believe that the fall has reached its bottom limit.

It would be otiose to document the above position exhaustively. In all non-colonial societies, the capitalist economic system has grown out of a previous system in which nearly all individuals had some form of direct access to the means of production, whether as serfs, as yeomen with certain rights to the use of commonage, or as tenant-farmers with traditional rights. However limited these traditional rights, they had to be destroyed by actions which were, in the broad sense, political, and a new legal system had to replace the old.

Thus, to imply that there are two distinct types of economy is slightly misleading. Instead there is probably some kind of continuum, which possibly also represents an historical trajectory (although almost certainly not a 'smooth' trajectory). This continuum does not represent the move from a purely 'politically' created labour supply to a purely market-induced labour supply. Rather it represents changing forms of the political parameters. This could represent a process of institutionalisation in which direct coercion or violence is gradually replaced by socialisation, manipulation of needs, and other more indirect forms of control. Or it could represent a process in which the actual relations are changing; power on the part of those who do not initially have control of production in order, by reform or revolution, to change legal parameters in their favour. At one end of the theoretical spectrum lies some form of slave society. At the other end lies an industrial society, in which the labour market has been entirely re-created, a system in which labour is no longer a priced commodity, and that point can be reached is a matter of debate into which I do not enter here. But short of that point there is necessarily some maintenance of necessity for some people to sell their labour who do not have to sell their labour.

Given that it may not be helpful to ask whether a particular society has a market economy or a labour repressive economy, we should ask instead possibly how the worker group was initially created as a labour force, how and to what extent the power relationships embodied in that process were institutionalised, and to what extent the working class has managed to bring about changes in those power relationships and their institutionalised expression in the politico-legal system. We can then understand the nature of the politico-legal parameters within which the market laws of supply and demand currently operate. The study of the historical development of these parameters will also shed light on the motivations and interests of the various social groups.

4. Questions regarding the historical emergence of the labour force and subsequent development

In the light of the preceding analysis, the following questions are suggestive:

- (a) Until about 1860 South Africa, with the exception of some coastal areas in the western and eastern Cape, was predominantly a society of subsistence agriculturalists and pastoralists. There was a limited amount of wage labour but nearly everybody had some form of direct access to the means of production. How, then, was a labour supply, and hence a labour market created?
- (b) In whose interest was this labour supply created, and what structural relations between classes resulted from this particular mode of emergence of a supply of wage-labourers? How and to what extent were these relations institutionalised?
- (c) How has economic growth affected the structural relations between these groups? What new groups has it brought into being? How has it affected the sources of power of each of these groups? How has it affected the attitudes and the real and experienced interests of members of each of these groups? What structural tensions have thereby been introduced into the system, and to what extent and how have these structural tensions been resolved?

At GEFCO taxed profits were R221 000 (R514 000) after a higher milling rate of 95 000 tons (88 000 tons). Grade was slightly lower and working costs were reduced to R40,78 a ton (R42,40). Sales at Msauli were down to R2,7-million (R4,7-million) while no figures are available for Gefco's sales. — Geoff Shuttleworth.

Conditions are returning to normal.

At MSAULI taxed profit was only R158 000 (R796 000) after a small fall in the grade recovered and a lower tonnage. This was on account of heavy rains in the review period which diluted ore, rendered a number of ore draw-points inaccessible and restricted mill throughput. Unit costs rose as a result.

In spite of a certain amount of optimism generated in the annual reports of Gencor's asbestos twins, Msauli and Gefco's profits are down in the first quarter.

Rains hit

asbestos

twins' profits

draw attention to the consequences of a complex historical process, some of the elements of which are outlined below. We acknowledge freely that not all consequences were necessarily deliberately intended by those in power (although some undoubtedly were). In other words, we do not assume a conscious and coherent 'conspiracy' of settlers against indigenous peoples, or Whites against Blacks; the assumption, rather, is that similar interests tend to produce similar responses without there necessarily being collusion.

The original conquest played a major role. It severely limited the amount of land available to Africans. Many Africans became designated as 'squatters' on White-owned land, and so were available either as agricultural labour, or, later, could be expelled entirely from the land, either by legislation to satisfy the growing need for urban workers, or else immediately by the landowners when the growing market for agricultural produce made it more profitable to farm more intensively. Although African workers were available in some areas of the country for wage-labour from the 1860's it may well be that at this stage, land shortage was

Table 3.1. Estimated Figures of Investment in Southern Africa (including Rhodesia): 1880-1913 (in millions, sterling)

Year	Public Debt	Diamond Mining	Gold Mines (Wits)	Total British Listed Capital
1875	3.9			
1880	12.5	2.5		
1881		10.5		
				24.0

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24/4/81

Speculation on gems in boom years blamed by Oppenheimer

By Geoff Shuttleworth

The current difficult conditions in the diamond market are not so much because of any serious decline in retail demand as the effects of unjustified speculation over the boom years, says the De Beers chairman, Mr Harry Oppenheimer.

He said in the annual review that since the end of 1980 the market in the cutting centres has further weakened and it has become necessary for the Central Selling Organisation (CSO), in accordance with established policy, to reduce its offering to the market substantially in order to maintain stability.

However, he added that though there was some falling off on account of general recessionary conditions in the second half of 1980, the retail sales were better at Christmas than had been expected and are still continuing at a satisfactory level.

Commenting against the background of the speculation which grew in the market from early 1978 onwards, Mr Oppenheimer said that fall in retail demand unprecedentedly high US interest rates and pressure on diamond dealers from banks who had rashly financed the speculation in the first place, have combined to undermine confidence in the cutting centres

BIG GEMS

"However, retailers have reduced their stocks and before too long they will have to replenish them in order to meet continuing demand. This must, in due course, enable cutting centres to reduce their stocks of polished diamonds to reasonable proportions though undoubtedly some losses

will be incurred in the process."

"Stocks of rough diamonds in the trade are not excessive but, in view of the large stock of polished diamonds, the CSO is carrying out the traditional function of reducing the quantity of goods offered to customers in order to assist the market to recover its balance."

He noted that in particular the CSO is withholding from sale the larger diamonds of high quality which were the prime medium of speculation and of which significant quantities are still held by the trade "In the longer run such goods are rare and desirable and we are by no means concerned at stocking them."

ADVERTISING

He said that apart from supporting the market by a very conservative sales policy we are taking steps to improve conditions by stepping up advertising and promotional campaigns in 24 countries

Analysts commenting on Mr Oppenheimer's statement said that the

only new factor was that Mr Oppenheimer believed the upturn would come fairly quickly, perhaps even towards the end of the year, though timing would largely depend on the level of interest rates in the US, where most of the larger stones were sold.

They said that CSO sales figures for the first half of 1981 are likely to be well below those of the second half of last year which were in turn lower than those of the first six months of 1980.

The view is that the real effect on De Beers earnings will be felt when interim results are published about August.

Analysts added that there is a strong likelihood that the share price might weaken from its current 905c level between now and the interim results and buying somewhere in this area would represent an excellent medium to long-term buying opportunity.

They nevertheless expect the De Beers 1980 dividend to be maintained at 75c a share.

used for proletarianization, since the wage and production relations first established in the mining industry formed the model for future capitalist development. The demand for labour by the rapidly expanding mining industry could scarcely be met by solely relying upon market forces. Hence, we find that the "labour problem" was uppermost in the minds of the mining capitalists at the turn of the century. The use of force was the primary means for solving it. ²⁷ Only after the successful restructuring of the whole South African society to meet the needs of the earlier stages of centre capitalist development. This worker retains his necessary to work a few months a year to an incapacity to maintain himself on cash taxes, or to a desire to work a few months a year in South Africa this phenomenon also wages. ²⁸

shall need to be transformed into free labourers. In the years 1870 to 1912 the number of workers employed in the mining industry rose from practically zero to 325,000. ²⁶ It is important to analyse the method

tary" workers to the mines at a fixed wage. Whereas, head-... es, but taxes and even dog taxes were imposed on tribal Africans to indirectly force them to seek wage labour, such indirect compulsion could be par-

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1981 for the company's products, it is unlikely to be materially different from that of last year.

That, however, seems to imply some demand recovery as the year progresses. Ferro-manganese production was curtailed during the second half of the year due to lower demand, while production of high carbon ferro-chrome was restricted to one furnace.

	'77	'78	'79	'80
Ore sales (000t)				
Manganese	1 638	1 758	1 741	1 551
Iron	556	503	1 253	1 273
Turnover (Rm)	83.2	89.7	127.9	98.5
Pre tax profit (Rm)	21.3	22.1	21.5	17.5
Earnings (c)	485	530	487	457
Dividends (c)	105	105	180	180

This was insufficient to prevent ore and ferro alloy stocks rising by R17.5m to R38.9m during the year. And, reflecting the second half's sharp demand downturn, by year's end debtors for alloy and ore sales had fallen from R15.2m to R11m.

Oddly, though manganese ore sales were only marginally higher and iron ore fell by 11%, mining's contribution to attributable taxed profit rose from R9.4m to R13.7m. The contribution from ferro alloys dropped from R7.7m to R2.4m. Presumably the improvement in mining profits resulted in part from the agreement whereby Iscor mines iron ore on Bruce farm for its own and Assmang's account.

Management says nothing about this, nor does it comment further on the fact that Iscor is also to make available an annual 3 Mt of capacity on the Sishen-Saldanha line for ore from Bruce and the Beeshoek mines. In addition, Assmang has a rail allocation of 1.9 Mt from the start of 1982.

It all adds up to considerable growth potential once foreign demand for iron ore

ASSOCIATED MANGANESE

FM 115/81
For the long haul (2/7)

Activities: Mines manganese and iron ores in the northern Cape. Subsidiary company, Fer alloys, produces ferro-manganese in Natal and chrome alloys in the eastern Transvaal.

Chairman: B E Hersov, Technical director: G Sacco.

Capital structure: 3.5m ordinaries of 50c. Market capitalisation: R220m.

Financial Year to December 31 1980.

Borrowings: long and medium term, R62,000; net short term, R12.1m. Current ratio 2.5. Capital commitments: R4.1m.

Share market: Price: R200c (1980-81). High: R200, low: R100c; trading volume last quarter: 2,000 shares.

Yields: 7.4% on earnings, 2.9% on dividend. Cover: 2.5. P/E ratio 13.6.

Operations have been hit by a combination of weak demand and higher prices. And, according to chairman Basil Hersov, although it is difficult to forecast demand in

years. Most of the capital expenditure for this has been incurred, and this year's capex should be well down on 1980's R106m at the mines.

Essentially the share's attractions lie in profit recovery potential. Even if profits fall further this year, there seems no compelling reason why the dividend should be cut from last year's 180c.

That does not imply, however, that there will be an increase. With the winding down of the capex programme, a tax liability could be incurred this year and additional funds could be required for additional stockpiling. In line with management's past financial conservatism, priority will probably be given to repaying the end-1980 R12m overdraft.

The share is unsuitable for investors with near-term income objectives. But it does merit inclusion in longer-term portfolios.

Jim Jones

CDM 13/5/81 (2/7)

Samancor discloses new manganese discoveries

By ADAM PAYNE

IMPORTANT discoveries of manganese ore, which will strengthen South Africa's position as a leading manganese supplier to the Western world, were disclosed yesterday by Mr Pieter Streicher, managing director of Samancor.

Addressing the Southern African metals and minerals conference in Johannesburg, he said "A number of developments and discoveries have taken place of late in the manganese area in and around the Kalahari field

"In a drilling programme undertaken by Samancor on one of their properties north of their Wessels mine, high-grade manganese ore has been intersected.

"The dimensions of this ore body have yet to be defined

"On the farm Olive Wood on the edge of the Kalahari field, about 16 km west of Hotazel, the General Mining group has intersected substantial reserves of manganese ore

"These lie at a depth of between 1 000 m and 1 400 m and incorporate a significant high-grade component with values of more than 50%

"The company is involved in a feasibility study to determine

whether or not an underground mining venture based on this deposit would be economically viable

"On the farm Olive Pan, adjacent to the Gencor property, Iscor has also exposed high-grade manganese ore during a recent drilling programme. The full potential of the deposit has yet to be ascertained"

Mr Streicher said Samancor had also intersected interesting manganese values on their Risik property near their Mamatwan open-cast mine

At the Mamatwan mine itself the company had recently uncovered a zone of rich ore containing up to 50% manganese, and possibly of more interest, as much as 70% manganese dioxide

The extent and potential of this rich zone was still unknown and investigations were under way

"It may be concluded from these discoveries that there is a great deal more high-grade manganese ore in the Kalahari field than was previously realised, and exploration for this is still being pursued in several localities

"In view of the magnitude and extent of the Kalahari field, South Africa is destined

to play an ever-increasing role, particularly beyond the year 2000, when a considerable number of minor manganese ore-producing countries will have depleted their reserves"

Mr Streicher said South Africa's manganese ore reserves were estimated to be about 12 581-million tons or about 78% of total estimated world land-based reserves

Of this about 311-million tons had a manganese content exceeding 44%. These reserves occurred in the major manganese fields — the Postmasburg field and the Kalahari field. The figures excluded any contribution from a number of much less significant deposits in the Transvaal and the new discoveries to the north of the Kalahari field

"The Postmasburg field is now largely worked out and accounts for only an estimated 15-million tons of total reserves or less than 0,2%.

"The Kalahari field is massive and uniform along both dip and strike. It is about 34 km long by an average of 10 km wide although this extends to as much as 20 km in places

"The strike length of the

basin is about 41 km and the total surface area about 23 000 ha

"The natural uniformity and extent of this field have ensured its economic significance. It lends itself, unlike the Postmasburg field to highly mechanised mining"

ISCOR

mine

Argus 13/5/81

breaks

WORK

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RECORD

Argus Correspondent

PRETORIA — A southern hemisphere record has been broken by the Iscor-Sishen iron-ore mine in the Northern Cape

The mine in the past two years, had over 9 million accident-free working hours. This, said Mr H J Matthysen of the National Occupational Safety Association (Nosa), was a 'staggering performance'

He attributed the success the mine had attained to their adoption of Nosa's five-star grading system. This system aimed at eliminating the problems linked to the accident proneness of new workers

HURDLES

The first two years of employment in any new occupation were hurdles which had to be overcome. This period saw 55 percent of all accidents taking place in a worker's life

Firms therefore at risk, said Mr Matthysen, were those expanding or those just starting because of the large number of new workers.

Since the Iscor-Sishen mine was undergoing a large-scale expansion programme it was much at risk and so its achievement was all the more impressive.

Nosa's scheme to overcome the problem involved the adoption of a five-star grading system which placed an emphasis on the selection, training and motivation of the workers.

REAGAN

The grading system has proved so successful that, said Mr Matthysen, the Reagan Administration in the United States was now considering its adoption

This could be viewed as part of South Africa's export drive.

The five-star grading system had as its basis the laying-down of a standard, so making evaluation and control easier

As a control mechanism it rested on the idea of encouragement and not the 'big whip'

'Chrome prices must go up soon'

RDY
13/5/81
2/2

By JOHN MULCAHY

THERE is no doubt that ferrochrome prices have to go up soon, but it would be most unwise for them to move emotionally and not rationally.

Mr A C C Shepherd, managing director of Rhodal, said he was looking immediately for a 10% increase which should have taken place in the fourth quarter last year, and would have covered cost and inflationary movements up to that date, plus a further 5% to 10% to cover the movements up to June 30 this year.

"I sincerely hope that the stainless steel industry will also see it that way most steelmen I have spoken to agree the rationale if not the figures.

"Conversely I hope that if there is a recovery in consumption levels later in the year, and even a shortage of supplies, that the ferroalloy producers will not tear in with say a 50% increase to recover what they feel they were robbed of in 1980."

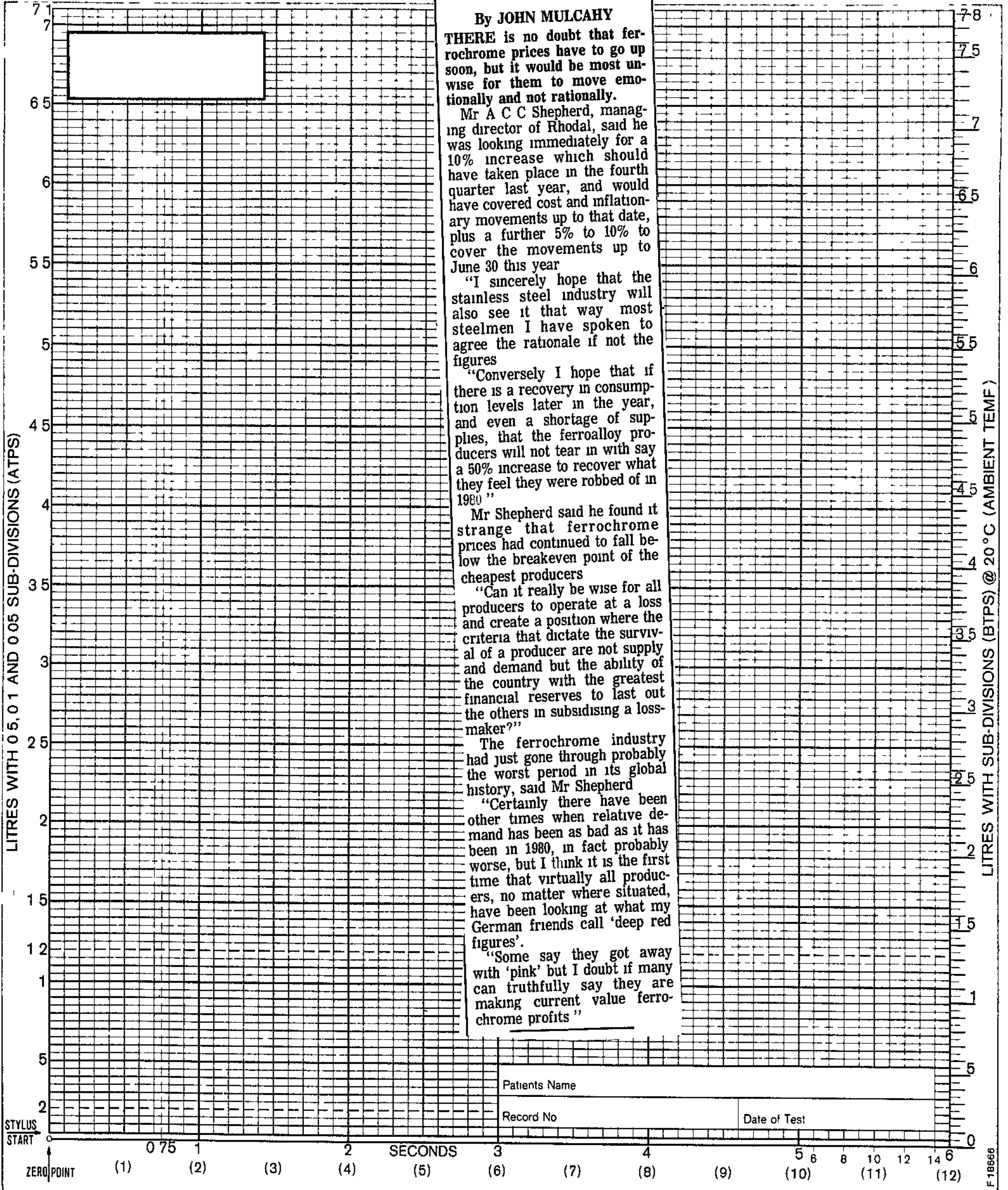
Mr Shepherd said he found it strange that ferrochrome prices had continued to fall below the breakeven point of the cheapest producers.

"Can it really be wise for all producers to operate at a loss and create a position where the criteria that dictate the survival of a producer are not supply and demand but the ability of the country with the greatest financial reserves to last out the others in subsidising a loss-maker?"

The ferrochrome industry had just gone through probably the worst period in its global history, said Mr Shepherd.

"Certainly there have been other times when relative demand has been as bad as it has been in 1980, in fact probably worse, but I think it is the first time that virtually all producers, no matter where situated, have been looking at what my German friends call 'deep red figures'.

"Some say they got away with 'pink' but I doubt if many can truthfully say they are making current value ferrochrome profits."



Patients Name

Record No

Date of Test

LITRES WITH SUB-DIVISIONS (BTPS) @ 20 °C (AMBIENT TEMP)

metropolitan role the US would have to threaten to leave South Africa defenceless before the mercies of Soviet-backed black guerrilla armies. But it would be difficult for the US to make such a threat and for South Africa to believe that the threat was real. It may be that the threat of economic blockade would work instead (as used, in part, by Vorster on Smith via the railway

At the Manatwan mine itself the company had recently uncovered a zone of rich ore containing up to 50 per cent manganese, and, possibly of more interest, as much as 70 per cent manganese dioxide.

The extent and potential of this rich zone was still unknown and investigations were underway.

"It may be concluded from these discoveries that there is a great deal more high-grade

"These lie at a depth of between 1 000 and 1 400 m and incorporate a significant high-grade component with values of more than 50 per cent

"The company is involved in a feasibility study to determine whether or not an underground mining venture based on this deposit would be economically viable.

"On the farm Olive Pan, adjacent to the Gencor property, Iscor, has also exposed high-grade manganese ore during recent drilling programmes. The full potential of the deposit has yet to be ascertained."

Mr Streicher said Samancor had also intersected interesting manganese values on their Rissik property near their Mamatwan open-cast mine

Conclusion

There are, of course, other possibilities. Israel now almost certainly possesses nuclear weapons, and Pretoria too has boasted of a 'nuclear capacity'. Whether by her own direct efforts or as a result of a deal with Israel, South Africa might well be in a position to threaten the use of nuclear weaponry against her foes. Such possibilities seem small. South Africa is

JOHANNESBURG — Important discoveries of manganese ore, which will strengthen South Africa's position as a leading manganese supplier to the Western world, were disclosed yesterday by Mr Pieter Streicher, managing director of Samancor

Addressing the Southern African metals and minerals conference in Johannesburg, he said: "A number of developments and discoveries have taken place of late in the manganese arena in and around the Kalahari field. In a drilling programme undertaken by Samancor on one of their properties north of their Wessels mine, high-grade manganese ore has been intersected.

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New deposits of manganese ore discovered

manganese ore in the Kalahari field than was previously realised, and exploration for this is still being pursued in several localities.

"In view of the magnitude and extent of the Kalahari field, South Africa is destined to play an ever-increasing role, particularly beyond the year 2000, when a considerable number of minor manganese ore producing countries will have depleted their reserves."

Mr Streicher said South Africa's manganese ore reserves were estimated to be about 12 581 million tons or about 78 per cent of total estimated world land-based reserves.

Of this about 311-million tons had a manganese content exceeding 44 per cent. These reserves occurred in the major manganese fields — the Postmasburg field and the Kalahari field. The figures excluded any contribution from a number of much less significant deposits in the Transvaal and the new discoveries to the north of the Kalahari field. — DDC.

to. Democratic politicians, in the US as elsewhere, seldom act before they are forced to and do not, on the whole, go looking for trouble.

If the US lets sleeping dogs lie longer the position might come to resemble the Middle East crisis of 1973 when essentially, a deal was done between the US and the USSR which then had to be forced on their respective clients. The Russians, who got the worst of this particular deal — the US ended up with Egypt and Israel as clients — may be expected to play their hand for all it is worth next time. Meanwhile the prospect of becoming either a protectorate of one of the big powers or a bone of contention between them has occurred to South African politicians. They do not like it, and are already beginning to strike heroic, 'go-it-alone' stances. This does not necessarily mean very much — Smith did it in 1965. In the end reality has to be faced.

It has to be faced in the West too, particularly in the US. In the long run there are only two alternatives. Either the West must dig in and support white supremacy in South Africa or it must exercise a general pressure for its 'reform', and, ultimately, its complete dismantlement. It is, as yet, too soon to know what the Carter administration's policies will be — the temptation, of course, will always be to work for piecemeal adjustments, not general change. All that one can say is that the coalition which brought Carter to power and on which he must rely for the next eight years is almost ideally suited to providing backing for such pressures for general change.

to squeeze imports, and to pursue deflationary policies as far as these other objectives allow.

The likely results are high and rising African unemployment, a moderate redistribution of resources within the white community, and a gradually stabilising economic situation presaging at least a minor (and possibly major) boom in mineral exports in the late 1970s and early 1980s. The economy may well appear to tremble on the brink of the apocalypse but it is too fundamentally strong not to pull through by the simple expedient of off-loading most of the costs of recession on to the blacks. It is possible (though by no means certain) that we shall witness further revolts by the black unemployed or even the peasantry under such circumstances. These revolts could take almost any form, with urban guerrilla action perhaps marginally the most likely. What is certain (not just possible) is that such revolts, if they take place, will be thoroughly and effectively repressed.

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BASE METALS (217)

Poor prospects

PM 15/5/81

Rooiberg

Base metals prices have generally been in a downtrend since last April. Falling industrial demand and rising stock-holding costs formed one side of the price picture. On the other hand, speculative activity has tended to concentrate on bearish positions. The net effect has been a period of lower sales and profits for most of SA's base minerals producers. And there is little prospect of an early improvement.

Rooiberg March quarter sales and profits confirmed the annual report's warning on this year's dividend. Sales of tin metal were 468 t (479 t) while 38 t (46 t) tin in concentrates was delivered. These lower sales from higher production and a 3.9% higher unit cost of sales of R7 008/t resulted in a taxed profit drop to R1.7m (R2.6m) in the quarter.

Tin price decline

For the fourth consecutive quarter the average tin price received declined to R10 583/t (R11 919/t). This compares with R13 674/t in the March 1980 quarter when the unit cost of sales was R5 988. The increase in unit cost of tin sold in fiscal 1981 could be in the region of 17% if first quarter figures are projected. If this is linked with a year of falling realisations and relatively heavy capex commitments, the dividend outlook is bleak.

Assuming an average tin price this year of R10 200 and sales of 2 100 t of tin in metal and concentrates, operating profit should be around R7m with capex of R6m. This leaves little for dividends unless the tin price strengthens or capex is deferred. By all accounts, a tin price improvement is unlikely until the fourth quarter. The share stands at 1 775c yielding 1.3% but further price weakness is possible ahead of the interim dividend declaration.

Union Tin As with Rooiberg, sales and prices fell. Metal sold in concentrate fell to 125 t (149 t), but the extent of the drop is distorted by different phasing of shipments from quarter to quarter. Revenue received in the March quarter dipped to R9 016/t (R10 570/t) compared with a high of R12 108/t in the March quarter of 1980.

Cutting costs

Unlike Rooiberg, however, Union's first quarter unit cost of sales was lower at R5 667/t (R7 060/t). This followed the inclusion of sales of some of the lower cost tin produced in last year's second half when tin grade varied between 0.58% and 0.62%.

Taxed profit fell to R281 000 (R413 000) in part a reflection of a higher 37% (25%) average tax rate following lower capex. Dividends are under considerable threat this year.

Cons Murch March quarter sales were well above the average for the second six

months in 1980, but the 1 000 t a month figure is not sufficient to warrant optimism on a dividend payment this year. Total sales for the quarter were 3 294 t (456 t less than production) compared with 1 368 t in the December quarter and 4 748 t in January-March 1980.

Antimony sales produced revenue of R3m and gold R1.8m (R2m). Working costs have been reduced with lower mill throughput. And though this helped the mine to return a taxed profit of R788 000, further improvement is unlikely until antimony demand recovers.

No near-term improvement is likely however, as major flame retardant users of Cons Murch's oxide remain recessed. Gold prospects, on the other hand, are reasonable with improving recoveries and a still firm metal price.

Chairman Tony Dalton-Brown says of the R2.5m capex planned this year, some 30% will be on metallurgical processes, mostly aimed at improving recovery of by-product gold. To finance this, Cons Murch is relying on a high gold price so in the event of a sharp fall borrowings might be needed. Either way, dividend prospects are not encouraging.

Market prospects

The share's recent advance to 630c after a 575c low last September was based on expectations that market prospects may not be as bad as was first anticipated. But with high interest rates and dull economic conditions in the US, re-stocking by users may not start until 1982, when many metal forecasts suggest prices will begin rising. There is speculative appeal in the mine's 17 000 t stock of concentrate and cobs, which are carried in the balance sheet at nil value and thus represent pure profit when they are sold. But when is the operative word?

Msauli As forecast in the annual report the year started slowly. March quarter sales of chrysotile asbestos were apparently some 45% lower (and some 6 000 t below production) compared with the corresponding period of 1980. This plus 33% higher unit total costs, to a large extent a result of ore dilution, produced an operating profit of only R280 000 (March 1980 R1.3m).

Msauli had expected sales to rise marginally, despite growing competition from Zimbabwean producers. In the March quarter it appears shipments were around 12 100 t (March 1980 22 000 t). But too much should not, perhaps be read into quarter-by-quarter comparisons in view of the phasing of shipments.

Fibre production fell to 19 000 t compared with 25 000 t in the December quarter and 23 000 t in the March 1980 quarter as a result of rain-induced ore dilution. This plus restricted short fibre production had the effect of boosting unit production costs on a year-by-year basis to R130.6 t (R92.1/t). Profitability was also impaired

by an 18.6% increase in selling costs to R70.9/t.

Taxed profit before capex fell to R158 000 (R835 000). With weather conditions improving and demand for white asbestos expected to remain reasonably firm, the June quarter should start an improving trend towards the seasonally better second six months.

Getco. Lower recovery grades and higher throughput resulted in fibre production of 11 700 t in the March quarter — little changed from the previous three months, but 1 400 t lower than the corresponding 1980 period. Taking account of the minimum contractual deliveries of blue asbestos from Duker's Wandrag mine, sales tonnages were clearly well down on the year-ago level.

Paring margins

Unit production costs rose only 12% on the 1980 March quarter and unit selling costs by 14%. Revenue for Getco's own fibre has fallen to R520.6/t from R531.6/t in March 1980 and operating profit was sharply lower at R60.4/t (R122.5/t). Ahead of world economic improvement prices will remain weak pointing to dull prospects for the balance of the year.

Prieska Poor ground conditions and low realisations in the March quarter were not offset by sharply increased sales. Copper despatches increased to 42 600 t (27 400 t), while zinc shipped rose to 34 300 t (32 800 t). This reflected an extra shipment which is normal in the March quarter.

By the June year-end, Prieska will have spent some R7.5m on the Hutchings shaft, improvements to the concentrator and exploration. Nevertheless the mine is reducing borrowings as reflected in the lower R118 000 (R191 000) interest charge for the quarter.

Fourth quarter production statistics should show an improvement as difficult ground conditions have been overcome. But the extent of any improvement will depend on how smoothly the Hutchings shaft operates, the poor outlook for copper and zinc's strength. It is increasingly unlikely that the mine will go for a JSE quote.

Black Mountain The first quarterly report from GFSA's lead-zinc-silver project in the northern Cape highlights the high borrowings that need to be repaid before dividends start. Finance costs absorbed R3.4m (R3.2m) of the quarter's R9.3m (R14.9m) profit, while at end-March outstanding borrowings were R113.4m.

Production in the March quarter exceeded sales in all metal divisions with the biggest variance in lead. Lead production was 24 300 t but despatches totalled 15 300 t, in part reflecting slack world demand for a metal which relies relatively heavily on the world's motor industries.

NAMAQUALAND MINE TO SPEND R43-m

Argus

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20/5/81

THE O'okiep Copper Company is continuing with its heavy capital expenditure programme, the managing director, Mr Gordon R Parker, reports.

Capital expenditure by the Namaqualand company in 1980 reached R15.9-million while plans have been approved for the expenditure of a further R43.5-million between now and the end of 1984.

Most of the expenditure is on the Carolusberg Deep Ore project which is expected to cost R61.4-million.

The No 2 Shaft at this project had reached a depth of 1 119 m below surface at the end of 1980. Its ultimate depth will be 1 702 m.

TOTAL RESERVES

Production from this mine is expected to start in the second quarter of 1983.

At the end of 1980 O'okiep's total ore reserves were estimated at 15.9-million tons at 2.04 percent copper, which compares with 15.7-million tons at 2.05 percent copper a year earlier.

In 1980 the company sold 24 442 tons of blister copper, 4 060 tons more than in 1979.

JUMP IN PRICE

A jump in the world copper price at the start of 1980 to a peak of £1 375 a ton, together with the increase in the gold and silver price, resulted in the operating revenue last year rising 30.1 percent from R35.8-million to R46.8-million.

Total income rose 29.4 percent from R37.4-million to R48.4-million. Operating expenses rose 25 percent from R29.4-million to R37-million.

After provision for depreciation, interest, exploration expenses and tax the company had a net income of R5.4-million equal to R5.29 a share, against R3.16-million, equal to R3.09 a share in 1979.

Dividends totalling 75c were paid last year — the first since 1976.

As a result of the drop in the copper price operations have been temporarily suspended at three low-grade mines which will reduce copper production by about 3 000 tons a year.

Mr Parker reports that the company has been instrumental in establishing a technical training institute for coloured students at Okiep and 60 apprentices have been enrolled in the first class which began this year.

Palamin — rising share price in perspective

2/15/81
RBM
2/17

By JOHN MULCAHY
Mining Editor

IN spite of the depressed copper price, and without any significant improvement expected until later this year, Palabora Mining has attracted enough buying to push the price up to 1250c on the JSE from 1170c on Friday.

Being the cheapest and most efficient copper producer in the world, with a high purity product, Palabora will show a substantial improvement with any material recovery in the copper price.

In the year to December 1980 Palamin produced 114 008 tons of copper and sold 113 051 tons. The average price received was £942, the London Metal Exchange price, or R1 727 a ton. The average cost of production was R1 300 a ton, reflecting the healthy premium Palabora experienced even at a relatively low price.

However, the average for the year to date has been significantly lower than last year (£810), and results for the year are expected to be disappointing, with dividends unlikely to exceed 85c a share even if the copper price improves sufficiently to give an average of £950 a ton.

The copper price is of fundamental importance in assessing prospects for Palabora and the company bases its price to consumers — domestic and export — on the LME quotation.

The recession in the major world economies is tending to reduce demand for copper, but the supply-demand relationship appears to be tightening with LME stocks at 116 000 tons in April compared with 120 000 tons when the price was £1 000 a ton in March 1980.

Analysts believe the copper price will not rise significantly before 1982, but when it does rise the climb will be sharp and the price should quickly reach £1 000 a ton as demand outstrips supply.

The prospects for this year depend to a large degree on the timing of the recovery in the major Western economies. Expectations were that the US, which is the world's major copper consumer, would begin to show an economic revival by the middle of 1981, but indications are now that any sustained upturn will not begin until later in the year or even in 1982.

Against this gloomy outlook there is the prospect of a steady and stable demand from Europe and Japan, and production problems in Zambia, Zaire and South America.

Production and consumption figures for 1980 indicate that the demand and supply balance for copper is nearly in equilibrium. World Bureau of Metal Statistics figures show that

non-communist world production of refined copper was 7 950 000 tons while consumption was 7 795 000 tons last year. The excess of 155 000 tons represents only 2% of total consumption.

A further indication of the close supply-demand relationship is that LME stocks have remained around 120 000 tons, say analysts. This compares with 126 500 tons at the end of 1979 when the copper price was £995 a ton and 373 000 tons at the end of 1978 when the price was £769.

In 1976 and 1977, when production exceeded demand by a considerable amount, LME stocks were at 603 500 tons and 641 200 tons respectively, and the copper price was £782 and £687 a ton.

With the price remaining at £800 a ton in spite of the recession the situation reflects the low stocks held by consumers and producers, as well as merchants and traders, and the need for producers to receive a price necessary for them to stay in business.

The price will remain volatile because of speculative interest, with possible declines below £800 in the short term. But with a fundamental physical shortage of copper looming, in the longer term the price trend is definitely upwards.

Palabora's earnings and dividends are expected to increase over the next five years when substantial new primary copper production facilities will be brought on stream in other parts of the world.

Stocks are low — Palabora has only a few days of production on hand because of strong domestic demand — and any significant increase in demand could have a dramatic effect on price.

Palabora is still selling every ton of copper it can produce because of strong demand in SA. In 1979 over half the mine's production was exported, but at present about 80% is being sold on the domestic market, with almost all SA sales being in rod form, which provides about 90% of Palabora's output.

Based on an average copper price for the year of £825, which is regarded as the bottom end of projections, Palabora's earnings will probably fall to 48c a share from 154c last year, and using the company's traditional 70% distribution policy total dividends will drop to 30c from 110c.

At the top end of the scale — an average copper price of £950 — earnings should be about 134c a share, with total dividends of 85c a share.

Palabora has a strong balance sheet and it intends financing the open-pit expansion scheme using bank borrowings, tax savings and own resources. In 1980 long-term loans were increased to R32-million from R19 400 000, mainly through a R20-million bank loan.

The expected capital cost of the expansion programme from 1981 to 1992 is R225-million at current values, and the total amount will be capitalised over the period, to be written off over the five remaining years' life of the open pit.

FINANCE

URANIUM MINE IN KAROO ^{Augus} ^{26/5/81} (217) NOT LIKELY YET

FIGURES issued by the Atomic Energy Board show that the demand for uranium will have to increase greatly before there is any likelihood of a uranium mine being established in the Karoo.

For some years there has been persistent speculation about such a development. It is well known that considerable prospecting for uranium has taken place in parts of the Karoo, particularly to the south-east of Beaufort West.

However, figures for South Africa's uranium reserves issued by the board show that though reasonably worthwhile uranium finds have been made in the area they are probably uneconomic at this stage.

The board, in co-operation with the mining industry, estimates that the country's 'reasonable assured resources' (RAR) of uranium recoverable at a cost of less than 80 United States dollars a kilogram (30 dollars a pound of uranium oxide)

total 247 000 tons, of which only 3 000 tons are in the Karoo.

QUARTZ PEBBLE

The balance of 244 000 tons are either in quartz pebble conglomerates being worked by the gold mines or in gold mine tailings — that is ore which has been treated for gold but not for uranium.

With South Africa's uranium production currently about 6 150 tons a year, it obviously will be some time before it will be worthwhile to work the Karoo deposits.

However, given a sharp increase in demand for and the price of uranium, a mine could be established in the Karoo at some time.

This is because of the 109 000 tons of uranium available at cost of between 80 dollars and 130 dollars a kilogram (30 dollars to 50 dollars a pound of uranium oxide), 44 000 tons are in the Karoo.

The Board estimates that South Africa has altogether about 356 000 tons of uranium which could be recovered at less than 130 dollars a kilogram and probably a further 175 000 tons which could be recovered at the same price.

It reports that last year 26 mining companies spent R21,5-million exploring for uranium. The State, in addition to giving technical advice and assistance, spent R577 000 on airborne radiometric and magnetic surveys.

SAMANCOR (217)

Poor prospects

FM 29/5/81

Activities: Produces manganese ore in the N W Cape and chrome in the Transvaal. Metals and ferro-alloy production include high-carbon ferro-manganese, ferro-chrome and ferro-silicon. Chemicals division produces phosphoric acid, fertiliser and electrodes. Iscor directly and indirectly holds about 45% of the equity.

Chairman: Dr J P Kearney, managing director P E Streicher

Capital structure: 140,1m ordinaries of 4c. Market capitalisation R532m

Financial: Fourteen months to February 20 1981. Borrowings long- and medium-term, R36,5m, net short-term, R46,3m. Debt equity ratio 34,6%. Current ratio 2.1. Capital commitments R22,7m

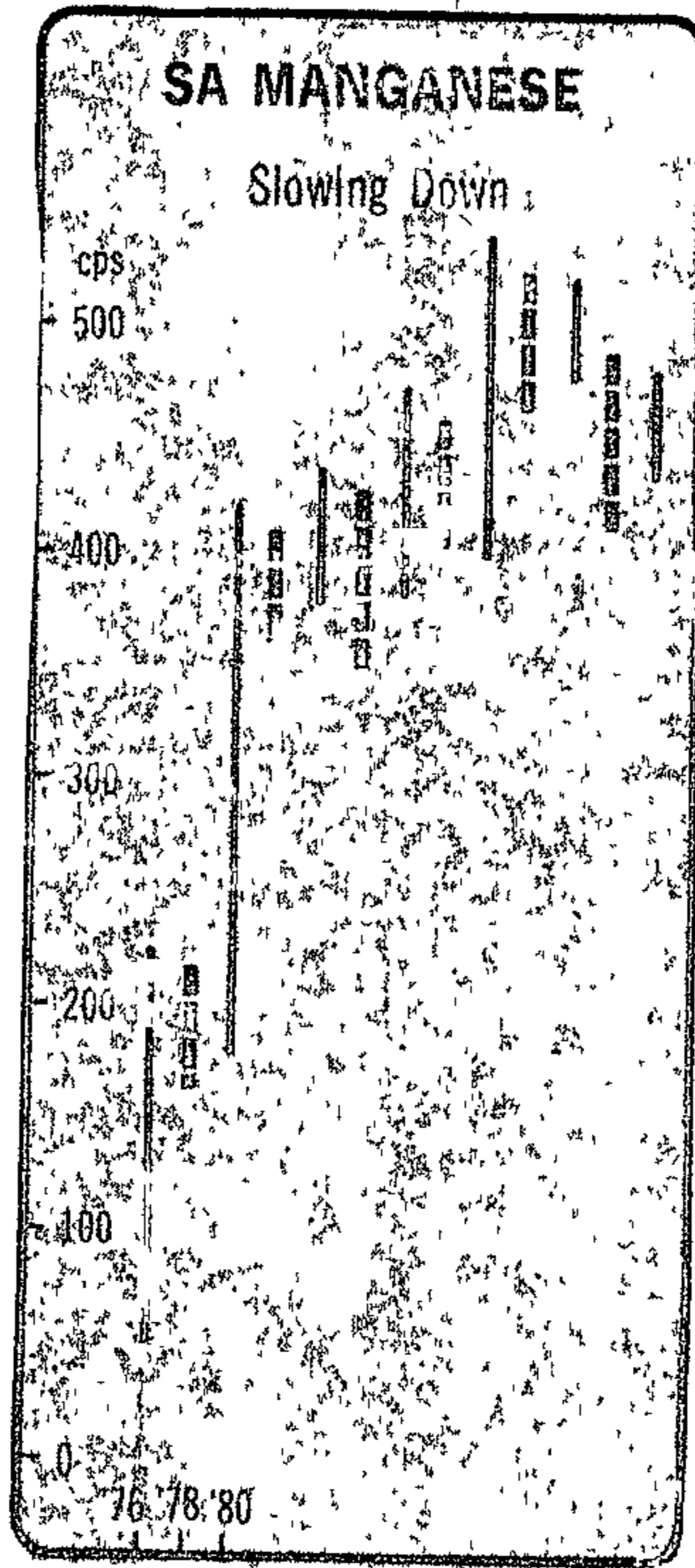
Share market: Price 380c. (1980-81 high, 405c, low, 275c, trading volume last quarter, 1.0m shares). Yields 4,0% on earnings, 1,8% on dividend. Cover 2,2. PE ratio 24,7

	'77	'78	'79	'81
Turnover (Rm)	194.2	199.5	358.1	391.9
Pre-tax profit (Rm)	61.2	41.1	91.7	36.5
Earnings (c)†	26.1	21.7	46.5	17.9
Dividends (c)‡	13	11	18	8
Net asset value (c)‡	117	129	158	175

* Year to December 31 † 14 months to February 20 ‡ Adjusted for five-for-one share subdivision in 1980

The board warned at the half-way stage that Samancor's markets were depressed and that the downtrend would probably continue beyond the end of the financial period. But the drop during the final six months has been precipitous.

Pre-tax profit was R31,6m in the first six months, but crashed to R4,9m during the final eight months of the 14-month reporting period. When the recovery comes the profit advance should be as



spectacular as the fall. However, the operative word is "when". On that, chairman Dr J P Kearney is vague.

He believes that the company's major customer countries' economies should start recovering by the end of 1981, though that does not mean that results for the year to end-February 1982 will be better than those of the last financial period. The safest bet seems to be for another substantial profit drop followed by some recovery next year.

The difficulty of analysing Samancor's

results is compounded by the fact that reporting is relatively uninformative. No ore production figures have been provided since 1976 and operations at the ferro-alloy plants are only disclosed in the most general of terms. As it was, though, one of the manganese mines cut production, output was lower at each of the chrome mines and the ferro-alloy facilities operated well below capacity. Stocks rose sharply from R90.9m to R127.2m. On an annualised basis turnover fell from R358.1m to R335.9m partly as a result of adverse shifts in the dollar-rand parity.

As another measure of the extent of the downturn, the number of employees fell from 10,100 to 8,680.

As if the difficulties in SA were not enough, the manganese alloy producer in Tennessee, Roane, which was bought for \$6.5m in 1979, extended its losses. After a small operating loss in the final three months of 1979, the latest financial period resulted in a loss of R13.5m. That loss has been provided for, presumably by remittances to the US from SA. Some of Roane's furnaces have been rebuilt and modernised and the rest will be updated when circumstances permit.

Prospects for the current year are not good — as management admits. Sales revenue and operating profit should be bolstered to some extent by favourable shifts in the rand-dollar exchange rate during the first few months of the current year. But demand is clearly weak as reflected by the fall in year-end debtors and bills receivable from R101m to R85m. And while trading conditions remain poor, the company will be hard pushed to maintain the last period's 8c dividend payout. The past few weeks have seen tremendous interest in the shares, in part due to US purchases following press recommendations on the other side of the Atlantic. That has fuelled rumours that controlling shareholder Iscor is planning to cut its stake in Samancor. If so, and if it results in competitive bidding from would-be purchasers, the share's price should remain

reasonably firm. On basics, though, the share does not rank highly on near-term income considerations. It is best reserved for investors looking towards a world economic recovery, though any improvement appears to be fully reflected in the price.

Jim Jones

By Graham Ferreira

THE storm of protest against mining for kaolin at the Noordhoek beauty spot seems to have failed.

New information has come to light that indicates that the mine plan is already a fait accompli.

Strong pointers to this are:

- The financial involvement of more than R2-million by the quasi-State venture, the Industrial Development Corporation, and the Sanlam group's influential Federale Volksbeleggings, and

- Notes which have passed between the Office of the Prime Minister and other departments.

OPPOSITION

It seems the kaolin will be exploited in the face of opposition from leading conservationists such as Dr Douglas Hey and Dr Anthony Hall as well as many other environmental experts.

Mr Chris Heunis, Minister of the Interior, and former Minister of Commerce and Industries, has been given the job of investigating the desirability of the mine.

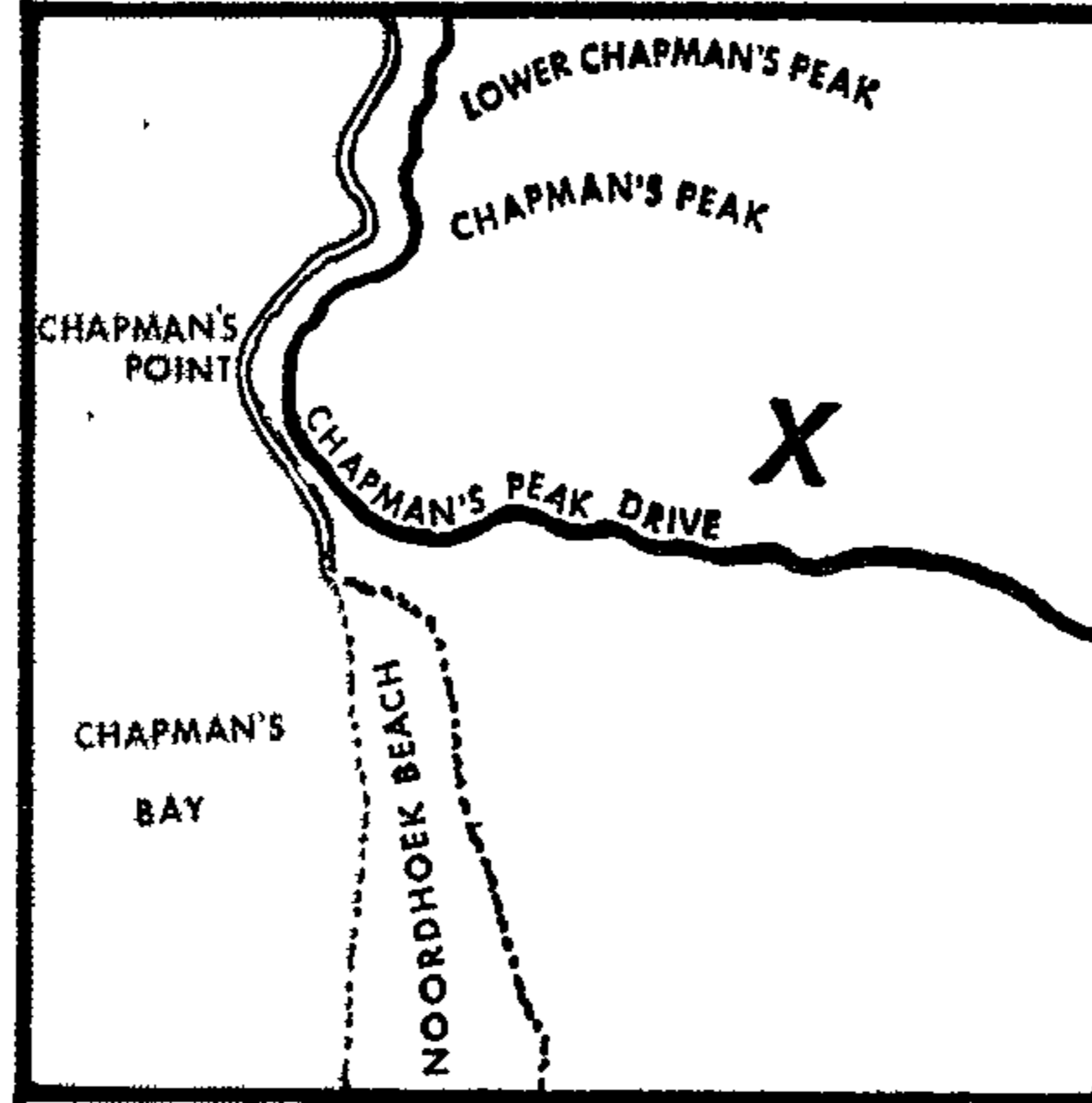
Dr Hey, head of the Table Mountain and Peninsula range committee, and Dr Anthony Hall,

3/6/81

Kaolin mine

'fait accompli'

Argus



OHIO FARM, where the mining will probably start is marked by an X. It is clearly visible from most of the Noordhoek valley.

chairman of the Co-ordinating Council for Nature Conservation in the Cape, and many other environmental experts, believe

the mine would do untold damage to the scenic Chapman's Peak Drive, one of South Africa's major tourist attractions.

EXPANDING

The chairman of the IDC, Mr A J van den Berg, has said every application to the corporation for funding is dealt with on its economic merits alone, irrespective of whether it is strategic or desirable.

The IDC and Federale Volksbeleggings are the only shareholders in Continental China which in turn completely owns Serina (Pty) Ltd, the company applying for permission to quarry the kaolin.

Last year Serina spent R2-million expanding their plant near Sun Valley in anticipation of the

which would result from the new Noordhoek mine.

Interdepartmental memos and correspondence between the Office of the Prime Minister (Physical Planning branch) and the Director-General of Water Affairs, Forestry and Environmental Conservation, show that originally the directorate was against the kaolin mine.

A memo to the office of the Prime Minister noted that the area under consideration was 'extremely sensitive', that the development would be extremely damaging to the environment; and that there was justifiable public resistance to the mining project.

IMPACT

But recently the Prime Minister's Office sent a memo to the Director-General saying the kaolin deposit fell within the proposed boundary of the Table Mountain and Peninsula Mountain Chain natural area, and recommending that the proposed boundary be changed.

A Government source told The Argus the Department of Environmental Conservation now considered the mine a fait accompli.

Kaolin — ²¹⁴ _{Archie} _{5/6/51}

'information awaited'

Environment Reporter
THE Minister of Internal Affairs, Mr Chris Heunis today denied that the Noordhoek kaolin mine was a fait accompli.

Mr Heunis said he stood by his previous statement that certain information was being awaited before a decision was taken.

But a memorandum from the office of the Prime Minister, Mr P W Botha to the director General of Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, recommended that the boundary for the Table Mountain and Peninsula Mountain Chain natural area be moved to accommodate the proposed site of the kaolin mine into an area declared for mining.

NO OBJECTION

The Prime Minister's office also noted that in principle there was no objection to changing the land usage to a mining area.

The memorandum noted that the line proposed for the Table Mountain Natural Area cut across the kaolin deposit. 'A change is recommended,' said the Prime Minister's office.

BOUNDARY

Referring to another kaolin deposit in the Serina-Hare area, the memorandum noted that the proposed conservation boundary also cut across the kaolin deposit in that area.

'A shifting of the line is thus desirable.'

Mr Otto addressed the committee under Dr Douglas Hey which is responsible for recommending boundaries for the Table Mountain natural area.

Mr Otto said that from an economic point of view the kaolin is of high quality and can be used for the manufacture of gloss paper. According to his information there were no other deposits of the same quality kaolin in South Africa.

He said a permit to mine kaolin in Noordhoek could possibly be made subject to the condition that the use of the kaolin is integrated with steps to rehabilitate the land after open cast mining has taken place.

Severe uranium slump Palabora defies is closing US mines copper price

Own Correspondent

JOHANNESBURG. — The uranium industry slump is so severe that several US uranium producers have closed and production there this year is expected to be about 10 per cent down on last year.

Mr C I von Christierson, South African representative of the Nuclear Exchange Corporation in the United States, says that mines without long-term contracts, whose working costs exceed the spot price, have been forced to close.

The Nuexco spot price at April 30 was \$25 per lb.

Mr Barry Lloyd, general manager of marketing for the Australian Pancontinental Mining Company, believes the price will go still lower — possibly down to \$20 per lb — before bouncing back again.

In South Africa figures of production are released quarterly but quantities of sales are not published although profits on sales are

issued

Because of the slack market, some mines are stockpiling part of production which is not sold on the spot market or on contract.

Mr Von Christierson says the Nuexco spot price, which is called the exchange price, has been at \$25 per lb since January 31. The transaction value, which is the weighted average price of recent transactions, was \$27,20 per lb in January and fell to \$25,70 per lb at April 30.

US production of uranium oxide for 1980 is estimated by the Department of Energy at 42 m lbs, which is a record.

The figure is so far in excess of what is needed by the US market that its publication has added to market depression in the US.

Previous estimates were that US production would total 34 m lbs and the increase is ascribed to the fact that ore stockpiles were larger than expected, resulting in

greater production of uranium oxide.

According to one New York analyst, only 18 m lbs of uranium was burnt in the US last year, resulting in inventories growing by about 24 m lbs.

In Australia, Mr Barry Lloyd blames US utility sales of their stockpiled uranium for the depressed market. He considers the present price levels to be unacceptable.

He says prices are not now being set by people with long-term interests but by utilities releasing inventories — off-loading uranium for psychological impact.

He told Nuclear Fuel, published in New York, that utilities selling uranium now would, in his view, wind up with a long-term problem.

Mr Lloyd feels there is still a place for low-cost uranium producers, which include South African gold mines producing uranium as a by-product, and for Pancontin-

ental's Jabiluka uranium project in Australia.

"We will be very competitive when we come on stream," he says. "Our costs are attractive because of the size of the development."

"Jabiluka, in Australia's Northern Territory, is the largest uranium ore body in the world. I don't believe Australia can afford to leave that asset to lie idle."

The Australian Government has decided to indicate to companies with development approval "minimum criteria" under which contracts will be approved. This includes a floor price formula laid down by the Australian Uranium Export Authority.

More on who owns whom

Financial Reporter

THE SUPPLEMENT to the first edition of Robin McGregor's Who Owns Whom, which lists the ownership and holdings of listed South African companies, is now available.

The supplement updates the first edition, which gave directors, parents, subsidiaries, associates and investments of all listed companies. The supplement also identifies 180 nominee companies, 32 of which are associated with Anglo-American.

It also includes a plethora of other information, including all shareholders owning 2% or more of the ordinary issued share capital of more than 260 quoted companies are named.

Prices of all shares listed on the JSE as at April 7 are listed, giving their year-end dividend yield % and shareholders' interest for 1979 and 1980.

Mr McGregor said this week that there has been a positive response to the supplement, and sales had exceeded his expectations. The supplement is available from bookstores.

Also on the planning board is a series available by subscription on who owns whom in particular industries, the first of which will be on the packaging industry.

Own Correspondent

JOHANNESBURG. — In spite of the depressed copper price, and without any significant improvement expected until later this year, Palabora Mining has attracted enough buying to push the price up to 1 250c.

Being the cheapest and most efficient copper producer in the world, with a high purity product, Palabora will show a substantial improvement with any material recovery in the metal price.

In the year to December 1980 Palabora produced 114 008 tons of copper and sold 113 051 tons. The average price received was 942, the LME price, or R1 727 a ton, while the average cost of production for the period was R1 300 a ton, reflecting the healthy premium Palabora experienced even at a relatively low price.

However, the average for this year to date has been significantly lower than last year (810), and results for the year are expected to be disappointing, with dividends unlikely to exceed 85 c a share, even if the copper price improves sufficiently to give an average of 950 a ton.

The copper price is of fundamental importance in assessing prospects for Palabora and the company bases its price to consumers — domestic and export — on the LME quotation.

The recession in the major world economies is tending to reduce demand for copper, but the supply-demand relationship appears to be tightening with LME stocks at 116 000 tons in April compared with 120 000 tons when the price was 1 000 a ton in March 1980.

Analysts believe the metal price will not rise significantly before 1982, but when it does rise the climb will be sharp and the price should quickly reach 1 000 a ton as demand outstrips supply.

The prospects for this year depend to a large degree on the timing of the recovery in the major Western economies. Expectations were that the US, which is the world's major copper consumer, would begin to show an economic revival by the middle of 1981, but indications are that any sustained upturn will not commence until later in the year, or even in 1982.

A further indication of the close supply-demand relationship is that LME stocks have remained around 120 000 tons, say analysts.

This compares with 126 500 tons at the end of 1979 when the copper price was 995 a ton and 373 000 tons at the end of 1978 when the price was 769.

In 1976 and 1977, when production exceeded demand by a considerable amount, LME stocks were at 603 500 tons and 641 200 tons respectively, and the copper price was 720 and 687 a ton.

With the price remaining at 800 a ton in spite of the recession, the situation reflects the low stocks held by consumers and producers, as well as merchants and traders, and the need for producers to receive a price necessary for them to stay in business.

The price will remain volatile due to speculative interest, with possible declines below 800 in the short term but with a fundamental physical shortage of copper looming, in the longer term the price trend is definitely upwards.

Palabora's earnings and dividends are expected to increase over the next five years, until such time as substantial new primary copper production facilities can be brought on stream.

Stocks are presently at low levels — Palabora has only few days of production on hand due to strong domestic demand — and any significant increase in demand could have a dramatic effect on price.

Palabora is still selling every ton of metal it can produce because of strong demand in SA. In 1979 over half of the mine's production was exported, but at present around 80 percent is being sold on the domestic market with almost all SA sales being in rod form, which provides about 90 percent of Palabora's output.

Based on an average copper price for the year of 825 which is regarded as the bottom end of projections, Palabora's earnings will probably fall to 48 c a share from 154 last year, and using the company's traditional 70 percent distribution policy total dividends will drop to 30 c from 110 c.

Against this gloomy outlook there is the prospect of a steady and stable demand from Europe and Japan, and production problems in Zambia, Zaire and South America.

Production and consumption figures for 1980 indicate that the demand and supply balance for copper is nearly in equilibrium — World Bureau of Metal Statistics figures show that non-communist world production of refined copper was 7 950 000 tons, while consumption was 7 795 000 tons. The excess of 155 000 tons represents only two percent of total consumption.

At the top end of the scale — an average copper price of 950 — earnings should be around 134 c a share, with total dividends of 85 c a share.

Palabora has a strong balance sheet and it intends financing the open-pit expansion scheme using bank borrowings, tax savings and own resources. During 1980 long-term loans were increased to R32 000 000 from R19 400 000, mainly through the raising of a R20 000 000 bank loan.

The expected capital cost of the expansion programme from 1981 to 1992 is R225 m at current values, and the total amount will be capitalized over the period, to be written off over the five remaining years' life of the open pit.

at 6/8:1 Aveys

Second big kaolin find (217) 'hushed up'

By Graham Ferreira
Environment Reporter

AN UNPUBLISHED report by the Department of Geological Survey shows that major kaolin deposits at Stellenbosch have been hushed up to justify mining the mineral in the Noordhoek valley.

The company which plans to mine the Noordhoek kaolin deposits, Serina (Pty) Ltd, is owned by the powerful Sanlam group's Federale Volksbeleggings, and the Industrial Development Corporation.

Already more than R2-million has been sunk into expanding the existing factory in Noordhoek in anticipation of the new Noordhoek mine. To justify the mine, both Serina and Government sources have said recently that the Noordhoek deposit is the only one of high enough quality.

MOST VIABLE

But a report presented to the Metropolitan Planning Committee two years ago, marked 'Confidential - Not for Publication' says the Stellenbosch deposit is considered 'the most viable kaolin deposit proposition in the Western Cape, because of its size (14-million tons), the good quality of the kaolin and the favourable situation of the deposit.'

In February this year, the Director General of Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, said that according to his information there were no deposits of the same quality as the Noordhoek deposits in the whole of South Africa.

ALL SUITABLE

But a chemical analysis of the deposits at Stellenbosch indicates that the kaolin there is of the highest quality.

All the samples tested were of a quality suitable for ceramic purposes, the geological survey report said.

several committee members, including Dr Hey, said the Noordhoek area was special, and that they would not be happy about a mining operation there unless they were convinced it was the only source of the material and that it was of economic and strategic importance to the country.

But the report on the Stellenbosch deposits was never made available to Dr Hey's committee.

The chairman of the Table Mountain and Peninsula mountain Chain interim committee, Dr Douglas Hey, said he had not been told of the Stellenbosch kaolin deposit.

The committee opposes the mining of kaolin in Noordhoek, and has recommended that Ohio Farm, on which the kaolin deposit was discovered, be included in the mountain nature reserve.

INFORMATION

In December last year, Mr D H J Bronkhorst of the Office of the Prime Minister promised the Hey committee that he would provide all information about kaolin which his department had at its disposal.

This promise followed discussion during which

including intensive resuscitation and transplantation is to be available for all, or for some, and where the limits are to be set.

As with priorities so with many of the moral dilemmas with which doctors are called to deal at present. The factual information available to the doctor responsible for example for prolonged resuscitation is usually very limited and unhelpful. His opinion is what counts and that opinion could be equally well expressed by "wise citizens" with a minimum of medical training. The health service is after all there for the benefit of the community and the community should have a high degree of consumer control. Local committees can make an area of the health service such as the local hospital their responsibility. It can be as good or as bad as the local community makes it. Such democracy is not synonymous with bureaucracy although I accept that one must be on one's guard against the latter.

The last move against the increasing medicalization of life will depend to a large extent on the doctors and the epidemiologists. They must review and evaluate whether early diagnosis really is important in different diseases. They must also evaluate the visible, and perhaps even the "invisible" effects of preventive programs. Evaluation of clean water supplies in an urban area would certainly show that they are worth having, evaluation of annual medical check-ups for most people would almost certainly show that they are worthless. If you think that you and your child

have influenza and your wife puts both of you to bed at home, is either of you any worse off than if you had gone to consult a doctor? How often will either you or your wife cause a dangerous delay by missing a serious pneumonia?

Individuals and families and communities must take back primary responsibility for their own health. They must use

their common sense and treat

Rooiberg interim slashed

By JOHN MULCAHY

THE depressed tin market, with prices falling since March last year, has hit Rooiberg shareholders. An interim dividend for the six months to June 30 of 30c has been declared — 67% lower than the 90c paid in the comparable period last year.

Gold Fields of South Africa's other tin producer, Union Tin, has reduced its half-time payment to 5c from 9c

In his last annual reports for the two companies, the chairman, Mr Dru Gnodde, warned that dividends were likely to be cut as the outlook for the tin price was not encouraging.

Since that time — March 31 — the price has recovered from £6 125 a ton to £6 505 yesterday, but for most of the period it has been under £6 200

In the March quarter Rooiberg's taxed profit fell by 34% to R1 734 000 from R2 628 000. Union Tin, in spite of substantially reduced costs, suffered a 31% drop in profit.

Rooiberg's revenue in the March quarter was down to an average of R10 553 a ton compared with costs of R7 008. Union Tin's revenue for the same period was R9 016 a ton, with costs of R5 667 a ton.

In March last year Rooiberg's revenue averaged

R13 674 a ton, and unit cost of sales was R5 988

Projecting first-quarter costs, it is possible that unit costs of tin sold this year could rise by 17% — Mr Gnodde said in his annual report the increase could be 20% — and it seems unlikely that there will be a significant improvement in the tin price until the fourth quarter of the year.

The story is different at GFSA's Apex Mines where the interim dividend has been raised to 70c from 60c.

In his report for 1980, released at the end of March, Mr Gnodde forecast that a further small increase in dividends could be possible this year.

This was before the conclusion of negotiations with Japanese steel mills, which produced a 30% increase in the price of low ash blend coking coal exports from April 1.

Apex had a good March quarter, increasing pre-tax profit to R3 700 000 from R3 200 000. In February the controlled price of coal was raised by 13%, and there was a similar increase in the selling price of No 5 seam metallurgical coal.

The unlisted Glenover Phosphate raised its interim to 35c from 25c and Zinc Corp declared an unchanged interim of 20c.

2/6/87
217
Rom

health care workers and revised the training of doctors and nurses, only then should we really consider how many more doctors and nurses and other health workers we need to train.

US unloads De Beers

By JOHN MULCAHY

HEAVY selling out of New York pounded De Beers on the Johannesburg Stock Exchange yesterday, and the share price fell from 925c to 897c. Anamint dropped to 10 575c from 10 750c in sympathy.

A four-year high for the dollar, accompanied by news of Zaired diamond sales bypassing the Central Selling Organisation, turned US operators sellers.

Added to this news was the statement by the chairman, Mr Harry Oppenheimer, at the annual meeting last week of continued weakness in demand for diamonds, which has led De Beers to reduce production.

There was small trade in gold shares with no significant selling pressure from overseas in spite of the lower gold price.

The gold board reacted downwards to the gold price early in the day, but in the absence of strong selling prices closed steady at the day's lower levels.

The industrial market was a stand-off, with fairly heavy institutional demand, but buying orders could not be satisfied. A few offers at relatively high levels were quickly taken up, but overall industrials were steady, with a slightly firmer bias.

Losses in golds ranged to 200c, but were mostly in the 10c to 15c bracket. Pres Brand fell to 4 200c from 4 400c, Western Deep lost 125c to 5 100c and Kloof shed 110c to 3 500c.

A number of issues improved against the trend, including West Dries, up 150c to 9 450c and Doorns, which gained 50c to 2 600c. Stiffontein rose to 2 060c from 2 030c.

Mining financials were generally neglected, although GFSa lost 100c to 9 000c and Rand London gained 30c to 490c. Anglo American fell 20c to 1 645c ahead of its profit figures and dividend.

Palamin continued its rise contrary to short-term logic, gaining a further 25c to 1 325c. By comparison Messina lost 15c to 755c.

Collieries were quiet with the trend mixed. Clydesdale gained 150c to 3 850c and RL Coal rose 5c to 480c. Trans-Natal lost 23c to 1 100c.

Sterns was the feature in the industrial sector, rising 40c to 225c on its sharply higher profit announced at the weekend.

Scott's was another firmer spot, its stores gaining 25c to 355c. The Pickard companies again attracted attention on their results, and Picbel moved up 25c to a high of 500c. Picfin gained 10c to 665c.

Prepared by a group of S.A. firms, 1976. See also Appendix 2.

(12) Steenkamp Commission

+ + + + +

Section 3:

- (1) Gurzynski, Z.A.S.: Entrepreneurship, the True Spring of Human Action.
- (2) Botha, D.J.J.: Inflation and Equilibrium.
- (3) See Steenkamp Commission.
- (4) Department of Statistics, Census of Manufacturing, 1972.
- (5) Heller, T.: Poor Health, Rich Profits.

Footnotes:

Section 1:

- (1) For a discussion of the revolution, see W.D. Reekie. The Economics of the Pharmaceutical Industry.
- (2) This is based on the definition in The Medical, Dental & Pharmacy Act (1928), Section 37.
- (3) MIMS contains a full listing of these substances.
- (4) R.B. Helms: Drug Development and Marketing.
- (5) Only a brief mention is made here of the nature of the market. A fuller analysis is made in Section 4 of the paper.

45.

Footnotes (continued)

Section 3:

- (6) "Some facts about the research based Pharmaceutical Industry" Prepared by a group of S.A. firms in 1976. See also Appendix 2.
- (7) Cooper, M.H. Prices and Profits in the Pharmaceutical Industry.
- (8) Steenkamp Commission; See Appendix 1.
- (9) Craun, W.M. and Ekelund, R.B.: Chadwick and Demsetz on Competition and Regulation.
- (10) Posner, R.: The Social Costs of Monopoly and Regulation.

(11) See Polanyi, G. and Polanyi, P. Competition, Risks and Profit in the Pharmaceutical Industry, as well as the Steenkamp Commission.

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Section 4:

- (1) Kefauver, E.: In a Few Hands.
- (2) Lancaster, K.J.: Consumer Demand: A New Approach.
- (3) Reekie, W.D.: The Economics of the Pharmaceutical Industry.
- (4) Some facts about the research based pharmaceutical industry. Prepared by a group of S.A. firms in 1976.
- (5) Steenkamp Commission.
- (6) Steenkamp Commission.

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Section 5:

- (1) Heller, T.: Poor Health, Rich Profits.
- (2) Illich, I.: Medical Nemesis.
- (3) Management Magazine Survey, 1973. See also Appendix 4.
- (4) Quoted in E. Kefauver: In a Few Hands.
- (5) Management Magazine Survey, 1973.
- (6) Kramer, A.: The Pharmaceutical Industry.
- (7) See G. Teeling-Smith: The Canberra Hypothesis.
- (8) Research into this aspect of promotion has been done by E. Hemminki.
- (9) Canadian Medical Journal. Editorial 8/2/77.
- (10) Steenkamp Commission.

46

Kaolin: Call to explain hush-up

Aug 19/6/81
217
58
Environment Reporter

LEADING non-Government conservation bodies are calling for an official explanation of the hushed up kaolin deposits at Stellenbosch, which according to geological reports seem more extensive than and of as good a quality as those in Noordhoek.

The Stellenbosch kaolin deposits, one of 'good quality' on the Stellenbosch airfield, and another nearby at Verzicht were described by the Cape Metropolitan Planning Committee's chairman, Mr V J Penso, as the most valuable deposits in the Western Cape.

He based his assessment on a survey by the Department of Mines Geological Survey team. Referring to the Noordhoek deposits, the survey questioned the wisdom of further exploitation there.

NEW MINE

This report, tabled in 1978, was never made public, and has apparently not been taken into account by Federaalvolksbelegging and the semi-Government Industrial Development Corporation, who want to open a new mine in the Noordhoek valley.

The secret geological report says that the deposit at Verzicht is of outstanding quality and must be regarded as a very valuable asset.

Conservationists have argued that the kaolin mining in the Noordhoek Valley would spoil one of the Peninsula's most used tourist routes.

The official line on the Noordhoek kaolin has been explained by Mr Fred Otto, Director General of Water Affairs, Forestry and Environmental Conservation.

NO DEPOSITS

Mr Otto told the committee under Dr Douglas Hey who are planning the boundaries of the new Table Mountain and Peninsula Chain natural area, that there were to his knowledge no other suitable kaolin deposits besides the Noordhoek one.

But the question is now being asked why he did not know of the Stellenbosch deposit.

The chairman of the Coordinating Council for Nature Conservation in the Cape, Dr Anthony Hall, said today that a complete investigation into sources of kaolin outside Noordhoek was imperative.

'We all find it very strange that nobody was told of the Stellenbosch deposits after the extensive survey was carried out there. I have also recently heard of apparently very good deposits near Saldanha Bay.'

The Wildlife Society says there are questions to be answered before any development of the kaolin deposits at Noordhoek takes place.

'Compared with the Stellenbosch deposit, reported to contain 14-million tons of good quality kaolin, how much is in the Noordhoek deposit?'

Meanwhile, the residents of the Noordhoek area are circulating a statement of dissent for signature.

The statement says that the residents of the area are totally opposed to all kaolin mining in the Noordhoek Valley.

But many believe that the monetary involvement of the semi-State IDC will weigh heavily in the final analysis.

Gold helping to bolster Beisa uranium mine

S Times
Burs
217
2/16/81

By Andrew McNulty

BEISA, the Free State uranium mine, is moving to full production in 1982 as scheduled — undeterred by the gloomy outlook for uranium.

The mine has been under development by Union Corporation since July 1978 at a total cost to completion originally estimated at about R200-million.

A question mark has arisen over the mine's future, in the view of some analysts, because of the continuing soft uranium market.

But Richard Weeks, a manager of Union Corporation, tells *Business Times* "Certainly the uranium market is less positive now than was anticipated when the decision to proceed with Beisa was made. But there is no great unhappiness on our part. There is no change in the

outlook at this stage. The gold price is much higher than our plans allowed for — which is offsetting the uranium prospects."

The project will be a primary uranium mine with a mill capacity of 1.2-million tons, producing gold as a by-product.

A leading authority, the US-based Nuexco, expects little or no real terms improvement in the current \$25 spot price for uranium until about 1990, and most South African mining houses agree.

Union Corp's view, however, is that the market could firm significantly by about 1986.

A consumer loan and internal Union Corp sources were used to finance development of

Beisa, but a public offer was expected in the late stages of development.

The chairman of Union Corporation, Ted Pavitt, told shareholders in his 1979 review that "a public offer of shares in Beisa Mines is likely during 1980 or early in 1981, depending on market conditions."

A long-term uranium supply contract was secured more than two years ago. There are no details on quantities, or duration, but the contract is for the major portion of the mine's output.

Mr Weeks adds that prices in terms of the contract are satisfactory and are subject to review from year to year to ensure interests of both Beisa and the customer.

Also, although Beisa still remains a primary uranium pro-

ducer, the gold price is now around \$470 compared with below \$200 in mid-1978, making gold a far more significant contributor to earnings than was originally expected.

"Benefits from the improvement in the gold price would probably outweigh losses from the deterioration in the uranium market," Mr Weeks says.

Shaft-sinking is complete and equipping is in progress at the No 1 shaft. The metallurgical plant is in place and, by using the ventilation when it was commissioned 18 months ago, about 8km of development have been completed.

Full production is scheduled to be attained by the third quarter of 1982, but it is now expected that ore will be moving through the plant during the fourth quarter of this year. A positive cash flow could be expected by late 1982.

By the end of the March quarter, R117-million had been spent on Beisa, and commitments to the end of 1981 including escalations totalled R56-million.

Mr Weeks says that all necessary capital has been made available by present shareholders.

The mine has achieved considerable success in containing capital costs. The estimated cost of R200-million was in 1978 money, excluding escalations. The cost is now expected to be R185-million including escalations.

Rise of 28 percent revealed in uranium production

(217)

S.A. 23/6/81

Production of uranium by members of the Nuclear Fuels Corporation; the Chamber's uranium producing and marketing organisation, increased by 28 percent to reach 7109 tons last year, said Mr Lawrence.

He said this followed a 22 percent increase in production in 1979 and production was likely to continue to increase over the next few years as new plants, and those still to be commissioned, fulfilled their commitments under long-term uranium sales contracts.

Mr Lawrence went on: "The dormant state of nuclear power programmes in most parts of the world continues and studies generally show a mounting over-supply situation with a consequent adverse effect on uranium prices.

"There are no indications of early improvements in demand or price levels"

LEGAL ACTIONS

Mr Lawrence referred to the complex and long-drawn-out legal actions brought by Westinghouse Electric Corporation and subsequently by the Tennessee Valley Authority against a number of United States and foreign uranium suppliers alleging an infringement of American

anti-trust laws.

"During March this year the Chamber announced that a basis on which the litigation could be settled to the mutual benefit of the parties had been agreed between Westinghouse, TVA and the foreign uranium suppliers involved, including our own Nuclear Fuels Corporation.

"These arrangements have been fully implemented with the sanction of the

United States courts and that the litigation is now at an end.

"Given the present depressed state of the uranium market the terms of the settlement under which producers associated with Nufcor will supply a substantial quantity of uranium to Westinghouse over the next few years are not without advantage to the industry as a whole." — Sapa.

extent did growing capitals reliance on a healthy labour force stimulate the emergence of rapid, effective cross-cultural forms of therapy, applicable and attractive to patients of diverse background?

These questions probe the Africa Likewise, and the rate and manner of field of political economy that determines hospitals will be built for whom hospitals will

Was the success of the massive growth of output behind the facilities in the inability to bale it and its reliance on significance in the institutions such as and costly maintenance mental health budget state hierarchy of power for expansion be still drawing boards, by the plans to create areas, with only 28

The material present Yet it is precisely African society in is the domain of political only mental health

TABLE I

mentally Disordered

BUSINESS MAIL

R25m to be spent to expand Van Dyks Drift

DOM
22/6/81 (217)

By ADAM PAYNE
THE coal treatment and handling plant facilities at Witbank Colliery's Van Dyks Drift coal mine near Witbank are to be expanded at a cost of R25-million for the treatment of export coals.

This mine is the top earner in the Witbank Colliery complex because all its coal - low ash blend coking coal and steam coal for overseas power stations - is exported at a much higher price than is paid for coal on the inland market. Details of the expansion were disclosed yesterday by Mr Nilo Zolezzi, managing director of Witbank Colliery, which is in the Rand Mines group.

Its low ash contract is particularly valuable, priced at \$5 a long ton for Richards Bay. Witbank's allocation is about 900 000 tons a year. Most of this comes from Van Dyks Drift mine

Van Dyks Drift's total production is a little under 300 000 tons a month of which just over 200 000 tons is power station smalls and the remainder low ash blend coking coal.

Old export steam coal contracts, shared by South African collieries, are at lower level than the newer ones which are at \$40 a ton or more for Richards Bay.

By comparison, the pithead price for B grade coal on the domestic market, supplied by Witbank Colliery's other mines, is R11 a ton.

These other collieries are Alibon, Wolwekrans, Douglas and Umom, all of which supply mostly inland coal and some export coal.

Mr Zolezzi said that the main aspect of the Van Dyks Drift expansion programme was a R12 250 000 new coal washing plant designed for the produc-

tion of power station smalls (steam coal).

The plant would have an initial capacity of 350 tons an hour rising to 1 100 tons an hour which, added to the capacity of the existing plant, would give Van Dyks Drift a total washing capacity of more than 2 000 tons an hour - making it one of the biggest operations of its kind in the world.

In addition to the the washing plant, there would be a new R6-million crushing, screening and coal storage plant and a R5 500 000 overland conveyor system linking Van Dyks Drift with its open-cast sister mine Wolwekrans about 6 km away.

Mr Zolezzi said: "We have embarked on this venture to enable us to maintain our position in the export market. It will not lead to an increase in production but it will give us the flexibility to increase production if the opportunity arises

"Unless we build this coal washing plant, the quality of our export power station coal will slip back and our position as a major exporter will be weakened."

He explained that until now Van Dyks Drift had been mining power station smalls of a sufficiently high grade that they could be exported without being washed.

"The reserves of this coal are now being depleted and Van Dyks Drift and neighbouring Wolwekrans will have to start mining a lower-grade power station coal which requires washing before export."

"That is why we are going ahead with this expansion now - a project that we have known for some time that we would eventually have to embark on," said Mr Zolezzi.

He said there were three reasons for the reserves of the so-

called unwashed coal being depleted.

Firstly, additional drilling had shown that some of the reserves originally earmarked for unwashed steam coal were, in fact, blend coking coal quality suitable for the Japanese steel mills.

Secondly, some of the reserves of the unwashed coal which were set aside for underground mining had now been earmarked for open-cast mining at a later stage to increase the overall percentage recovery rate.

Thirdly, Van Dyks Drift had been exporting this coal at a rate of about 430 000 tons a month for the past year - a rate appreciably higher than originally planned.

He added that the plans provided for further additions to the plant in about eight years to cater for any increase in demand or decrease in the quality of the coal handled

↑ q ↓

Cover 2.4 PE ratio 5.2

	'79	'80	'81
Return on cap (%)	3.1†	26.5	16.1
Turnover index	100†	128	138
Pre-tax profit (R 000)	63	1 091	1 265
Earnings (c)	2.0	31.2	33.8
Dividends (c)	—	11	14
Net asset value (c)	81	104	110

* 8 months † Annualised

During the past year it seemed that if Marlin's outside shareholders looked away for a minute, control of their company changed hands. Last September Alderson & Flitton bought 38% of the issued shares at 159c each and made a similar bid for the rest. Then in May, in a two-way deal with Usat Trust, control went to Fraser Alexander at 185c a share (*For*, May 29).

While this was going on, Marlin itself bought 85% of cash shell Aliana from Usat for R2.24m. Not that this made the slightest difference to Marlin's operations last year. Aliana has assets of about R2.4m, mainly cash, and a suitable investment is still being sought for the company. More to the point though, it was a case study in the wheeling and dealing of the indefatigable Peter Gain.

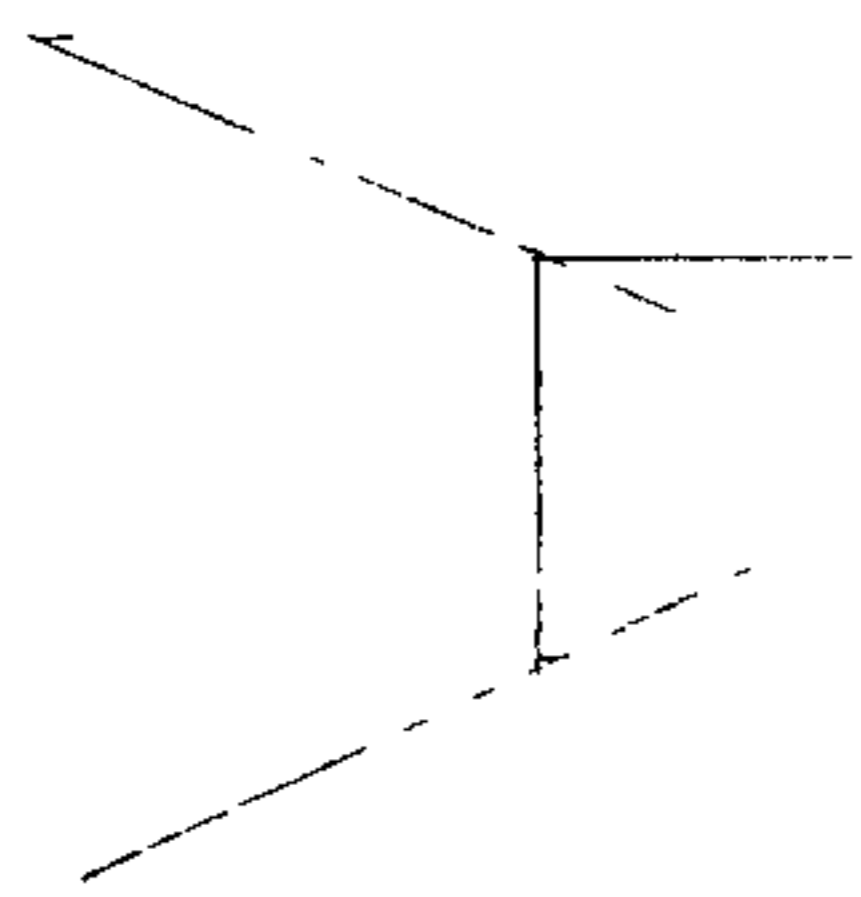
As far as Marlin's granite quarrying was concerned, the directors, as usual, have little to say. Demand apparently remains strong and new markets are hoped for. That is a fat lot of use to anyone trying to determine the company's prospects.

As usual, second-half earnings were lower than first-half — the split was 65/35. Presumably as long as the Transvaal winters remain dry and the summers wet, the earnings pattern will remain the same. And presumably as long as people keep dying and memories of them are perpet-

uated with granite tombstones, Marlin will keep on selling its product.

That information, like the board's reporting on operations and prospects, is almost useless.

Unless something is done soon with the Aliana cash, this year's results are unlikely to show any significant advance — they might keep up with inflation, but there is little point in counting on more. It is probably safe to count on a total payout of about 17c, which would put the share on a none-too-attractive 9.6% prospective yield.



MARLIN

217

Little to say FM 26/6/81

Activities: Quarrying and extraction of granite, principally in the Belfast and Rustenburg areas of the Transvaal. Associate companies extract and market quartzite and slate and carry out certain minor engineering activities.

Chairman: J. E. van der Burgh

Capital structure: 3.1m ordinaries of 50c, 400 000 "A" red cum prefs of 10c, and 1.6m "B" red cum prefs of 10c. Market capitalisation R5.5m.

Financial: Year to February 28 1981. Borrowings long- and medium-term, R495 000. Net cash R30 000. Debt equity ratio 67.5%. Current ratio 1.3. Group cash flow R2.0m. Capital commitments Nil.

Share market: Price 176c (1980-81 high, 200c, low, 110c, trading volume last quarter, 109 000 shares). Yields 19.2% on earnings, 8.0% on dividend.



Marlin's Gain . . . wheeling and dealing

Star 30/6/81 (19) (217)

Atomic energy and uranium link-up

The Atomic Energy Board and the Uranium Enrichment Corporation would in future be administered under a single corporate structure, the Minister of Mineral and Energy Affairs, Mr de Klerk, said in Pretoria last night.

Such a corporate structure would be constituted in due course by his department.

The Cabinet decision has been the result of the finding of the committee established last month, under the chairmanship of Mr A J A Roux, to investigate, among other things, whether present

nuclear activities, undertaken with funds, should be restructured for greater efficiency.

Mr de Klerk's statement said that the recommendations of the committee had been adopted with a minimum of qualifications.

The Cabinet had further decided that the existing activities of the AEB and Ucor would be grouped in three separate subsidiaries.

With rationalisation in mind, it had been decided that the extraction metallurgy division of the AEB at the National Institute for Metallur-

gy at Randburg would be transferred to the institute. Negotiations would be initiated with the University of Pretoria to administer the life sciences division of the AEB as a research institute of the university.

The Cabinet would, as soon as possible, nominate a chairman and a number of members to act as a working group of the proposed nuclear-controlling body.

The group would assist the Minister of Mineral and Energy Affairs and the existing managements of the AEB and Ucor with

draft legislation, grouping current nuclear activities under the new structure.

Other recommendations of the Roux committee, such as control over the use of radio-isotopes and licensing of nuclear installations would be considered later, in consultation with Government departments and other organisations concerned.

Until legislation had been enacted by Parliament to achieve the new grouping, the current managements of the AEB and Ucor would function normally, Mr de Klerk said. — Sapa.

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(The coefficients for labour, infant mortality, and population per doctor differ significantly from zero at least at the 0.02 probability level).

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NOTES ON

HEALTH AND ECONOMIC DEVELOPMENT

Alan L. Sorkun

Human Capital - a good or service which increases the productive capacity of human beings. Thus investment in health or education yields a continuing return in the future. Thus greatest benefits to young people, migration a form of human capital - migrate when young.

Economic Development - an increase in output per head

$$\frac{\text{GNP or NI}}{\text{POP}} = \text{per capita income}$$

GNP of India large, but since large population, so small per capita income. GNP - total productive capacity of the economy (useful for war potential).

Expenditures on health potentially productive in four ways.

A. Increase the number of man hours of work that can be performed - unemployment can be a problem. (Ceylon by lowering the death rate increases productivity).

B. It improves the quality of work. Mushkin using an econometric model indicates that in agricultural regions of less developed countries endemic malaria reduced the productivity of workers by 30%. Weisbrod et al in an extensive study of the productivity effects of schistosomiasis in St. Lucia (as well as several other parasitic diseases) failed to find any association between the severity of the disease and the fertility of women, the educational achievement of school children and the daily output of workers on a banana plantation. Some observers doubt that schistosomiasis is sufficiently severe on St. Lucia to cause a resultant decline in productivity

One problem is that many underdeveloped countries are tropical. Very difficult to work hard in hot weather no matter what one's health or nutritional status. Should be possible to focus on this question by examining the performance of poverty school children after installation of a school lunch program. It is hard to control further interaction of other variables.

If 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.

through particular groups centred around institutions, for example, schools, churches, and clinics).

Chiefs and headmen can have a central role in making or breaking projects. In the Ipoti creche project a lot depended on an elected committee having control over (and being seen to have control over) the development of the project. However the chief, who supported the project, verbally anyway, made some autonomous decisions about how the committee would be constituted and who the acting head-man was to be. This antagonised the sub-headmen so much that they did not hold the sub-elections in their areas, whereas before most of them had been practically assisting the project.

b) Government Extension Officers:

Most of the people whom I interviewed (from all the various projects and locations) said that extension officers (umlimi/abalimi) were the people responsible for nutrition education and for changes in agriculture. Extension officers have a unique position in that they have time for this type of work, they can liaise with the government offices and powers-that-be to get resources and they are in contact with the tribal committees. All land allocation must be approved by them so any project that needs a site allocated relies on their support. In Umhlaba they are relied on to help any type of development project.

It does seem that these men who were trained at Fort Cox are better and more active than extension officers in other reserves. Obviously the quality of their work varies from man to man. A good extension officer can have a very widespread effect in an area, whereas some do nothing. I would see the variations in success of the various communal gardens as mainly due to the different extension officers.

People talk about the one time policy of house to house visits by extension officers as very successful. However

there is a shortage^(I) of extension officers so they can no longer operate on this level.

APPENDIX 2.

PEASANT CO-OPERATION, CONSCIOUSNESS AND SOLIDARITY.

Benno Galjart

In many developing countries, peasant (service) co-operatives are induced by governments, local authorities or other local leaders, without due regard to the fact that everything depends on the degree of incorporation of a rural community, on who will be willing to co-operate, and

RDH 30/6/81
Unions plot on uranium

London Bureau

LONDON — The three British trade unions most likely to stop imports of uranium from South West Africa/Namibia got together yesterday with French and Dutch union representatives to talk strategy at a meeting organised by Swapo

The Transport and General Workers' Union, the National Union of Seamen and the Associated Society of Locomotive Engineers and Firemen will talk for two days with the trade union governing bodies of France and the Netherlands.

The meeting was organised by Swapo in co-operation with the Namibia Support committee. A delegation from the United Nations Council for Namibia will also attend

During a brief session open to the Press yesterday Mr Sam McLuskie, assistant general secretary of the NUS, was elected chairman and reaffirmed his union's support for Swapo as "the only true and authentic representative of the South West African people"

He said unions throughout Europe should help prevent the West's "plunder" of uranium

prevent the increase of socio-economic differentiation.

The rise and fall of induced co-operatives can be sketched in ideal typical form (cf. Galjart, 1975b):

- a. A local government official or some other prominent person who is certain of the utility of a co-operative, talks about it with local peasant-farmers. If these show interest, he looks for informal leaders whose task it becomes to convince others to participate in setting-up an association.

(I) This shortage and also the lack of adequately trained personnel has been cited since the Tomlinson Commission. For references see Neil Alcock "Thoughts on Kwa-Zulu's agricultural future (Roneod) p.9 + 10. See also The Kwa-Zulu Government Service Select Committee on Land Tenure Interim Report 1975.

SA's alloys exports to US improve

AWP. RDM 1981

(217) (M)

By ADAM PAYNE

SOUTH Africa's ferrochrome export trade to the US is reported to be in balance with an improvement which has been helped by the removal of a provisional 4% countervailing duty on imports of SA ferrochrome.

However, the industry now faces another hurdle with the US producers asking for an extension of protection on other grounds

They want a 4c a lb duty on ferrochrome imports to apply for three years to purchases at a figure — not yet stated — which will exceed 38c a lb

The 4c a lb duty now applies to imports below 38c a lb and South African imports are at prices well above that level

The South African producers will contest the US producers application on July 22 at a hearing by the US International Trade Commission

South African producers are now receiving a price of 47.5c a lb cif US warehouses for their ferrochrome, compared with 45.5c to 46c a lb formerly

Mr John Hall, managing director of Middelburg Steel & Alloys, told me that the US market is now in equilibrium — a state of affairs that has been assisted by production cuts by different South African ferrochrome plants

The higher price being paid for South African ferrochrome by US importers indicated that the market was in balance

He said "The demand situation is improving in the US but it is not in Europe and Japan where conditions are slack. I do not see any improvement in those countries until next year"

The ferrochrome market depends on stainless steel production in the US, Western countries and Japan. This industry has been slacker than formerly but has not been as hard hit as carbon steel

The provisional 4% countervailing duty which has been withdrawn was imposed in March after US ferrochrome producers petitioned for relief against South African imports on the grounds that they were receiving subsidies in three directions: first, on railage rates, second, on cheap power; and third, on cheap labour

The Commerce department provisionally supported the petition only on the basis that they accepted that there was a railage subsidy

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The department initiated an investigation in South Africa into the so-called railage subsidy and the investigators found that there was not a subsidy.

They recommended the department to withdraw the countervailing duty

The department will refund all the deposits paid against the duty since March

Commenting on the decision, Mr Hall said "We were never really worried about it because we knew the lower railage rate did not constitute a subsidy

"The withdrawal will however be a relief"

South African exports of ferrochrome totalled 596 847 tons last year with the US the biggest buyers. Exports to that country exceed 200 000 tons a year

(Continued)
SURVEYING
QUANTITY

Mine: Family must quit home

CT 1/7/81 Q17

Staff Reporter

A FAMILY who have lived in a house near Fish Hoek for 23 years have been told they have to find other accommodation this week, as their house is to be demolished

The house is near Sun Valley on the property of the Kaolin mine owned by Serina (Pty) Ltd, and is one of two old farm dwellings which were on the land when it was bought by the company which later began operating the mine

The family of Mr Aubrey Jones has been in the house for about 23 years, and Mr Jones was employed by the company before being dismissed recently by the manager, Mr C H van der Walt

Mr Jones, 56, was a driver for the South African Army for four years during the war

Since Mr Jones was fired, the family has been threatened with removal, and last week the front door of the house was allegedly removed, allowing wind and rain into the house over the weekend

The family has also been told that the house will be bulldozed, and on Friday they were told that the roof and windows would be taken off if they did not move

Mr Van der Walt said yesterday that the house was "filled with squatters", one of which was Mr Jones, who had been fired because he was allegedly unfit for work

The house had to be demolished, he said, because the mine was now an industrial area and residential dwellings were not permitted on industrial land

Mr Van der Walt said "The law does not permit anybody to stay here"

He said the family had been told that they had the rest of this week to find other accommodation

● A Fish Hoek woman who wishes to remain anonymous said yesterday she had been trying to find the Jones family accommodation for "some years" Their names have been on a Divisional Council waiting list for 2½ years, but no accommodation has become available for them

High quality

kaolin deposit

Argus 1/7/81

in Saldanha

26

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Environment Reporter

REPORTS of another large kaolin deposit of exceptionally high quality near Saldanha Bay, and the sympathetic hearing given by the Divisional Council to objections by the Noordhoek Ratepayers' Association, have raised some hope that Noordhoek might be saved from further kaolin mining.

Dr Anthony Hall, chairman of the Co-ordinating Council for Nature Conservation in the Cape said today the quality of the Saldanha deposits could be better than that of Noordhoek.

This is the second deposit of kaolin which has come to light since the Director-General of Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, told Dr Douglas Hey's Table Mountain committee there were no other suitable deposits besides the Noordhoek ones.

Dr Hall was encouraged by the attitude of the Divisional Council and there seemed a distinct chance that plans for the mining could be blocked.

The Minister of the Interior, Mr Chris Heunis has apparently called for an environmental impact assessment of the Noordhoek kaolin scheme. So far it is not clear who would carry this out.

It seems that a private company employed by Serina, the company which wants to mine, might be called in.

Environmentalists have pointed out that unless the alternatives to the Noordhoek scheme are also taken into account an environment impact assessment would be incomplete.

Recently a leading environmental scientist told me that any impact assessment should be approached as a desirability and necessity study as well.

Call to oppose mining project at Noordhoek

Staff Reporter

A TWO-MAN deputation from the Noordhoek and District Civic Association yesterday appealed to a meeting of the Cape Divisional Council for support in their fight against the proposed kaolin mining scheme in their scenic area.

In a statement of objection to any kaolin mining at Noordhoek the association's chairman, Mr Mervyn Minnaar, and leading conservationist Dr Anthony Hall said the proposed scheme was "in total conflict with the rural and residential nature of the area".

Also it would have an adverse effect on the Peninsula's annual income from the tourist industry — which amounted to some R50 million — and planning should take this into account, 'particularly in the Peninsula's last remaining unspoilt area at Noordhoek'.

The opposition to the scheme was 'strongly backed' by the Coordinating Council for Nature Conservation in the Cape, of which Dr Hall is chairman.

Mr Minnaar said that more than 70 percent of those eligible to object to the mining scheme had already done so signing a petition within only 10 days. He said this amounted to 300 out of a possible 400 signatures.

Dr Hall told the council he had recently learnt there were large deposits available at a site near Stellenbosch. Prospecting was also disclosing numerous other deposits of many tens of millions of tons elsewhere in South Africa.

The acting secretary, Mr C H Mocke, read out a letter from the Physical Planning branch of the Prime Minister's Office which referred to the application by Scrima

(Pty) Ltd to mine kaolin at Noordhoek.

It said a press report on June 6 that the Department of Environmental Conservation already considered the kaolin mine a 'fait accompli' was incorrect.

Certain information was still being awaited and a decision would be taken only after all the relevant information had been received and a report submitted to the Minister of Internal Affairs Mr Chris Heunis who was responsible for the final decision.

Plans for the mine had been amended and these would be forwarded to the Divisional Council for comment.

A request from the council that an environmental committee investigate the issue had been referred to the Department of Water Affairs, Forestry and Environment, which considered the move unnecessary, the letter said.

Among the points made in the Noordhoek and District Civic Association's objection were:

- The impact of the "industrial blight" to the area would last for the estimated 70 to 150 years life of the mine.

- Visual scars to the lower quarter of the scenic Chapman's Peak slopes.

- Dust pollution — the periodic dust wind at Noordhoek would pose unavoidable pollution problems from the very fine kaolin powder.

- Kaolin powder washed by rain off slopes around the mine would contaminate underground water and streams — increasing in future decades of mining.

- Ratepayers' property values would decline and they would derive no benefit from the mining.

Kaolin trucks would crowd Main Road

By LEON BEKKER

WHEN the proposed kaolin mining operation in the Noordhoek Valley operated at full capacity, five fully-laden trucks carrying processed kaolin to Atlantis would drive along the main road from Fish Hoek to Mui zenberg every hour.

This is one of the findings of a report on some of the environmental consequences of the proposed mine which has been submitted to Fish Hoek Municipality and will be discussed at a town council meeting on July 13.

The town engineer of Fish Hoek, Mr Michael Hedderwick, said in an interview yesterday that he had studied the report and added his own comments and recommendations to it.

He said the report detailed a number of "very alarming" consequences to Fish Hoek

should the mine be given the go-ahead.

The report was compiled by Dr Anthony Hall of the Co-ordinating Council for Nature Conservation.

Fish Hoek Municipality has not been consulted about the advisability of the mine, as the area in Noordhoek where the mine may be built falls outside Fish Hoek municipal area.

The report submitted to Fish Hoek shows that when the mine is working to capacity, it will produce 55 000 tons of kaolin a month.

The kaolin ore produced at the mine will be transported to the processing plant at Sun Valley and processed kaolin will then have to be transported either by truck or train to Atlantis.

"I want certain answers on how this is to be done," Mr Hedderwick said yesterday.

"If they plan to transport it by rail, how do the railways plan to cope? How will they load?"

Another municipal source said Fish Hoek station and the surrounding property would have to be changed to enable the trucks to load the kaolin on to trains, and the large, fully laden trucks would still be driving around in Fish Hoek.

The fine, powdery kaolin in the trucks would also not "mix too well with the strong wind we have here for most months of the year", the source added.

It is understood that the Ou Kaapse Weg route was considered, but rejected because the gradients are too steep for regular use by heavy trucks.

● Call to oppose mining project at Noordhoek, page 13

CT 11/7/81

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58

Drop in copper price halves Palabora profit

Star 2/7/81
2/7
2/7

By David Bamber

The weak copper prices in the first six months of the current year could send Palabora Mining Company's pretax profits for the half-year to June 30 plummeting by half from R31.2-million to about R16-million.

The Palamin chairman, Mr Airtair Macmillan, warned shareholders in his annual statement that profits would drop because of the depressed state of the copper market. He confirmed last night that this had happened.

In addition to the low copper prices, Mr Macmillan said the falling prices of gold, uranium and other minerals produced by the mine as by-products had also hit profits.

STRICT CONTROL

However, Palamin's low-cost operations had placed the company in a position to be able to ride out the tough times even though low grade ore was being mined.

Palamin had kept a strict control over working costs but the company would be hit if the predicted rise in the diesel price of 6c a litre came about.

Rio Tinto director Mr Fred Stiglingh said that Palamin used about

65-million litres of diesel a year. An increase of 6c a litre would add nearly R4-million to the fuel bill.

Experiments with a trolley assisted system for the huge earth moving trucks used by Palamin in open cast mining had been most successful. A section would be fully completed this year and would cut fuel consumption by a third.

A rise of 6c on a litre of diesel would have an adverse affect on profits at this stage but the future looked much rosier. In any event he hoped that the increase would not be as much as 6c — a rise of 3c a litre would mean only an extra R2-million a year on our fuel bill. Mr Stiglingh said.

FORESIGHT

Mr Macmillan and Mr Stiglingh believed that the copper market would firm next year. This would probably be accompanied by a rally in other metal prices.

Should this happen, the efficient planning and foresight of the company should place Palamin in an excellent position to take full advantage of the upswing in the market.

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Miss M F J Sandilands

first year.

For the best work in

Mrs. Thornton White Prize

BUILDING

ARCHITECTURE (Continued)

Koalin dust 'a health hazard'

CT 2/7/81

2/7
17

Staff Reporter

FISH HOEK is preparing to oppose the establishment of a kaolin mine in Noordhoek Valley all the way to cabinet level if necessary, according to the deputy mayor, Mr Bob Hardie

Meanwhile, a senior official in Fish Hoek disclosed yesterday that kaolin dust was considered a health hazard. This would be a major factor taken into account when the council debated the issue, he said.

A full-scale Town Council debate on Fish Hoek's attitude to the mine is scheduled for July 13, when two environmental reports will be before the council.

The first was submitted to the town engineer, Mr Michael Hedderwick, by Dr Anthony Hall of the Co-ordinating Council for Nature Conservation, and the second was called for by the council and drawn up by Mr Hedderwick and other senior officials in Fish Hoek.

'Very worried'

Mr Hardie said yesterday he was "personally very worried" about a number of consequences of the proposed new kaolin mine.

One was the traffic situation. Dr Hall's report had disclosed that when the new mine was operating at full capacity, five fully laden trucks an hour would use Main Road between Fish Hoek and Muizenberg transporting processed kaolin to

Atlantis

This would aggravate the existing traffic problem on Main Road. The number of large trucks using the road was already causing concern, and the kaolin traffic would be an intolerable extra burden on the road.

However, his concern went beyond the traffic situation, Mr Hardie said.

The existing kaolin mine was already causing dust problems in Sun Valley. "When the wind blows at all hard many of the houses in Sun Valley are infiltrated by the fine dust. Even keeping windows and doors closed doesn't help as it still gets in," he said.

If another mine were built in Noordhoek, the whole valley would be susceptible to the same problem.

"Even though Noordhoek officially falls within the Divisional Council's area, we in Fish Hoek regard it very much as our part of the world. You must remember also that as we expand, we will be moving further into the valley — it's the only way we can expand in Fish Hoek," he said.

The residents of Fish Hoek were concerned that the beauty and tranquility of the valley would be despoiled by a noisy and dirty mining operation.

Mr Hardie said he was sure Fish Hoek would oppose the mine all the way to the cabinet if necessary.

BUILDING
(Continued)

Chas. McCarthy & Sons Building
Prize

Awarded to the final year student
the best combined marks
III & IV.

Kaolin mine a 'health hazard to Fish Hoek'

RDM 2/7/81

217 174

Own Correspondent

CAPE TOWN — Fish Hoek is preparing to oppose the construction of a kaolin mine in the Noordhoek Valley — all the way to Cabinet level if necessary, according to the deputy mayor, Mr Bob Hardie

A senior official in Fish Hoek said kaolin dust was a health hazard. This would be a major factor when the council debated the issue.

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Mr Hardie said he was worried about the consequences of the proposed kaolin mine.

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This would aggravate the existing traffic problem on the road. The number of large trucks using the road was causing concern and the kaolin traffic would be an extra burden.

But his concern went beyond the traffic situation, said Mr Hardie. The existing kaolin mine was already causing dust problems in Sun Valley

"When the wind blows many of the houses in Sun Valley are infiltrated by the fine dust," said Mr Hardie

If another mine was built in Noordhoek, the whole valley would have the same problem

"Even though Noordhoek falls within the divisional council's area, we in Fish Hoek regard it as our part of the world. As we expand, we will be moving further into the valley — it's the only way we can expand in Fish Hoek", he said.

Residents were concerned that the beauty and tranquility of the valley would be spoilt by the mining operation

Mr Hardie said he was sure Fish Hoek would oppose the mine all the way to the Cabinet, if necessary.

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Mrs J R Einhorn

Kaolin: Call to explain hush-ups

Argus
2/7/81
217

Environment Reporter

THE Coordinating Council for Nature Conservation in the Cape has called on the Director General for Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, for an explanation of why the Stellenbosch and Saldanha deposits of kaolin were hushed up.

A report by the geological survey section of the Department of Mines (Survey report 1978-0091) which has never been published, shows that the most viable kaolin deposits in the Western Cape lie at Stellenbosch.

This report was included in a report tabled before the Cape Metropolitan Planning Committee which recommended the use of the kaolin deposits at Stellenbosch.

BOUNDARIES

But in February this year, Mr Otto told a meeting of Dr Douglas Hev's committee investigating possible boundaries for the Table Mountain and chain natural area, that according to available information there was no other deposit besides Noordhoek of the same grade in the whole of South Africa.

In fact, the geological survey report said that the Verzicht deposit near Stellenbosch, 'was of a very high quality and must be regarded as a very valuable asset'.

STELLENBOSCH

The chairman of the CCNCC, Dr Anthony Hall, said he would like to know why the Stellenbosch deposits, obviously very highly regarded by the Department of Mines survey team had never come into the reckoning.

Serina the company which wants to mine the Chapman's Peak end of the Noordhoek Valley which forms part of one of the world's most famous scenic drives, is partly owned by the semi-State Industrial Development Corporation.

JUSTIFICATION

Mr Otto as well as officials of Serina have used the lack of other suitable kaolin deposits as justification for the proposed Noordhoek mine.

At the time when the geological survey section did the Stellenbosch kaolin survey, Mr Otto was Secretary for Planning and conservationists are asking why he did not know of the report.

SALDANHA

As early as 1971 a company report — also never made public — was completed on kaolin prospecting in the Saldanha-Vriedenburg area, and it seems unlikely that recent disclosures by private sources of high quality kaolin deposits there were unknown then.

When Mr Otto spoke to Dr Hev's committee, it was obvious that he was in favour of mining at Noordhoek.

Besides saying that the Noordhoek deposits were the only ones of suitable quality, he said that the aesthetic problems of the mine could possibly be overcome by using revised methods.

CONDITION

He also suggested that a permit to mine could be made subject to a condition that the mining should go side by side with reclamation work.

The chairman, Dr Hev, pointed out that in practice it was sometimes the case that such conditions were valueless, and he asked Mr Otto whether there was a mechanism which could enforce the conditions.

Mr Otto said the possibility of bankruptcy made it impossible to give assurances that open holes could be filled.

Dr Hall said the proposed Serina mine was obviously not in the

interest of the Peninsula as a whole and in fact could affect foreign income by way of tourism. He said it was time that a long honest look was taken at the situation as a whole.

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EIGHT POINTS AGAINST NOORDHOEK MINE

Environment Reporter

LEADING conserva-
tionists have equa-
ted the destruction
of the Noordhoek
Valley so kaolin
could be mined with
closing down a gold
mine to build a
tennis court

Dr Anthony Hall, chair-
man of the Co-ordinating
Council for Nature Con-
servation in the Cape, said
today that the mine would
destroy one resource valu-
able to countless
thousands of people and
replace it with an activity
which was not needed and
would benefit few people

Dr Hall and other con-
servatonists including
several employed by the
Government, have said
that the proposed mining
development in what is a
vitaly precious area to the
Peninsula's tourist trade
was ill-considered and
showed no foresight

Dr Hall spelt out eight
points showing why the
proposed development was
contrary to the interests
of the Peninsula and ultri-
mately to national
interest

The mine would bring
in about R5-million a year
but the benefit would
accrue to very few people
and the unsightly scar and
other environmental dis-
turbances would prejudice
the tourist industry which
brought R50-million a year
to a great many people
and generated large
amounts of foreign cur-
rency.

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- (3) An exc
- ferred,

3/7/81

The mine would de-
stroy an exceptionally
valuable national asset
and would constitute a
major disturbance within
the proposed boundary of
the Table Mountain re-
serve scheme

The positioning of the
mine showed a lack of
planning and a lack of
Government understand-
ing of the principles in-
volved in physical plan-
ning

Explaining this point Dr
Hall said 'You can't sim-
ply go and mine every
deposit of every mineral
simply because its there,
any more than you can
stick up a city just be-
cause you happen to have
an open tract of land

MANY FACTORS

'There are many many
factors to be taken into
account when deciding on
the desirability of a pro-
ject like this

The Government has
had adequate warning of
the consequences of a kao-
lin mine through the bad
conditions which have
plagued residents near
the other kaolin mine at
Sun Valley'

Other points made by
Dr Hall were.
There was no guarantee
that further expansion
would not take place in
the future and there was
also no guarantee that any
controls placed on the
mine now would be exer-
cised in say, 50 years'
time.

The mine would afford
few job opportunities — it
was unlikely that more
than eight or 10 extra
people would be
employed, but it would
have an effect on the
whole tourist industry
employing thousands of
people

Property values would
be seriously affected and
residents would receive no
benefit from the mining

In fact the local resi-
dents' association had
showed itself unanimously
against any mining what-
soever in the Noordhoek
Valley

The development was
not essential as other
deposits of kaolin — more
viable than those at
Noordhoek according to a
Government geological
survey report — could be
utilised with little impact
on the environment

Dr Hall pointed out that
the whole concept of kao-
lin mining at Noordhoek
was indicative of a lack of
planning

The argument that the
kaolin at Noordhoek was
of such a high quality that
it could be used in place
of imported kaolin as coat-
ing grade kaolin for the
manufacture of glossy
paper, did not hold water

Even if the Noordhoek
kaolin was of marginally
better quality than the
Stellenbosch, Saldanha
and Vredenburg deposits,
which was extremely
doubtful according to
secret Government survey

reports, the Noordhoek
kaolin would still have to
be further refined to be
used for making glossy
paper

There was no doubt that
if the Noordhoek kaolin
could be further refined
then so could the Stellen-
bosch and Saldanha kao-
lin

This year, the company
which wants to mine the
kaolin at Noordhoek intru-
ded a research programme
in collaboration with
Sappi Limited to deter-
mine the feasibility of

producing coating grade
kaolin.

The project, costing
R50 000, is to be under-
taken at the University of
Stellenbosch

Conservationists are ask-
ing why the argument that
the Noordhoek kaolin can
be used as coating grade
kaolin is being put for-
ward by Mr Fred Otto,
Director-General of Water
Affairs, Forestry and
Environmental Conserva-
tion, when this has not yet
been determined

Born before admission rate at the clinics of 22,6 - 26%

following programme was instituted

Post-graduate midwifery training by means of

(a) Refresher courses at the base hospital

(b) In-service training at peripheral clinic

(1) Providing feed-back

(11) Teaching new skills

(111) In-service research

Re-assessment of criteria for referral

Major indications for referral 1976

id clinic delivery.

making after
an at peripheral

It is the 50 per cent increase which concerns the following calculations. On average, wages for blacks in 1921 were 2.21s. per shift. (240) This means that their average monthly cash earnings were approximately £2.16.0. for a 26 shift month. During the same period the lowest average wage for an underground white miner was £30. (241) This means that the ratio of white to black underground earnings was approximately 10,7 : 1. Africans received an average compensation of approximately

Should Rand London opt for cash, it will pay R2-million now, R1 065 000 on December 31 and R1 130 000 on June 30, next year. Should the group go for a cash-shares arrangement, the cash portion will be paid by not later than December 31. Andalusite is used in the manufacture of refractory products and a large portion of Hudson Mining's production is exported. The acquisition is expected to raise Rand London's earnings per ordinary share by about 5c (based on the company's existing share capital), for the year ending June 30, 1982 but will not have any material effect on net asset value.

Mines on shares deal

By Frank Jeans
S. Tubing 5/7/81

Rand London Corporation and Zimro have agreed to a deal in which the former has acquired the entire issued share capital of, and claims against, Hudson Mining Company, the operators of what is believed to be the largest single andalusite-producing mine in the world at Burgersfort in the Northern Transvaal. Central Merchant Bank says the purchase price of R4195 000 will, at Rand London's election, on or before November 29 be satisfied either in cash or by the issue and allotment of listed shares in the Rand London group or a combination of cash and shares.

1972	-	1972	-
1973	-	1973	-
1974	-	1974	-
June 1975	57,20	June 1975	36,40
June 1976	65,00	June 1976	40,30
Aug 1977	68,90	Aug 1977	42,90
July 1978	76,70	July 1978	50,70 (244)

Whites received cash earnings respectively. (242) At the same time compensation were R600 and the ratio of white to black earnings was lower in 1973 than in 1978. Thus compensation payments increased. The acquisition is expected to raise Rand London's earnings per ordinary share by about 5c (based on the company's existing share capital), for the year ending June 30, 1982 but will not have any material effect on net asset value.

of wages for African novices:

1 Mines	Ratio White : Black
19 % are black)	16,8 : 1
	12,4 : 1
	8,4 : 1
	7,9 : 1
	7,8 : 1 (243)

Surface 8,8h
9,88

Between 1971 and 1976 white mining wages were approximately doubled while those for Africans quadrupled. The wage increase in average African earnings per month before August 1977, that is for the year 1976 to 1977, was R102,40, whilst for the year 1978 they increased to R115. (245) But compensation payments for Africans have not been readjusted in proportion to the substantial increases in African cash wages. (246)

However, it should be borne in mind that since 1973, Africans have worked for shorter average periods. This has induced management to encourage Africans to return more frequently and to engage in mining on a full-time basis. (247)

Recently it has been suggested that mining does not increase the risk of tuberculosis. It is claimed that tuberculosis is not a mining disease at all, and that the industry is being forced 'to pay for its past sins' (which have) 'long since ceased to be the case.' (248) This is attributed partly to the strict protective procedures adopted by the mines in the examination and vaccination of patients. Others, however, maintain that there may be good reason for retaining tuberculosis as a compensatable disease on the mines. This argument hinges on the fact that stress - an important factor amongst migrant labour - may be a cause of tuberculosis. (249) If stress is proven to be one of the causes of tuberculosis, mines may play an important role in creating conditions for its production. Because the coexistence of tuberculosis with silicosis is a dangerous lung condition, and is prevalent (as the table below shows) until it is conclusively proved that there is no incidence of this highly infectious disease on the mines, it would seem that the continuation of compensation for tuberculosis is necessary. In addition, the Medical Bureau for Occupational Diseases stated in its 1973-1974 report that tuberculosis, despite intensive efforts by the mine medical officers to control it, continues to be a predominant reason for certification, for which a solution does not yet appear to be in sight. (249a)

The principle on which less compensation is awarded for black silicotics may be because of the belief that their intermittent service renders them less liable to contract the disease than full-time white miners. However, this theory has not been proved or disproved. (250) Experiments undertaken with animals have also shown that short but concentrated periods of high dust exposure may cause the disease to develop far sooner, than others, who have had average amounts of dust exposure, the total of which is the same as the former, but over a very lengthy period of time. As Africans today are subjected to these short periods of

Manganese

star 6/7/81
mines get

'reprieve' (2/7)

By Geoffrey Murray

TOKYO — South African mines have got off rather lightly from a Japanese decision to cut back manganese-ore imports this year.

The overall contract volume for fiscal 1981 is 1 528 000 tons, compared with 1 783 000 tons last year.

CARRYOVER

Industry experts said the decline was really much less than excessive, especially as there was considerable carryover from 1979.

However, the Japanese buyers are expected to exercise their option to take up to 10 percent less than the contracted volume, shaving another 150 000 tons off the total.

CONTRACT PRICE

According to industry figures, Samancor will be providing 450 000 tons, the same as last year, Assoman will take a cut from 300 000 to 255 000 tons and Middleplaats from 55 000 to 50 000 tons.

The contract price for this year has generally been raised by a modest two dollars a ton.

Award who has shown at the end

tion Prizes dent in the ing Construction. best student in the ing Construction.

III: No award

II: A R Low Ken

I: N D G Sessions

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.

P R Swift

Professional Practice.

the highest marks in

For the student obtaining

Surveyors' Prize

Cape Chapter of Quantity

The Committee of the Western

P C Key

in any year of study.

For the best all-round student

Bell-John Prize

URBAN & REGIONAL PLANNING

(Continued)

QUANTITY SURVEYING

West Rand Con to end uranium mining

SA 7/7/81

By Ann Crotty

217

Uranium production at Gencor's West Rand Consolidated Mines is to be stopped as soon as it becomes practical because it has become uneconomical.

Because of contractual commitments, West Rand Cons — a primary uranium producer and a secondary gold producer — will not be able to end uranium production until the end of this year.

An announcement by Gencor said that investigations had indicated that it might become financially justifiable to resort solely to gold production

At that time, however, sufficient development results on the gold reserves were not available to justify such a decision. The development rate was, therefore, increased and the directors are now confident that sufficient ore reserves will be available for continuation of gold production.

PROSPECTS

Gencor said that the change will improve the financial prospects of the mine and hopefully keep it profitable until such time as economic uranium production can be resumed

Because of expansion of production on other mines in the group, the move would not result in the retrenchment of staff

In his last annual report West Rand Cons chairman Mr Johan Fritz said that "the present price of gold at less than 500 dollars, the weakening of the uranium market and a further decline in the gold-recovery grade, coupled with the financial sensitivity of the mine

provides a serious challenge to management to keep the mine viable"

During the last financial year there was a five percent production increase in uranium brought about mainly through the increase in the waste sorted to 27.2 percent from 15.8 percent

and keeping the mill well supplied with ore

Forecasts for uranium prices have been gloomy and a situation of oversupply and low prices is anticipated until such time that nuclear power played an increasingly important part in energy supply

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For the best all-round student
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QUANTITY
SURVEYING
(Continued)

Japanese cuts on chrome

By Geoffrey Murray

TOKYO — Import contract negotiations for South African low-grade chrome ore are unusually sluggish this year, confirming the Republic's continued slippage from its former domination of the Japanese market.

Industry sources say that contracts closed so far with three major South African mines come to only 200 000 tons.

This is broken up among General Mining 100 000 tons (against 145 000 tons last year), Rand Mines 40 000 to 50 000 tons (65 000 tons) and Ucar Chrome 50 000 tons (65 000 tons).

The sources say that contract negotiations with medium and small mines for 1981 loading will probably be left over until possibly September or even later and it's not absolutely certain any contracts will materialise.

Apart from a decline in their tonnages, the big three mines have also done badly on price, say industry experts.

These sources say contracts have been signed at around 48.50 dollars a ton FOB, which is, in fact, less than last year's 49 dollars a ton.

FREIGHT CHARGES

The price slippage, however, is even more serious than it looks on the surface.

Japanese buyers last year agreed to share equally increases in South African inland freight charges.

This year, mining costs are at least 1.50 dollars higher because of increased railway freight and port charges but the Japanese are not making any contribution to this.

Whether or not any additional contracts are signed this year is said to depend heavily on the prospect of increased stainless steel and ferrochrome production in the second half of the year. Most companies are not optimistic about this, however.

PLANNING
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(Continued)
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rome production in the
second half of the year.
Most companies are not
optimistic about this,
however.

MANGANESE ORE PRODUCTION AND SALES

	'79	'80	Jan. '81	March '81	April '81
Production					
Metric tons	5,2m	5,7m	520 796	482 712	338 746
Local sales					
F O R value (Rm)	45,5	36,6	2,6	1,1	3,0
Export sales					
F O B value (Rm)	129,2	108,9	12,1	6,7	12,2
Source: Minerals Bureau					

should start during 1982

The price of manganese ore, usually fixed early each year, has been placed at \$1,80 cif/metric ton unit (mtu) of manganese only recently. It is thought possible that orders were withheld pending the price fix

The *FM* understands that new orders have been placed during the past six weeks. Although a price increase was agreed to this year, the price has remained almost static in real terms.

No real signs of improvement are expected here before the fourth quarter because of the holiday seasons in Europe and America. But local experts say there are indications of very slow improvement in the American market.

It is estimated that the Japanese steel industry will buy about 30% less manganese than last year, and the European steel mills about 40% less. SA is a major supplier to both these markets.

Production of manganese was about 5,7 Mt during 1980 and export sales (fob) fetched R108,5m. Although export tonnages are not given, some put the figure at about 3 Mt of manganese ore and about 500 000 t of ferro manganese.

Low purchases early this year are attributed to over-enthusiastic buying last year, when there was anticipation of a revival in the steel industry. High interest rates have also encouraged buyers to keep inventories as low as possible. In 1979, SA sold 1 Mt more manganese than it produced, from stockpiles.

SA producers believe the ore reserves held by many Japanese steel mills are being depleted and that fairly soon they will have to start buying again. The US is largely a buyer of ferro manganese from SA (232 000 t in 1979) and it is thought these stocks are also diminishing.

One spokesman says that although the immediate future does not look good for producers, some relief has been gained through the weakening of the rand against the dollar. Fairly static freight rates have also helped.

He believes the lowest point in manganese demand has been reached but that present levels could hold until year-end or even into the first quarter of 1982, after which he foresees slow recovery.

According to one spokesman, certain Japanese steel mills are holding two years' stock of manganese, not only because of over-buying last year but because technical innovations, like continuous casting, have reduced the manganese requirements.

MANGANESE 217 Grim outlook

FM 10/7/81

The outlook for manganese this year is clearly not rosy (see table). Production and sales figures for the first quarter of the year show a decline each month. Local producers say, however, that the low point has been reached and slow recovery

14/7/81
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KAOLIN MINE CONFESSIONS SET TO UNRAVEL

Environment Reporter

AN extensive clearing operation is under way on the kaolin mine concession sites at Noordhoek, alarming leading conservationists.

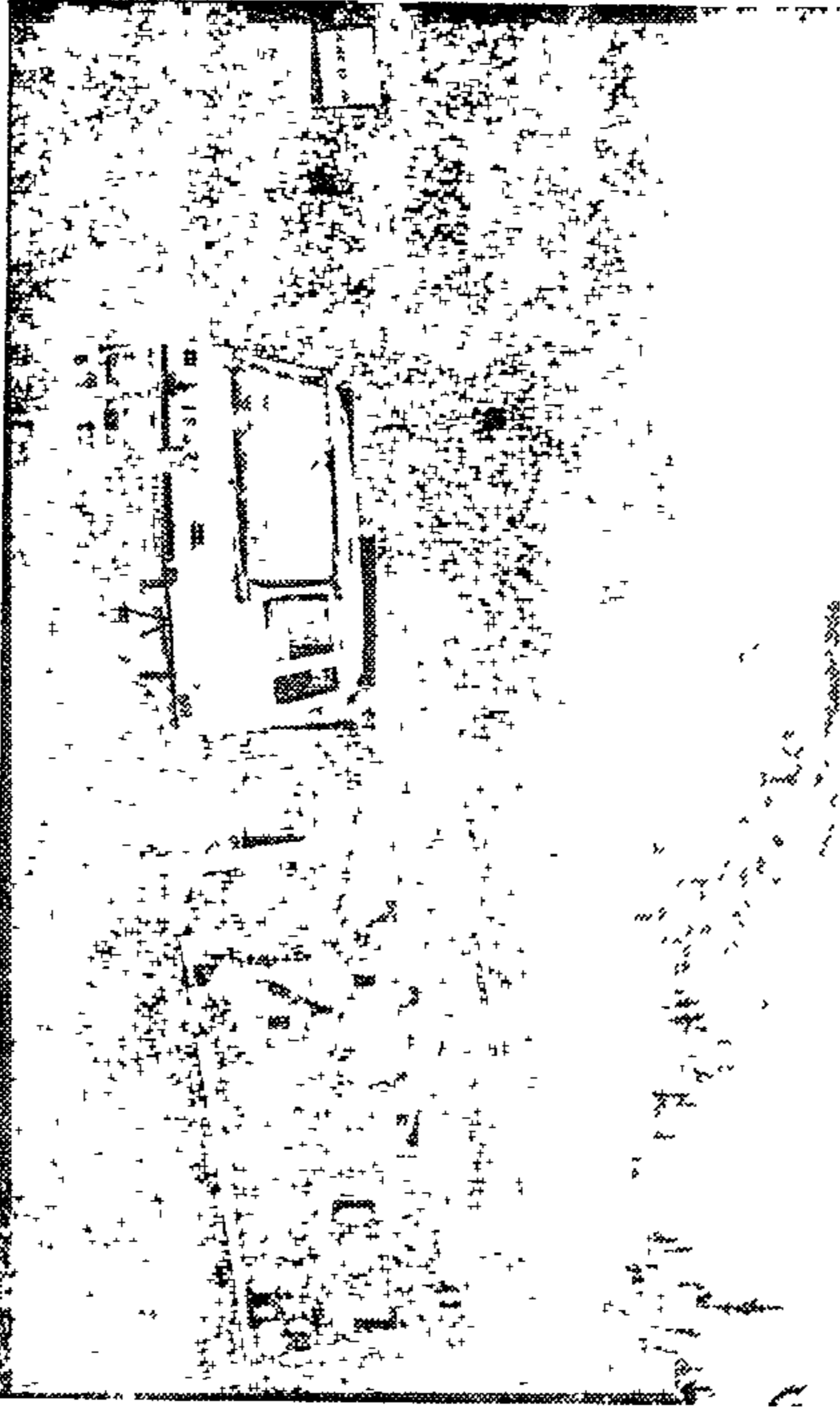
The Argus published a report last month saying that in Government conservation circles the mine was already accepted as a fait accompli.

The Minister of Internal Affairs, Mr Chris Hennis, issued a statement denying this. He said information was being awaited before a final decision was taken.

At the time, The Argus pointed out strong indications for believing that what was being argued was not whether mining was to take place, but how it would take place.

CONFIDENTIAL

- Financial involvement of over R2-million by the quasi State Industrial Development Corporation.
 - Confidential memos between the Office of the Prime Minister and the Department of Environmental Conservation.
- It subsequently came to light that the most viable kaolin deposit in the Western Cape, several kilo-



A LORRY LOAD of logs cut from the kaolin mining concession on Oliva farm leaves the site

metres from Stellenbosch, had been hushed up, giving support to the view that certain Government officials want the Noordhoek mine to go ahead at all costs.

Now the chain saw gangs have moved in on the concession site.

Dr Anthony Hall, chairman of the Co-ordinating Council for Nature Conservation in the Cape, said today Mr Hennis should be asked whether he still stood by his statement that the mine was not a fait accompli.

If the site were being cleared on the off-chance that the go-ahead was going to be given.

'If the mine is not a fait accompli, why is this work going ahead?'

'It seems very much to me that whoever is doing the clearing must have got

the go-ahead from sources in the know.'

Regarding the hushed-up Geological Survey report on the Stellenbosch kaolin deposits, the CCNCC has written to the Director General of Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, asking for a full study of their possible exploitation and processing as an alternative to Noordhoek.

The deposits have been described as incredibly rich.

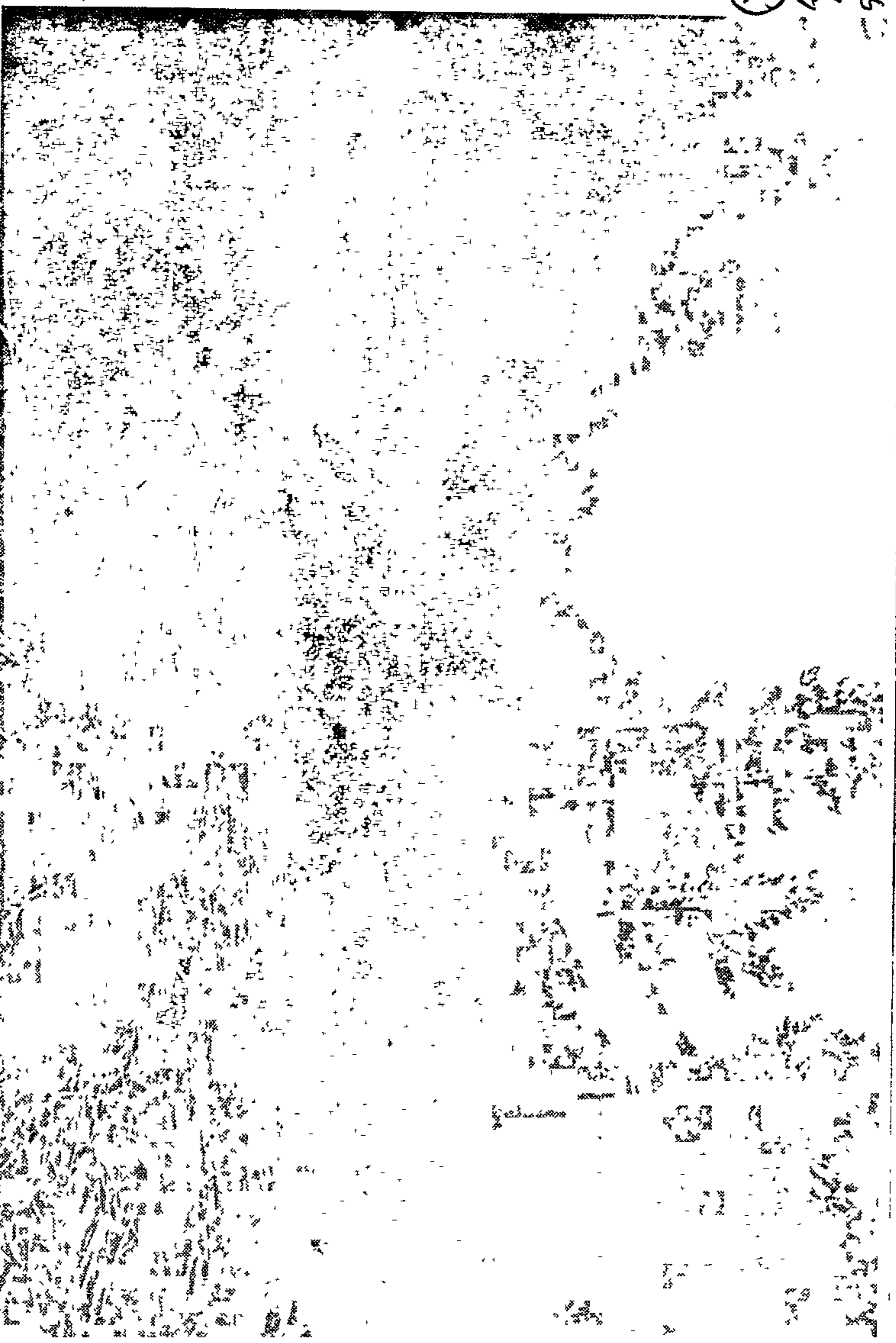
A copy of the letter to Mr Otto has been sent to Mr Hennis.

'MOST VIABLE'

Dr Hall said: 'What I would like Mr Hennis to tell the committee is whether he was informed of the very rich Stellenbosch kaolin deposits, described as the most viable in the whole Western Cape.'

'If he wasn't informed, why not?'

'And if he has been informed, has this been taken into account in his assessment of the whole question of desirability and necessity of the Noordhoek kaolin mine?'



THIS CLEARING is over the site of the kaolin concession. Obviously not just a tree felling operation, small as well as large trees are being cleared leading conservationists to believe it is in preparation for mining

Simon's Town to fight mine

By COLLEEN
HEDDERWICK

SIMON'S TOWN Town Council yesterday joined Fish Hoek Town Council and other bodies in objecting to the proposed kaolin mine at Noordhoek.

The council voted that "Having regard to"

- Its own involvement in the preservation of the Peninsula mountain chain,

- Its own unpleasant experience of the vast despoliation scar of the mountain slope just near our border caused by quarrying operations over the years at the Glencarn quarry, and

- Its own interest in tourism and visitors to our south Peninsula,

Hereby resolves to add its voice in the sincere and vehement protest to the possibility that open-cast kaolin mining and its attendant despoliation of our natural heritage of the south Peninsula may be carried on in the Noordhoek area"

Fish Hoek Town Council, which "viewed the matter with serious concern", is to ask the Divisional Council to appoint an expert to make an environmental study, and will also ask for a meeting with the minister and the management of the mining group

Kaolin firm hits at council report

217 (S) CT 16/7/81
By BOB MOLLOY

AN impact study of proposed kaolin mining at Noordhoek, carried out by the Co-ordinating Council for Nature Conservation in the Cape and reported to the Fish Hoek Town Council, has been criticized by the mine's holding company as inaccurate and distorted

This assessment was given in a letter written last week to the Town Clerk of Fish Hoek, Mr Eric Fry, by the company's public relations officer, Miss S O Wilson, who claimed there were "few authorities on the subject of kaolin" and its environmental effects other than staff members of the mining group

The study was submitted to Fish Hoek Municipality by the chairman of the Co-ordinating Council, Dr A V Hall. Dr Hall told the municipality that the mining and processing of kaolin in the area would cause "unsightliness, noise, air and water pollution". Effects would accumulate throughout the mine's life

Heavy industrial traffic of seven loaded lorries an hour would create hazards and have an effect on the tourist industry. There were alter-

native sources of kaolin at Stellenbosch and Saldanha which were equally suitable

"Fish Hoek would lose much and gain little, even in employment, as the Sun Valley plant is not a labour- or skill-intensive industrial undertaking," Dr Hall said

Describing Dr Hall's statements as "both incorrect and misleading", Miss Wilson said that "the nature and extent of the erroneous statistics quoted" suggested that they were based information which was "suspect as to both reliability and depth"

"Authoritative opinions" on the industrial suitability and economic viability of the alternative sources mentioned were not in agreement with Dr Hall's view. Known kaolin sources elsewhere in the Western Cape could not compare with the Noordhoek deposits' quality

Production capacity of the present Serina plant was limited to 36 000 tons and it was "unlikely" that it would be increased. Suggestions of annual tonnages of 50 000 were "totally incorrect". The Noordhoek deposits had a quarry life of 40-50 years and not 70-150 years

"Accordingly there is un-

likely to be any additional effect on Fish Hoek," the letter said. Raw kaolin would not be carried through Fish Hoek and in any case was transported with a moisture content of 15 percent while processed kaolin was packed in sealed bags before leaving the plant. A dust hazard from loading, transporting or spillage was unlikely

The increase in traffic was "minimal" in relation to the normal traffic load

Kaolin mining had been carried on by others in the area for 20 years without the environmental or ecological considerations shown by the present company, and without concern for health or hazard

New bid to stop clay-mining

Conservationists challenge kaolin facts and figures

Divisional Council Reporter

SIMON'S TOWN Council has joined in the fight against the proposed kaolin mine in Noordhoek Valley because it is concerned about the environmental impact on the Peninsula mountain chain and possible damage to the tourist industry.

Yesterday it voted unanimously to protest to the office of the Prime Minister, in which the Department of Planning and Environment has been incorporated

Councillors voted in support of a motion by former mayor Mr Gordon Wilson that the council should 'add its voice in the sincere and vehement protest to the possibility that open-cast kaolin mining and its attendant despoliation of our natural heritage of the south Peninsula may be carried on in the Noordhoek area'

Earlier this week Fish Hoek Council asked the Divisional Council to appoint a consultant to make an environmental impact study and to seek a meeting with the Minister of Planning, Mr Braam Raubenheimer, and with the management of Serina, who have applied for permission to mine.

THE CO-ORDINATING Council for Nature Conservation in the Cape today accused the company preparing to mine kaolin at Noordhoek of using facts and figures to suit its own case.

In a letter to the Town Clerk of Fish Hoek, Mr Eric Fry, the public relations officer for the company, Serina (Pty) Ltd, said that authoritative opinions on the industrial suitability and economic viability of the alternative sources of kaolin did not agree with opinions given by the CCNC

Dr Anthony Hall, chairman of the council, today challenged Serina's statement on alternative sources, asking which 'authoritative sources' it was quoting.

'EXHAUSTIVE'

There was no doubt that the Government geological survey section of the Department of Mines had conducted the most exhaustive research on kaolin deposits. The survey was completed more than two years ago, and stated unequivocally that the most viable kaolin deposits in the Western Cape were at Stellenbosch.

Besides this, the Cape Metropolitan Planning

Commission had recommended that the Stellenbosch deposits be used and questioned the advisability of expanding local kaolin resources.

'Is Serina now trying to say that the geological survey report was inaccurate? If it is I'd like to know whether it knows of any more recent surveys on which it is basing its reports'

WORKING LIFE

The letter also says the CCNCC is inaccurate when it says the working life of the proposed Noordhoek quarry would be 70 to 150 years. The Noordhoek deposits, says Serina, have a life of only 40 to 50 years.

Dr Hall said 'At a public meeting in November 1980 held at Noordhoek, Mr Germiquet, the PRO for Serina, told the meeting that the expected life of the quarry was 80 years. Now suddenly they have halved this figure'

'Besides, the ore body is estimated at seven and a half million tons, according to Serina's own calculations.'

200 YEARS

They say they will not exceed tonnages of 36 000 a year. That gives a working life of over 200 years.

'Are they now saying they will not fully exploit the deposit, or will those tonnages increase every year, as we expect?'

Writing in reply to Serina's letter, Dr Hall has said

'In the absence of an assessment by a body with no interest or reward in your venture, it is essential that environmental impacts be examined critically elsewhere'

'My council endeavours to do this on some aspects with the aid of a multi-disciplinary team supported by official literature, scientific reports and advice from your companies'

STATEMENT

He was particularly concerned with a statement by Serina that they were endeavouring to uplift the economic and industrial situation in the area

'The last thing that Fish Hoek wants is open quarrying as an industry. Fish Hoek is a residential area, and the only industry which will be of benefit to the whole area and all inhabitants is tourism'

'In fact, the kaolin quarrying is threatening an already established and viable industry.'

Angus 16/7/81
2/7

CHARTER CONSOLIDATED

Cash flush

27
FM 17/7/81

Activities Anglo American's UK and European arm. Managed interests include Beralt (tin and wolfram) and Malaysia Mining Corp (tin). Strategic holdings include Anderson Strathclyde (28.4%), Cape Industrial (67.3%) and Johnson, Matthey (28%).

Chairman Dr A Spinks

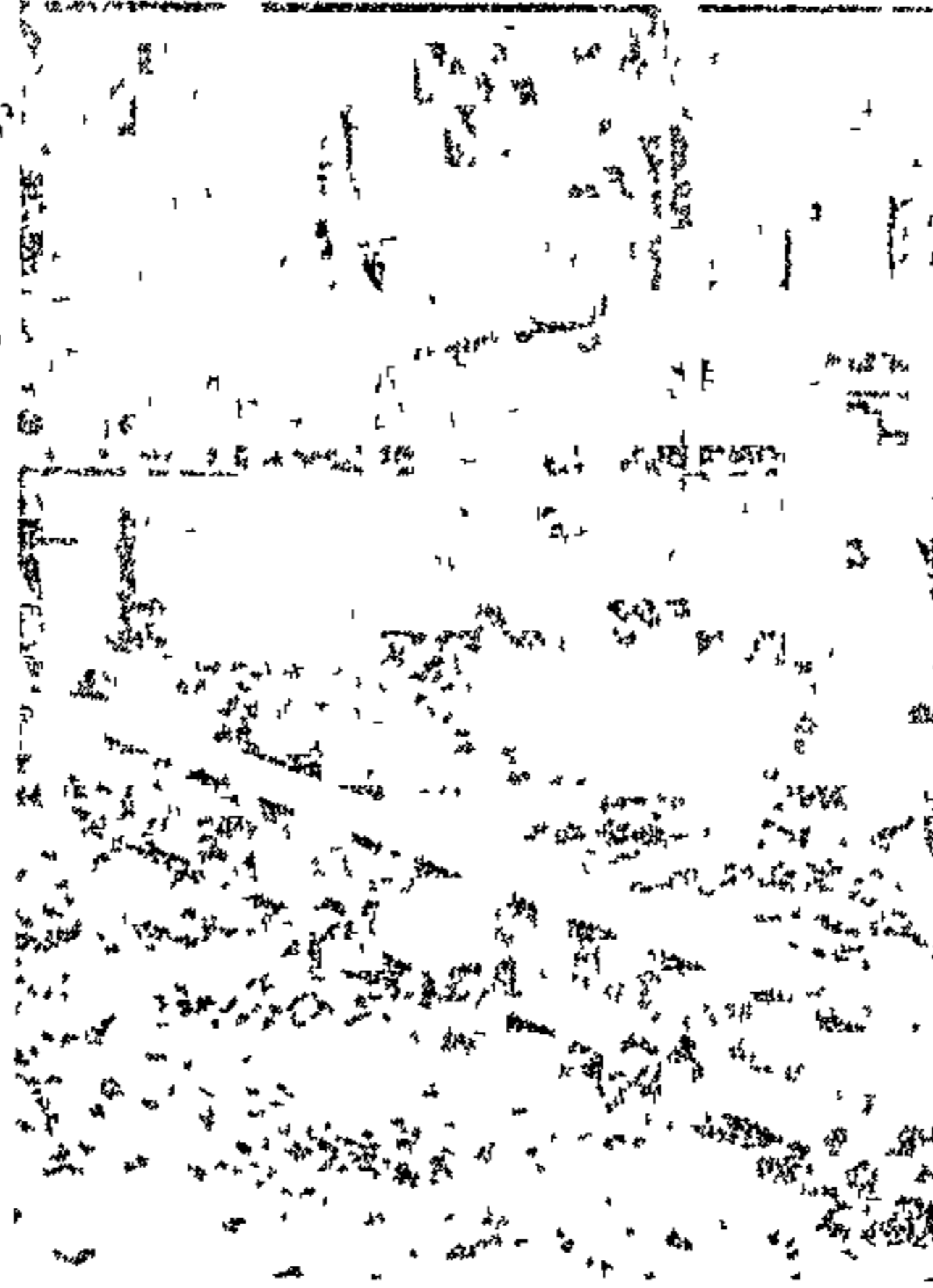
Capital structure 105m ordinaries of 2p, 187,900 ordinaries 1p part paid, 82,751 ords of 2p with restricted rights. Market capitalisation R511m.

Financial Year to March 31 1981. Borrowings long- and medium term £18.9m. Net cash £30.4m. Debt/equity ratio 10.1%. Current ratio 1.2. Group cash flow £49.6m.

Share market Price 515c (1980-81 high 700c, low 310c, trading volume last quarter 12,000 shares). Yields 10.9% on earnings, 3.5% on dividend. Cover 3.1. P/E ratio 9.2. JSE only.

Charter is in an enviable position. At end-March it had net current assets of £33m, a net cash position of £30.4m and an array of battered but basically sound British companies as prospective acquisition candidates. And slowly emerging is the group's eventual form.

There do not appear to be any surprises



Charter on the right tracks

in store. Cape Industries' thermal insulation interests have been fleshed out by the acquisition of Newall Insulation, mining equipment interests have been added to by the purchase of longwall mining systems manufacturer Perad, and the railway track interests have been extended by the acquisition of 50% of the North American

track servicing firm Speno.

Not that immediate prospects are attractive for them all. But management has shown its determination to have everything on a sound footing to take advantage of an eventual economic upsurge. That is underlined by some drastic surgery at Cape's asbestos motor products division. The previously loss-making operation has been put into a break-even position with plant closures and redundancies. And though immediate prospects are of no further improvement, the trimmer operation should provide decent earnings advances once the UK motor industry recovers.

	'78	'79	80	81
Investment income (£m)	211	195	184	177
Surplus on realisations (£m)	5.8	12.0	5.8	8.1
Earnings (p)	23.2	21.2	26.0	31.1
Dividends (p)	8.3	8.6	8.4	10
Net asset value (p)	282	322	309	473

Redundancies were the order of the day at wholly-owned MKR, which provides equipment for the catering and beverage industries. Again, as the UK economy gets back on its feet, profits should surge.

In addition, several of the British industrial operations seem to be pursuing a more active export development programme. If that contributes to lesser earnings and turnover cyclicality, group

earnings could be on a more even keel.

Not that everything will be easy going. Malaysia Mining is faced with some years of tin production declines while Beralt, whose minorities are being taken out, could be under pressure from tin price weakness. Nor is there likely to be an early shift to positive earnings at 50%-owned Cleveland Potash — though Charter has been relieved of responsibility for funding further losses.

This year should be very much a repeat of last, though further sales from the investment portfolio are unlikely. It is difficult to envisage the 10% stake in SA's Argus Printing & Publishing being sold. And though the 4.3% interest in RTZ could be for sale at the right price, the British mining group could be the next object of the Anglo group's affections.

As far as new mining ventures are concerned, the best bet remains the Spanish polymetallic project, though management says that decisions are still some way off.

This year, Charter's earnings should continue their uptrend — even on a current cost accounting basis — but there is little point in expecting anything spectacular. Last year dividend growth matched that of earnings and it is unlikely that dividend cover will be lowered to less than three times.

The group's development is still far

from complete. And for the next few years acquisition and capital spending will be management's main concern. *Jim Jones*

Kaolin row: Plan for Fish Hoek station

Agudo 17/7/81
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By Graham Ferreira
Environment Reporter

PLANS are afoot to enlarge Fish Hoek railway station to cope with an expected increase in trucks and to provide storage space for the proposed kaolin mine at Noordhoek

A spokesman for South African Railways confirmed that Serina, the company planning to quarry kaolin in the Noordhoek valley, had asked the SAR administration to enlarge the station

Serina have said that fears of environmentalists, engineers and the Fish Hoek town council that the quarry would result in an increase of traffic, are unfounded. But they have not mentioned that they applied to have the Fish Hoek station enlarged

Environmentalists say that this move makes nonsense of Serina's assurances that minimal

environmental disturbance will result from the kaolin quarry.

Fish Hoek is one of the Peninsula's premier beaches for the R50-million-a-year foreign capital tourist industry.

One of the strongest arguments against the mine so far is that a comparatively small commercial venture, bringing in a very limited amount of foreign currency and creating minimal job opportunities, would prejudice the multi-million money-spinning tourist industry

Dr Anthony Hall, chairman of the Co-ordinating Council for Nature Conservation in the Cape, which is leading the anti-kaolin quarry lobby, said the application by Serina to enlarge Fish Hoek station was scandalous

'Who is going to pay for the enlargements? Is the public supposed to pay for

Serina's enterprises and then have one of the chief tourist beaches in the Peninsula messed up by wind-blown kaolin?' he said

'This application makes nonsense of their assertions that the traffic increase in Fish Hoek would be minimal. If the traffic increase is so minimal why the necessity for enlarging station facilities?'

Dr Hall also said that Serina had not played open cards with the public by making an application to have the station enlarged without letting the public know.

EVASIVE

Not even the Fish Hoek town engineer Mr Michael Hedderwick, was aware of the application.

Dr Hall said he had received evasive answers from Serina officials when he had asked how they planned to handle and transport the increased

production at their plant once the new quarry was opened.

The latest liaison between Serina and officialdom has increased speculation that the mine has in the minds of many powerful Government officials of the mine has been a fait accompli for a long time

CONFIDENTIAL

Other indications of this include Confidential memoranda between the Office of the Prime Minister and the Department of Water Affairs, Forestry and Environmental Conservation, a hushed up Geological Survey report on the Stellenbosch kaolin deposits which senior Government officials should have known about, and information from local and national contacts which say it was common knowledge that the Noordhoek mine had high official blessing.

psychological conditions

29

associated with ill health suggests the contrary, that who becomes ill, including those who contract infectious diseases, is highly determined. A recent study in U.K. showed that a majority of hospital patients had experienced a major disruption of their life in the months preceding their hospitalization (snocks such as bereavement, loss of job, moving house, divorce, etc.).

Moreover the fact that in most countries there are definable groups (26), (as well as the fact that in most families there are definite individuals) who fall ill much more often than other people, suggests that the incidence of disease is far from random; and that any improvement in the conditions surrounding such persons or groups which improve their resistance to a particular illness, is likely to improve their immunity to others as well. There is a choice, in other words, between 'broad spectrum conditioners', such as housing, education, social support, etc., and 'narrow spectrum' interventions, such as immunization, spraying against malaria, etc.

Some economists have recognized this. Pole, speaking of programme budgeting, writes:

'A major complication is the fact that some programmes ought really to cover the personal social services as well as the health service. Social workers tend to take a broader view than doctors; they deal in syndromes. Even when there is a well-defined task for the personal social services the objectives of care as seen by the social worker or other social services professional may be quite different from those perceived by a doctor considering the same case.

26. The poor, those from split families, the lonely die more often than others. Social class has been shown to be a strong determinant of both physical and mental illness: see J. Kosa, A. Antonovski and I.K. Zola, 'Poverty and Health', Harvard University Press, 1969. Deaths, even from what are typically thought of as diseases of affluent groups tend to be higher in lower social classes; e.g. Dick paper on 'Mortality in South Africa', D. Bourne & B. Dick shows that deaths from circulatory diseases are higher in South Africa for 'coloureds' than for whites.

30.

Going looks good for SA nickel exploitation

RDM
17/7/81
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By JOHN MULCAHY
Mining Editor

THERE is a strong argument for Southern African mining companies to give priority in their exploration programmes for nickel-sulphide mineralisation.

This is the conclusion of an extensive study carried out by Dr Dennis Buchanan for the University of the Witwatersrand's Bureau for Minerals Studies, entitled "World production of nickel and its relationship to Southern African exploration strategy".

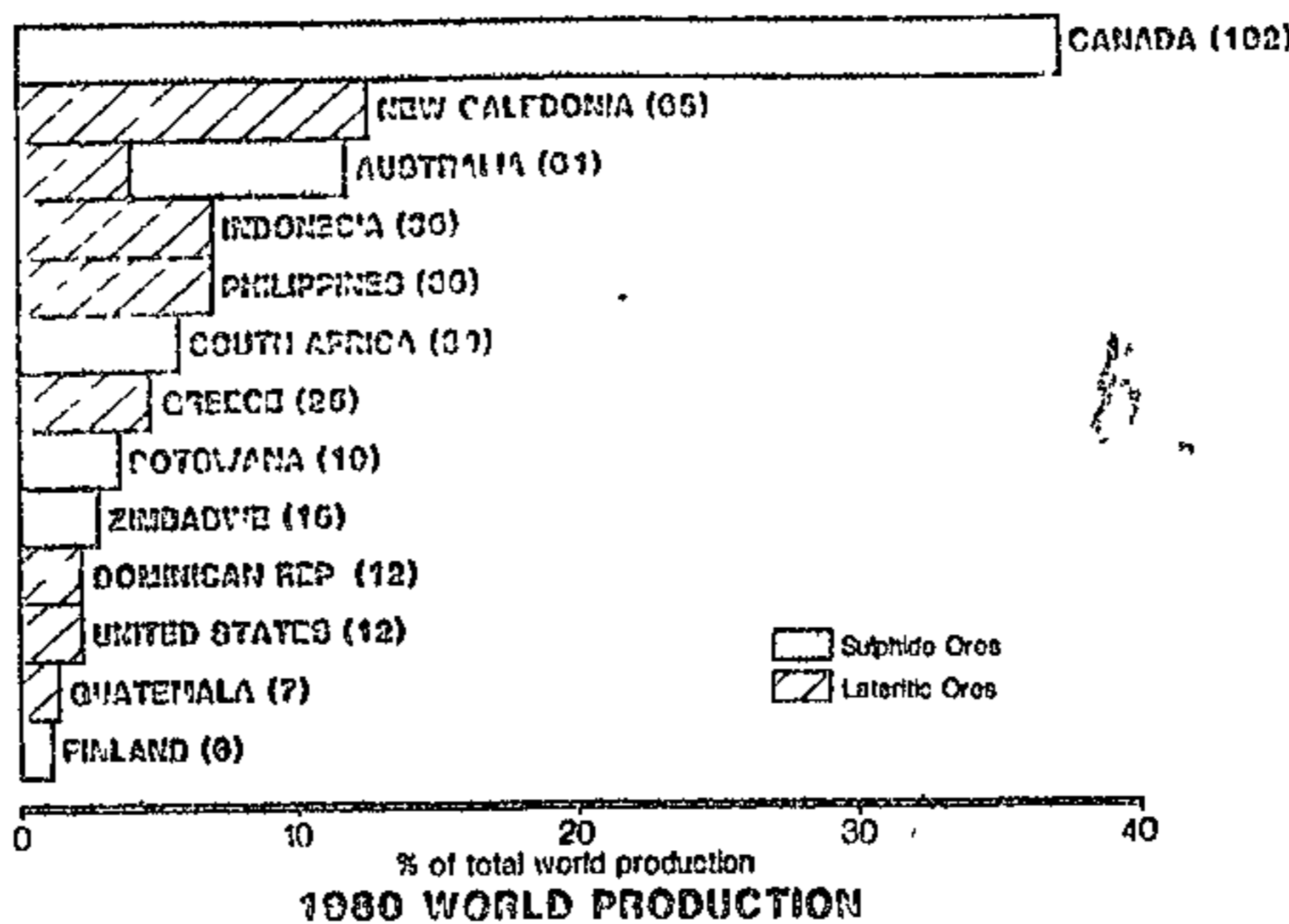
Dr Buchanan, a lecturer in mining geology at the London Royal School of Mines, bases his conclusion on the combination of the marketability of sulphide-derived nickel — that predominating in Southern Africa — the proximity of potential host rocks and the favourable outlook for improved nickel prices.

With most mines working lateritic nickel deposits facing extreme difficulty in operating profitably in a climate of ever-increasing fuel costs, producers operating high-grade nickel sulphide ores are able to sell nickel at comparatively competitive prices, which gives them a clear market advantage.

While there are substantial reserves associated with the Sudbury nickel sulphide deposits in Canada, together with spare mine capacity, the restraints imposed by environmental considerations militate against substantial increases in production by mines in the area.

"This presents opportunities for producers with nickel sulphide ore deposits in other parts of the world."

Output of nickel from sulphide ore outside Canada is restricted almost exclusively to Australia and Southern Africa — in 1980 mines working sul-



phide ores in Botswana, South Africa and Zimbabwe produced 45 000 tons of nickel compared with 38 000 tons from Australia.

The total Western world production last year was 516 000 tons, of which Canada accounted for 192 000 tons.

About 64% of the 47-million tons of land-based reserves of nickel in Western countries are associated with nickel-bearing laterites, especially in New Caledonia, Indonesia and the Philippines, and the 35% balance is associated with sulphide ores.

The proportion of nickel produced from sulphide ores has declined steadily over the past few years, from 63% in 1973 to 55% in 1979, and nickel from lateritic ores show a corresponding increase over the same period.

Dr Buchanan argues that sulphide ores are readily amenable to concentration before energy-intensive metallurgical procedures. With lateritic deposits the entire ore must be treated without prior beneficiation.

"With ever-increasing fuel costs this basic limitation is

adversely affecting the commercial viability of many of the world's nickel laterite mines. This is reflected in the 1980 Western world's nickel production figures which shows that the proportion of sulphide-derived nickel has increased to 59%.

Figures provided by Inco, the world's biggest nickel producer, show that in 1978 the oil cost component of the production of nickel-in-matte was about 30% of the selling price. By 1979 this proportion had increased to 35%, and in the first nine months of last year it rose to 37%. By the end of 1979 the oil cost component was more than 40% of the current nickel selling price.

The response of operating companies has been to study the options to oil-firing, and Metal Exploration's Greenvale laterite mine plant is to be converted from oil to coal firing with a significant saving in operating costs.

Anglo American's Selebi-Pikwe mine produced 19 000 tons of nickel last year from sulphide ores, followed closely by Rustenburg Platinum Mines (RPM), which produced 17 000

tons. RPM is constructing a refinery at its site in Rustenburg, with a planned capacity of 19 000 tons a year of high-grade nickel.

Jimpala Platinum produced 12 000 tons of nickel last year, while Lonrho's Western Platinum had an output of 1 000 tons.

The nickel mines of Zimbabwe, owned by Anglo American and Rio Tinto-Zinc, together produced 15 000 tons of nickel last year, and Dr Buchanan says the Great Dyke of Zimbabwe, although better known for its chromite resources, remains a potential source of nickel ore.

On prices, Dr Buchanan says a major influence over the last five years has been the size of the inventories held by producers — with normal inventories considered the equivalent of four months' production, stocks remained at double this amount between 1976 and 1978, with the result that the nickel price remained static around £2 a lb.

Only with the advent of a lengthy strike on some Canadian mines between September 1978 and June 1979 did inventories drop to three months' production by the end of 1979, and the price rose to £2.43 a lb. Inventories returned to normal by the end of last year and a price of \$3.43 a lb was established.

As the main outlet for nickel is in stainless-steel production, an overall improvement in demand will have to wait for a recovery in the world economy, says Dr Buchanan.

"Provided inventories are not increased to levels significantly above four months' production, however, the outlook for reasonable price increases when demand for stainless steel improves should be good."

The Committee of the Western
 Cape Chapter of Quantity
 Surveyors' Prize
 For the student obtaining
 the highest marks in
 Professional Practice.
 P R Swift

Bell-John Prize
 For the best all-round student
 in any year of study.
 P C Key

QUANTITY
 SURVEYING
 (Continued)

11) the financial benefits accrue to the same agent making the outlay - so that interpersonal comparisons are avoided.

An example of such a case is provided by Dr. Bruce Dick (18), ...-tialization would alone

Kaolin: Disclosure of report refused

Argus 21/7/81 (217) 28

Environment Reporter

THE Director-General of Water Affairs, Forestry and Environmental Conservation, Mr Fred Otto, has refused to make known the contents of a secret Government report on the kaolin deposits at Stellenbosch.

In a letter to the chairman of the Co-ordinating Council for Nature Conservation in the Cape, Dr Anthony Hall, Mr Otto said he was 'unfortunately at this stage' not in a position to supply Dr Hall's committee with additional information 'on the alleged kaolin deposits near Stellenbosch.'

Dr Hall had written to Mr Otto for clarification, and information following certain statements by Mr Otto

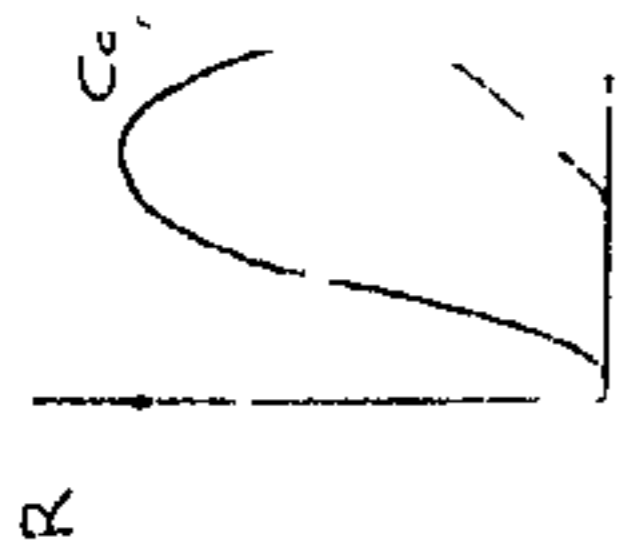
Mr Otto had said that 'according to available information there are no other deposits (other than Noordhoek) of the same quality in the RSA.'

MOST VIABLE

But a hushed-up Government survey report which has been kept out of sight of even high-up conservation officials, and which predates Mr Otto's statement by two years, shows that in fact the most viable kaolin deposits are situated at Stellenbosch.

Dr Hall wrote to Mr Otto asking for more information about the Stellenbosch deposits as an alternative to mining the beautiful Noordhoek valley which experts and local authorities agree would be 'an environmental disaster.'

Mr Otto replied to Dr Hall's letter: 'Unfortunately at this stage I am not in a position to supply any additional information'



In order to add the sums accrued... formed into their net values by the a suitable discount rate. The chart rate indicates a social valuation future consumption is weighted in sumption in the present. For example rate indicates that we place a high returns and must 'write off' the projects where the benefits are chosen.

Cost-benefit studies require extreme not only, as in cost-effectiveness a nical details - the process, the out the values used in costing outputs - but has additional problems to encounter in the valuation of output.

Some of the judgements involved are:

1. The value of health in money terms; the value of health of different people and groups;
2. The value of life;
3. The social discount rate.

The only instance where these judgements are not involved, and where cost-benefit studies can yield absolutely indisputable proof is where:

- 1) the benefits in money terms only, i.e. financial benefits of health projects, exceed the financial outlay, so that there is no need to proceed to the evaluation of the additional benefits of illness avoided, as long as these are certainly positive;

on the alleged kaolin deposits near Stellenbosch.

'However you may rest assured that before any decision on the possibility of mining at Noordhoek will be taken, due consideration shall be given to alternative sources.'

Dr Hall described Mr Otto's reply as strange.

'I cannot understand why he refers to 'alleged kaolin deposits' near Stellenbosch. There is no doubt that these deposits do exist, and there is a Government survey report and map to back this up.'

During an inquiry into why it was necessary to mine kaolin at Noordhoek, The Argus came upon confidential documents which referred to the secret Government survey of the Stellenbosch deposits.

Parts of the report were reproduced, with a map showing the site of the deposits. The secret Government report is numbered Geol. Surv. Rep 1978 - 0091 (Unpublished). It was completed in 1979.

Conservationists, including Government conservationists, said Mr Otto's refusal to disclose the Stellenbosch kaolin reports was mystifying.

assessed.

5. The Place of Health in Development Goals

The relative value of health is a decision at cabinet level and cannot be derived from other policy decisions. However, a decision normally made on the size of the health budget is not on the importance of health in itself. If, as has often been argued, the health budget is the most important factor affecting health

18. 'The Provision of Measles Vaccine for an Urban Population', S.A.M.J. 30 August 1975, p. 1507 - 1513.

19. A full discussion can be found in UNIDO 'Guidelines', op. cit.

2. We should now have an idea of the costs and benefits as they accrue over time: e.g.

Duiker climbs on raised coal price

RDM 22/7/81

By JOHN MULCAHY

(217) (2149)

IN spite of a reduction in steam coal and anthracite sales, Lonrho's Duiker Exploration increased its taxed profit to R2 946 000 in the June quarter from R2 583 000 the previous quarter.

Benefiting for the full quarter from the February increase in the price of steam coal, Duiker managed to offset higher costs and the marginally lower production, and earnings rose by 14% to 21,1c a share.

The delayed ministerial approval of the Erfdeel-Dankbaareid venture has allowed Duiker to earn a substantial amount of interest on the funds set aside for its share of development expenditure.

The R23 400 000 which was raised by a rights issue has to be paid on August 10, and in the interim has been placed on call deposit, which has boosted sundry income to R685 000 from R453 000

Sales of steam coal fell to 757 172 tons from 777 703 tons and anthracite sales were down to 154 767 tons from 157 302 tons. Sales of asbestos were unchanged at 2 502 tons

Mining income rose by 6,6% to R5 198 000 from R4 876 000, and capital expenditure increased to R2 776 000 from R1 745 000, reducing normal tax on the one hand while raising the deferred tax liability, so that the overall tax bill was slightly up at R2 193 000 compared with R2 014 000 the previous quarter.

Duiker had commitments for capital expenditure amounting to R1 376 000 at June 30, with a further R7 857 000 committed but not yet contracted

Lonrho's Zimbabwean gold producer, Corsyn Consolidated, had a sorry quarter, with operating income from its four mines down 56% to Z\$747 000 from Z\$1 692 000

However, there was a tax credit of Z\$477 000 compared with a Z\$65 000 charge in the previous quarter, so that taxed profit fell by only 22% to Z\$1 235 000 from Z\$1 593 000

Corsyn has not had the same benefit of a declining exchange rate as the South African gold producers, with the Zimbabwe dollar falling to a lesser extent than the rand against the US dollar

In addition, Zimbabwe has been battling under a comparatively high inflation rate, and the shortage of skilled manpower is far more serious than in South Africa, with the result

that breakdowns cannot be quickly rectified

Overall production was down at 98 000 tons from 109 000 tons the previous quarter, and gold production fell to 375 kg from 419 kg. Production of copper dipped to 651 tons from 773 tons

The production problems at Inyati mine have not abated, and the operating loss at this mine rose to Z\$26 000 from Z\$439 000. It is likely that Corsyn will be looking at some form of rationalisation for Inyati as the other mines cannot continue subsidising it indefinitely

The Mazoe mine also showed dismal results for the June quarter, with operating income down to Z\$217 000 from Z\$591 000. This mine has been "closing down" for about 10 years, and it can be expected that its performance is highly sensitive to the gold price.

Corsyn's holding company, Coronation Syndicate, increased taxed profit to R1 780 000 from R113 000 in the March quarter as a result of the interim dividend paid by Corsyn

HEBREW

GERMAN

For the student presenting the best essay in first courses in the English Language Tutorial
Dorothy Cavers Essay Prize

For a male student on completion of at least one year of study towards the Performer's Diploma in Speech and Drama.
G R Carter.
Ellie Wallendorf Prize

For the best student in Dramatic Art.
N E McCarthy.
Ruth Peffers Prize

For the best student in Mime.
M C Collie.
Gretel Mills Book Prize

ENGLISH

(Continued)
DRAMATIC ART

Prieska slumps to loss

By JOHN MULCAHY 2/7
 SHARPLY reduced dis-
 patches of copper and zinc
 concentrates resulted Ang-
 lovaal's Prieska Copper
 Mines turning a R3 168 000
 taxed profit for the March
 quarter into a R62 000 loss
 in the June period.

Mill throughput was slightly
 better at 695 000 tons compared
 with 670 000 tons previously.
 Production of copper concen-
 trates fell to 27 191 tons from
 29 948 tons, and zinc concen-
 trate output rose to 29 076 tons
 from 23 683 tons

Copper concentrates dis-
 patched dropped to 7 027 tons
 from 42 632 tons, and zinc con-
 centrates fell to 19 394 tons
 from 34 290 tons, resulting in an
 operating loss of R278 000 com-
 pared with a R3 083 000 operat-
 ing profit in the March quarter.

Non-mining income in-
 creased to R364 000 from
 R203 000, and there was an in-
 crease in the interest payment
 to R148 000 from R118 000

After deducting capital ex-
 penditure of R1 178 000 and a
 loan repayment of R1 280 000
 the loss amounted to
 R2 520 000

Dispatches, which vary from
 quarter to quarter, are brought
 to account at their estimated
 receivable value, and the oper-
 ating profit takes into account
 adjustments following final
 price determinations on dis-
 patches made in previous
 quarters.

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best essay in first courses in
 For the student presenting the

Dorothy Cavers Essay Prize

G R Carter.

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 Dramatic Art.
Ruth Peffers Prize

M C Collis

For the best student in Mime.
Gretel Mills Book Prize

HEBREW

GERMAN

ENGLISH

(Continued)
 DRAMATIC ART

Kaolin: ^{Agus} 'Powerful ^{23/7/81} objection' sought ^{(217) (SW)}

Environment Reporter

THE Co-ordinating Council for Nature Conservation in the Cape is to approach all local authorities affected by the proposed plan to mine kaolin at Noordhoek with a view to drafting a powerful objection.

The joint objection is to be sent to Mr Chris Heunis, Minister of the Interior, who is handling the application to allow mining in the Noordhoek valley.

At a quarterly meeting of member bodies of the CCNCC on the University of Cape Town Campus last night, the view of its executive that the proposed kaolin mine at Noordhoek was to be most strenuously opposed was again affirmed.

IMPACT

It was noted that in spite of frequent requests for an independent environmental impact assessment from several bodies, the Physical Planning Branch of the Office of the Prime Minister had been informed by the Department of Water Affairs, Forestry and Environmental Conservation that this was not necessary.

In an interview, the chairman of the CCNCC, Dr Anthony Hall, said in view of the great impact which the proposed kaolin mine would have, all interested bodies should be approached in order to put forward a strong, united objection.

Dr Hall said he would send letters to the relevant organisations and bodies in the next few days.

Many of these bodies have already registered their opposition to open cast mining involving such additional problems as the extension to the Fish Hoek station, and the inevitable environmental degradation which would follow.

'My council feels it can help to co-ordinate the efforts of those who will be faced with the problems and suffer the consequences once the mining becomes a reality.'

SA 'goes it alone' on enriched uranium

SA 'goes it alone'
24/7/81
217

South Africa will be able to produce sufficient enriched uranium to supply the entire needs of the Koeberg power station within the next few years, said Dr Ampie Roux, chairman of the Uranium Enrichment Corporation.

Addressing an Associated Scientific and Technical Societies' lecture in Johannesburg Dr Roux said it was sad that a respected country such as the United States was prepared to go back on its word as regards the supply of the fuel to this country.

But perhaps, due to the takeover by the Reagan administration, the decision was not final. 'I only hope they will honour this contract.'

Dr Roux noted that the Uranium Enrichment Corporation had struck up a couple of partnerships in the development of the enrichment plant at Pelindaba. These had all been terminated on economic or political grounds, he said.

The first partner had been a German company but after three years of collaboration, it was not prepared to "share the risk" in the building of the plant so South Africa had decided to "go it alone".

A second partner from a country which Dr Roux declined to name pulled out immediately after the riots broke out in Soweto in June, 1976.

In answer to a question, Dr Roux said reasonable demand for enriched uranium throughout the world was about 46 000 tons a year.

Current supply was about 49 000 tons so there would not be much scope for expansion of the market until nuclear programmes which had been temporarily suspended were revived. — David Bamber.

'Strict controls'

Agus 24/7/81

27

hit kaolin project

Environment Reporter

THE stringent control measures imposed by Stellenbosch municipality, to ensure that the environment was not permanently degraded by kaolin mining, was probably one of the decisive factors why the rich Stellenbosch deposits were ignored in favour of the Noordhoek deposits.

In an interview with a official involved with the application to mine kaolin on municipal ground about seven kilometres from Stellenbosch, The Agus was told that although it was never spelled out, it was apparent that the strict control was not to the liking of the prospective developers.

The conditions laid down for the utilisation of the kaolin were

(1) The utilisation would take place in such a way that the whole area was not quarried at once, but on a block by block basis

(2) The top-soil was removed and kept apart from the waste material

(3) After mining of each block restoration would begin immediately while the next block was being mined

(4) A premium would be coupled to production, as a deposit for restoration of the quarry if the mining company did not keep to the agreed conditions

The official said there was great interest in the Stellenbosch deposits during 1979 but it had faded

He believed that besides the stringent conditions imposed, other factors were that it was felt that the Stellenbosch deposit was so large that utilisation of this one body would flood the market

Economic factors such as the money invested in established operations elsewhere, were also a reason for the deposit being ignored

In any event the municipality had decided at the

time that the kaolin should not be allowed to be exploited

Environmentalists fear that if mining is allowed to take place at Noordhoek, the necessary very stringent controls would not be imposed on the operations

The Director of Water Affairs, Forestry and Environmental Conservation Mr Fred Otto has said that because of factors such as bankruptcy it was impossible to give assurances that restoration work would take place after mining

Heunis: No go-ahead on kaolin

CT 25/7/81 (217) (S)

Political Correspondent

THE Minister of Internal Affairs, Mr Chris Heunis, strongly denied yesterday that further kaolin mining at Noordhoek had been given a government go-ahead.

He also revealed that an independent consultant had been appointed by the government to investigate the scheme to ensure the greatest possible objectivity in addition to the environmental impact study commissioned by the company applying to extend their present operations.

Calling for an end to current "speculation", Mr Heunis said both studies would be available for comment by government and local authorities.

He issued a lengthy statement rejecting press reports that kaolin deposits elsewhere had been "hushed up", that the Noordhoek mine was already a *fait accompli* and that Fish Hoek station was being enlarged as a result.

Mr Heunis repeated government assurances that no decision on the Noordhoek application would be taken without thorough investigation, including consideration of the environmental impact study.

He accused critics of the scheme of dragging the matter into the political arena without the facts being properly checked.

"Pending submission and study of the reports, and consultation with the relevant authorities, any public debate at this stage is inappropriate and untimely as the whole matter is still *sub judice*," Mr Heunis declared.

● The MP for Gardens, Mr Ken Andrew, said yesterday that other than the company Serina (Pty) Ltd which wished to mine the kaolin, he was aware of no other or-

ganization supporting the scheme

"What is needed is for a committee of representatives of all interested parties to investigate the proposed mine and to report to the Minister of Internal Affairs. The report should also be made available to the public for comment before a final decision is taken."

'Private preserve'

Replying to criticism of his opposition to the project from the Nationalist MP for Simon's Town, Mr John Wiley, Mr Andrew said Mr Wiley apparently considered his constituency "a private preserve"

Mr Wiley was entitled to his view that a large-scale open-cast mine that could adversely affect Chapman's Peak Drive, Ou Kaapseweg, Fish Hoek beach and the whole of Noordhoek was a domestic issue

'Considerable'

"It is my view that the implications for the unique Peninsula environment and growing tourist industry of the Western Cape are considerable, and are of concern to everyone in the Cape Peninsula

"It would be equally absurd for me to suggest that Table Mountain belongs only to the people of Gardens, or that the callous eviction of 1 000 people from the Langa barracks is the business only of the Nationalist MP for Tygervalley," Mr Andrew said

Mr Wiley had been conspicuous by the uncharacteristically low profile he had adopted on the issue when it was clear that those involved had not been playing open cards with the public

Schools

Mr Andrew reaffirmed his stand against apartheid and against segregated schools, another matter raised by Mr Wiley

"I am also fully in favour of open (ie non-racial) neighbourhood schools as, amongst other things, I believe they would enrich the education of our children and prepare them better for the multi-racial society with which they are going to have to come to terms

"Apparently, unlike Mr Wiley, I happen to believe that in addition to serving and caring about my constituents as a Member of Parlia-

Kaolin: Heunis denies 'hush-up' about deposits

Arms 27/7/81 27

A DECISION on kaolin mining at Noordhoek would be taken after the findings of a detailed environment impact study were known, according to the Minister of Internal Affairs, Mr Chris Heunis.

In a statement, Mr Heunis strongly denied Press reports about a 'hush-up' of kaolin deposits at Stellenbosch to justify mining in the Noordhoek valley.

He also denied the mining project was a 'fait accompli' because of the involvement of a quasi-State organisation, the Industrial Development Corporation, and the felling of trees on the kaolin mine concession sites at Noordhoek.

Mr Heunis said the Press continued to speculate on the matter which was now being drawn into the political 'arena' although he had given previous assurances that

no final decision had been taken.

'Six geological reports on kaolin deposits in the Western Cape, including Stellenbosch, have been published and are freely available to the public and released to libraries'

He said these geological reports indicated the appearance and quantity of kaolin deposits and not the feasibility of mining for a particular industry.

Mr Heunis said the felling of trees on the Noordhoek site was a decision by the owners of the property

'The office of the Prime Minister has also informed the interim management committee for Table Mountain and the southern Peninsula mountain range that all information concerning kaolin would be made known as soon as a mineral report was completed by the Department of Mines geological survey team,' he said.

He said additional loading facilities at Fish Hoek station had been requested by Serina following negotiations with a firm in Hong Kong during June 1980.

'Negotiations, however, were not successful and the request lapsed and had nothing to do with the proposed kaolin mine at Noordhoek,' he said.

Mr Heunis said all interested parties would be given an opportunity to make representations after the findings of the environment impact study were known.

'The Government has also decided to appoint an independent consultant, apart from the environment-impact study by the applicant, to make an investigation and prepare a report to ensure objectivity and independence,' he said

The reports would be available to all interested parties, he said.

The reason N.M. gives is that they were not paying her enough. Thus is obviously true, they paid R14 a month whereas it would have cost at least R20. They say, however, that had she asked for more, they would have paid and she admits that she never did ask for more.

The timing of the July 1977 break seems significant in relation to the fact that production was increasing at that time and yet the marketing contract at the hospital was static at 12 gallons. In early 1977, N.M. mentioned that it was difficult to fill the quota later in the year, however, she mentioned that since they had started to feed their cows turnips from their fodder plot, the milk supply had increased substantially. I have estimated that in summer the amount produced by the three people whose milk is now transported by N.M. is just more than 12 and a half gallons a day which fits the quota well. All the milk produced by the



Richards Bay job

Rises to R1.5 million

The scope of the contract awarded by Tisand for its mineral sand mining operation at Richards Bay to West's Prochem of Cape Town has been further extended and now totals about R1.5-million

The original contract awarded to West's Prochem on a turnkey basis was for two fluidised-bed mineral-sand drying systems.

In addition, the company is now also responsible for the engineering, design, procurement construction, commissioning and project management.

Civil and structural modifications to the existing building, mechanical handling systems and other fluidised-bed conditioning systems are also covered by the contract.

Site establishment is well under way and the project is proceeding on schedule, says West's Prochem's project manager for Tisand, Mr Paul Miller.

West's Fluotherm technology has been utilised internationally for the processing of a wide variety of minerals including South Africa, Britain, the central Pacific and Australia.

It seems that in the summer of '76/'77, the dairy members built up their production to 12 gallons and then beyond it, but in the winter it dropped and there is no way that people with so few and such poor cows as the majority of dairy members will be able to substantially increase their winter production.

From N.M.'s point of view, the very small benefit the co-op members provide towards reaching the quota in winter is cancelled out by the problems of having to sell the extra milk in summer. (At the moment, a friend of N.M.'s, also a director of the Umhlaba Trading Company, makes up the quota in winter).

Before the co-operative was established, no individual was producing enough to secure a stable market. It seems that the co-operative has been useful to N.M. in slowly building up production so that first a village market could be established, then a town market and now a definite marketing contract.

It has ceased to be useful to her however, because most members have too few resources to expand production further or even keep it stable all year round. The main advantage of participation in a co-op for someone like N.M. is the access to resources allocated by the government (or other external agency) on the grounds that "the project benefits the community." I have mentioned all the external resources given by the government and at the moment very few people apart from N.M.'s trio are using these resources and even when the co-op was working, the richer members obviously gained much more from the resources than the poorer.

An interesting development is taking place in Inkomo since I did my research. The government has offered to help already existing dairy co-ops in pastoral areas to buy good cows on a bare purchase basis. The scheme brings the dairy under much closer scrutiny, with officials visiting all members to assess

fodder, plots etc. Thus, a person with ten cows pays the same overheads as someone with one cow, even though the ten cows take ten times as much labour, eat ten times the amount of green fodder and ten times the amount of milk has to be transported.

The story of the dairy fits into a pattern occurring in other areas of the underdeveloped world. Edward Brett (5) says that the communal strategy has worked best in some of the least developed areas of Tanzania.

"In such areas we may assume that the differentials between rich and poor peasants may not be so great (though this too should be subjected to closer examination), and, more important, that the benefits of the richer elements to be obtained from being incorporated in the programme may outweigh the losses stemming from communalisation of production." He goes on, however, to cite the problems of establishing an efficient project in such under-developed regions and writes "... there is a danger that these elements in the less-

people with per person, transport,

Kaolin: Plan for consultant welcomed

Angus
28/7/81
217
[Signature]

CONSERVATIONIST Dr Anthony Hall has welcomed the Government's decision to appoint an independent consultant to investigate the impact of kaolin exploitation at Noordhoek before a permit for mining is granted.

The decision was announced by the Minister of Internal Affairs, Mr Chris Heunis, after publicly expressed concern that the decision to permit Serina (Pty) Ltd to mine the mineral was already a fait accompli.

Although Serina had already employed a company to conduct an environment impact study of its proposed mining scheme, Dr Hall said it was important that the study be submitted to review by an independent investigator.

ADVISERS

Dr Hall, chairman of the Co-ordinating Council for Nature Conservation in the Cape, said he hoped the consultant would have a multi-disciplinary group of advisers at his disposal. He had written to Mr

Heunis saying 'that it is my council's wish to give him every possible support in his concern for seeking environmental justice'.

The proposal to mine kaolin in the scenic Noordhoek Valley has been widely opposed since it was made public.

COMMENT

Dr Hall said Mr Heunis's statement that both the environment impact study and that of the independent consultant would be made available for comment to Government and local authorities was an example of how environment impact assessment should be conducted.

He had asked that the CCNCC have access to the impact assessment before a decision on the mining proposal is taken.

'I don't want to prejudge the environment impact assessment, but the pointers that have come from my council's surveys are obvious in rejecting the scheme.

'I am going ahead with pointing out to local authorities that there are strong grounds for objecting to it,' Dr Hall said.

Serina stood to make R5-million from the mining operation.

'Against this you have to balance the damage to the basic natural resources of a R50 million tourist industry.'

'Tourism is a proven, existing activity and has outstanding, unpriceable benefits in bettering South Africa's tarnished image overseas.

'Tourism has a potential for expansion. On no account should tourism be downgraded for a less lucrative, less job-intensive and less widely beneficial industry such as kaolin exploitation,' Dr Hall said.

He urged that the Government's independent consultant have access to advisers in the following fields: Geology, flora, tourist aspects, the physical disturbances the mining operation was likely to generate, traffic problems and local planning.

Cooke ventilation shaft nearly ready

By JOHN MULCAHY

3/8/84
rom 217

RANDFONTEIN Estates new Cooke No 2A ventilation shaft will be commissioned within the next two months, and will start providing significant productivity benefits.

The chairman, Mr Philip von Wielligh, said in the last annual report that production could be increased when the ventilation shaft was commissioned, making additional hoisting capacity available.

Randfontein officials could not quantify the potential benefits from the new shaft, only to say that production from the Cooke section would probably stabilise at 250 000 tons a month — the Cooke plant's designed capacity.

The Cooke section has achieved 250 000 tons a month on occasion, but has experienced some difficulty in maintaining output at this level.

Initially, the independent ventilation shaft at Cooke 2 — ventilation is now provided by a duct at the main shaft — is expected to improve working conditions over a wider area.

It is possible that additional hoisting machinery will be installed to improve capacity even further, but this is some way off.

Head grades at the Cooke section are averaging around

8,6 g/t, with recovery grades of just over 7,2 g/t.

With production improving at Cooke the scaling down of output from the Randfontein section will probably be accelerated, and overall gold recovery grades should rise substantially from the average 5,4 g/t reported in the June quarter.

Cooke 3 development is continuing at a fast rate, and in sinking the shaft a payable reef intersection has been struck.

Management did not disclose the values achieved from the intersection, but analysts believe the continued intensity of development in the area to be an indication of good grades.

After spending R30-million on Cooke 3 in 1980, it is expected that R50-million will be spent this year, and in each of the following years until completion in 1985.

Cooke 2's advance in the 128-level haulage to link Cooke 2 and Cooke 3 shafts has reached the Cooke 3 area, and the mine is in a position to start reef development in the area this quarter.

A Randfontein spokesman said the mine was still selling all its uranium oxide production on a contractual agreement basis.

Randfontein sells its uranium under long-term contracts, with the selling price renegotiated each year at a market related level, and while it is believed the selling price was cut at the time of the last contract renewal, volumes were probably left unchanged.

Rooiberg, Union fortunes look up

By JOHN MULCAHY

RDM

THE continuing climb in the tin price — it has risen by more than 23% since the beginning of July — holds out substantial benefits for producers Rooiberg and Union Tin

The chairman of the two mines, Mr Dru Gnodde, said yesterday it was too early in the quarter to quantify the benefits to the mines from the price improvement.

On July 1 the London Metal Exchange (LME) cash price was £6 535 a ton. Since then it has risen steadily to £8 000, with an average of £7 154 a ton for the quarter to date.

London metal dealers have accused major producers of rigging the tin price, but industry sources believe that with the protracted wrangling in the International Tin Council the buffer stockpile has been whittled down to an unusually low level.

This has forced the buffer stock manager to rebuild stocks, and in a thin market a regular demand of even 500 tons a day is enough to change the situation from oversupply to a shortage.

The initial rise in the price was not sufficient to help the South African producers, but since early July there has been a fairly sharp upward line, with the probability of exports priced at a substantially higher level than in the June quarter.

The decline in sterling against the rand has to some extent offset the higher tin price to South African producers, but at the average rate of R1.74 to the pound for July the rand equivalent of the tin price since July 1 is R12 448 a ton.

In the June quarter Rooiberg's revenue fell to R10 472 a ton sold from R10 583, although this was diluted to some extent by sales of tin in concentrates.

Income of the two GFSA producers is based on the price ruling when the buyers receive the tin — so shipment dates are of prime importance.

Being small producers, Rooiberg and Union Tin shipments are not too frequent, but Rooiberg is believed to sell its output in monthly parcels.

Assuming that shipments are

made at the end of a month, the June parcel should land in the UK soon, and will benefit from the high price.

Rooiberg's smelter went into full production at the beginning of 1980 and sales of tin metal were 453 tons in the first quarter. In the subsequent quarters until June this year sales were 595 tons, 487 tons, 497 tons, 468 tons and 448 tons.

As sales of tin metal increased, there was a complementary fall in sales of tin in concentrates — from 53 tons in the first quarter of 1980 to 37 tons in the June quarter.

The volume of sales over the past 18 months indicates an average of at least 450 tons a quarter of tin metal, and if the tin price maintains the average of the quarter to date revenue from metal sales should amount to at least R5 700 000.

In addition, there is the revenue from concentrates which, taken at R6 000 a ton and last quarter's sales of 37 tons, should take total revenue up to R6-million, or 20% higher than the June quarter.

If, however, the exports fetch prices currently ruling, revenue could rise to R7 million, and profits in the September quarter will be substantial.

ly higher than in the first two quarters of this year.

Union Tin, a much smaller producer, has less frequent shipments than Rooiberg, and is more subject to "the luck of the draw" in terms of prices.

This was evident in the March quarter when Union Tin was able to take advantage of exceptionally high-grade production in the previous quarter, and shipments were substantially higher, reducing unit costs and increasing revenue.

In the June quarter Union Tin reverted to a normal operating situation, and revenue dropped.

Tin concentrate sales are based on the LME cash price, but treatment charges, as well as a profit margin for the UK smelters, reduce the income to the mines.

In line with the chairman's warning in the annual reports interim dividends from Rooiberg and Union Tin were reduced sharply — to 30c from 90c and to 5c from 9c respectively.

If the tin price remains as high as it has been over the past few weeks, it will bring welcome relief to both companies.

Noordhoek kaolin mine 'a disaster'

PLANS TO open unsightly open cast kaolin mines in Noordhoek Valley would result in severe environmental disruption to the entire Fish Hoek Valley, according to Mr Arthur Swartz, past president of the Cape Town Chamber of Commerce.

Mr Swartz was speaking at the regional congress of the Chambers of Commerce in the Western Cape at Parow yesterday.

He added that experts and local authorities agreed that if the kaolin mining project was passed it would be an environmental disaster.

KRUGER PARK

Mr Swartz also mentioned the proposed coal mining project in the Kruger Park — an area described as a 'home for animals which have nothing to fear from man'.

'Will the plea of conservationists be set aside and President Kruger's vision of the area to be devoted to protecting flora and fauna be marred?'

'There are numerous instances where the Government has proceeded with plans for new developments without notifying the local authorities until the plans were well-advanced.'

The Groote Schuur Estate affair was typical of bureaucratic self-justifying efforts to demonstrate a state of affairs when the circumstances were very much different. And, he added, there were others such as the proposed SABC-TV studios on the slopes of the Devils Peak and the Archives Building on the site of the Roeland Street jail.

DISTURBING

'Few contested the location of the archives on this site, but it was disturbing to find that the building being planned was quite out of keeping with Table Mountain as a backdrop. Also it was originally intended to destroy the existing stonework — second in age to the Castle,' he said.

'The need for environmental impact control is clear, but this does not mean we should adopt the view that no change is permissible.'

'The basic concept of environmental impact control is a means of ensuring a balance between desirable development and undesirable effects on the environment.'

BY JOHN MULCAHY

IT is widely accepted that even a sudden energy crisis is unlikely to boost nuclear fuel prices.

The London Mining Journal says a further weakening of the uranium spot market could occur if the climate for nuclear power does not improve and the oversupply situation persists for a long time.

The Journal believes most South African producers can probably cope with this event, but some of the older, higher-cost producers, whose output is sold under old contracts, may come under pressure and fall by the wayside.

Most South African uranium plants are fairly modern with efficient facilities unlikely to become subject to severe cost pressures unless a further fall in the gold price renders some reefs unpayable.

Commercial stockpiles of uranium stand at about 100 000 tons of metal and are expected to rise to 110 000 tons by 1985 before starting to decline.

Uranium demand is still growing, but only at a marginal rate, with nuclear programmes revised in many countries in the aftermath of Three Mile Island (TMI).

The US has reassessed its nuclear power programme and a moratorium on licensing reactors is estimated to have set back the US nuclear industry by at least two years.

Africa accounts for about 40% of Western world production of uranium, with South West Africa and South Africa responsible for two-thirds of Africa's output.

South West Africa's only producer, Rossing Uranium, reached full production in 1979. Its uranium output has risen

SA uranium cushioned against disaster

from nothing to 5 000 tons a year in a few years.

According to the Mining Journal, South Africa, more than any other producer, took advantage of the boom conditions of the 1970s, securing long-term contracts and investing heavily in new projects.

Within the past few years large plants have been commissioned by Ergo (280 tons uranium oxide a year), the Joint Metallurgical Scheme in the Free State — 850 tons a year; Southvaal — 750 tons a year; Randfontein — 600 tons a year; Chemwes — 680 tons a year, and Harmony.

All these projects brought about a rapid increase in output, which rose by 22% in 1979 and by a further 28% last year to 7 109 tons of uranium oxide.

A further increase is likely within the next two years as several other major projects come on stream, including Gencor's Beisa mine in the Free State, Rand Mines dump treatment project, and the Middle Elsburg uranium project at Western Areas.

The Journal believes these plans and projects are an indi-

cation that South Africa has the ability to produce uranium at a low cost.

"Even in the current (and forecast) climate of oversupply, Nucor (which negotiates on behalf of all producers) is still able to secure contract terms that are acceptable and, in essence, this must signify that they can accept lower prices than producers in many other parts of the world."

Nucor's success also reflects South Africa's reputation as a reliable long-term supplier of quality product.

It is estimated that nearly 90% of South Africa's known uranium resources occur within the gold-bearing conglomerates of the Witwatersrand Basin, and because most of the uranium is recovered as a by-product of gold mining, producers are generally far less sensitive to fluctuations in the uranium market than are many primary producers elsewhere.

Most of South Africa's uranium is sold on a long-term contractual basis, and the balance is periodically sold on the spot market.

As a result of by-production,

lower spot prices can either be accepted by producers, or as most have substantial gold earnings to cushion the worst effects of fluctuating uranium prices, avoided.

In 1980 the record gold profits earned by most of the by-product uranium producers substantially exceeded uranium profits, and most producers were able to absorb the cost of stockpiling excess uranium instead of selling it at an unfavourable price.

However, in 1981 it has been less economical to stockpile because gold profits have in most cases tumbled.

Many producers have become unwilling to incur the cost of stockpiling and approaches have been made to the Government to fund a national stockpile of uranium when prices are unfavourable.

Several South African producers have been obliged to reconsider their uranium operations in the light of current price and market forecasts, and the emergence of a buyers' market has enabled many customers to put pressure on producers to modify contract terms.

This has been a particular problem for primary producers, with no gold profits to cushion them from low uranium prices, and producers whose output is tied to older contracts at lower prices.

5/2/81
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5 AUGUST 1981

13

WEDNESDAY

Noordhoek area: kaolin mine
*14 Mr K M. ANDREW asked the Minister of Internal Affairs.

- (1) Whether he has carried out an *in loco* inspection of the site of the proposed new kaolin mine in the Noordhoek area, if so, (a) when did the inspection take place and (b) who was present during the inspection; if not,
- (2) whether it is the intention to carry out such an inspection, if so, (a) when and (b) who will be invited to be present?

The MINISTER OF INTERNAL AFFAIRS:

- (1) No.
 - (a) and (b) fall away.
- (2) Yes
 - (a) As soon as the environmental impact studies are to hand.
 - (b) The Administrator, the Member of Parliament in whose Constituency the subject of the application is situate, representatives of the Departments of Mineral and Energy Affairs, Water Affairs, Forestry and Environmental Conservation, Divisional Council of the Cape, and the Chairman of The Interim Management Committee for Table Mountain and the Southern Peninsula Mountain Cham

Noordhoek area: kaolin mine
*15. Mr. K M. ANDREW asked the Minister of Internal Affairs

- (1) Whether he has appointed a consul-

tant to advise him on the proposed mining of kaolin in the Noordhoek area; if so, (a) who is the consultant (b) when was the appointment made (c) who will pay the consultant's fees and (d) what matters has the consultant been requested to report on;

- (2) whether interested (a) persons and (b) organizations will be invited to make submissions to the consultant is so,
- (3) whether (a) any such submissions will be made available for public comment before the consultant submits his report and (b) the consultant's report will be made public for comment before a final decision is taken on the application to mine kaolin?

The MINISTER OF INTERNAL AFFAIRS:

- (1)(a) and (b) Negotiations are in progress to appoint a person, to conduct an independent environmental impact study.
 - (c) The State
 - (d) All matters pertaining to the application for a permit.
- (2)(a) and (b) No, but all information and representations received will be made available to the person conducting the environmental impact study.
- (3) (a) Not applicable.
 - (b) No, but for general information I wish to make known that my function in this matter is to decide on an application for a permit for the opening of a kaolin quarry. In applications of this nature it is normal procedure to take into account facts and representations as submitted. However, in the present case I have, in the light of environmental factors and in the public interest, asked for an environmental impact study to be done by an independent person in order to ensure the greatest measure of impartiality and objectivity. I again wish to give the assurance that once I have received all reports on the matter, interested Government bodies and organizations will be consulted before a final decision is taken by me.

done by an independent person in order to ensure the greatest measure of impartiality and objectivity I again wish to give the assurance that once I have received all reports on the matter, interested Government bodies and organizations will be consulted before a final decision is taken by me

Alternative Computation

11-24 (Continued) cated between products), the old product can sustain up to a \$10,000 loss and still help accomplish management's overall objectives. Maximum expenses that can be incurred on the old product are \$1,440,000 plus the \$10,000 loss, or \$1,450,000. Maximum purchase cost: \$1,450,000 less (\$288,000 + 216,000) = \$946,000 maximum purchase cost. \$946,000 ÷ 240,000 units = \$3,9417 per unit.

Profit is \$9.00 less \$8.50, or \$.50 per unit for
 120,000 new units
 Desired profit
 Maximum loss allowed
 Maximum loss per unit
 = 240,000 ÷
 Sales price of old
 Allowance for loss
 Total costs allowed
 Continuing costs for
 Fixed manufacturing
 product
 Variable selling
 Fixed selling cost
 Maximum purchase cost

Kaolin: Heunis to visit

Political Correspondent

HOUSE OF ASSEMBLY — The Minister of Internal Affairs, Mr Chris Heunis, announced yesterday he would make a personal inspection of the Noordhoek site where a new kaolin mine is planned

Replying to questions from Mr Ken Andrew (PFP Gardens), he said he would make the visit with other senior representatives and officials as soon as the independent environmental impact study had been completed

Mr Heunis repeated his assurance that no final decision on the mine would be taken before he had received all reports on the matter and consulted interested government bodies

and organizations were in progress. He would report on all matters pertaining to the application for a permit to mine kaolin

Those who would accompany him on the inspection would be the Administrator, Mr Gene Louw, the MP for Simon's Town, Mr John Wiley, representatives of the departments of mineral and energy affairs, water affairs, forestry and environmental conservation, the Divisional Council, and the chairman of the interim management committee for Table Mountain and the Southern Peninsula mountain chain

The state's independent consultant who would undertake the environmental study had not yet been appointed, but negotiations

Mr Heunis said interested parties and organizations would not be invited to make submissions to the consultant, but their representations would be made available to him. The Minister of Mineral and Energy Affairs, Mr F W de Kleik, told Mr Andrew that geological investigations of the extent of kaolin deposits had been carried out at Imhoff's Gift, Kommetjie, in 1976, in the Hout Bay valley in 1976-77 and in the Brackenfell-Stellenbosch area in 1977. The investigations were part of a national survey of clay deposits

CT 6/8/81 site 212

ification, all

is an I/O list. No I/O list may contain a constant except in a subscript expression or as a parameter of a DO-implicated list.

V2,ARKAY,MATRIX(5),(NAME))

An I/O list is a simple list, a simple list enclosed in parentheses, a DO-implicated list, or two lists separated by a comma. When there is no I/O list in a READ or WRITE statement, the I/O list is said to be empty. For example,

is a simple list. Previous examples were restricted to simple lists in READ and WRITE statements. When an array name appears in a simple list, it refers to all elements of that array in the order described in 2.7.4.

V2,ARKAY,MATRIX(5)

A simple list is a variable, array element, array name, or two simple lists separated by a comma. For example,

The purpose of an input/output list is to identify transferred items so that they can be referenced in the program. A transfer initiated by a READ or WRITE statement is not complete unless all items in the input/output have been transferred. It is convenient to define an input/output list in terms of a simple list and a DO-implicated list.

6.2.2. Input/Output List

The logical unit number is an unsigned integer that designates the I/O device containing the file being referenced. A file may be transferred from one medium to another. If it becomes necessary to access the same file later on, it will have a different logical unit number than the one originally used. In previous examples, the integers 1 and 3 were used to denote a punched card reader and a printer, but these numbers were only for use in examples. There is no standard convention for assigning numbers to logical units. This information must be obtained from programming manuals for a particular processor.

6.2.1. Logical Unit Number

Each READ or WRITE statement may reference a FORMAT statement or specification and a logical unit, and may contain an I/O list.

6.2. ELEMENTS OF READ AND WRITE STATEMENTS

Better than expected

FM 7th Aug 81

Base metal prices have been surprisingly firm in the past month despite lagging Western economies and tight money policies which should theoretically dissuade speculation. In contrast to the mood in May-June, London Metal Exchange (LME) dealers now appear optimistic about near-term base metal price trends.

Tin in particular has been stronger than expected. The metal hit a recent £8 000/t high last week after trading below £6 000 early in May. In fact, it was just prior to this that local tin producers Rooiberg and Union Tin released their cautious annual reports and forecast reduced dividends.

The tin price rise is tied to sterling's weakness and purchases by the International Tin Council buffer stock manager to replenish metal supplies in accord with the fifth International Tin Agreement. Some dealers reckon that the purchase of 500 t/day by the buffer stock manager in a thin market is sufficient to explain the price firmness.

There have also been accusations, however, that the price rise was rigged by some producing countries. LME analysts say fundamentals do not justify the rise and that the scale of buying was too big to be speculative. They reason that producing countries are trying to justify higher support prices under a sixth International Tin Agreement.

Though the price is high, there is still caution in local tin producing companies. Rooiberg chairman Dru Gnodde admits that he is less cautious than at the end of the first quarter, but notes that the metal is still well below the 1980 highs. Equally, the rand-sterling parity shift partially offsets the benefits of higher sterling price quotes. Nevertheless, the firmer metal price helped the June quarter results of Rooiberg and Union, though both declared substantially lower interim dividends.

Rooiberg: Revenue per ton dipped only 1% to R10 472, but lower despatches of metal and concentrates meant total sales fell to R5,1m (R5,4m). A 13,6% increase in the unit cost of sales to R7 961 produced a 33% drop in gross profit to R1,2m for the quarter. However, too much should not be read into quarter-by-quarter cost comparisons as they are influenced by the timing of shipments.

Sales were 485 t (506 t), which was more or less in line with reduced produc-

tion Gnodde explains that output was affected by the new "C" Mine flotation plant which contributed to increased lower-grade concentrate recoveries

This quarter will depend on whether the tin price rally continues and the effect of recent wage increases on unit costs. But after a taxed profit of R3,1m (R5,8m) in the six months to end-June, management's decision to chop the interim dividend to 30c (90c) appears justified. And unless the tin price shows surprising strength, a significant cut from last year's 140c final is certain at year's end.

Union Tin: Taxed profit fell to R115 000 (R281 000) and led to an interim dividend of only 5c (9c). Unit sales revenue fell to R8 667/t (R9 016) in the June quarter, while unit cost of sales advanced to R7 761 (R5 667). This, however, reflects an abnormally low cost figure in the March quarter with the carry-over of some December shipments.

On an interim-by-interim comparison, Union reported taxed profit of R436 000 (R709 000) — equivalent to pre-capex earnings of 18c (29c).

Palabora: The recent firmness in the copper price came too late to help profit in the six months to end-June. Earnings dropped 32c (110c) which resulted in the second interim dividend being chopped to 10c (25c). While prospects for the second six months look better, it seems unlikely that 1980's second-half dividends totalling 55c will be repeated.

The extent of the profit fall was almost entirely due to lower prices as sales of copper and other metals were almost unchanged. And on almost unchanged production total costs were only 6% higher.

The copper price averaged £819/t (£1 029) in the six months which in rand terms amounted to R1 449 (R1 878) meaning total revenue from copper declined to some R83,3m (R110,8m). And there was no boost from silver, gold and platinum arising in the anode slimes, while uranium demand fell sharply with concentrate sales of 14 378 kg (55 041 kg).

Prospects in the second six months are enhanced by the recent firmness in copper to around £1 000 and the cost savings which should result from the electric trolley system being introduced in pit trucks. Little relief however is likely on the precious metal front unless there is a change in the US interest rate pattern.

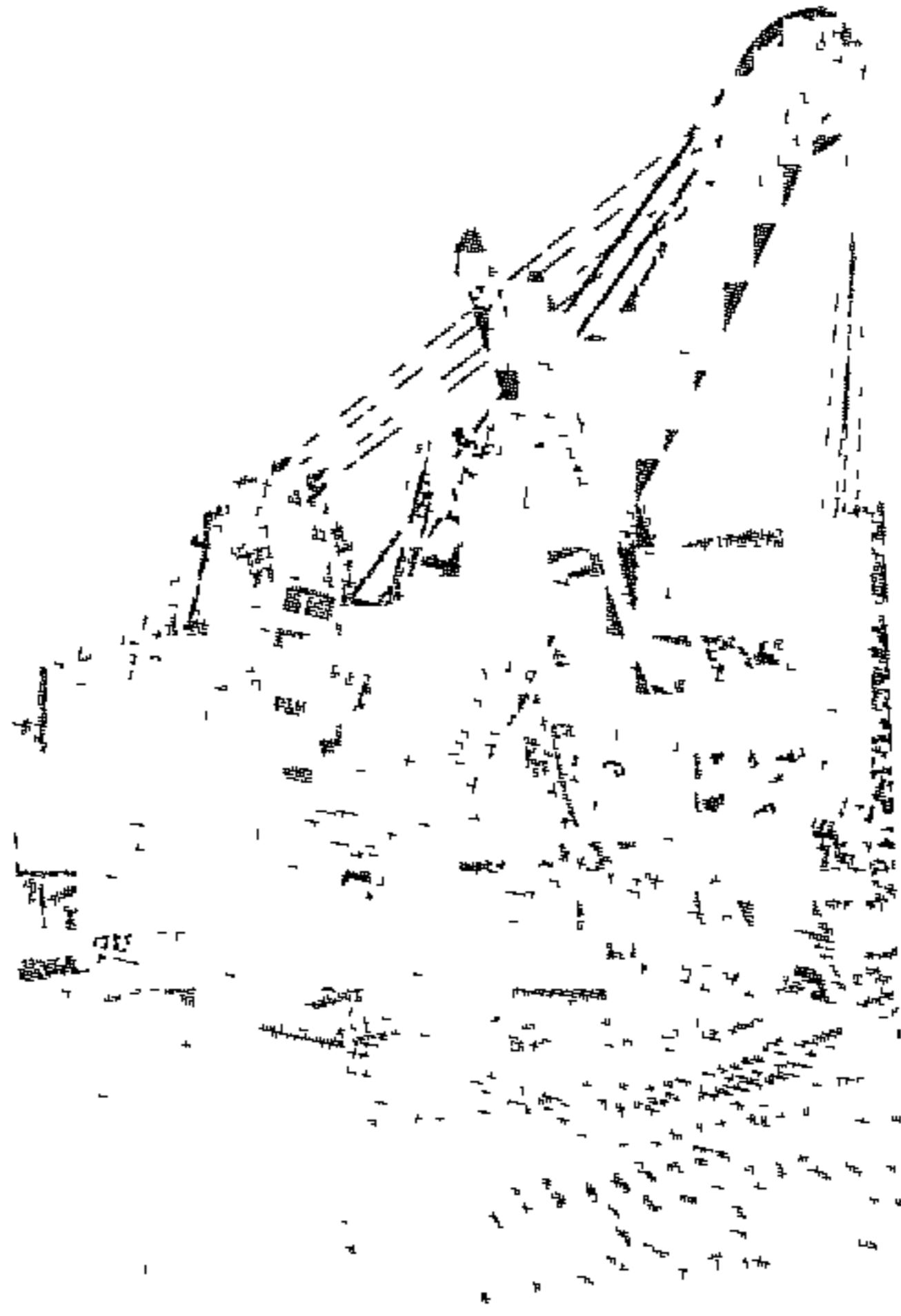
At 1 450c Palabora yields a low 5,2% which suggests some price downside could be in store unless copper continues firm and precious metals move off their low base.

Cons Murch: The March quarter's sales increase was apparently a flash in the pan — sales slithered to 2 553 t in the three months to end-June. And judging by the fact that management emphasises that the quarter's production increase to 4 135 t of concentrates from 3 750 t was due solely to trial re-treatment of arsenic middlings,

it does not seem to believe a market improvement is imminent. Mill throughput remains at the minimum levels needed to conserve funds and to prevent too much capital being tied up in concentrate stocks which will take some years to shift.

Even so, by end-June the concentrate stockpile was 18 600 t, equivalent to 15 months' production at current levels or, more to the point, 18 months' sales at this year's first-half average rate.

At the start of this year it was planned to spend R2,5m "on projects which cannot be deferred without seriously prejudicing the mine's future." Now the year's total is expected to be R2m, compared with a first-half after-tax profit of R1,66m. That



Palabora . . . waiting for a copper price boost

serves to underline management's gloomy near-term expectations. The interim dividend has been passed and there is little point in expecting a final. The share does, however, have some speculative attraction to investors looking towards an eventual sale of the stockpile on which all production costs have been incurred and which is carried in the books at zero value.

Gefco: Though second-quarter fibre sales appear to have exceeded the 10 652 t production by about 3 300 t, there seems little reason to expect an early recovery in the company's fortunes. Asbestos markets, particularly for the blue asbestos Gefco produces, remain depressed. The June quarter's sales price increase was due almost entirely to a favourable shift in the rand dollar parity and mill throughput and production have been further reduced.

Capital expenditure was pared to the bone in the first half, but an increase seems likely during the current six months. Shafts needed to replace ore have to be started this year and the company is

hoarding its cash in anticipation of that Retentions were R724 000 in the first half and the interim dividend has been passed. Unless a miracle happens, the prospects of a final payout are poor. Recovery is still at least a year away and the share has little near-term attraction.

Msauli: The mine does not appear to have been as badly affected by the asbestos market's weakness as sister company Gefco. But there have been difficulties which have been compounded by technical problems.

Normally a cut in percentage recovery implies the dumping of shorter fibres and concentration on higher-priced, longer material. Generally that is accompanied by a higher unit selling price. But in the June quarter that did not occur, despite a reduction in recovery from 8,8% to 7,8%. The increase in revenue per ton of fibre to R244,5 from R220,6 was due entirely to a more advantageous rand dollar exchange rate. Grade was reduced because of technical problems at the mine.

At the start of the year management estimated that this year's capital expenditure would be R1,7m. If that target is to be met, more than R1,1m remains to be spent in the second half. And that is hardly encouraging as far as dividend prospects are concerned. The interim has been passed and the same seems likely to happen to the final.

Prieska: Anglovaal's unlisted copper producer reported a sharp turnaround in the June quarter, with a gross loss of R278 000 compared with a R3,1m profit the previous period. The company ran into the red because there was no international shipment in the June quarter, while there were two in the January-March period. Normally the company reports one shipment every three months or so.

At the taxed level the loss was reduced by R363 000 (R204 000) interest received to a small R62 000.

This quarter a return to normal sales seems likely with one shipment a minimum possibility. And with copper and zinc prices still rising, profit should improve. Even so, profits are far too low to encourage outside investors should the parent decide on a public listing for the mine.

Black Mountain: The second quarterly from this lead, zinc and silver producer reflects steadily increasing sales of all metals. Lead and zinc deliveries built up sharply to 25 000 t (15 000 t) and 6 750 t (4 048 t) respectively. The total result was sales revenue of R22,2m (R17,6m) and a net profit of R5,7m (R5,9m). Outstanding loans were R113,4m which produced a R3,7m (R3,4m) finance cost in the quarter.

Zincor: Higher 22 862 t (19 674 t) sales and sharply higher zinc prices resulted in a R2,9m (R1,6m) pre-tax profit. A R1,1m dividend was declared from pre-capex distributable earnings of R1,6m (R808 000).

Des Kilalea

10. When should the capitalisation period end?

Trans / Fish Hoek station 219
24 Mr K. M. ANDREW asked the
Minister of Transport Affairs:

(1) Whether any application has been received by his Department for the enlargement of Fish Hoek station, if so (a) from whom (b) when and (c)

all the members of
in the Cape Town

Racial assumptions led to wrong assumptions about
the id... context
'loafers' 130
racial explanations. If whites molested women, they were
murder...
traits...
White...
AUGUST 1981

what was the extent of the enlarge-
ment requested;
(2) whether any decision has been taken
in regard to the matter, if so, (a)
what is the decision and (b) who was
consulted prior to the decision being
taken?

She added that they were par-
they hated their own blood, and
es, that (the 'half-castes') "unite
of the women at the Dock Hospital,
titled the gaols and brothels of the
cumbered to these arguments, saying,
"f-breeds." 128 It is hardly surprising
he Metropolis had to live with the
inconvenience" to him as possible from
h Africa "the white man" orders it
ad together and were a "danger to

The MINISTER OF TRANSPORT AF-
FAIRS:

- (1) Yes.
 - (a) Serina (Pty) Limited, Fish Hoek
 - (b) (i) 8 January 1979, (ii) 30 July and 16 October 1980; and (iii) 18 August 1980
 - (c) (i) Provision of a shelter for the loading of bagged kaolin;
 - (ii) provision of a ramp for the loading of loose kaolin; and
 - (iii) provision of a private siding with a view to export low grade kaolin
- (2) Yes
 - (a) The applications were turned down
 - (b) The decisions were taken departmentally

Young ruffians, their dirty
es stamped with the hallmarks
me shoving along our narrow
of the opportunity offers,
a lady or young girl into
s some insulting remark".

European ladies and children into the gutter, this was "intoler-
able insolence". 127
The Argus leader of 21st January (the day
after 11 coloured boys had been remanded for robbery, assault
and rape on a white married woman and soldier going for a walk),
displayed middle-class fury. It said that there was need for
stringent regulations for the coloured classes in Cape Town, to
curb the "criminal and vicious tendencies of the human scum of
this city..." and

A major
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business b

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Developm
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business. A
his staff to
moving C
plained of
available cl
had also dr

The Indu
that Mr M
from Cape
Industrial I
Exhibit 4).

The Xh
suggested
liam's Tow
s).

Abraham
trate on ter
business be
was unhapp
uncertain fo

He also
factory. If
decision wa
discussion w
tion at a rec
indicated th
could offer
least as attra
ration and

Industrial Development Corporation. In addition, the
tender preference for South African Government business could fall
away but, then, Lesotho offered some attractive features for exporters:
Firstly, there was the Associate Membership of the European Com-
mon Market. A second important consideration was the fact that a
'Made in Lesotho' label could be used for exporting. In Van Graan's
opinion, this could be very useful for the export of consumer goods to
the USA and other politically sensitive countries.

Abraham Mendelsohn was confused. He was uncertain whether to
stay in uniform manufacture or whether he should concentrate on

How
14/2/81
Noordhoek: kaolin deposits
Cel 59 (217)

*25 Mr K. M. ANDREW asked the
Minister of Water Affairs, Forestry and
Environmental Conservation.

- (1) Whether any official of his Depart-
ment made a statement to the In-
terim Management Committee for
Table Mountain and the Southern
Peninsula Mountain Chain on the
quality of the kaolin deposits at
Noordhoek as compared with other
such deposits in South Africa, if so,
(a)(i) by whom and (ii) when was
such statement made, (b) what was
the purport of the statement and (c)
on what available information was it
based,
- (2) whether he has investigated the mat-
ter; if so,
- (3) whether any further steps have been
taken, if so, what steps?

†The MINISTER OF WATER AF-
FAIRS, FORESTRY AND ENVIRON-
MENTAL CONSERVATION

- (1) (a)(i) and (ii), (b) and (c) In a
meeting of the Committee on 4
February 1981 the Director-General
Water Affairs, Forestry and Environ-
mental Conservation stated that
according to available information no
other kaolin deposits of the same
quality (as that at Noordhoek) have
as yet been found in the RSA and
that high grade kaolin is being im-
ported. This comment was based on
consultation on departmental level
- (2) and (3) It is not clear to me what
investigation and possible further
steps the hon member had in mind
in posing these questions

Agus 17/8/07
217
High-grade kaolin found near Vredenburg

Staff Reporter
HIGH-GRADE kaolin totalling between 4,5 and 8-million tons has been found on a farm between Vredenburg and St Helena Bay by a Cape Town-based company.

A spokesman for the company, St Helena Kaolin, said tests showed a 90 percent reflectivity

The farm is close to the Vredenburg railheads of

the Saldanha-Sishen line and the Vredenburg-Cape Town line. It is also close to Saldanha Bay.

Tests to discover the extent of the find are still being carried out by the company but initial estimates place it at 'at least 4,5 million tons'. It could be double that.

So far depth tests show that the kaolin is about 20 metres deep, but whether this is true of the full area

of the find has yet to be determined.

There have been several attempts on other farms in the area to mine kaolin, but a thick hard calcareous crust has until now made its mining uneconomical.

The find was originally uncovered by a farmer during ploughing. It is of unusual purity, although some contains granite.

According to reports on the Noordhoek kaolin, it does not come close in

quality to this find. Nor is it of the same extent.

The St Helena find covers about nine hectares and borehole samples taken down to 48 metres showed it extended to that depth in one section.

'South Africa's total kaolin consumption is about 100 000 tons a year,' the spokesman said, 'so this find could be sufficient to supply the country for up to 10 years.'

of Western civilisation in the colony. Moreover, it was far removed from the 'heathen and barbarous' influences of traditional African culture. The future African leaders were to be pulled out of their society and totally immersed in the new way of life. Their Christian and liberal education would enable them to implant the incoming culture within their indigenous social fabric, while their new-found loyalty to the Crown would hopefully lead to the peaceful occupation of the interior and the establishment of law and order under British rule. The planned enterprise epitomised the identification between the religious aspirations of the missionary enterprise and the secular motives of imperialism during the Victorian era.⁹

The Governor was anxious to see the 'Kafir College' launched immediately; but despite his personal approach to the chiefs he too was unable to persuade any of them to co-operate. It was only when the cattle killing in Kaffraria led to the breakdown of Xhosa society two years later, that suitable recruits became available. When Grey visited the frontier in 1857, he arranged for the first four boys to come to the Cape and Bishop Gray took charge of their education.

The next to come were two junior sons of Moshoesho: Tseketo, aged about nineteen, and Tlati (later baptised George) about twenty-one years old. Frustrated by the limited educational opportunities in Lesotho, they had run away from home in search of further schooling. They could read and write in Sotho and they now wished to study a second language, either French or English. This would equip them to assist Moshoesho at court, especially in his dealings with Europeans, and would be a means

But they

10

82, 19/8/87
Taiwan and SA in
big uranium deal

Own Correspondent

PARIS. — South Africa is believed to have signed a contract to supply Nationalist China with 4000 tons of uranium in the next six years, the weekly news magazine Le Point reported.

Taiwan will also receive technical assistance from South Africa and Israel to develop its weapons, particularly longrange nuclear missiles.

The deal would reinforce a number of co-operation activities between Pretoria and Taipei. South Africa is already reported to be

co-operating with Israel in the nuclear field.

In an article in the weekly Afrique-Asie, Abdelkader Benabdallah, a former lecturer at Quebec University in Montreal, affirmed that the two countries' nuclear co-operation dated from the 1960s. South Africa supplied the material while Israel furnished technical know-how for South Africa to develop its nuclear weapons, Benabdallah said.

● Reacting to the report, the President of the Atomic Energy Board, Dr Wynand de Villiers, said the supply of uranium to Taiwan was public knowledge. "The other allegations are regularly made against South Africa and we no longer react to them," he added.

Racial prejudice had become part of the way of life in Cape Town, and was reinforced by a further economic factor - black/white competition on an open labour market. The convicts, brought to the Cape for offences in the East, elected on their release to remain in Cape Town. They brought with them considerable artisan skills. By the 1740s, there were sufficient convicts to constitute an economic threat to the poorer white colonists. This caused the Politiekeraad to write to the Asiatic Council at Batavia, requesting that no further convicts be sent to the Cape. This request was rejected.⁵³ The Cape reaction to its refusal was to prohibit the Muslim convicts from acquiring property without the permission of the Governor and charged them enormous rentals to minimise their chances of capital accumulation.⁵⁴

A degree of political equality emerged with the promulgation of Ordinance 50 of 1828. This ordinance was designed for "improving the conditions of Hottentots and other free persons of colour".^{54a} Its influence, as with the other emancipatory legislation which followed it, was slight. The Cape Muslims were not induced by these legislative measures to participate freely in the political structures which were created subsequently. The years of racial and religious prejudice resulted in a negative self-image and a complacent acceptance of their position of inferiority. They consolidated themselves strictly with their religion, seeking in it the social status positions which were denied them in the broader society in which they were living.

(u) Two months from the date on which he will be appointed.

(i) Negotiations are being finalized and a suitably qualified landscape architect will be appointed on a contract basis shortly

No. (a), (b), (c) and (d) fall away.

The MINISTER OF FINANCE (for the Minister of Internal Affairs)

Whether he has as yet appointed an independent consultant to advise him on the proposed mining of kaolin in the Noordhoek area, if so, (a) who is the consultant, (b) what are his qualifications, (c) when was he appointed and (d) by what date has he been asked to report, if not, (i) when does he expect to appoint such consultant and (u) how much time will such consultant be given to investigate?

"As to the... was ever... was tolerated... one of the... system. The... peaceable... policy was... 3 July 18... ignominy. The... their... the right... property...
 Mr K M ANDREW asked the Minister of Internal Affairs... Noordhoek area kaolin... 1973... 54a

8.1.4 Cluster Sampling

Often it may be more convenient to select a sample of cluster units rather than elementary units. We may for example require data on inhabitants of houses, but only have a list of houses, not inhabitants, from which to draw the sample. In an industrial situation it may be easier to sample items in boxes or bundles rather than individually (given the same total sample size)

Definitions and Notation for Cluster Sampling

Assume we have M clusters of size N_1, N_2, \dots, N_M ($\sum_{i=1}^M N_i = N$)

The cluster members, means and variances are X_{ij}, \bar{X}_i and S_i^2 respectively ($i=1, \dots, M; j=1, \dots, N_i$)
 We choose a random sample of m of the M clusters and include all n_j in our sample of total size n .

If clusters are all

Then $N = M \cdot L$

We define the cluster

$$\bar{x}_c = \frac{1}{L} \sum_{j=1}^L x_{cj}$$

(the mean of the s)
 We can show that

and

Is \bar{x}_c more, or

Sharp drop in De Beers profit

Mining Editor

DIAMOND giant De Beers, forced to contend with the deep recession in Europe and the US, has announced a sharp drop in net profit for the six months to June, to R254 900 000 from R415 400 000.

Adhering to its policy of holding the dividend at least at the previous year's levels, holders of the group's 375-million shares will receive a payment of 25c a share, absorbing almost R90-million of the earnings

Their status falling from best friends to a strained relationship, diamonds earned De Beers R200 700 000, which is 55% lower than the R419 200 000 in diamond income for the first half of 1980

Demand for diamonds has been falling for at least a year, and in the first six months of this year the Central Selling Organisation, which sells about 80% of the world's diamonds, reported a drop in sales of 40% to R748-million from the record R1 268-million in the first half of last year.

See Page 13

(8.37)

(8.38)

Hiveld bids for US vanadium order

RDM 19/8/81

By PAT SIDLEY

217

HIGHVELD Steel hopes to supply the United States strategic stockpile with 1 800 000 lbs of vanadium pentoxide in a deal which could be worth more than \$5-million

Last year the West produced about 90-million lbs of vanadium

Hiveld does not quote its annual production, but South Africa produces about half the Western world's supply and Hiveld is the largest producer. Last year South Africa produced about 50-million lbs

Because of the depressed world market, Hiveld is producing at well below its capacity, with only one of eight roasting units in operation

It would be able to supply the

required amount before the end of the year

The General Services Administration (GSA) announced recently that the US planned to buy both vanadium pentoxide and refractory bauxite

It made its first purchase in 20 years last month when it bought 5 200 000 lbs of cobalt. The Reagan Administration wants to build up the stockpile using funds from the sale of surplus materials

Other likely tenders for the vanadium contract would come from Finland's State steel corporation — whose pricing policy is believed to be more flexible than Hiveld's — and Union Carbide with production facilities in South Africa and the US

It is not known if the tender will be awarded in full or split up between tenderers, but it is probable that it will not be entirely a cash deal

The GSA said an exchange might be made for its surplus supplies of materials — like tin and silver — held by the stockpile

For this reason tenderers are using agents and not dealing direct with the GSA

Hard times for uranium producer

St Helena takes over Beisa mine

RBM
2/18/81

217

ST HELENA Gold Mines is acquiring primary uranium producer Beisa's mining assets at a price which will be determined by the Government Mining Engineer (GME).

St Helena will acquire the mining assets established on Beisa's initial mining area and all housing provided for its employees in the Welkom area in the Free State.

St Helena will in future years benefit to the extent of 15% of the distributable profits from mining Beisa, which is "conservatively" estimated at R3-million a year, or 31c a share.

The agreement, retroactive to January 1 this year, includes the right to mine, extract and sell all base minerals and precious metals in the initial mining area.

For the mining rights St Helena will pay Beisa 15% of the

gross revenue from the sale of metals and minerals.

In consideration for the assets Beisa will receive an amount equal to the value placed on the assets by the GME, who must value the mine for transfer duty in terms of the Income Tax Act.

The figure will be settled partly in cash, but mostly in preference shares, which will entitle the holders to dividends equal to 85% of the annual distributable profits derived from the operation of Beisa.

To the end of June, R132 693 000 had been spent on Beisa, and R200-million will probably be spent by the time the mine comes to full production in the third quarter of 1982.

The first primary uranium producer to be established in South Africa — West Rand

Cons started life as a gold producer — Beisa's development began in June 1978, and shaft sinking has been completed.

Uranium income will be bolstered by the gold content, which is of relatively low grade, but payable at current prices.

The first ore is expected to move through the plant towards the end of this year, and although some doubt had been expressed on the mine's continued viability as a uranium producer, management maintained an optimistic outlook.

Benefits from the improved gold price — it was languishing at \$200 an ounce when the project was started — are said to outweigh losses resulting from the deterioration in the uranium market.

A spokesman for General

Mining Union Corporation, which has 80% of Beisa, said the decision to sell the mining assets to St Helena was not related to the slump in the uranium market as the mine's production was committed under contract.

There were advantages for St Helena and for Beisa, said the spokesman, in that St Helena would be able to set the capital expenditure on Beisa against profits for tax, and Beisa shareholders would no longer have to fund this expenditure, and would still participate in profits from the mine.

The spokesman said Beisa, about 20 km from St Helena, would continue to operate under its own management — "it can be compared with Randfontein's system of operating the old and new sections".

Besides the Gencor holding in Beisa, UC Investments has 15% and Anglo American the remaining 5%.

In the 12 months to June St Helena's taxed profit was R71 971 000. In the first six months of this year the mine provided R36 360 000 for tax and lease considerations. The year-end will be changed to December, with the current period covering 15 months.

Beisa will be left with preference shares in St Helena, some cash and various mineral rights peripheral to its present operating area.

It has undertaken to provide the bridging finance necessary to put St Helena in funds to finance the capital expenditure incurred since the beginning of the year until St Helena's own cash resources are available for this.

There is no indication yet on whether Beisa as an independent company intends using the cash it will have available after the deal with St Helena to exploit the remainder of its minerals reserves, or operate primarily as an investment company.

Capital expenditure on Beisa subsequent to January 1 this year, including the cost of mining assets acquired, will be deductible from St Helena's taxable income this year, and it is estimated that no gold-mining tax will be payable in the current financial period.

The cash saving from the tax relief will be enough to fund the cash consideration of the purchase price and the repayment of the bridging finance to Beisa.

with the corrected data.

Interactive processors, by contrast, process lines as they are entered. If errors are found in a line, a diagnostic message is printed and the line may be correctly resubmitted at such processors are @CTS and @ED.

2.2. DEMAND JOBS, COREQUE AND SOLICIT MODES

Demand jobs are run from a terminal, receiving input from EXEC as the control statements are entered.

There are several types of input mode on a time and on entering the @RUN statement on a terminal is automatically processed in solicit mode. In this mode input is not buffered, that is each line is processed before the next line is entered. A prompt character indicates that it is ready to receive the next line. The prompt is '>' in column 1. If a line is entered before the prompt is processed the current line the following message

* WAIT - LAST INPUT IGNORED *

the user must then wait for the '>' to be printed before proceeding.

Another possible input mode is coreque (CQUE) mode. In this mode input is buffered. This means that if one or more lines are entered before the current line has been processed, the subsequent lines are queued and will be read on the subsequent read.

To enter cque mode the following statement must be entered:

@@CQUE

to return from cque mode to solicit mode, the following statement is:

@@END

2.3. THE TERMINAL

2.3.1. How The Keyboard Works

There are three main types of terminal at UCT, the Teletype, the Graphics Display, and the Visual Display. The teletypes are slow and the output is printed on paper. The VDU's (Visual Display Units) and Graphics Display terminals display output on a screen and no permanent record of the output is kept, unless a hard copy unit is attached, in which case a hard copy of the information on the screen can be made.

St Helena buying Beisa's mining assets

By Ann Croft

St Helena Gold Mines is acquiring the mining assets of uranium producer Beisa for a price to be decided by the Government Mining Engineer.

Whatever price is decided on will be settled largely by the issue by St Helena of cumulative preference shares. The balance will be in cash.

As well as the mining assets, St Helena will acquire all the housing provided by Beisa for its workers in the Welkom area, and the right to mine, extract and sell all base minerals and precious metals in the Beisa mining area.

St Helena will be granted a mineral lease by Beisa entitling it to exploit the mining area which was to have been exploited by Beisa itself. For this right a royalty of 15 percent of the gross revenue derived from the sales subject to minimum, and maximum royalties in terms of a formula contained in the agreement will be paid to Beisa.

Beisa will provide St Helena with the necessary bridging funds to finance the capital expenditure incurred since January 1 until St Helena's own cash resources are available. The capital expenditure incurred on the Beisa mining area after January 1 will be deducted from St Helena's taxable income in the current year. It is estimated that no gold-mining tax will be payable and that the cash saving will be enough to refund the buying price and repay the bridging loan.

St Helena 21/8/81

THE St Helena takeover of Beisa was a slick piece of financial manoeuvring, but the positive effects on St Helena shareholders have been overplayed, without sufficient indication of risk

A full report by consulting engineers with the financial implications spelled out will be circulated to St Helena shareholders, who can decide whether the burden of Beisa makes it worth holding on to their shares

On the positive side, provided Beisa can stay in profit until it starts selling uranium, it should start generating substantial income, in which St Helena shareholders will participate

However, the whole deal has a distinct aura of rescue, but it is not clear who the rescuers are

On first impressions the Receiver of Revenue would appear to be carrying a large part of the load as St Helena immediately moves into a tax-free situation

The tax benefits to St Helena will continue for another year at least, although it is doubtful whether the mine will again have no tax liability for a full year

In the longer term, the tax benefits as a whole will not be as great as they would have been if Beisa continued to operate on its own and accumulated allowances were set off against future income

This poses the question of whether Gencor has doubts about the extent of Beisa's profitability — perhaps with

Some risk for St Helena in Beisa deal

By JOHN MULCAHY

the view that it is better to allocate the tax relief to immediate income than to work it off over several years

As it is, St Helena will gain an advantage from actual capital expenditure, but not from accumulated allowances

Given that the Government Mining Engineer will place a value on Beisa, it is likely that the final cost will be calculated on replacement value, which includes financing charges and inflation

The authorities may see the benefits in accepting a reduction in income for the time being against some other form of State aid at a later stage

Whatever system is used, the cash payment to Beisa will probably be the same, and the number of preference shares issued will be adjusted to the total cost

According to available information, Beisa will cost St Helena nothing and it will reap the benefits of income from the time Beisa starts producing later this year

The prospectus for St Helena on the Beisa takeover will, one hopes, include

○ The extent of Beisa's ore reserves, as well as gold and uranium grades

○ A forecast of St Helena's earnings and dividends over the next few years, on varying gold prices based on the current operation, and also estimates including the Beisa section

○ An estimate of the viability of Beisa as an independent mining operation

Traditionally Union Corporation, when developing a mine, has taken the property to production and then floated the company

It has now taken the step of transferring the assets and liabilities to an existing producer, and on the face of it passing the risk to St Helena shareholders

It will give Gencor and UC Investments a cash boost and a share in profits later, but any losses will have to be borne by St Helena

At gold grades of about 4.5

g/t, Beisa will be able to break even, but it is debatable whether any public capital would have been attracted to a mine which is primarily a uranium producer at a time when even the most optimistic uranium market observers see no dramatic turnaround within five years

There is little doubt that on its own Beisa would have faced serious cash-flow problems until uranium was produced and sold

Beisa has the greater part of its uranium production tied up in contracts, but these begin only in 1984 unless the consumers are willing to take stock earlier. Until then the mine will depend on gold revenue to keep it going

○ A Gencor spokesman says there is a possibility of floating Beisa as a public company later, but it has not yet been considered. Its assets will be a holding of preference shares in St Helena, some cash and mineral rights peripheral to the present mining area

R.I.M.

24/9/81

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Apr 26/8/8/217
Kaolin effluent blocks drains

Environment Reporter
 SERINA, the company which plans to extend its kaolin mining operations in the picturesque Noordhoek Valley, has on two successive years been billed for expenses incurred by the Divisional Council, which has had to clear blocked stormwater drains caused by the company's kaolin mining operations.
 Recently the Divisional Council's Constantia Engineer, Mr J A Clark, confirmed that last year effluent from Serina blocked stormwater drains running into the Fish Hoek area.
 About a month ago Serina was told that this year stormwater drains leading towards the Kommetjie area had been cleared after being blocked by waste from the factory.
 "We have notified Serina that they will again be held responsible, and they have indicated that they want to discuss the matter," said Mr Clark. When the application by Serina to have the Noordhoek deposit declared a mining area it was first brought to the attention of Dr Douglas Hey's committee investigating possible boundaries for the Table Mountain Chain Natural Area, the Divisional Council noted that they had had a lot of trouble with effluent and run-off from the mine.
 "They expressed the fear that unless strict control

blocks drains

over mining activities could be introduced, the situation could get worse with increased mining activity in the area.
 Serina has repeatedly given the assurance that its mining activities would not pollute the area or cause environmental problems.
 It is not clear what measures are being taken to prevent run-off from the factory again entering the stormwater systems

Will you excuse me asking you Sir if you have settled about the piece of land you were kind enough to promise to give me. I am very sorry indeed to hear that we are not going to have you for our Governor any longer in Kaffir-land. I am + express how much we shall all miss all our people will grieve to hear have never had such good Governor

sted in the news of Prince Alfred, the victoria, who was then on a visit to South er of the British royal family to do so. in a totally new environment, George still almost as a Xhosa and was deeply concerned it to Kaffraria, the scene of so many black and white. 21

s very glad indeed to hear that Prince appy and enjoyed himself on his journey at he like Kafir land and that the kind to him and pleased to see him I very happy - I thank the Queen for I mean that she sent her son to see our sit there we cry to God to give him ile there. I hope he will stay as long

s letter it is interesting to see how he experiences to his time at the Cape. Chief Maqoma, was still incarcerated on seems to bear the Governor no grudge.

nebloem students was sent to England in overnor's insistence they were again all e representative than before with two oyise and Edward Dumisweni Maqoma, a Sotho, oeshoe, and a Rolong, Samuel Lefulere st got his wish. Once more there was holastic competence, the more so as they stine's, the first Africans to enter the n their late teens or early twenties and it the older boys at Zonnebloem had greater

SA wins chrome price rise

See 2.6/PP/12/17

By Geoffrey Murray
TOKYO — South African ferroalloy makers finally appear to have got the upper hand in their year-long battle with Japanese customers over the price of charge chrome.

Two of the biggest blast furnace steelmakers here, Nippon Steel and Kobe Steel, have just announ-

ced acceptance of a price level of 47.5c a pound cif effective next month.

Nippon Steel approved the price increase demanded by General Mining, while Kobe Steel's deal is with Consolidated Metallurgical Industries (CMI).

Nisshin Steel is also expected to follow suit shortly in coming to

terms with Samancor.

The South African firms have been trying to raise their prices from 45c to 47.5c (preliminary to an eventual jump to 50c) since late last year.

Stainless steel makers are still holding out, however, and sources said there was no likelihood of an early settlement.

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#2004 Noordhoek kaolin mine
- 17-1 - 1/18/1
*24 Mr K M ANDREW asked the Minister of Internal Affairs

(a) What brief will be given to the landscape architect who is to be appointed to report on the environmental impact of the proposed kaolin mine at Noordhoek and (b) on what aspects of the environmental impact will he be reporting?

The MINISTER OF POSTS AND TELECOMMUNICATIONS (for the Minister of Internal Affairs)

(a) and (b) To conduct an investigation and report on all matters which will have a significant effect on the environment, including any aspects which may arise during the investigation

Done

2024
72-9
22
Fish Hoek station
Mr K M ANDREW asked the
Minister of Transport Affairs

(1) (a) On what date or dates were

AUGUST 1981

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decisions taken on whether to enlarge Fish Hoek station as a result of applications received from Serna (Pty) Ltd and (b) what were the reasons for taking these decisions,

(2) whether Serna (Pty) Ltd was informed of (a) such decisions and (b) the reasons for such decisions, if not, why not, if so, on what date or dates in each case?

The MINISTER OF TRANSPORT AFFAIRS

(1) (a) 8 December 1980.

(b) There is insufficient space at Fish Hoek station.

(2) (a) Yes

(b) The reason for the decision was conveyed verbally to Serna (Pty) Ltd on 8 December 1980.

2025
78-9
23
Noordhoek kaolin mine
Mr K. M. ANDREW asked the
Minister of Internal Affairs:

Which bodies and organizations will be consulted after the consultant's report on the proposed Noordhoek kaolin mine has been submitted to him?

The MINISTER OF POSTS AND TELECOMMUNICATIONS (for the Minister of Internal Affairs).

As already announced, for general information, in a press statement of 24 July 1981, all interested government bodies and organizations, for example the Departments of Mineral and Energy Affairs, Water Affairs, Forestry and Environmental Conservation, the Cape Divisional Council and the Interim Management Committee for Table Mountain and the Southern Peninsula Mountain Chain will be given the opportunity to state their viewpoint

MONDAY, 31 AUGUST 1981

†Indicates translated version

For written reply

Kaolin deposits

Van J @ C 241 (217)
120 Mr K. M. ANDREW asked the
Minister of Mineral and Energy Affairs.

31/8/81
(a) What is the (i) nature and (ii) extent of the kaolin deposits in South Africa as determined by the national survey of clay deposits and (b)(i) where has each such deposit been found and (ii) what is the estimated quantity of each such deposit?

The MINISTER OF MINERAL AND ENERGY AFFAIRS.

- (a) and (b) The following kaolin deposits are known to my Department
- Zebediela, Lebowa: Two relatively large deposits of poor quality.
 - White River, Eastern Transvaal: One small deposit of poor quality.
 - Koster, Western Transvaal: Three small deposits of poor quality.
 - Ndanda—Ndedwe, kwaZulu: Three deposits, two of good quality.
 - Grahamstown, Eastern Cape: Approximately ten deposits, mostly of poor grade.
 - Mossel Bay—Albertinia—Riversdale: Southern Cape: A number of small low-grade deposits.
 - Garies, North-West Cape: One deposit of good quality.
 - Bitterfontein—Van Rhynsdorp: Five deposits of good quality and some twenty large deposits of poor quality.
 - Saldanha—Vredenburg: Eleven deposits of varying extent and grade.
 - Stellenbosch—Somerset West: Two deposits of good quality.
 - Brackenfell: Two deposits, one of good quality.
 - Cape Peninsula: Five deposits of good quality.
- The compilation of basic geological data does not normally include the

determination of available quantities. However, my Department is in possession of the following estimates (in tons):

- Garies: 200 000
- Bitterfontein—Van Rhynsdorp: 2,3 million.
- Stellenbosch—Somerset West: 15 million.
- Brackenfell: 4 million.
- Cape Peninsula: 18 million.

It is unfortunately the position that any nearer description of specific deposits will result in the disclosure of confidential information. Such step might be prejudicial to privately owned rights and interests of the relevant holders of the mineral rights and other interested parties.

Nature Council spells out effect of kaolin mine

CT 3/19/81
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Staff Reporter

THE Co-ordinating Council for Nature Conservation in the Cape says in a letter circulated to all local authorities that industrial disturbance would blight the Noordhoek Valley for many decades into the future if kaolin mining were permitted.

The letter, tabled at a recent meeting of the Simon's Town Town Council, listed the damage arising from "all-day excavation and heavy transport noises echoing in the peaceful mountain amphitheatre".

- Visual scars from mining would be hard to hide due to periodic veld fires

- Dust, already a nuisance from kaolin processing at Sun Valley, would add to the problem

- A major four-lane road-widening at the mine entrance would be constructed on the main tourist route along Chapman's Peak Drive

Lorry traffic

- Heavy lorries, carrying 17-ton loads of kaolin, would pass through Noordhoek to Sun Valley every five to eight minutes

"With a tight 30-minute schedule the lorry-drivers may find occasion to speed among the the light traffic along the narrow Noordhoek Road, bringing danger to residents and children in an area that was never planned for this," the letter said

- Further extensions of the Brakkloof refinery, next to the large residential areas at Fish Hoek and Sun Valley.

- Large waste dumps would accumulate from the several million tons of

kaolin to be processed there. A vehicle-washing plant was proposed for the exit from the Noordhoek mine, but none at Brakkloof for returning lorries

"With over 30 of these return journeys a day, how much kaolin will end up on the roads as a slippery hazard to traffic in the next summer storm?" the letter asked

- Fish Hoek would serve as the exit route for 36 000 tons of refined kaolin a year, requiring about five heavy lorries an hour travelling along the town's "sensitive residential and tourist routes"

Life expectancy

- Estimates of the life of the mine varied from the Divisional Council figure of 150 years to 70-80 years given by the manager of the Serina Refinery at Brakkloof and 40-50 years by the public relations officer at Continental China, a related company

- No assurance would be given that the companies would not try to escalate their operations in the future

"Would additional mining or related industries be sought in a few years time? Over the years the Peninsula has seen a sad escalation of impacts in some of its choicest areas such as the fish factory at Hout Bay or the Marine Oil Refinery on the beautiful False Bay coast."

- Profit from the mine would be about R5m a year "Against this must be set a heavy loss to the community in terms of significant lowering of the environmental quality. It will desecrate a basic natural resource of the tourism industry, which brings a total revenue of R50m a year to Peninsula hotels and businesses"

Country's image

- Tourism was of outstanding benefit in bettering the country's image overseas "On no account should it be degraded by an opposing industry, such as kaolin exploitation which is less lucrative, much less job-intensive and less widely beneficial"

- An alternative to Noordhoek as a source of kaolin was an adequately researched, better deposit about 7km south-west of Stellenbosch of some 14 million tons — enough to meet demand for many decades. The deposit lay beneath an airstrip and was "agriculturally and environmentally

The letter asked the town council to make a "firm objection" to the expansion of kaolin mining in the Peninsula and added that objections should be sent to the Regional Representative, Physical Planning Branch, Office of the Prime Minister, Private Bag X 9006, Cape Town 8000.

RBM 9/18/87 (21) (31) (47)

Taiwan buys uranium

By ADAM PAYNE

SOUTH Africa seldom discloses the destination of its uranium exports, but it has disclosed a substantial sale to Taiwan, which is looking for more uranium later

There are uranium buyers in Spain, France, Britain and other countries, but only Taiwan unreservedly announced its purchase from South Africa

According to Mr P C Liu, director of the Taiwan Power Company, which operates nuclear reactors, Taiwan is covered for its nuclear fuel re-

quirements and is in no hurry to contract for additional supplies

"The market is soft now and will probably remain so for some years in the future," he said in Taipei

"We are looking for some potential supplies for beyond 1986, but will not make any purchases now unless we can get the best conditions," he told NuclearFuel, published in New York

He said nobody at Taipower was wringing his hands over the heavy long-term commitments the company made when fuel prices were much higher

"If we read the future, we'd

all be rich," he said

Taipower now has three nuclear plants in operation and another three being built. Almost all the fuel for those units is being obtained through the reactor vendors — General Electric and Westinghouse — but Taipower also bought uranium directly from South Africa's Nufco

Taipower is prospecting for uranium A venture in Paraguay, being undertaken in cooperation with the Anschutz Mineral Corporation of the US and Korea Electric Company, is generating some optimism

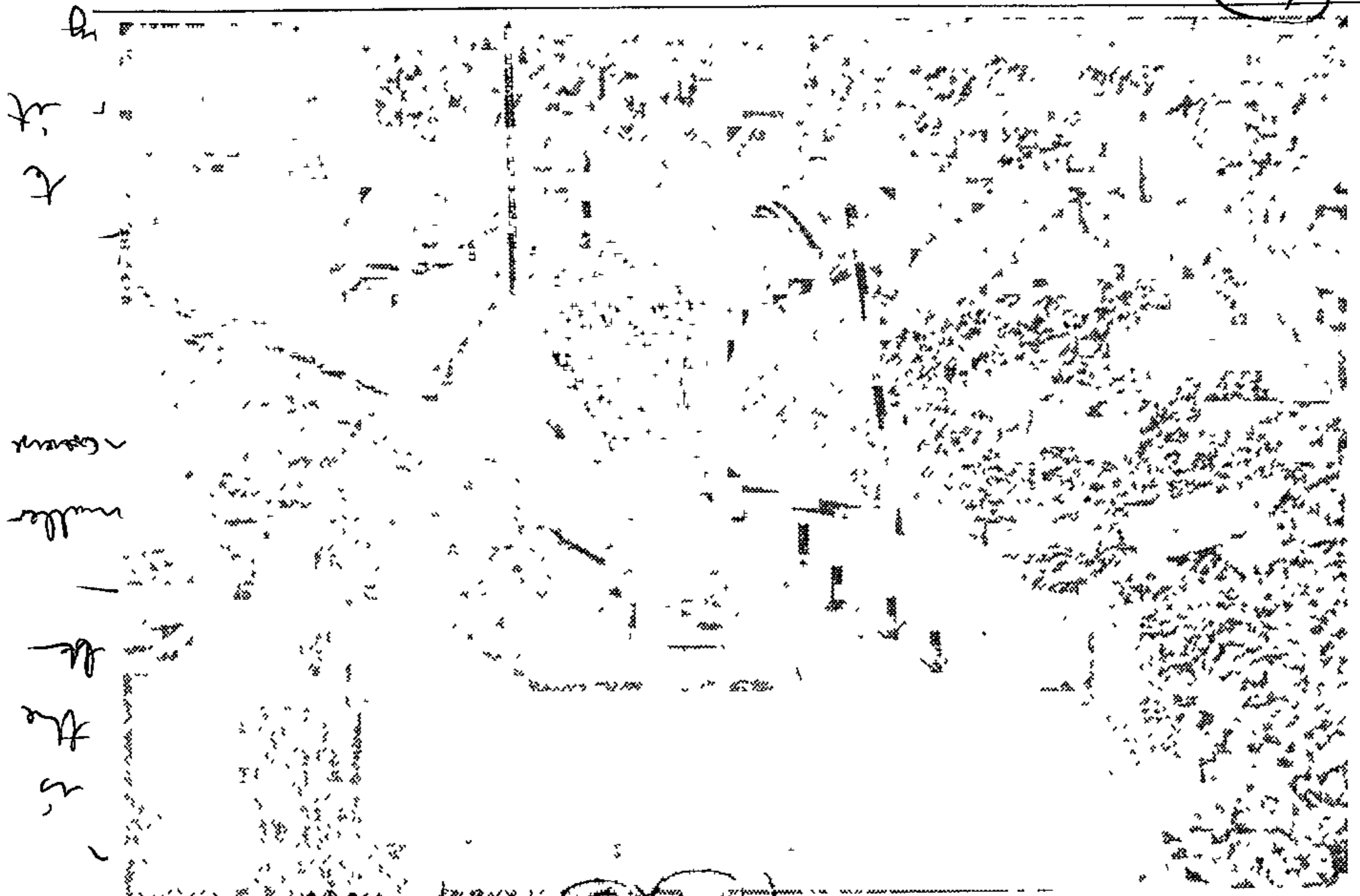
"As information comes in, the potential looks better and

better," said Mr Liu "But the area involved is large — several times larger than Taiwan — and so it takes a long time to explore"

Taipower is also considering sending personnel to Gabon to look into exploration possibilities there France's Cogema has told Taipower of its willingness to include Taiwan in its activities in Gabon

Mr Liu said that, in principle, Taipower would like to invest in some uranium-producing mines abroad, but would take care in selecting a project

"Many companies are looking for low-cost mines, but they are not easy to find," he said



A WESTERN CAPE company is entering the lucrative R12-million-a-year export market of quarried granite blocks. Saldanha Quarries, part of the M and R Quarries Group, has received its first order of 200 tons of pink Saldanha granite blocks, destined for Italy. The blocks, of about 12 tons each, will be cut down into tiles or slabbed for a variety of applications — from floors and walls in prestige buildings to monuments. Here a worker drives in wedges to split the granite block.

[Handwritten notes, likely bleed-through from the reverse side of the page. The text is mirrored and difficult to decipher but appears to discuss economic factors like 'MP5 = 0.2', 'R1 million', and 'the economy in a multiplier fashion'.]

[Vertical handwritten note on the right margin: 'spend']

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FM 11/9/81



HIGHVELD

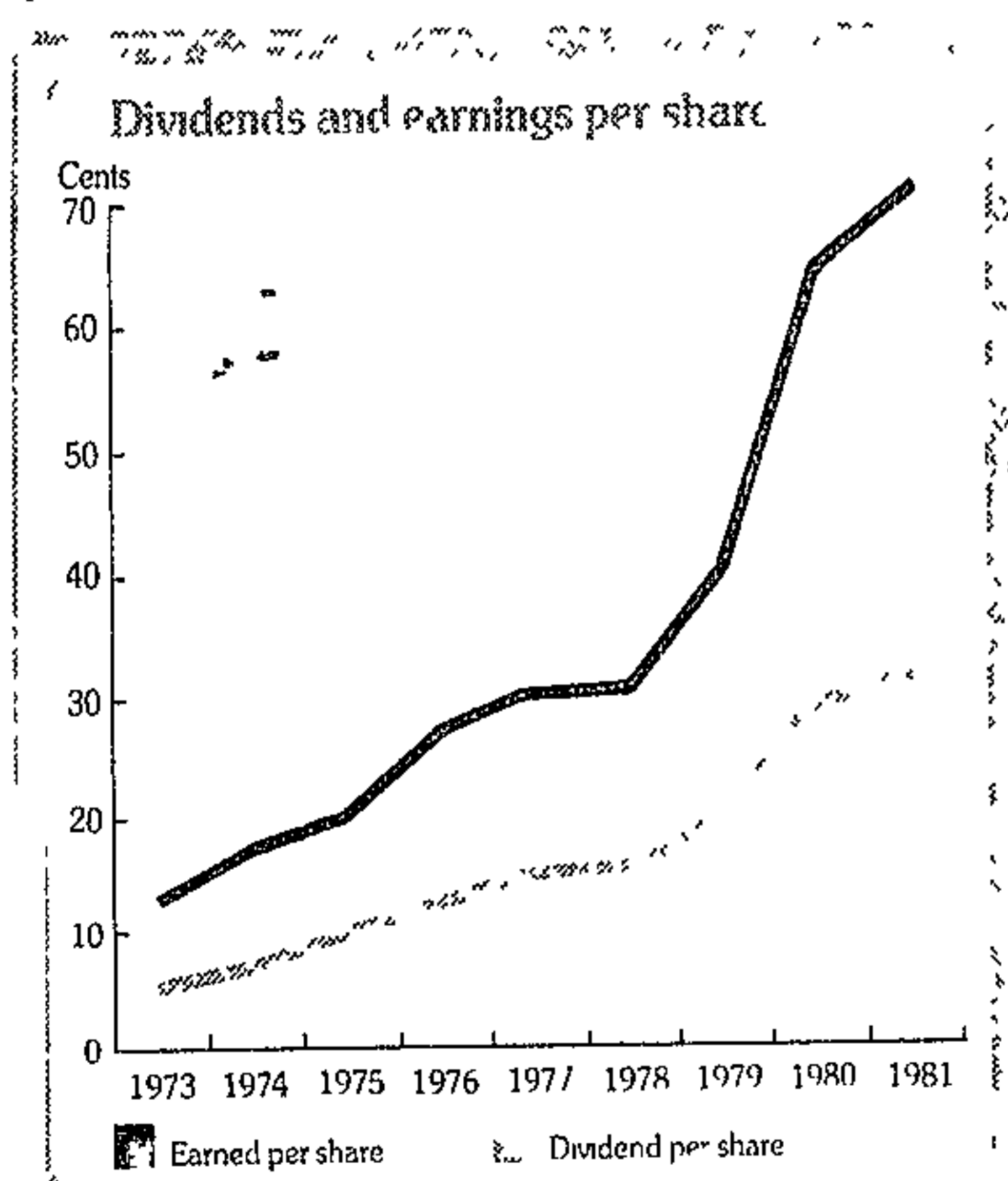
STEEL AND VANADIUM CORPORATION LIMITED

Highveld's steel production showed growth for the 14th consecutive year – MR W G BOUSTRED

An abridgement of the review for the year ended June 30 1981 by the Chairman, Mr Boustred

The corporation's consolidated profit of R73 226 000 before providing for tax and minority interests showed an increase over the R70 105 000 earned last year. After providing R22 849 000 for tax and after deducting minority interests of R1 673 000 the attributable profit at R48 704 000 was 11 per cent higher than the 1980 result of R43 898 000. The attributable profit for the year was achieved after providing net interest charges of R2 864 000 and depreciation of R19 661 000 compared with R2 434 000 and R17 060 000 respectively last year. The year's results are based on the LIFO method of accounting for raw material's manufactured stocks and work in progress.

In view of these results the board decided to increase the final dividend to 22 cents a share making a total of 32 cents a share a 10.3 per cent increase on the 29 cents paid last year.



Of the total of R22 849 000 provided for tax, R6 829 000 is for normal tax and R16 020 000 has been transferred to the group's deferred tax provision. This provision now totals R84 153 000 and it should ensure that the charge for tax in later years does not absorb a disproportionate amount of the income earned in those years.

The rate of taxation was lower than the previous year due to the higher level of capital expenditure and by the year end the group's capital expenditure commitment had increased to R116 852 000 compared with R50 686 000 in 1980.

The group's export earnings at R110 386 000 were below last year's R142 799 000. Fortunately the domestic market for steel remained strong throughout the year and as a result group turnover showed an increase to R332 967 000 compared with R323 584 000 last year.

Steel Highveld continued to export steel products in the form of sections and plates to many countries, but owing to the improvement in local demand and weaker overseas markets the tonnage was lower than last year's level, representing 22 per cent of total steel sales compared with 29 per cent in the 1980 financial year. For the financial year Highveld's steel sales into the local market increased by 8.8 per cent over 1980 compared with the 31 per cent increase in the previous year illustrating a levelling off in local steel demand.

In line with government policy to review steel prices annually with a view to implementing inflation related increases from mid year the average basic price of domestic steel was increased by 12 per cent effective from July 3 1981. This practice of annual mid year price

increases has led in the past three years to speculative buying in the months prior to the increase causing serious distortion of the market. The possibility of changing to more frequent but smaller increases has been discussed by steel producers and the proposal is under consideration.

Highveld's steel production showed growth for the fourteenth consecutive year and at 837 764 tons was 6.5 per cent above last year's record. Both rolling mills operated well and the total rolled product at 678 675 tons was also a new record with the structural mill exceeding 100 000 tons per annum for the first time.

Vanadium World wide vanadium consumption in 1980 weakened with the reduction in steel production, and the decision taken by most steelmakers to reduce inventories during a period of lower consumption accentuated the fall off in demand for vanadium raw material. The present free world production capacity is about 125 million pounds of vanadium pentoxide a year while apparent consumption in 1980 was only 90 million pounds. As a result of this over capacity it was decided to reduce production at the Vantra division. It would appear that other producers have also reduced production and these cutbacks should correct the supply demand imbalance.

There are two major pipeline projects under consideration which, if they proceed, will have a major impact on vanadium demand. One is the Yamburg project a gas pipeline from Siberia to Western Europe and the other a joint Canadian-USA oil project from Alaska. It is worth repeating that the world vanadium industry has ample reserve capacity to meet this possible increased demand without distortion of the market.

Notwithstanding the market conditions referred to earlier the corporation was able to sell its entire production of vanadium bearing slag. At the Vantra division, two roasters were taken out of operation in July 1980 and the other two in October 1980 leaving only one roasting unit out of eight in operation for the remainder of the year. The units will only be restarted when it is clear that the market needs the additional capacity.

	Million lb vanadium pentoxide per annum		
	Forecast production 1981	Present capacity	Present and planned capacity
South Africa	47	62	72
North America	30	16	54
Europe	12	13	13
Others	2	4	11
Total	91	125	150

Forecast consumption 1981 ±93

Rand Carbide Export demand for the Rand Carbide division's ferrosilicon weakened considerably at the beginning of the financial year and remained low throughout the period.

Sales of metallurgical char and electrode paste to the ferro alloy industry in southern Africa were adversely affected by the lower level of activity in that industry and production was below capacity.

Despite these difficulties the division's financial performance was highly satisfactory with profit before tax 11 per cent above last year's record.

Transalloys At the beginning of the financial year because of poor overseas markets only two of the five furnaces were in operation one producing silicomanganese and the other ferrosilicon.

By March 1981 the recovery in North America associated with low inventories of manganese ferro alloys led to improved sales and at the financial year end all five furnaces were in operation.

In the circumstances the financial results of Transalloys were creditable despite a decrease in turnover of 17 per cent cash was

conserved, costs were contained and profit after tax was 89 per cent of the 1980 record year

Inflation It is disappointing to report that the percentage increase in steelworks costs during the financial year was 15.7 compared with 11 per cent in each of the last two years

The increase in power costs, (including the coal price adjustment), which remains the group's biggest single cost element after labour, was 11.7 per cent compared with 6.9 per cent last year. On April 1 1981 railage rates increased by 11.3 per cent overall and once again the increase in the rates applied to raw materials was considerably higher at 19 per cent. In February 1981 the price of Highveld's metallurgical coal increased by 12.8 per cent which was at the same level as the previous year. The biggest increase in costs occurred in wages where the average increase was 16.5 per cent.

The steel price increase of 12 per cent, effective from July 3 1981, was below that required to maintain profit margins in real terms. However, steel prices, as with the prices of many other basic materials in the Republic, are administered and Highveld supports the policy of holding these price increases below the current level of inflation, thereby contributing to a reduction in the inflation rate.

Labour As the South African economy continued to improve, the shortage of skilled labour became more acute. During the financial year the group again carried out two recruiting campaigns for artisans in the United Kingdom with encouraging results and immigrants brought in over the past three years now represent more than 10 per cent of the total artisan labour force.

A major development in the group occurred during the year with the appointment of the first black apprentices who started training in January 1981. A total of 17 were engaged against an initial target of 30. There was a large number of applicants, but the success rate was disappointingly low due to a high failure rate in the aptitude tests, and the fact that a large number of the applicants had not obtained the required standard seven certificate in terms of the Apprenticeship Act. This points to the need for improvements in the general education of blacks at high school level and the introduction of technical high school facilities.

A problem still exists with regard to the theoretical training of black apprentices. Despite the fact that the Government accepted the Wiehahn Commission's recommendation that where separate training facilities were not available, existing facilities should be used, Highveld was unable to obtain permission to use the Witbank Technical College from the Department of National Education. As a result, in-house theoretical training is being established with the assistance of the Department of Education and Training.

In an attempt to meet the skilled manpower needs of the metal and engineering industries, SEIFSA decided to proceed with a pilot scheme of institutionalised training for apprentices at the Boksburg Technical College. Planning started in January 1980 under the control of a joint employer/union subcommittee of the Metal and Engineering Industries Education and Training Coordinating Board. In the initial discussions with the Department of National Education the impression was gained that the training would be open to all population groups, again in terms of the White Paper on Part 2 of the Wiehahn Commission Report. The Department has now indicated that only white apprentices may attend classes at the Boksburg Technical College. It is imperative that a solution be found to this impasse if the training needs of the country are to be met.

It is pleasing to report that the National Industrial Council for the Steel and Engineering Industries became the first industrial council to admit a black trade union as a party to the Council. To date four black unions have been admitted as parties and in addition two other unions, both long standing members of the Industrial Council, have opened their membership to black employees.

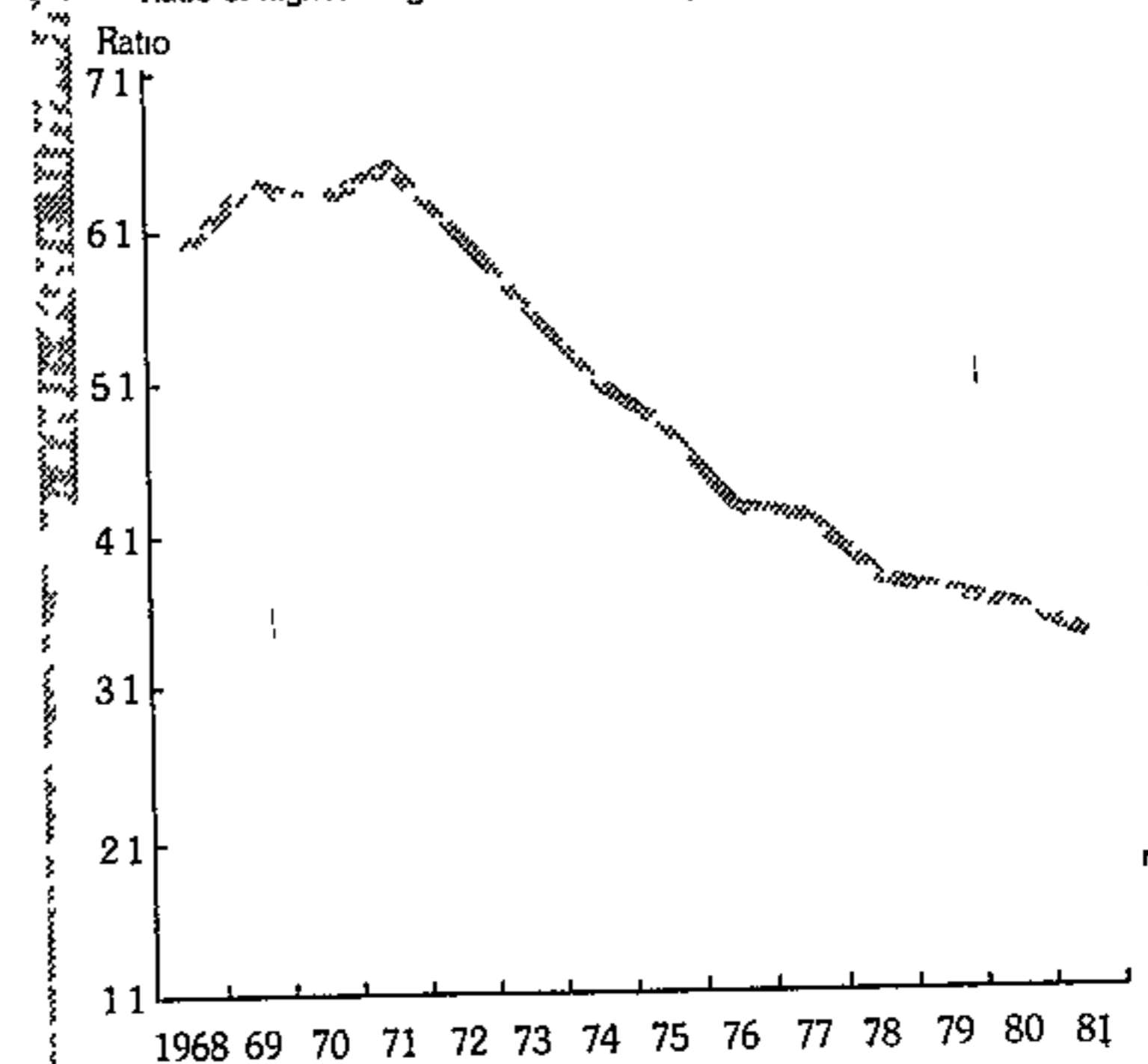
During the past year the Minister of Manpower Utilisation issued further proposed amendments to the Industrial Conciliation Act for comment by interested parties. The draft Bill contains important provisions which, if implemented, will remove race as a factor in the Industrial Conciliation Act.

The continued industrial unrest throughout South Africa, while disturbing, must not be seen as indicating the failure of the labour reform programme and it is important that employers and the authorities do not over react during this transitional period. Industrial stability will best be achieved through increased support for freedom of association and the emergence of strong responsible black and non racial trade unions which participate fully in the industrial council system. To achieve this it will be vital for the Government, the employers and the established unions to work together in developing this excellent system to the point where black trade union leaders can fully support it.

The increase in the cost of living during the year resulted in pressure from the trade unions for an interim increase in the earnings of all employees covered by the group's house agreement. As a result, and in line with others in the industry, the annual agreement was renewed with a new wage award to apply fully from July 1981 and an interim increase representing one third of the award, effective from May 1981. It is pleasing to report that during the negotiations, the 'wage gap', measured by the ratio of the highest hourly wage rate to the lowest hourly wage rate, was once again narrowed.

Simon Burton

Highveld hourly paid wage rates comparison 1968-1981
Ratio of highest wage rate to lowest wage rate



Environmental control During the year the group's remaining major air pollution control units were commissioned, thus completing the R45 million environmental control programme.

During the year the electrostatic precipitators on the original four pre reduction kilns were commissioned, thus completing the iron plant programme. The wet scrubbers to handle the fume from the four shaking ladle emplacements were brought into operation, completing the steel plant programme.

As a result, there has been a significant improvement in the environment of the group's plants. However, there remains a 'learning curve' and with the development of better operating and maintenance techniques further improvements in the works environment will be achieved.

Expansion In November 1980 the board approved expenditure totalling R110 million for the expansion of iron making capacity. The scheme includes the first furnace and three pre reduction kilns of the second iron plant and modest expenditure at Mapochs mine, the steel plant and on general services in the iron and steel works. The project will be financed from cash flow and local and overseas loans and the furnace and kilns which will commission in 1983 will take steel capacity to 1.1 million tons.

Studies continue on a Steckel hot strip mill development which may result in a decision to proceed with this project during the current financial year. This would provide the country with a second hot strip supplier and as a result Highveld would obtain a modest share of the domestic market with a corresponding reduction in less profitable export tonnage.

Outlook The tenth pre reduction kiln commissioned ahead of schedule in June 1981 and this will lead to an increase in iron, steel and vanadium slag production during the new financial year. The indications are that the growth in the South African economy will be at a much lower rate in the year ahead and by 1982 there could be a downturn in the local steel demand. On the other hand, the recovery in the North American economy should continue and by 1982 improvements in the European and Japanese economies can be expected. On the assumption that there will not be a major change in the rand/dollar exchange rate over this period, the group's income from export sales of steel, vanadium and ferro alloys should show an improvement as the financial year progresses and it is forecast that the group's profitability will at least be maintained.

General The record results for the year which were achieved in spite of extremely difficult trading conditions in the overseas markets, reflect great credit on the management and other employees of Highveld and I extend to them my sincere appreciation for their outstanding contribution.

Mr E J Jackson, an alternate director, a member of the executive committee and a senior manager of the group, retired on June 30 1981 and I would like to pay tribute to the contribution he made to the success and development of Highveld.

The full text of Mr Boustred's statement and the annual report for the year ended June 30 1981 are obtainable from Consolidated Share Registrars, 62 Marshall Street, Johannesburg, 2001.

The annual general meeting of members will be held at 44 Main Street, Johannesburg, on Friday, November 6 1981 at 12h00.

STATION D: Video Research Project

TAB 14-1
 COLUMNS... CATEGORIES OF RESFARMR

OTHER	MISSING	COUNT
51	406	

TAB 14-2
 COLUMNS... CATEGORIES OF CONTRACT

NO	MISSING	COUNT
51	406	
100.00		

TAB 15
 COLUMNS... CATEGORIES OF TENURE

OWNED	RENTED	FREE	TOTAL
13	29	6	48
27.08	63.42	12.50	103.00

TAB 16
 COLUMNS... CATEGORIES OF OWNER

PUBLIC	PRIVATE	TOTAL
23	40	63
36.51	63.48	100.00

Low metal prices hit Prieska profits

Star 18/9/81

217

Unless there is a substantial and sustained increase in metal prices, the cash resources of Prieska Copper Mines will remain strained says Mr R T Swemmer, chairman, in his annual report for the year to June30.

received from £965 to £825.

The mine will spend R8-million on underground development in the current year which will include work on establishing the 957 and 1065 m levels. — David Bamber.

Mr Swemmer says the mine's results are highly sensitive to changes in zinc and copper prices and its production rate and costs.

The mine is therefore making every effort to contain costs and increase productivity. However, the final outcome of the results will depend on metal prices received.

Reviewing Prieska's financial results released at the end of July, Mr Swemmer points out profits slumped from R17,4-million to R8,3-million despite increases in dispatches of copper concentrates and zinc concentrates during the year.

He says this was largely as a result in a fall of £140 a ton in the copper price

COUNT 359
 PROF. 50

COUNT 373
 PROF. 2504

HIGHVELD STEEL 217

Sluggish year

FM 18/9/81

Activities: Produces iron, steel, vanadium slag and pentoxide, ferro-alloys and carbides. Member of the Anglo American group.

Chairman: W G Boustred, managing director L Boyd.

Capital structure: 68,0m ordinaries of R1 Market capitalisation R364m

Financial: Year to June 30 1981 Borrowings long- and medium-term, nil, net short-term, R50,1m Debt equity ratio 50,6% Current ratio 0,84 Group cash flow R70,0m Capital commitments R116,9m.

Share market: Price 535c (1980-81 high, 560c; low, 340c, trading volume last

quarter, 450 000 shares) Yields 13,1% on earnings, 5,9% on dividend Cover 2,2 PE ratio 7,6.

	'78	'79	'80	'81
Return on cap (%)	14,4	19,7	26,9	20,9
Turnover (Rm)	173 0	268 0	323 6	333,0
Pre-tax profit (Rm)	28 0	43,4	70 1	73 2
Gross margin (%)	19 6	18,5	22 6	22 9
Earnings (c)	31,3	40,2	64,5	71,0
Dividends (c)	16	20	29	32
Net asset value (c)	157	180	216	256

Last year was not the easiest for Highveld. There was the strong rand, boosted by a booming economy, and the depressing slide in an already soft international steel market. Export earnings dropped from R142,8m to R110,4m, the third consecutive annual decline.

However, Highveld managed better than its competitors Usco and Dunswart, and the current financial year promises a return to normal growth. There is not likely to be a rapid advance in dividends, however.

Chairman Graham Boustred believes the economy will grow more slowly this year, though the international picture looks brighter. The recovery in North America, he says, is likely to continue, and the European and Japanese economies should be improving by the second half of this financial year.

With these forecasts in mind, and given no great change in the rand/dollar exchange

rate, foreign sales of steel, vanadium and ferro-alloys should improve. Profitability, he adds, should at least be maintained.

By the end of financial 1981, Highveld's steel exports were showing satisfactory profit margins thanks to improved dollar prices. However, intense competition and

the strengthening of the US currency has, since reduced margins. Export prices of Rand Carbide's ferro-alloys are following the same trend.

The vanadium operations are in a worse position. The group is running only one of 8 roasting units at Vantra and will only open up the other units when demand improves. The company's forecast is that world-wide vanadium pentoxide demand will be around 93m pounds this year, compared with 90m last year. There are, however, two major international pipeline contracts being discussed. These would significantly influence demand for the metal.

Transalloys' manganese-based products, however, have seen improved sales, and all furnaces are in operation.

The group's finances remain in good shape to cater for better conditions and the slowdown last year was used to restore gearing. Borrowings were increased from R48,6m to R94,1m — all short-term — but the interest bill dropped from R3,2m to R3,1m indicating loans were taken up at year-end. The debt equity ratio rose from 31% to 50% and the group should comfortably be able to cope with its R117m capex earmarked for the current year.

Much of the expenditure will go on expansion of iron-making capacity which was approved in November last year and is due to

DATES TO REMEMBER

Last day to register for dividends:

Friday September 25: Adcock 41c, ASEA 6c, Corsyn 51c, Debincor 85c, De Beers 25c, Duiker 25c, Ellerin 24c, Harmony 120c, Johnnies 470c, Kaapwyn 7,7c, Katz & Lourie 10c, Lamberts 10c, M & F 43c, Micor 21c, Robbs 12c, Rembeher 16,90c, Remgro 23c, Sage 8c, Seaswa 15c, Tegkor 14,70c, TIB 14,70c, Trek 5c, Tweefontein 97c, W & A 30c, Waicor 9c, Witbank Cons 33c, Wooltru 24c

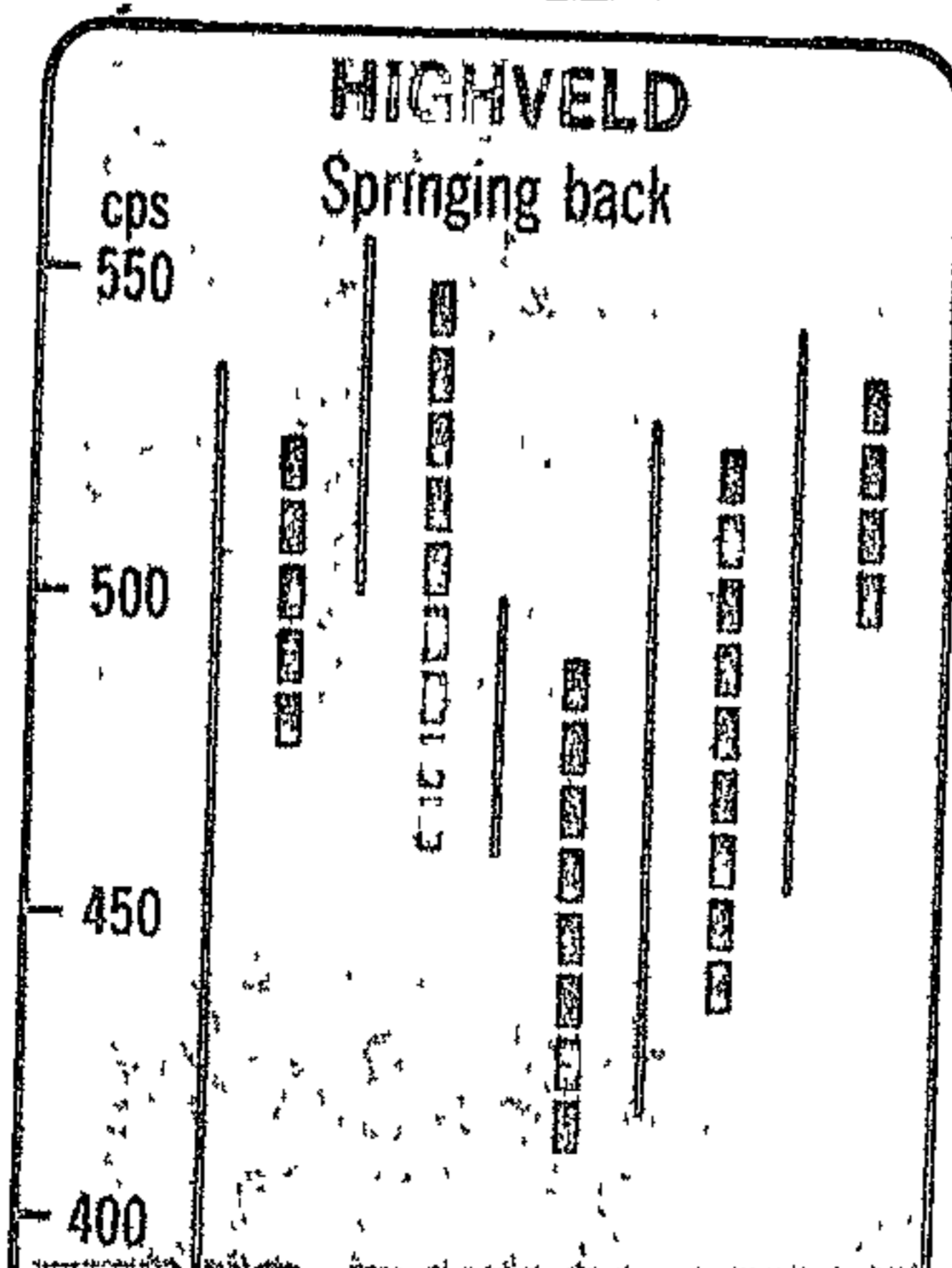
Meetings:

Monday September 21: Fraser Alex

Wednesday September 23: Triton

Friday September 25: Lonsugar (Swaziland), Marlin

All meetings are in Johannesburg unless otherwise stated



In the past, Highveld has been able to rely on the contra-cyclical nature of the SA and overseas economies to maintain earnings growth. Over the last couple of years this protection has been eroded by the strength of the rand. The short-term view of the share must reflect this. However, with a significant expansion in the operating base currently taking place, and with a respectable return on capital investment assured, the longer-term view is more solid.

Nevertheless, this year's earnings are unlikely to move ahead much more quickly than last year's. This will restrict growth, though cover will not necessarily be affected by capex requirements. The share, at 540c, offers an historic yield of 5,9%, which is below the sector average. A moderate dividend advance to 37c gives a prospective yield of 6,7% which suggests the share is fully-priced.

Scott Hawker

Italians think pink

By Vera Belakova

THE Cape's finest pink granite will soon decorate the walls of Italy's prestigious buildings.

The Western Cape has received its first export order. Some 200 tons of pink Saldanha granite are to be shipped to Italy for a variety of applications, from monuments to floors and walls of grandiose buildings.

With this order, Saldanha Quarries, part of the Murray & Roberts Quarries Group, enters the R12-million a year export market of quarried granite blocks.

The blocks, weighing 12 tons each, will be cut down into tiles or slabs for shipment.

"Italy has the world's most famous granite processes and could, therefore, become our major customer," says Angus Hemp, the quarry's director, who hopes that Saldanha's salmon-pink granite sprinkled with grey crystals will prove a favourite with Italian architects.

Saldanha Quarries, opened since 1973, has enough reserves for the next 30 years. It is currently a major supplier of concrete stone, roadstone and railway ballast in the Western Cape.

The domestic market is likely to consume only 20% of the output, even though granite tiles with their high quartz content are longer-lasting than most other flooring — though more expensive.

To counteract the local consumer-resistance M&R hopes to reduce costs by some 60%.

"In recent years, however, the quarry business has been very quiet," admits Mr Hemp.

"Now we are venturing into the fickle trade of fashion, where demand for colour, texture and size of crystals change according to the prevailing taste."



Kaolin mine: Andrew wants govt assurance

Political Correspondent
HOUSE OF ASSEMBLY —

An opposition MP called last night for an assurance that the government was making more than a perfunctory investigation of the proposed kaolin mine extensions in Noordhoek

Mr Ken Andrew (PFP Gardens) said during the debate on environmental conservation that the Minister of Internal Affairs, Mr Chris Heunis, had denied approval of the new mine was a *fait accompli*

"But a series of contradictory statements and apparent withholding of information has caused doubt as to whether the project is being judged on its merits or not"

Mr Andrew referred in particular to contradictory statements about other kaolin deposits in the Cape, particularly that near Stellenbosch, and asked whether the department was still opposed to the Noordhoek

mine (217) He also asked why Serina (Pty) Ltd had spent R2-million on extending the kaolin quarrying plant before permission was obtained to open the proposed quarry

He said the government now had to restore public confidence of an objective investigation now that an independent environmental impact study had been commissioned

The means of achieving this should include an assurance that it was not only the visual impact aspect that was being investigated, explanations of previous statements and actions, and publication both of Serina's original environmental study and the independent one now being undertaken.

"These steps are essential if the concerned public of the Cape Peninsula is to be convinced that it is not being fobbed off," Mr Andrew said

Handwritten notes: 'Prices of' and a large 'X' with '1, 2' written next to it.

Extensive handwritten notes in cursive script, written vertically on the right side of the page. The notes appear to be a detailed commentary or summary related to the article's content, including phrases like 'to be fobbed off', 'independent study', and 'visual impact aspect'.

GT Andrew did
13/9/81 not speak 272

THE Cape Times yesterday erroneously reported Mr Ken Andrew (PFP Gardens) as having spoken in the Assembly on the proposed Noordhoek kaolin mine during the environmental conservation debate

The speech, reported on this page under the headline "Kaolin mine Andrew wants government assurance" was not delivered

The report was prepared from notes of what Mr Andrew intended to say late on Wednesday night

Due to an internal misunderstanding when Mr Andrew was not afforded speaking time, the report was published

Wednesday, September 30, 1981

Gencor asbestos bid

Offer to buy TC Lands' interests considered

By ADAM PAYNE

GENCOR, which is South Africa's largest asbestos producer through its two mining companies — Msauli and Gefco — has made an offer to TC Lands to acquire its asbestos interests.

If the deal goes through, Gencor will become one of the world's big asbestos producers with a wider spread of products — chrysotile, amosite and Cape blue — than any other world producer.

The offer is being considered. In the event of negotiations being successful, the asbestos interests bought from TC Lands will be offered by Gencor to Gefco (Griqualand Exploration & Finance Company).

Because of the announcement of the offer, the JSE agreed to suspend the listing of Gefco's shares yesterday but trading will resume in the shares today. Gencor warns shareholders, who have seen their shares rise from 180c a month ago to 200c yesterday in spite of poor asbestos market conditions, to exercise caution in dealing in the shares until full details of the transaction have been released and says that an announcement can be expected shortly.

A Gencor spokesman said that the principal aim of the offer was to rationalise Cape blue asbestos production. Cape blue asbestos is used largely in cement pipe manufacture for which world demand has been slack.

"We cannot yet put a precise value on the offer," he said. "We have talked figures subject to confirmation after certain investigations."

Although no offer figures are available, the records show that TC Lands paid R28 600 000 for its asbestos mines — Penge and Pomfret — to Cape Asbestos in June 1979, using R18 600 000 in Rustenburg's shares as part of the purchase price.

These 7 123 803 Rustenburg shares were then valued at 261c a share. Yesterday Rustenburg were 600c a share.

In addition to the Penge and Pomfret mines, TC Lands through its operating company, Cape Mines, 10 days ago completed the purchase of the Cape

blue asbestos mines operated by Asbestos Investments, 46% owned by Everite.

Pomfret mine, bought from Cape Asbestos, is a Cape blue asbestos producer in the North West Cape and Penge produces amosite asbestos in the Northern Eastern Transvaal.

It is difficult for people outside the business to put a value on the Penge and Pomfret mines and on the mines sold by Asbestos Investments to TC Lands.

One can assume that Gencor is offering paper and cash and that if the deal is successful and an offer is made to Gefco that Gefco will pay mostly in paper, since its cash resources are small.

In this event, Gencor will have a substantially greater holding in Gefco than at present and Gefco's operations will be extended when the market improves

situations and those that used outside debt capital for financing.

event, it seems illogical that the cost of capital for financing

be a function of the method of paying for it.

Rationalisation

Because of the present slackness in the Cape blue market, two of Gefco's four mines in the Kuruman area, Asbes and Ruries, have been on a care-and-maintenance basis for more than a year.

The mines bought by TC Lands from Asbestos Investments are in the same area south of Kuruman as some of Gefco's mines and rationalisation of production there would be undertaken should the offer succeed.

There is excess installed capacity for production of Cape blue asbestos and in spite of the mothballing of two Gefco mines there is over-production of Cape blue asbestos.

Rationalisation would make sense because the Cape blue deposits are small and scattered and Gencor's aim would be to work the most efficient and economical mines.

Up to the present, Gefco and TC Lands have been the biggest Cape blue producers with about equal output.

Amosite

Gefco's production last year was 47 311 tons worth about R25-million.

TC Lands' Pomfret Cape blue mine is a modern one following a R10-million programme for a new mill and mechanisation which was completed in 1978.

TC Lands' other producer is the big Penge amosite mine. Amosite has distinctive qualities not found in Cape blue or chrysotile asbestos and is used in such products as brake linings.

Amosite has fared better in the market place than Cape blue. Amosite output rose to 60 000 tons last year from a rate of 36 000 tons at the beginning of 1979.

Cape blue prices were expected to rise 15% at the beginning of this year but the rise did not materialise because of severe competition on world markets with consumers drawing off from their own stocks. Meanwhile, mining costs rose with inflation.

Consumers have been holding stocks in large quantities because of the Western world recession and because consumption has been slow.

Cape blue sales to developing countries for piping and other infrastructure have been maintained but sales to industrialised countries have been down because of the recession.

Gefco, and Msauli Asbestos which produces chrysotile, passed their interim dividends in July. However, asbestos observers have for some time been predicting that the market will revive in 1982, especially as substitutes have not been found for asbestos.

Asbestos exports last year were valued at R93-million fob and for the June quarter this year they totalled R27-million. Local sales exceeded R9-million in 1980.

Gencor bid for TCL asbestos

Star 30/9/81 (2A)

General Mining Union Corporation made an offer to Transvaal Consolidated Land and Exploration yesterday to acquire its asbestos interests. Gencor said that the offer was being considered.

In the event of negotiations being concluded, these asbestos interests will be offered by Gencor to the Griqua-Land Exploration and Finance Company (Gefco).

Msaali Asbestos, which produces a different type of fibre to that produced by TCL and Gefco, will not be affected by this transaction.

The Johannesburg Stock Exchange has been requested to suspend the listing of Gefco shares until the negotiations have been finalised, but suspension was granted for yesterday only.

Shareholders are accordingly advised to exercise caution with their shares until full details of

the transaction have been released. An announcement in this regard can be expected shortly. — Sapa.

Associated Ore to reopen tin mine

RDM 27/10/81 By ADAM PAYNE 217

THE Associated Ore and Metal Corporation is reopening the Mutue Fides tin mine in the Rooiberg area

Mr G Sacco, the chairman, reports that development and sampling operations have shown good values so far and this work is still continuing

The first part of a concentrating plant will be completed shortly and production of concentrates should then start

It is impossible, he says, to estimate at this stage what the ore reserves are likely to be

The mine was opened at the beginning of the century by Central Mining and then closed

Associated Ore and Metal Corporation took it over in 1950 and mined it for a time

"We are starting it up to see what we can do with it," says Mr Sacco

The corporation, which reported an attributable profit of R4 044 000 (R4 436 000) for the year to June, showed a 58% rise in the market value of its listed investments at R95 080 000 (R59 917 000)

With little change in current liabilities and a rise in assets the surplus of assets over liabilities rose 48% to R114-million (R76 814 000)

The company's principal investment is in Association Manganese Mines and its subsidiary Feralloys

Assmang's attributable profit for the half-year to June was firmly up at R12 846 000 (R7 584 000)

Mr Sacco, in his annual review, says the lower rate of steel production in Europe and the US during the year to June resulted in a corresponding restricted demand for manganese, chrome and iron ore

Source: 13/10/81 (152) X
More (300) (145/81) (217)
Durban
strikes

WORKERS employed by a Durban stevedoring firm and a Pinetown quarrying company went on strike yesterday, the South African Allied Workers Union has reported.

First reports said hundreds of workers employed by Grindrods had stopped work. The second firm hit by the strike is Ridgeview Quarries.

A spokesman for the quarry said about 30 employees were involved and that negotiations had taken place. He would not comment on the reasons for the strike.

Mr S K Kikine, general secretary of the S A Allied Workers Union, said the issue at Grindrods was over demands by workers to have their pension contributions refunded without having to resign.

He said that workers were not satisfied by reports that the Government had deferred implementation of the controversial Pensions Bill for three years.

"They see this as a tactic, they are not happy and they want their pension money.

He said Ridgeview Quarries employees were protesting over the non-payment of a wage increase which, they said, they had been promised and also over the non-recognition of a union they had formed.

The managing director of Grindrod Cotts stevedoring, Mr F W K Cross, said yesterday afternoon the workers were "not on strike as such" but had simply "held up" work in order to discuss with management problems relating to the Pensions Bill.

More apply
Ste 6/10/87 257
to join SAP

Own Correspondent

Applications from young men and women to be trained at the South African Police College in Pretoria next year have increased considerably.

A spokesman for the SA Police recruiting office on the Witwatersrand said in Johannesburg applications in his district had increased by 50 percent in July and August this year compared with the same period last year.

He said 87 applications had been received during July and August this year, while 43 had been received during the same period last year.

The chief recruiting officer in Pretoria, Colonel J. L. van der Westhuizen, said it was not yet possible to supply figures for Pretoria but the number of applications had increased.

Rusplat profit down but div raised by 18%

RDM 6/10/81

217

~~249~~

RUSTENBURG Platinum Holdings' taxed profit for the year to August 31 was marginally down on the previous year's level, but the final dividend has been raised by 18%, above most expectations.

In a preliminary statement notable for its paucity of detail, Rustenburg announces taxed profit of R120 100 000 for the year, compared with R125 600 000 the previous year, while the final dividend is 5c higher at 32,5c, making a total of 45c compared with 40c for the period to August 1980.

Earnings rose to 95,8c a share from 100,2c, and the dividend cover was cut to 2,1 times from 2,5 times. The company had repaid all its borrowings by the end of the 1980 financial year, leaving it in a positive cash flow situation, and able to cope with fluctuating demand for its products.

A warning by the directors at the interim stage that profits in the second half were likely to be materially lower than those in the first half proved to be pessimistic, and sales revenue in the third quarter was higher than had been anticipated.

The weaker trend returned in the last quarter of the year, however, and the directors say weak market conditions "significantly and adversely" affected platinum sales during the last three months of the year.

Profit before provisions fell to R266 200 000 from R273 700 000, and the renewals and replacements provision was slightly lower at R32 900 000 compared with R33 700 000 the previous year.

Profit before provisions in the

By JOHN MULCAHY

second half of the year was R10 300 000 lower than for the corresponding period last year, and the year's figure was 2,7% lower than the previous year.

Tax and lease charges rose to R106 200 000 from R91 700 000, but the tax normalisation charge dropped to R7-million from R22 700 000 last year.

Rustenburg last year introduced tax normalisation as a more logical approach to tax relief. In prior years Rustenburg's taxed profit contained an element of tax relief arising from capital expenditure "of an expansionary nature".

This expenditure had not been charged against profits, and thus led to an enhancement of reported taxed profit. To avoid this anomaly the tax normalisation was introduced, to equate with the element of tax relief on expansionary projects.

Rustenburg's expenditure on mining assets fell to R47-million over the year from R84-million the previous year, and R29-million was charged to the renewals and replacements reserve as ongoing capital expenditure.

COMMENT: No indication is given by Rustenburg on prospects or the market subsequent to the year-end, but the indication that demand in the last quarter of the year was substantially lower tends to support the view that the platinum market is

not yet out of the woods.

In the Impala annual report, published last week, the directors say platinum consumption by the automobile industry has been restricted by the delay in the recovery of automobile sales in the US, numerous waivers of the more severe emission standards during 1981 and a fall off in Japanese domestic automobile sales.

They added that the failure of the platinum market to respond to increases in international tensions other than with a minor short-lived price surge, has further confirmed the bear market.

Rustenburg has undoubtedly benefited from the depreciation of the rand against the dollar, as the platinum producer price has been left at \$475 an ounce for over a year, but operating costs are still escalating, and prospects for the other platinum group metals are gloomy.

In addition, Rustenburg sells platinum to the US motor industry on contract, at what are believed to be "negotiated prices", and with the low level of automobile sales — and the low free market platinum price — it seems logical that the motor manufacturers will attempt to elicit reduced prices.

The higher dividend puts Rustenburg on a historic yield of 7,3% on yesterday's 615c closing price.

BASE METALS

Defying predictions

FM 6/11/81

217

The performances of the key base metals — copper, tin, lead and zinc — have defied most forecasters' predictions this year. Twelve months ago the overall outlook appeared to be one of steady improvement for these metals, with the possible exception of zinc, as the US economy steadily improved and signs of an economic pick-up occurred in Europe.

In the event, the US economy still has to commence sustained recovery, and even Europe's most powerful economy, that of West Germany, could now be facing another twelve months of zero or even negative growth. Not surprisingly, therefore, the cash price of copper on the London Metal Exchange (LME), at just over £900/t, now stands only some £100/t higher than in January, and cash lead some £60 higher at £376/t.

Moreover, it must be pointed out that these increases can be accounted for by the major decline in the value of sterling from almost \$2.40 to current levels of around \$1.87. Indeed, in the case of copper, the price has not even risen by the extent by which sterling has declined — a 14% increase compared with a 22% decline.

Thus, given the general economic situation — the US gnp, it has just been announced, fell 0.6% in the July/September quarter, the second successive quarterly decline — the performances of copper and lead are understandable. However, what is not so easily appreciated are the performances of zinc and tin.

Tin, it is estimated, is currently facing a statistical surplus of some 30 000 t (the

equivalent of about 15% of annual world production) while zinc is facing major structural changes in its applications in the die-casting and galvanising industries. Perhaps surprisingly, therefore, tin prices have remained high and strong on the LME. Current levels for cash delivery are around £8 200/t, compared with £7 405/t at the beginning of the year. Staggeringly, though, the price of zinc on the LME has jumped some 53% to just over £500/t since the beginning of the year.

Special factors have been at work in both cases. For several months now it has been suspected that the tin market has been controlled by a small group of operators. Undoubtedly, for a period, buying on the LME has been in the hands of a small group of influential traders, who could probably lay claim to a sizeable percentage of the 16 000 t of tin held in LME warehouses in the UK and Europe.

It is not clear on whose behalf these buyers have been operating, but it is strongly suspected that their clients could be major tin producers themselves. Countries such as Malaysia, Indonesia, Thailand and Bolivia have been anxious to see an increase in the support prices written into the current International Tin Agreement (ITA), administered by the London-based International Tin Council (ITC). At a recent ITC meeting in Kuala Lumpur, producers sought an increase of some 15% but were only granted, after much hard debate, a rise of some 6.8%. Not only are consumers always anxious to contain the extent of increases in support levels, but they were conscious of the fact

that should intervention levels be increased by too much, those speculators or investors (possibly the producers themselves) who have bought-in in recent months would be guaranteed a profit by the ITC itself.

Producer support?

But in addition to underpinning their cases for some increase in intervention levels, there are other reasons why, in theory, tin producers could be supporting the market. To begin with, they object strongly to sales of tin from the US General Services Administration's stockpile — a programme which is geared to divesting the US government of some 30 000 t of supplies over a three-year period. These stocks are not required as part of the US's national strategic reserve of minerals and materials, but their release onto the world market has been a source of major political debate. Producers are naturally afraid that such programmed releases will act as a major price constraint. Thus any support buying which they may be doing could partly be aimed at offsetting the physical and psychological effect of these releases. But, more importantly, the central idea could be to remind consumers of the market muscle which producers can mobilise.

Producers are also angry at the lack of consumer support for the recently negotiated ITA, designed to replace the current accord in mid-1982. In particular the US, the world's largest consumer, is refusing to sign up as Washington believes that the new pact gives insufficient protection to consumer interests. Without the participation

PTO

of the US, it seems unlikely that the pact will be workable, so other major consumers, especially the EEC, may not join. In the absence of an operative pact designed, as producers view it, to protect exporter interests, producers are now once again threatening to form a cartel operation to control world tin prices. Support buying, which producers have tended not to deny, could be seen as a fore-runner of such action.

Whether a cartel arrangement would be successful is dubious. Although the majority of world production is concentrated in the hands of a small group of producers, it is questionable, for instance, to what extent they are financially equipped to hold supplies off the market in an attempt to boost prices. Moreover, tin is not oil. It is not of such fundamental global importance and is more easily substitutable. The launching of a producer cartel would initially invoke a measure of price firmness stemming from the implications for immediately available supplies. However, many analysts agree that such action would, ultimately, be countered by consumers turning increasingly to substitutes, particularly aluminium.

In the meantime, the extent to which prices remain firm will depend largely on the activities of those operators who have bought such substantial amounts on the LME. According to metal dealers Hargreaves & Williamson, these operators will have to take around 30 000 t of tin worth £250m off the market this year if price levels are to be maintained. Next year they would have to continue to purchase metal to

the tune of 25 000 t to keep market conditions tight. The suspicion is that available funds for such operations will not be sufficient and that therefore tin may fall towards £7 000/t during the next 12 months.

The major rise in the zinc price is not the result of any healthy shift in the metal's fundamental supply and demand situation. It reflects a number of voluntary cutbacks by producers, coupled with a series of strikes which have combined to severely limit the availability of zinc concentrates.

Mood of optimism

The performance of copper, a metal with a host of uses in the electrical and construction industries, will closely reflect the general trend in economic growth over the next 12 months. However, there appears to be a developing mood of optimism for this metal. According to a recently produced study entitled *Investing in Copper* by LME Ring-dealing members Rudolf Wolff. Whilst the commencement of sustained recovery now seems unlikely to occur until the first half of next year, it is the nearing prospect of renewed growth which will suddenly spark the market. "The company believes that a combination of factors could mean that copper's 'upside potential could, during a two-year time period, well exceed previous record highs of over £1 400/t." In real terms, the study points out that this previous record high, achieved in 1974, is currently the equivalent of £3 000/t.

World copper stocks, despite recession, currently amount to just over 1 Mt — their

lowest level since 1974 — and only the equivalent of one-tenth of annual world refined consumption. Moreover, limited recent expenditure on new capacity could be insufficient to meet a major demand take-off over the next one to two years. Given the likely tightening in the supply-demand situation next year, coupled with the political factors which surround copper (more or less continuous industrial action in Chile and Peru, stoppages in Zambia and the militarily insecure state of Zaire's copper-rich Shaba province) several copper analysts are predicting a steady price rise as soon as US interest rates thaw and some measured growth begins. Indeed, as far as investment is concerned, Rudolf Wolff believes that "copper is likely to yield returns significantly larger than those potentially available in most other investment sectors."

Although lead prices benefited mid-year from stoppages at ST2, Joe Minerals' Missouri plant, Soviet buying, and the (continuing) strike at Tara Mines, the rise to around £500/t could not be sustained. How far prices will increase from current levels of around £376/t will depend on the level of automobile and commercial vehicle sales in coming months. Demand for lead for use in batteries is the prime component of the metal's overall offtake. Consequently, figures showing substantial increases in US car sales mid-year cheered the market. Some sustained recovery next year, coupled with cheaper credit, could substantially assist lead prices, though much will depend on the level of Soviet lead purchases.



IMPALA

217

Losing sheen

FM 4/10/81

Activities Platinum producer in the Gencor group Has mines in Bophuthatswana and a refinery in Springs

Chairman E Pavitt managing director R C Borell

Capital structure 57.7m ordinaries of 20c Market capitalisation R582.8m

Financial Year to June 30 1981 Borrowings long- and medium-term, R27.5m net short-term, R2.1m Current ratio 1.3 Capital commitments R131.2m

Share market Price 1010c (1980-81 high, 1445c, low, 570c trading volume last quarter, 295 000 shares) Yields 21.8% on earnings, 10.9% on dividend Cover 2.0 PE ratio 4.6

	'78	'79	'80	'81
Average producer price (\$/oz)	197	286	383	467
Turnover index*	150	281	431	431
Pre-tax profit (Rm)	44.4	120.7	208.5	206.3
Earnings (c)	279	120	203	220
Dividends (c)	80	34	100	110

* 1975=100 † Based on 12m shares ‡ 10 months

Chairman Ted Pavitt's expectation that this year's results will be similar to those of financial 1981 is tempered by the warning that it presupposes an improvement in demand for the metals produced by Impala. That makes the projection somewhat uncertain, particularly when the company is

with the company's odd accounting methods

Stocks of metals other than platinum are carried in the balance sheet at estimated net realisable value rather than the more usual and almost certainly more cautious cost of production. That can result in an element of unnecessary subjectivity in the calculation of profit and worth. More to the point, it can be misleading — intentionally or not — to shareholders attempting to analyse the accounts

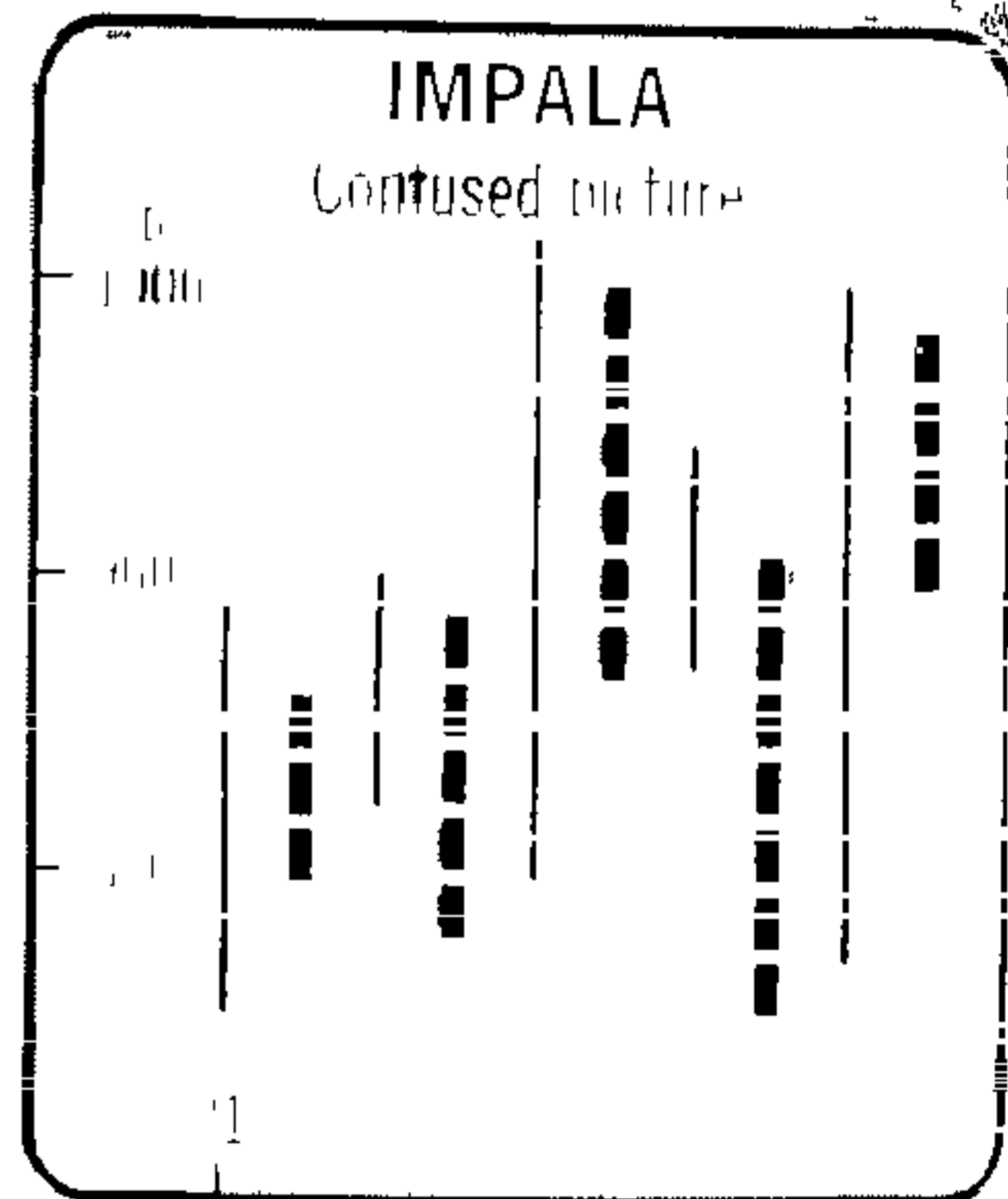
Last year, for example, stocks fell from R150m to R135m presumably because realisation prices of all by-products had fallen over the year. But it certainly seems strange, particularly as the year was one in which production was increased while demand for some of the company's products was sticky. In addition, it could conceal management miscalculations from outside shareholders who, apart from anything else, are expected to agree to a 44% increase in directors' fees for management at the forthcoming agm

For the present, there seem to be few favourable factors likely to affect profits. As far as platinum is concerned, the only major positive market factor is higher Japanese jewellery demand. But continuation of that depends on maintenance of presently low free market prices. Industrial demand for the metal is suffering from economic sluggishness and is further threatened by waivers of auto exhaust emission standards in the US.

Despite a fall in the rand's value against the dollar, which should have provided considerable support, pre-tax profits were sharply lower in the second half. Even taking some account of the company's strange stock-valuation methods, a sharp fall is possible this year unless the markets for

platinum and by-product metals pick up strongly. However, that need not greatly affect the dividend. Expansion projects have been delayed or deferred, which could lead to less capital expenditure than the R45m which is planned this year.

An unchanged payout is possible, but



share's relatively high 10.9% yield is a reflection of market fears that near-term profits do have downside potential. The shares are best suited to investors prepared to wait out the present weak market, and who believe that the wild swings which have previously characterised the platinum industry will not be repeated

Jim Jones

Jan 12/10/87 (217) (24)

Phosphate rock provides new export

The Phosphate Development Corporation, Foskor, had entered the export market for phosphate rock with a product of high quality, the managing

director of the group, Mr T G J Pistorius said in Phalaborwa today.

Pilot consignments have been made through the new minerals loading terminal at Richards Bay.

BIGGEST

A mobile crusher, claimed to be the biggest in the world, and commissioned in Phalaborwa last week, boosted Foskor's capacity to more than 3.5-million tons of phosphate rock.

Mr Pistorius said that Foskor is planning to be a permanent exporter and the possibility of expanding to export about 4-million tons a year, is being investigated.

QUALITY

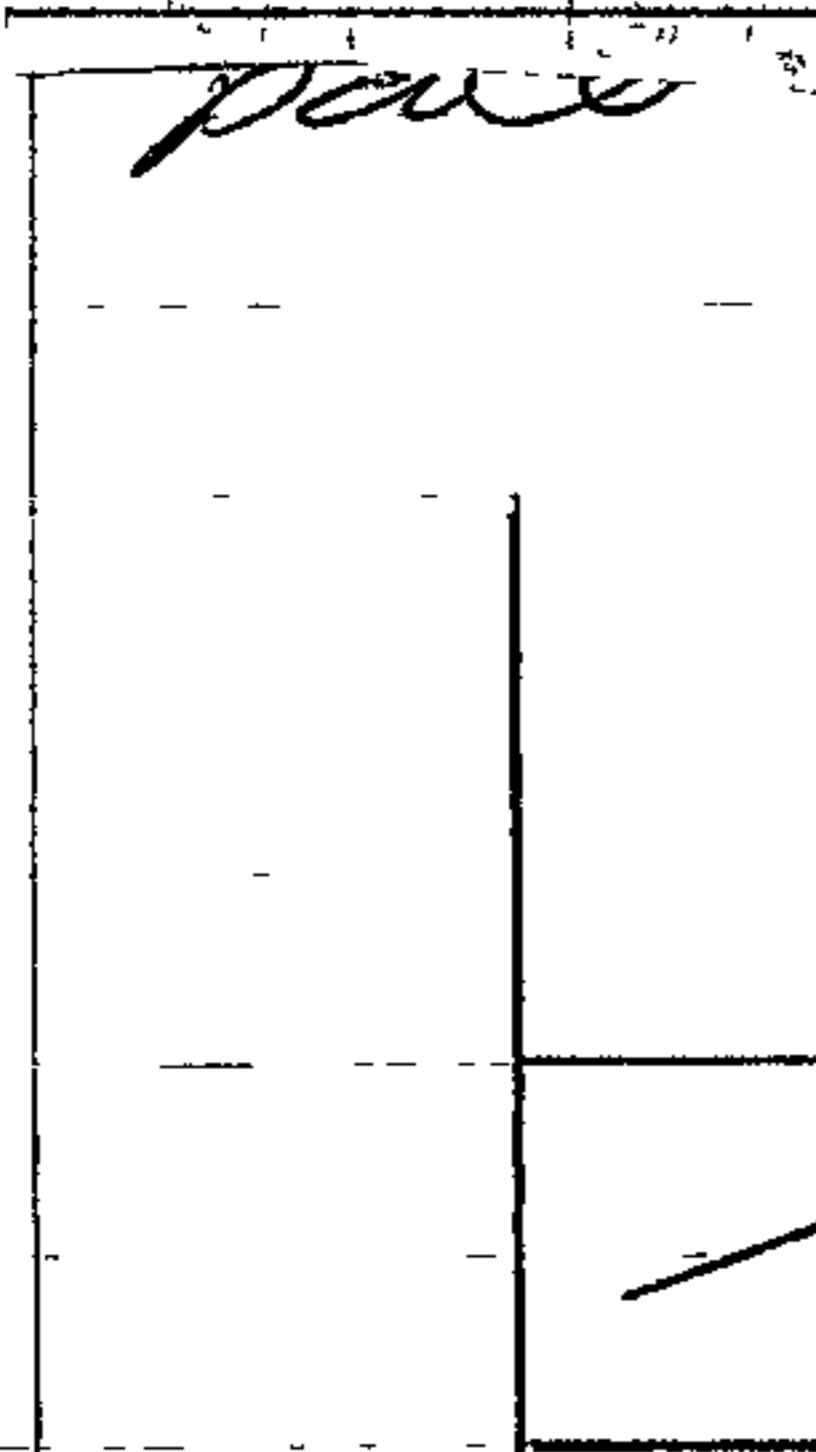
Foskor's ore body at Phalaborwa was low-grade but the corporation was producing the best-quality phosphate rock.

On the international market, the quality of phosphate rock is measured in BPL units. The largest part of world production ranges from 66 to 77 BPL.

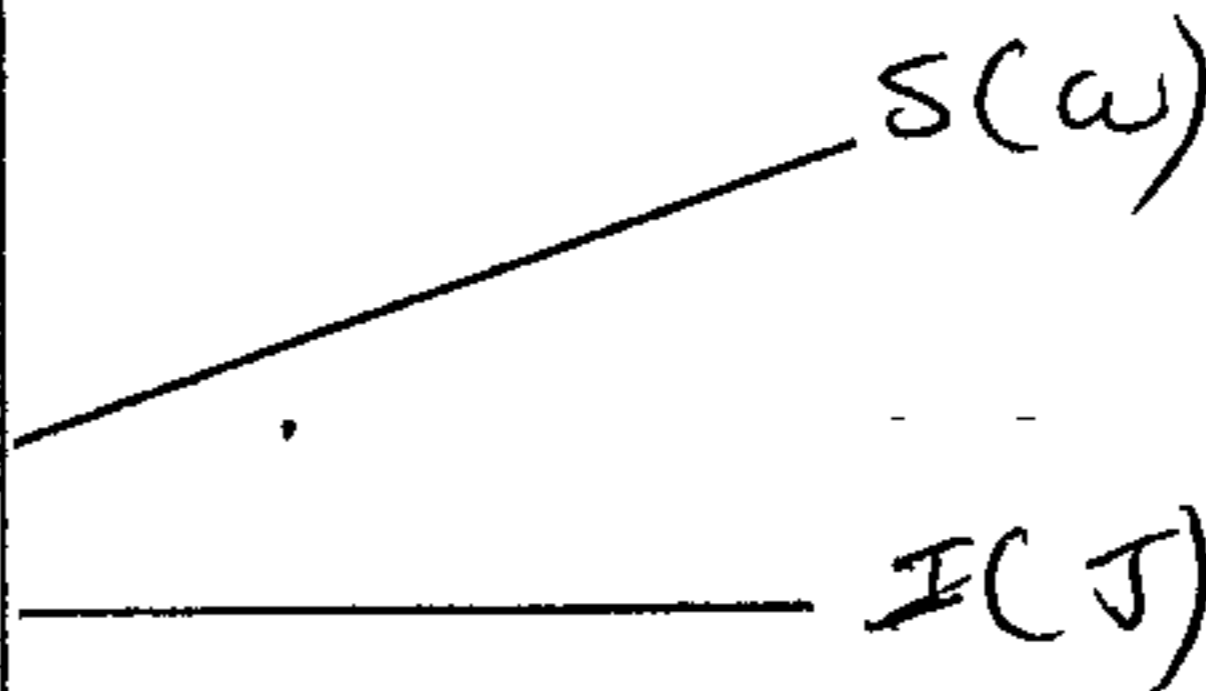
Foskor normally produces a product with a

BPL of 80 but has managed to increase this to 86 BPL, Mr Pistorius said. Only about 4-million

tons of similar quality is at present available on the world export market. — Sapa



se generated



all saving say they spending

increase investment some are related to be great and if cost of equity decreased

spending must prevail as increase a decrease in spending decides the equilibrium yield but probably it is the area of income that pertains to both savings and investment and thus it is the level of national income necessary to bring this saving investment to equilibrium, which must be achieved

MINERALS FM 13/11/81

Growth at RBM (217)

Richards Bay Minerals (RBM) is rapidly becoming one of the world's largest producers of titanium and zircon minerals.

The large mining operation, which was established in the mineral-rich sand dunes near Richards Bay five years ago, is now recognised as the world's second largest producer of zircon and third largest producer of titanium.

Sales last year topped R60m — about one third up on the previous year. Most of the minerals produced are sold on the export market.

According to the Department of Mineral and Energy Affairs, the RBM plant has now reached 90% of its production capacity.

The company produces four basic minerals: high-grade titania slag containing 85% titanium oxide, low-manganese iron, rutile sand, and zircon sands.

Annual production capacities are 56 000 Mt of rutile, 115 000 Mt of zircon, 399 000 Mt of 85% titanium oxide slag, 217 000 Mt of low-manganese iron, and 130 000 Mt of titaniferous magnetite.

The mining area has known reserves of 700m Mt of mineral deposits, expected to last for 30 years.

But sources close to the secretive RBM say the company does have long-term expansion plans. It has conducted geological surveys along the coast and has identified all the known mineral deposits.

At present the world market for titanium minerals is over-supplied and any future expansion would depend on increased demand.

Company GM Roy Macpherson told FM he could divulge no information on the group's expansion plans unless he had the prior approval of the board. He also declined to provide any information on the

company's export markets, saying this could be "prejudicial to the company's interests."

At present the major source of titanium minerals is Australia. In 1973 virtually all world production of rutile came from Australia and nearly one third of world production of ilmenite.

According to the latest production figures, SA is now the third largest titanium producer after Australia and Canada. SA's share of the world market is estimated at 13%. The country rates as the second largest producer of zircon after Australia with a market share in the region of 17%.

Titania slag is used in the manufacture of white pigment which in turn is used in the paint, rubber, plastic, paper and ceramic industries. Low-manganese iron is used in the manufacture of ductile iron castings and is sold to iron foundries around the world. It is favoured for its high and consistent quality. Rutile is used in the pigment industry, in the production of welding electrodes, and in the manufacture of titanium metal vital to the aerospace industry. Zircon is used in four manufacturing processes — steel foundries, steel refractories, glass refractories and ceramics.

The principal shareholders in RBM are the Quebec Iron & Titanium Corporation of Canada, Union Corporation, the Industrial Development Corporation, the SA Mutual Life Assurance Society, and the Southern Life Association.

RDA 13 10 81

Springs strike: hundreds re-apply after unrest

190
107
217
1407
152

Labour Reporter

ABOUT half the 1 600 workers fired after a strike at Telephone Manufacturers of SA (TMSA) at Springs ten days ago have applied for re-employment, a management spokesman said yesterday

The strike led to a ban on meetings in Springs over the weekend and the arrest of nine workers, allegedly as a result of violent incidents in KwaThema township. A spokesman for the Federation of SA Trade Unions said Fosatu unionists were attempting to secure bail for the arrested workers

Meanwhile, two more brief work stoppages were reported from Durban and a union spokesman said the 150 workers fired after striking at Game Discount World in that city two weeks ago were still refusing to return to work.

And our Port Elizabeth correspondent reports that about 180 workers at Motor Via, a components firm which supplies the Volkswagen plant, struck yesterday in support of demands for recognition of Fosatu's Transport and General Workers Union

This is the third strike concerning recognition in Port Elizabeth in the past eight days.

A TMSA spokesman said yesterday that about 900 black workers were now working at the company. Just under 800 of them were fired strikers who had applied for re-employment.

152
157
USA

He claimed that there had been about 1 000 workers outside the factory gate yesterday morning seeking employment.

The spokesman added, however, that "the situation is dynamic and it is not possible to predict how things will look tomorrow"

In Durban, about 200 workers at stevedoring company Grindrod Cotts stopped work to discuss their demand that their pension money be refunded to them and the general secretary of the SA Allied Workers' Union (Saawu), Mr Sam Kikine, said they had struck in support of this demand

But the company's managing director, Mr F Ross, said workers had not gone on strike but had stopped work in order to continue discussions with management on their pension demands. They had returned to work during the morning

"We have been discussing the pension issue with our works council and will continue to hold talks," Mr Ross said.

A second firm, Pinetown-based Ridgeview Quarries, was hit by a strike by about 100 workers yesterday

Mr Kikine said the workers were striking because they had not received a promised wage increase and to back a demand for the firm to recognise Saawu

A management spokesman said late yesterday that the strike had been resolved

RDP 13 10 81

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Uranium, copper slump for Palamin

RPV 15/10/81
217
Financial Reporter

THE grim depression in the world uranium market is still taking a toll on Palabora Mining. Figures for the quarter to September 30 show zero sales of uranium concentrates compared with sales of 13 291 kg in the same quarter in 1980.

Palamin, which is in the Rio Tinto group, says "As shareholders were informed in the 1981 interim report, it has been agreed to defer deliveries of uranium to a power utility which has so far failed to obtain construction approval for the nuclear reactor it plans to build."

"No other uranium sales contracts have been arranged because of a lack of demand for this material and hence there were no sales during the quarter ended September 30, 1981."

In the first nine months of 1981 uranium sales were only 14 378 kg against 68 332 kg in the 1980 equivalent.

For the six months to June 30 Palamin suffered a 71% drop in taxed profit from R31 241 000 to R8 964 000.

The crucial reason for that was the slump in the copper market.

The production report for the third quarter gives no sales or profit figures.

It does disclose, however, that production and sales of copper were higher in the third quarter than in the July to September period for 1980.

For the January to September period sales totalled 87 785 000 tons compared with 87 576 000 t in the 1980 period.

The average copper grade was up from 0.48% to 0.52%.


The report says: "The increase in copper production for the first nine months of 1981 was mainly attributable to an improvement in the average copper headgrade."

Sales of anode slimes were exceptionally high in the third quarter because an extra consignment was shipped in this time.

CT
M. 10/81

Third kaolin mine studied

(217)



FISH HOEK — The Department of Mineral and Energy Affairs is considering an application for a third kaolin mine in the Kommetjie-Noorhoek area, and although the land falls under the jurisdiction of the Divisional Council it has asked Town Council of Simon's Town for its comments.

The Fish Hoek Town Council has not been approached.

The Town Clerk of Simon's Town, Mr Charles Chevalier, said yesterday his council strongly opposed any mining development in the Peninsula and felt that an impact study should be taken on this proposal, as in the case of the second proposed mine, that of Serina (Pty) Ltd on the slopes of Chapman's Peak, Noordhoek.

Residents in Sun Valley above the Kommetjie Road have already complained of the existing kaolin mine in the area and the ratepayers' association has vociferously opposed plans for further mining activity.

The third mine would be situated on the Imhoff's Gift Farm land, between Sun Valley and the village of Kommetjie and between the Kommetjie Road and Long Beach. The Divisional Council caravan park is in close proximity.

The letter of application considered by Simon's Town council this week was written by Natresco (Pty) Ltd on August 24, although the application to mine is by Kommetjie Kaolin (Pty) Ltd.

The applicants state that research over the last four to five years has proved that there is a considerable tonnage of kaolin in the area with a present estimated production of 6 000 processed tons a year. At first the kaolin will be marketed locally, though "provided the necessary quality can be achieved, with time the kaolin will be exported".

It is estimated that the mine and plant will provide employment for about 50 people. Although there is no housing available at nearby Ocean View, the unemployment among residents there is considered to be high.

Computer link from Iscor to its mines

One of the most extensive and sophisticated on-line computer service networks is coming onstream for the mines of Iscor.

By the end of 1981 six powerful Prime superminis based at the northern Cape's Sishen iron-ore mine, the north-western Transvaal's iron-ore mines at Thabazimbe, the Ellisras open-pit coking-coal mine, and Natal's huge Durnacol underground colliery will be linked through Primenet to Iscor's data-processing centre in Pretoria.

IMPLEMENTED

A seventh Prime computer at Iscor's Newcastle works, where a graphics and a steel-rolling calibration application are being implemented, will also be hooked into the system at a later date. The networking project began in 1979 and the first minicomputer was installed in January 1980.

Mr Abie Fullard, manager of Iscor's mines-computer systems, said that mine-management skills and resources were being taxed not only by the magnitude of such schemes as the development of the Richards Bay coal and the Sishen-Saldanha iron-ore export projects but also by the sudden price fluctuations in overseas markets, the ever-increasing price of capital development, and the shortage of skilled manpower and environmental constraints.

The objective of

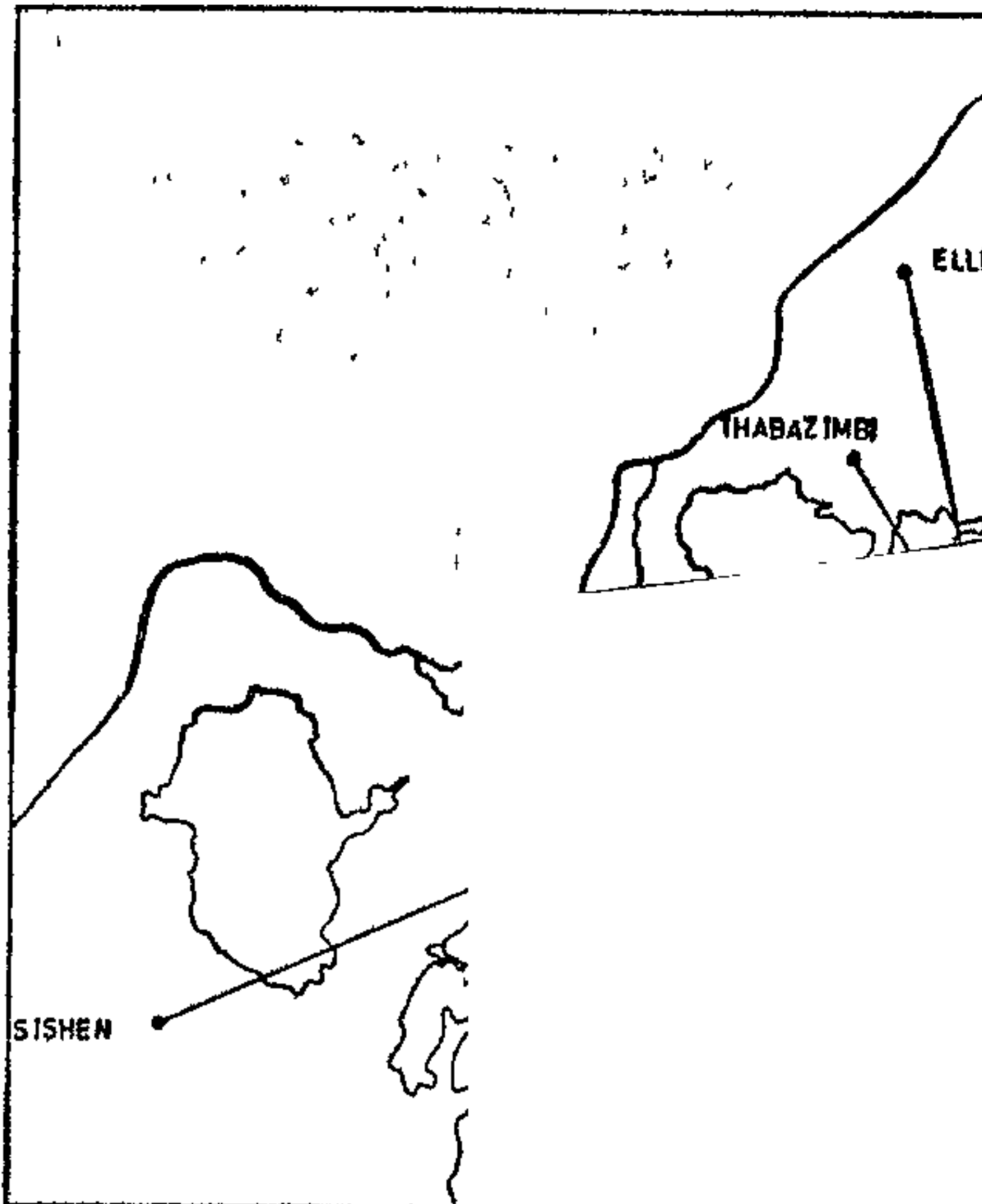
Primenet was for the computer service to assist Iscor's mine managements in their decision-making. All the information needed by mine managements was on hand but there was increasing insistence that it be readily accessible in the right form at a time it was needed most.

A centralised DP system to serve mines so far flung was impracticable because the Post Office communications system in 1979 was not such that acceptable communication response times could be guaranteed, especially to distant sites such as Sishen and Ellisras.

NOT FEASIBLE

The alternative — total decentralisation — was also not feasible as each mine would have to have its own system, a call on manpower quite beyond Iscor's resources. Furthermore it was difficult to obtain and retain staff capable of, for example, "three-dimensional optimisation for pit-planning" at remote sites because people of this calibre and experience wished to remain near to the mainstream of technological development on the Witwatersrand.

Iscor chose distributive data processing strategy — keeping the full DP development in Pretoria but "decentralising processing horsepower" by siting minicomputers at the mines and manning these with data capturing and operations staff who were much easier to attach to mine staff.



With the Primenet computer network, mining can easily and in

8/2
19/10/81
~~260~~
217

Palamin moves to save R8m on fuel

21/10/87
2/2
Mining Editor

PALABORA Mining Company has commissioned the first phase of the "trolley-assist" system at its open pit copper mine at Phalaborwa.

Using relatively cheap electric power instead of diesel fuel to power the 150-ton mine haul trucks out of the working area, the system is expected to reduce Palabora's diesel consumption by about 20-million litres a year, saving about R8-million annually.

Palabora, the second biggest open cast copper mine in the world, uses 75 haul trucks to move 350 000 tons of material from the mine each day.

The trucks are powered by a diesel engine driving an electrical alternator, which in turn supplies current to the electric wheelmotors. With the trolley-assist system electric current can be supplied directly to the wheelmotors from overhead conductors, similar to the operation of an electric train.

With the help of the overhead electrical system the diesel engine can idle along on three litres of fuel a kilometre instead of 24 litres/km at full load.

Palabora has spent R15-million over the past two years in developing and installing the three kilometre trolley system, which is located on the steepest ramps in the mine, where the loaded trucks use most fuel, and extension to the system are already under way.

The system in use at Palabora has been considered by a number of mines because of steep increases in diesel fuel costs recently, and has aroused keen interest internationally.

Palabora last year produced 114 000 tons of refined copper, of which 72 000 tons was used in South African industry and the rest exported as high grade copper for the electrical industry.

TC Land final goes to 185c

By JOHN MULCAHY

TRANSVAAL Consolidated Land & Exploration, which recently gained control of Rand Mines Properties and entered negotiations to dispose of its asbestos interests, maintained its steady profit growth in the year to September, with taxed profit rising by 15% to R73 744 000 from R64 165 000

The earnings figure is distorted by an inordinately high provision for deferred tax of R36 930 000 compared with R14 043 000 the previous year

There is no explanation in the preliminary statement on the reasons for the increased deferred tax provision, or for the dip in normal tax to R2 929 000 from R16 202 000

Excluding the deferred tax provision, earnings after normal tax rose by 42% to R111 million from R78-million, but attributable profit, after allowing for minority interests, was only 10.5% higher at R59 968 000 compared with R54 284 000 in the year to September 1980

Earnings a share, based on the weighted average number of shares in issue over the year — the issued share capital increased as a result of the RM Props takeover — were 785c

compared with 743c last year

The final dividend has been raised to 185c from 150c, taking the total to 260c for the year, or 21% up on the previous year

The dividend is covered three times compared with a cover of 3.5 in the previous year

Although there is no divisional breakdown, it is clear that the coal sector was responsible for much of TC Land's turnover rise to R380-million from R289-million, especially in the light of the depressed gold price over the past year and quiet base-mineral markets

The Rietspruit export coal mine is in full production, and the contribution from Duvha has been steadily increasing, indicating a particularly strong performance from the coal division

RM Props contribution to TC Land's figures — three months of the property subsidiary's profit — was R1 300 000

COMMENT Last year gold dividends accounted for nearly 41% of TC Land's attributable profit, and coal represented 55.7% of the total. With dividends this year well down on last year, there is no doubt that the proportion from coal is substantially higher

The company has significant mineral rights which are still being explored and could be highly valuable

The coal division is extremely profitably, with the prospect of increased exports and an additional Escom contract (for power station C) in the offing

Although coal for Escom is not as profitable as exports, it provides a lucrative outlet for a low-quality product, and the more important spin-off is that suppliers to Escom have a strong bargaining point with the authorities when export quotas are handed out

A pointer to the improved status of coal is that even in a year when gold, asbestos and chrome were depressed, the group managed to improve real earnings

There is no indication yet on whether Gencor is offering cash or paper for TC Land's asbestos interests, but assuming it is a cash deal, it should be worth at least R30-million, which could be used to further develop RM Props gold-recovery operation

At yesterday's 6 500c closing price, the final dividend puts TC Land on a historic yield of 4%, indicating how tightly held and sought-after the shares are

RPM
23/10/81
217
~~279~~

West Plats drops 30%

ROM 23/10/81

2/7
~~2/7~~

By ADAM PAYNE

WESTERN Platinum, managed and partly owned by Lonhro, reports a 30% fall in working profit for the year to September 30 at R22 255 000 (R32 301 000).

However, the directors say working revenue from sales does not accrue evenly throughout the year and is not related to the year's production.

Production of platinum increased to 2 863 kg (2 774 kg) and production of all other metals was raised with a slightly higher milling total of 1 316 000 tons (1 310 000 tons).

These other metals include palladium, nickel, copper and cobalt.

Working costs a ton milled rose 16,5% to R18,19.

Sales after commission totalled R50 385 000 (R56 690 000) and costs of sales rose to 28 130 000 (R24 389 000).

Capital spending, including shaft sinking, rose to R18 402 000 (R18 415 000) and dividends totalled R8 910 000 (R4 800 000).

Good progress has been made with the expansion programme announced last year which will cover the mining, milling and treatment of ore from the UG2 reef. Test milling is expected to start in March, 1982.

Capital spending still outstanding to complete the programme totalled R10-million at September 30.

Expenditure already incurred on the UG2 Reef project is included in the capital spending of R18-million.

End to uranium market's slump may be on the horizon

By NEIL BEHRMANN

LONDON. — There are signs at last that the uranium market is bottoming out — and during the recovery South African producers stand to benefit more than Canadian, Australian, United States and other companies.

Nuexco, the Californian-based uranium experts, believe that the spot price of uranium currently at \$23.50 is probably at or near the floor.

The firm which accurately predicted the long bear market which saw prices fall from \$43 in mid 1979 to today's depressed levels, comments: "The near term supply-demand ratio of uranium of 2:1 is the strongest the market has seen for some time."

Before September, supply exceeded demand by 9:1.

"Most sellers are now reluctant to offer material significantly below the present price," says the firm.

Jerry Reaves, a vice president of Nuexco believes that by 1982, "prices will have bottomed out."

"The rapid price drop of the last two years will almost certainly result in too little US production capacity," he says.

From 1972 to 1974, 105 nuclear reactors were ordered in the US but from 1975 to 1980 "there were 56 more reactors cancelled than ordered".

"If these reactors were operating now, it would more than double present US uranium consumption," says Mr Reaves.

Mr Reaves cautions, however, that international uranium demand will remain poor this decade.

"Nuclear reactors, if ordered tomorrow, would not generate new uranium demand until after 1990.

"Even so, US annual uranium consumption will rise from 18-million pounds in 1980 to about 40 million pounds in 1990, while world uranium demand will double in the period."

Although he does not foresee prices rising to \$40 in this

decade, Mr Reaves foresees a gradual improvement. "I believe there will be a price recovery to some degree", he says.

"Towards the end of the decade more than half of the US supply will come from Canada, Australia and Africa, with Canada the favourite."

Another Nuexco vice president, Mr T A S Boydens says that US production could decline from 37 million pounds in 1981 to 14 million pounds in 1990, despite growing US consumption.

"The production of by-product uranium in South Africa will continue to supply an important segment of the (international) market," he comments.

South Africa's uranium production is around 18 million pounds.

"South African producers have established their position in the uranium market and are in a favourable situation to compete with the Australians and Canadians for future sales," says Mr Boyden.

28/10/81
217

The full facts

FM 30/10/81

217

With the exception of the gold producers, SA's mining companies are almost all uniformly poor in the quality of their reporting. The general principle appears to be that the less information given to shareholders the better. Of course, that is usually excused with hackneyed reasoning such as "giving more information is not in shareholders' interests." Cynics might add that it is useful to cover managerial ineptitude.

The mining industry has a lot to learn. Compared with the information put out by similar operations in, say, the US, reporting here is often to all intents and purposes useless.

Two bad offenders are the major platinum producers, Rustenburg and Impala. Information they vouchsafe shareholders is completely inadequate for any meaningful investment analysis. That in turn leads to a web of rumours surrounding the platinum industry. And, on another level, it can lead to substantial investment losses for shareholders, who have faithfully accepted management's statements. This is despite the fact that smaller producer Western Platinum has tried to redress the balance with more informative reporting.

When apparently reliable information on the operations of the platinum industry does become available, it is of great worth to investors. I cannot guarantee that information on Rustenburg which recently reached me is wholly accurate. But I believe that any errors in it are minor. Data are voluminous, so I have been obliged to be selective in my choice of which information to use. But this does provide the basis for an informed appraisal of the operation of the world's largest platinum producer.

Let's start with ore grades. In general, values encountered in the Merensky and UG2 reefs are constant over wide areas. So once the mine has decided on a stoping width, it can count on extracting the same

METAL RECOVERY % FACTORS

Section	Metal								
	Pt	Pd	Rh	Au	Ru	Os	Ir	Ni	Cu
Rustenburg	84	82	80	66	72	74	71	62	79
Union	84	82	80	66	72	74	71	65	79
Amandelbult	84	82	80	66	72	74	71	64	79

1977 COSTS BROKEN DOWN

	Mining costs	Processing costs R/t	Fixed costs	Tons milled Mt/year
RUSTENBURG				
Bleskop	10,52	6,04	1,10	0,8
Paardekraal	8,17	6,04	1,10	1,8
Brakspruit	9,35	6,04	1,10	1,3
Townland	8,47	6,04	1,10	2,0
Frank	9,89	6,04	1,10	1,4
UNION	9,20	6,04	1,10	3,0
AMANDELBULT	9,20	6,04	1,10	3,0

grade of ore year in, year out. It is a boon for mine planners but, more importantly, it is invaluable for analysts evaluating the shares. Variations can creep in, particularly if a policy decision is taken to change stoping widths. But, in general, grades can be assumed to remain unchanged for the life of the mine. That is 40 years in Union's case

and more at the Rustenburg and Amandelbult sections.

When that is coupled with metallurgical recoveries, production of each metal from each mine section can be easily determined. On the figures I have, it is clear that the only constituents which have a major influence on profits are platinum, palladium, nickel and copper. The other platinum group metals (rhodium, gold, ruthenium, osmium and iridium) are present in such small amounts that their contribution on a per ton basis is small enough to be ignored.

To an extent, the question of pricing is fairly straightforward. Rustenburg almost certainly does not sell at significant discounts to its producer quotes even if free market prices are a lot lower. As I understand it, the sales discount charge on the platinum group metals is about 7% of their value, while the refining and marketing charges of nickel and copper can be costed on the percentages shown in my price table.

Making the reasonable assumption that escalation factors will have lifted the US

WHAT THEY SELL FOR

	Price	Sales discount or charge %
Platinum \$/oz	475	7
Palladium \$/oz	140	7
Rhodium \$/oz	600	7
Gold \$/oz	430	—
Ruthenium \$/oz	45	7
Iridium \$/oz	600	7
Osmium \$/oz	150	7
Nickel R/kg	5,23	14,5
Copper R/kg	1,61	5,0

Copper and nickel prices based on latest LME spot quotes and converted at £1 = R1,77

BREAKING DOWN THE ORE

SHAFT	Stope PGM g/t	MCF %	Mill PGM g/t	METAL CONTENT											Stopping width cm
				Pt %	Pd %	Rh %	Au %	Ru %	Ir %	Os %	Ni kg/t	Cu kg/t	Cr2O3 %		
RUSTENBURG															
Bleskop	5,25	86	4,52	58,9	25,1	3,8	3,2	5,9	0,9	2,2	2,25	1,13	—	—	71,3
Paardekraal	4,08	89	3,63	43,9	23,5	3,1	3,8	5,0	2,2	4,0	2,0	1,0	—	—	82,9
Brakspruit	6,26	84	5,26	57,6	25,0	3,8	3,2	7,0	1,2	2,4	2,9	1,4	—	—	72,1
Townlands	7,24	84	6,08	64,0	22,8	3,7	3,8	3,9	1,2	0,6	3,1	1,6	—	—	78,4
Frank	8,52	88	7,50	60,7	26,1	2,5	4,4	4,6	1,1	0,6	2,8	1,3	—	—	73,2
UNION															
Merensky reef	7,8	91	6,62	58,8	25,1	4,1	2,5	6,4	1,3	1,9	2,5	0,9	—	—	100
UG2 reef	7,7	90	6,16	54,0	20,7	8,9	0,4	10,5	4,3	1,2	0,01	—	30,1	—	100
AMANDELBULT															
	—	—	6,48	57,6	25,4	4,5	3,0	7,4	1,3	0,8	2,0	0,7	—	—	90

PGM percentages or split are proportions of each metal in the mill-head grade

Key MCF = Mine call factor Pt = Platinum Pd = Palladium Rh = Rhodium Au = Gold Ru = Ruthenium Ir = Iridium Os = Osmium Ni = Nickel Cu = Copper Cr2O3 = Chromite

auto industry contract sales prices to somewhere near the producer prices, it is a simple step to calculate the value of metals produced from each ton at each of the mine's main sections and shafts.

Costs? Unfortunately the information I have does not provide up to date figures. But in 1977 terms, the cost in 1981 of producing and treating each ton of ore from each section is as shown. Since then inflation has added around 60% to unit costs. So, on average, each ton of ore mined at Rustenburg's three sections probably costs something over R26.

The only missing link in the production puzzle is the milling rate. Again, there is little point in expecting any help from management. Its objective is to keep outsiders as much in the dark as possible. But judging by the pattern of capital spending in the past few years, it seems that the new Amandelbult section has been established at an annual milling rate of 3 Mt, the same as at Union section.

At one stage, management considered running down production at the Rustenburg section, particularly at low-grade shafts such as Paardekraal. That idea seems to have been shelved, as Turffontein shaft has been established to exploit ore which was no longer economic to mine from Bleskop. In addition to being a replacement for Bleskop, the shaft will provide alternative tonnage when Brakspruit is exhausted in six years' time. Going on earlier production plans, I estimate that production rates at each of the mine's sections are as I have outlined them.

Again the figures cannot be verified, but I reckon they are accurate as they result in nickel production about equal to the 19 000 t capacity of the new refinery, while platinum production calculated this way is near the 1.3m oz management revealed as a production target some time ago. On the whole, production should remain relatively constant at the levels I have given for some years. Expansion capital spending is more or less complete and mining operations are producing as much platinum as management believes can be absorbed by the market. For the next three or four years, total capital spending, according to the figures I have, should continue at no more than current levels.

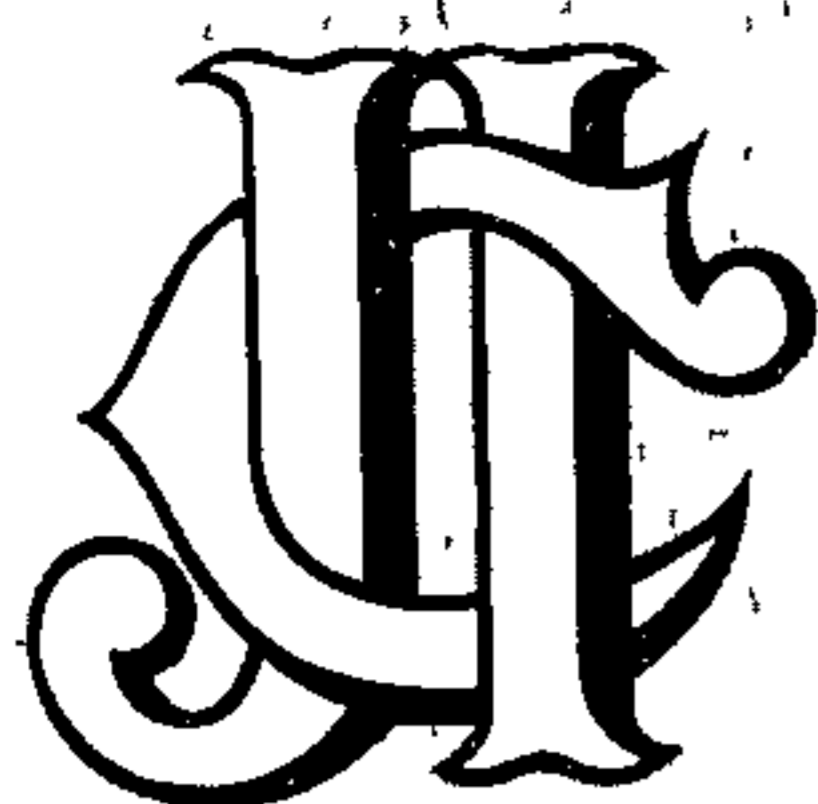
At current pgm producer quotes and LME prices for nickel and copper, Rustenburg is clearly a highly profitable operation with the financial flexibility to pursue any chosen marketing strategy. And even if metals have to be stockpiled while the market is weak, earnings and dividends need not suffer unduly.

The final information needed by the analyst is that of tax, lease and royalties. As near as makes no difference, an average royalty based on a $Y = 20 - 120/X$ can be applied to all profits with Y and X being defined in the same way as for gold mining lease formulae. X is the ratio of profit turnover expressed as a percentage, while Y is that percentage of profit payable for lease.

In addition, the ore mined in Bophuthatswana that from Townlands and Turffontein Bleskop shafts and about half of the production of Union section suffers a royalty equal to 11.9% of profit. Thereafter, company tax is levied at the normal 42% rate.

That, as I see it, is the Rustenburg picture. There are other scenarios based on varying stoping widths at some shafts, but playing with them is a refinement not suited to present purposes. I do not propose to calculate all the figures thrown up by these data. But with this information, shareholders should be able to do it themselves. And you never know, management might just decide to release a bit more information than at present.

Tim Jones



Johannesburg Consolidated Investment Company, Limited

Chairman's Review by Mr. G. H. Waddell

The Annual General Meeting of the Company will be held in Johannesburg on 9 November 1981 at 12 noon

The profit after taxation attributable to ordinary shareholders for the year to 30 June 1981 (excluding the net surplus on realisation of assets of R0,2m) at R97,8m was the highest yet achieved. Earnings per share of 1 373 cents were 35,5 per cent above the comparable figure of 1 016 cents in the previous year. Ordinary dividends for the year were increased by 26,3 per cent to 600 cents per share

There were significant increases, in dividend accruals which rose by R15,8m or 28 per cent to R72,2m (1980 R56,4m) due mainly to the higher dividends received from the Group's interests in The South African Breweries, platinum and gold and to which I refer later, in net interest earned at R10,1m (1980 R2,2m) as a result both of the higher cash balances held throughout the year and the higher rates of interest which prevailed, particularly in 1981, in the profits attributable to the Group from Lenning Holdings and Tavistock Collieries at R16,7m (1980 R13,1m) The latter, in which the Group previously held 50,2 per cent, became a wholly-owned subsidiary on 22 June 1981, and the whole of its profits have therefore only been attributable to the Group from that date

Cash receipts during the year amounted in the aggregate to R109,1m These came from dividends of R76,3m (which include the dividends received from Tavistock and Lennings), realisation of investments of R8,1m, from sundry revenue, fees and interest of R21,2m and R3,5m from an issue of shares to employees in terms of the share incentive scheme Expenditures of R133,6m were incurred, new investment absorbed R60,8m and included the additional investment by the Group of R45,3m to acquire all the shares not previously owned by it in Tavistock Collieries, R50,2m was distributed in dividends to preference and ordinary shareholders, R6,3m and R7,1m was spent on exploration and research and on fixed assets respectively The financial position of the Group remains satisfactory and at 30 June 1981 cash resources of R31m were available for new business opportunities

COAL

There were a number of important developments within this sphere of the Group's business during the year On 22 June in terms of a Scheme of Arrangement, Tavistock Collieries became a wholly-owned subsidiary at a cost to the Group equivalent to R85 per share held by the minority shareholders This will now allow the Group to develop to its best advantage all the various coal rights owned by it without fear of any possible conflict of interest that might have arisen previously with the minority outside shareholders in

Tavistock The timing may well prove to have been fortunate as your Group has applied for, and hopes to be granted, permission by the Minister of Energy and Mineral Affairs to export a significant quantity of coal, as and when he announces the allocations for the next phase of expansion in terms of the recent decision by Government to raise the level of annual exports of coal from the Republic from 44 m tons to 80 m tons by the end of the decade If this hope is realised, it would seem to be only just, since the Group itself and Tavistock, through its 13,4 per cent participation in the trade of the Transvaal Coal Owners Association (1923) (Pty) Limited, have made a significant contribution for many years to the country's domestic coal requirements and indeed Tavistock expanded its capacity in 1977 in response to an appeal from Government to meet an anticipated increase in domestic demand which has not yet materialised

Earlier in the year Tavistock entered into an agreement with Total Exploration South Africa (Proprietary) Limited (TESA), in terms of which it will come in time to share equally with TESA in the export of 1 250 000 tons of coal per annum for a period of thirty years TESA in turn bought from Tavistock for R12,7m, a fifty per cent undivided interest in certain coal rights and mining facilities at the new Arthur Taylor Section of the Tavistock Colliery Until exports commence under the third phase of the expansion of the facilities at Richards Bay, which it is expected will occur in mid-1983, the joint Tavistock/TESA entity will participate in the inland market sales of the Tavistock group to the extent of up to one million tons per annum out of expected total sales by Tavistock of some 4,3 million tons per annum Exports with TESA should, as I have said, commence in 1983 and build up to the rate of 1,25 million tons per annum in 1985/86 As and when that level is reached, significant benefits should accrue to Tavistock not only through the higher prices it is hoped to achieve on the export market, but because the higher level of production will allow a significant reduction in the operating costs that would otherwise have prevailed at each of the Tavistock, South Witbank and Phoenix Collieries

Considerable emphasis has been given during the year to expanding the Group's coal reserves both within Tavistock and elsewhere within the Republic The results to date have on the whole been encouraging and this is particularly true at Phoenix where the potential now exists for an open-cast mine using modern techniques Suffice it to say that the Group is now better placed to look for new coal business either for the export or domestic market, and I am hopeful that coal will in time provide a larger share of our income in excess of the increase which will arise from the acquisition of the balance of Tavistock

DIAMONDS

During the year the dividends received from the Group's interests in the diamond industry increased to R16,6m from R16,3m in the previous year This represents 26,5 per cent of the Group's income

from mining and as such is a major source of investment income. The Group's major interests are in various unlisted diamond trading companies of the Central Selling Organisation (CSO) - it also holds shares in De Beers Consolidated Mines Limited. That company has announced that due to a reduction in the demand for rough diamonds, sales by the CSO in the first six months of 1981 fell by 10 per cent to US \$910m as compared with the same period in 1980.

GOLD AND URANIUM

The average price of gold for the year was \$567.99 (R411.77) per ounce as compared with \$176.41 (R388.00) in the previous year to 30 June 1980. Both The Randfontein Estates Gold Mining Company, Witwatersrand, Limited and Western Areas Gold Mining Company Limited paid substantially higher dividends at 1100 cents and 120 cents for the year ended 31 December 1980. Subsequently both companies have paid reduced interim dividends of 350 cents (1980 - 150 cents) and 20 cents (1980 - 10 cents) for the six months to June 1981. Subsequently the price of gold fell below \$100, though it has since recovered to its current level of \$413.75 (16 October 1981). In addition, the decline in the average price for the first nine months of this calendar year to \$473.05 (R398.66) has been ameliorated to a degree by the decline in the value of the Rand in relation to the dollar.

Both of these mines are in the midst of substantial capital expenditure programmes, both to maintain and augment the ore reserves available to them. This will occur at Randfontein when the Cooke No. 3 Shaft is commissioned where full production is expected in 1986. At Western Areas the commissioning of 4E sub-vertical shaft should occur later this year while work is also continuing on the sinking of the SV3 sub-vertical shaft in the South Section and will be followed by the deepening of the SV2 shaft to 95 level. These ore reserves are of a grade higher than those at present mined from the North Shaft of the mine.

It is extraordinarily difficult to predict with the necessary confidence the future price of gold in the light of all the factors which impinge upon it but, if as seems probable "it rises in a sustained manner over time, then the substantial additional ore reserves that will become available at both Randfontein and Western Areas will be of great importance because of the greater flexibility they will allow mining operations.

Further evaluation of the possibilities of the areas immediately to the north-east of Randfontein's Cooke Section and to the south of Western Areas continues and no decisions have as yet been made, though it may be that a higher and sustained gold price will be required.

The uranium market worsened during the year reflecting the excess of available supplies over demand and it appears likely that this imbalance will persist in the years that lie immediately ahead. At Western Areas the erection of the uranium plant to treat 100 000 tons of ore per month has reached an advanced stage and indeed it should be commissioned before the end of this calendar year. Deliveries in terms of the long-term contract held by Western Areas are only due to commence early in 1983. At Randfontein's Cooke uranium plant the production difficulties have been overcome though some work still remains to be done to improve plant efficiencies.

PLATINUM

During its financial year to 31 August 1981, the net operating profits from sales by Rustenburg Platinum Holdings Limited were R266.2m as compared with R273.7m in the previous year. Ordinary dividends paid were increased by 12.5 per cent to 15 cents per share.

The drop of 2.7 per cent in its net operating profits arose from the fact that sales of platinum were significantly and adversely affected in the last quarter of Rustenburg's year when the free market price remained below Rustenburg's price of \$175 per ounce. This weakening in the free market price for platinum was not unexpected as the high rates of interest in the United States of America particularly but also elsewhere have both discouraged

investment and speculative demand and held back any rapid recovery from the current recession in the automobile industry in that country. Other industrial demand remained generally steady and there has been in the first seven months of this calendar year a notable recovery in the level of imports into Japan.

The commissioning of Matthey Rustenburg's new base metal refinery at Rustenburg has already started and the official opening was held on Tuesday 13 October. This new refinery has been erected to treat all of the base metals produced as by-products by Rustenburg and when that point is reached which it is anticipated will be in the first half of next calendar year, a significant reduction in the refining cost per ton of metal should be realised.

INDUSTRY

Apart from Consolidated Metallurgical Industries Limited (CMI), the Group's industrial interests, which include Lenning Holdings Limited and substantial portfolio investments in The South African Breweries Limited, Argus Printing and Publishing Company Limited and Toyota South Africa Limited had an excellent year. Excluding CMI, which has yet to declare a dividend, their contribution to Group income continued to grow in importance and in the aggregate at R26.1m showed an increase of 60 per cent on the previous year.

The South African Breweries Limited produced excellent results for the year to 31 March 1981. Earnings per share rose by 61.6 per cent to 51.3 cents per share and the dividend was increased by 63.6 per cent to 27 cents. Dividend income to the group on its shareholding of just in excess of 20 per cent amounted therefore to R11.8m and this can be expected to increase further this year, though understandably at a slower rate.

Lenning Holdings Limited also had a very good year when earnings rose to R10.1m. The income attributable to the Group as a result rose by 31 per cent to R9.8m from R7.3m in the previous year. At the end of its year Lenning acquired the Besaans-Du Plessis Group which is based in Pretoria and whose main businesses lie in the foundry and engineering spheres. As such it is complementary to Lenning's own business and Besaans-Du Plessis should make a significant additional contribution to the Lenning group profits.

Consolidated Metallurgical Industries (CMI) had a very difficult year as the recession in the stainless steel industry of which it is mainly dependent spread from the United States of America in the second and third quarters of 1980, first to Europe and subsequently to Japan. As a result CMI cut its production during the year. There has since been a modest recovery in the production of stainless steel within America and it is hoped that Japan will follow suit shortly.

BASE METALS

The Group has a 25 per cent interest in Consolidated Murchison which had a difficult year since the demand for its principal product antimony fell severely. Profit after taxation fell to R1.5m for the year to 31 December 1980 (1979 - R7.5m) though it recovered somewhat to R1.7m for the six months to 30 June 1981. Action has been successfully taken to maximise gold production and gold now makes a significant contribution to revenue and profit.

Shangani Mining Corporation, which mines nickel in Zimbabwe, incurred a loss of Zimbabwean \$2.2m as compared with a profit of Zimbabwean \$811 000 in the previous year. This reflected the higher costs per ton of nickel which were experienced as a result of the closure of the open-pit operation and the subsequent fact that there was a slower than anticipated build-up of tonnage of ore from underground.

Shangani has been managed since 1978 by Anglo American Corporation of Zimbabwe (Amzim). Amzim also manages three other nickel mines in Zimbabwe and a refinery at Bindura which it enlarged in order to be able to treat concentrate from Shangani.

The board of Shangani has now announced that it intends to recommend to its shareholders that they approve a scheme of arrangement which will result in the purchase by Bindura Nickel of the mining assets of Shangani in return for shares in Bindura.

Nickel In terms of the proposed agreement, Bindua Nickel will assume the whole of the responsibility to provide the future financial requirements of Shangani, though the Group will continue to guarantee its share of the present loans from third parties

This seems to me to offer a sensible and satisfactory outcome for all the interested parties and to give each benefits which would not have been available if Shangani had continued as heretofore. The Group has in recent years made full provision against both its investment in and loans to Shangani and there should therefore be no material impact on its accounts in the current financial year.

Tsumeb Corporation Limited (Tsumeb), in terms of the agreement reached in December 1980, has acquired an interest of 70 per cent in the mining assets of Otjase Mining Company Limited. The mine which has restarted production is now run as a joint venture under the management of Tsumeb. Full production, however, due to the additional development being carried out, will not be reached before April 1982.

PROSPECTS

The outlook for the South African economy has changed significantly since last year. The combination of the lower gold price, high interest rates and recession in the major developed industrial economies is likely to allow a real growth rate of only some three to five per cent compared to the admittedly exceptional rate of eight per cent last year. Comfort can be drawn from the fact that this would still be considerably better than most other countries, but the real cause for concern lies in the figures for real private consumption expenditure per capita (which measures changes in standards of living) from 1973 to 1981. Despite the increase of 6,4 per cent in 1980 and the likely increase of 2,5 per cent in 1981, the compound rate of growth over these eight years will have been less than one per cent per annum, nor are the present prospects encouraging for 1982. For most countries that leaves a great deal to be desired, but particularly so in our case, where the disparity in incomes is so wide,

The real impediment to sustained higher growth is the failure to turn to best account the human resources readily available to us and who are only too willing to improve their lot. The Group, in common with others, is moving towards the implementation of an integrated wage curve and considerable progress has already been made towards that objective. It is, however, important to realise that even when that is achieved (and on the assumption that all restrictions on the mobility of labour have fallen away, which is a far cry from the present), the vast majority of our black employees will still, in practice, be denied the opportunity to move into higher positions since they will still suffer from the handicap of an inadequate education. That is the kernel of our problem and we can ill afford to continue to be profligate with time in acting to remove it. This is not something that business can or indeed should attempt on the scale required as it is properly the function of Government though the private sector will continue, as it has in the past, to help. Until such action is taken, the shortage of skilled labour will continue as heretofore to be the brake on the future economic performance that we could otherwise hope to attain.

For the Group as for the country, in the absence of a recovery in North America, Europe and Japan and in the price of gold and other exports, it is likely to be a more difficult year.

DIRECTORATE

Sir Albert Robinson resigned after a decade as Chairman and as an Executive Director on 1 January this year. During the time that he led the Group its business prospered and grew and the results this year are the best tribute to him. I am delighted that he has agreed to continue as a member of the Board.

Finally I would like to record the appreciation of the Board and myself for the work put in by all members of our staff during the year.

Johannesburg
19 October 1981

shares just because Zaaiplaats was a good small mine. Providing new parent Anglo does not try to work the mine on a large scale, it should continue as a sound small operation. If extraction rates grow much beyond currently planned levels it may well be difficult to adequately generate new ore reserves and that would be an untenable position for an operation like Zaaiplaats.

Of course changes are taking place. Zimro socked the mine for R12 300 in management fees for the four months it was in charge — an annualised rate of almost R40 000. Management fees were not shown under the old regime but directors fees were then a lot higher.

Then there is capital spending. A new mill is to be built to replace stamp batteries that have been in operation for sixty years. It is not clear if the stamps need replacing, but until the latest annual report there was no indication that there was anything wrong with the milling arrangements. Be that as it may, once the new mill is installed, plant capacity will rise to 90 000 t/year and additional tonnage will be treated from extensive, readily-accessible, low-grade areas.

There is also the warning that a lot of money has to be spent to improve employee housing at the mine. The full effect will be a major restraint on distributable earnings for some years. Management's plans have resulted in earnings becoming more highly geared to the tin price, though while the metal remains sound and the rand remains weak dividends need not dry up completely.

At this stage it is impossible to estimate the year's likely dividend. But until the capital spending programme is near completion it is reasonable to assume that retentions will be high as a precaution against tin price-induced profit falls. There is little point in expecting a dividend much greater than last year's and, on that basis, the shares are unattractive except to tin price punters or investors prepared to wait for three or four years.

hm Jones

ZAAIPLAATS FM 30/10/81

New regime

217

Activities: Tin mining and smelting company which is 52,9% owned by Zimro, an Anglo American subsidiary

Chairman: W Q D Routledge, managing director D A Buchanan

Capital structure: 1,07m ordinaries of 25c
Market capitalisation: R3,6m

Financial Year to July 30 1981: Net cash R495 000 Current ratio 2,3 Capital commitments R355 000

Share market: Price 335c (1980-81 high, 930c, low, 290c trading volume last quarter, 7 100 shares) Yields 8,7% on earnings, 5,1% on dividend Cover 1,7 PE ratio 11,4

	'78	'79	'80	'81
Tin production (t)	613	776	383	201
Average tin price (R 000)	10,4	12,8	13,3	12,2
Turnover (Rm)	9,9	12,2	5,8	2,5
Pre-tax profit (Rm)	0,9	1,1	0,9	0,5
Earnings (c)	46,0	64,2	57,2	29,3
Dividends (c)	40	40	40	17

Chairman William Routledge echoes, perhaps, the fears of some minority shareholders when he says that after 72 years of independence "no doubt there must be speculation as to what this change to being a member of the Zimro Group of Companies will mean for those members who decided to retain their shareholding."

It is a reasonable enough question, particularly from investors who bought the

Kaolin mine

ARGUS

— impact

18.11.81

(217)

study urged

Divisional Council Reporter

THE Divisional Council of the Cape has been advised by its engineer, Mr M K Botha, to ask for an environmental impact study on new proposals to mine kaolin at Kommetjie, on the other side of the Noordhoek Valley from the proposed Serina Ltd Mine

Meanwhile Serina Ltd, whose application to mine for kaolin at Noordhoek is still being considered by the office of the Prime Minister, has told the council that it plans a consumption of 500 kilolitres of water a day at its Brakkeoof works.

PEAK PERIODS

Mr Botha reported to the works committee that although this was within the council's capabilities it might cause problems during peak summer periods and 'continuity of supply cannot be guaranteed'

Mr Botha told the committee that he could not comment on the second application to mine for kaolin in the valley from Kommetjie Kaolin Ltd, until more information had been supplied

He said it was necessary to know details of such things as the actual mining area, how storm water would be disposed of and how much traffic would be generated

He also wanted to know how long mining would go on

'The effect of the operations on the expansion of townships into the area must be considered, especially as this is one of the last resort areas in the Peninsula that can be developed,' he said.

LIFESPAN

'With a stated estimated reserve of 3,6-million tons of white kaolin and an envisaged production rate of 6 000 tons a year, the possible lifespan could run for a very considerable period'

The Noordhoek and District Civic Association has already protested against the new proposal to mine at Kommetjie and has sent the council a petition against it with 383 signatures out of a possible 405.

The Simon's Town Council has told the office of the Prime Minister that it is opposed to any mining in the Noordhoek Valley because of its detrimental effect on tourism in the Peninsula.

The application will come before the Divisional Council at its next meeting

Sisters again

Argus Bureau

LONDON — Three sisters separated 37 years ago when they were put in different children's homes have been reunited. They are now seeking a fourth sister

Environmental report for Kommetjie kaolin mine

25/11/87 (217)
Divisional Council Reporter

THE Divisional Council will ask for an environmental impact study before the Prime Minister's office decides on a new application to mine kaolin near Kommetjie.

The new application is for the other side of the Noordhoek Valley from the proposed Serina mine.

The council also decided yesterday to ask Kommetjie Kaolin Ltd about the actual areas to be mined, the traffic to be generated and how storm-water would be disposed of.

A petition against the mine, signed by 383 local residents, has been sent to the council.

Matching the market

Activities. Mining company producing platinum and by-product metals from three mines in the Rustenburg area JCI, which manages the company, has 32,8% of the equity A 23,4% stake is held by Anglo

Chairman: G H Waddell

Capital structure: 125,3m ordinaries of 10c Market capitalisation R689m

Financial: Year to August 31 1981 Net cash R106,2m Current ratio 1,6 Capital commitments R102,9m

Share market: Price 550c (1980-81 high, 930c, low, 475c, trading volume last quarter, 389 000 shares) Yields 17,4% on earnings, 8,2% on dividend Cover 2,1 PE ratio 5,7

	'78	'79	'80	'81
Turnover index*	120	196	276	301
Operating profit (Rm)	54 0	156 4	273 7	266 2
Earnings (c)	20 6	55 0	100 2	95 8
Dividends (c)	8	20	40	45

* 1977 = 100

This year will see Rustenburg in the role in which it has cast itself — the platinum market's protector of last resort Successful enactment of the play will depend on some behind the scenes make-up activity But as far as platinum's long-term future is concerned, the mine has to put up a flawless performance

Central to the success of that is showing that the platinum market — or at least the \$475 producer price — can be stabilised without resorting to disruptive mine closures. Financially that should present no difficulty, particularly as Impala, the world's second largest producer, is already reducing production by an amount equivalent to about 5% of total world supply If the Soviet Union does not rock the boat with unexpectedly large sales to the West, Rus-

tenburg need not be forced into public production cut-backs

Of course, it has deferred expansion projects and, according to the board, production at the three major mines has "been adjusted to present requirements" That could well be a production cut-back by another name

There is little doubt that the company can afford to stockpile platinum and by-product metals At end-August cash on hand amounted to R106m and, if more is absolutely necessary, borrowing powers total R527m Nevertheless, stockpiling will not be without its effect on the income statement Rustenburg carries by-product metals in its accounts at a nominal R2/unit That means that accounting for the cost of production has to be done immediately, with an obvious depressing effect on profit The advantage arises when stocks which have a book value of effectively nothing are sold at pure profit

amounts of platinum group metals while the world's economic recession persists And though there has been a resurgence of Japanese jewellery demand as free market platinum prices have fallen, this is probably doing no more than offsetting the virtual disappearance of investment/speculative demand

For the present, there is little point in expecting Rustenburg to increase its dividend this year — though that is not to say that the payout will be cut Financial policy has become increasingly conservative over the past few years And as part of that, dividend increases have been kept within the bounds of what management believes can be maintained even if resources have to be thrown into protecting the market

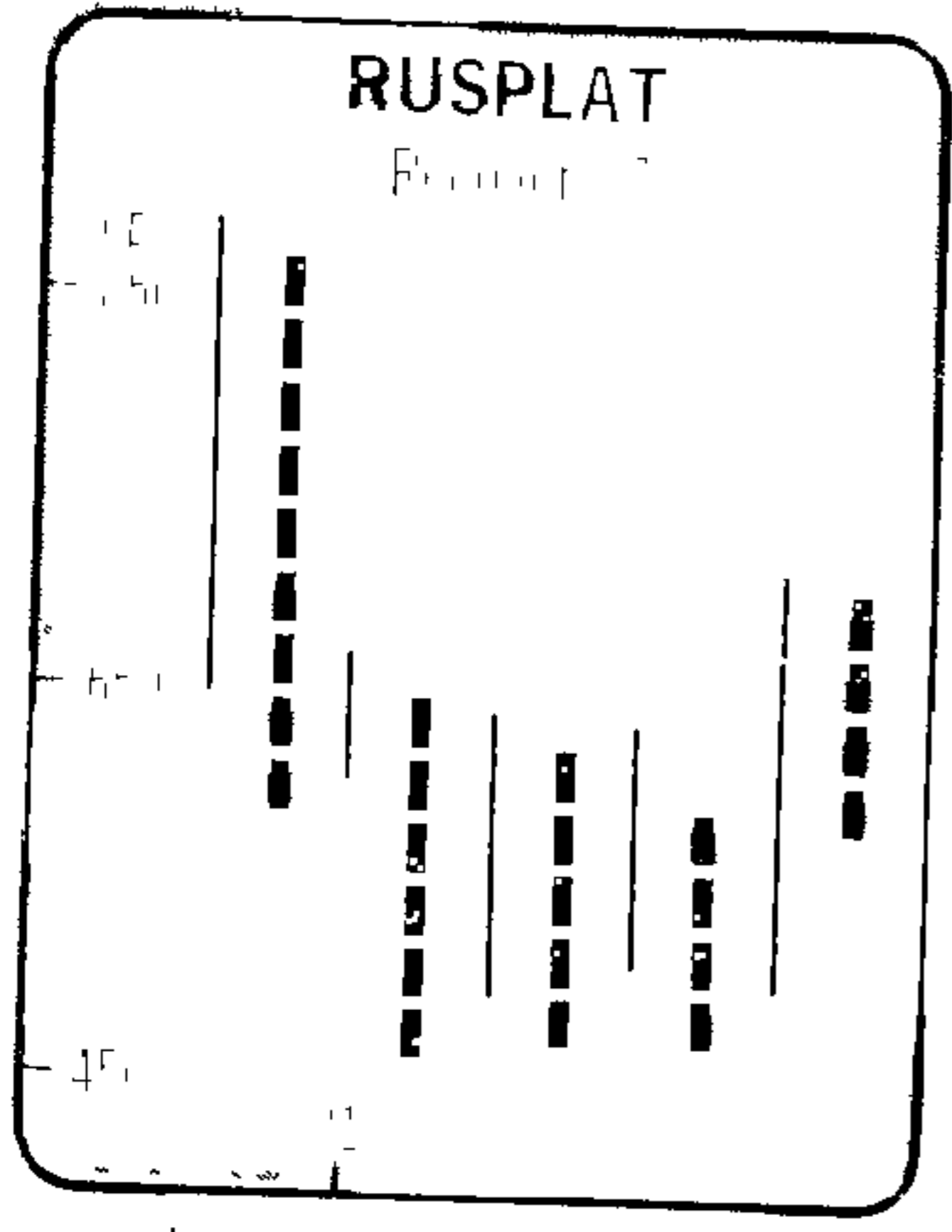
Since the preliminary announcement of results at the start of October the share has shed 75c to its current 550c At this level the prospective yield is over 8% which may not be attractive to investors with near-term income requirements The share may weaken further if there are other negative platinum market developments, but that will provide sound buying opportunities for investors who are prepared to look beyond the present downturn



Auto exhausts .. less of a profit catalyst

The critical factor, though, is maintaining producer price quotes — and it is worth taking temporary stockpiling and output reduction measures to achieve that But in the longer run, everything will depend on improved demand

In February Rustenburg signed a long-term supply contract incorporating substantial guarantees with a motor manufacturer That is fine, so long as guarantees are honoured But Detroit is fast revising downward its sales projections for this year and next Elsewhere the chemicals and glass industries are unlikely to be buying large



Few can equal quality...

F.M. 11/12/81 (265/217)

Chairman's Review

Phosphate development Corp. Ltd.

Historic Summary

The Corporation celebrates its thirtieth anniversary this year and it is therefore appropriate to review the development of the Corporation and the role it has played in South Africa's economy.

Like all European countries, South Africa experienced a shortage of phosphate rock after the Second World War. The position improved marginally during the late 1940s but with the outbreak of the Korean War in 1950 the supply position deteriorated and the prospect for future supplies caused much concern.

At that time Morocco was the main world-wide distributor of phosphate rock, and South Africa was virtually entirely dependent on this source for its agricultural industry.

In March 1951, Mr D.J. van Wijk, the then chief of the Chemical Services Division of the Department of Agriculture and Controller of Fertilizers, stressed the seriousness of the fertilizer situation and recommended that the mineral claims of Dr Hans Merensky at Phalaborwa be investigated as a first step in establishing a domestic phosphate industry.

At the request of Dr Eric Louw, then Minister of Economic Affairs, Iscor acted as trustee for the proposed phosphate company. Iscor acquired 315 base mineral claims from Dr Hans Merensky, and 1 810 base mineral claims from the Palabora Phosphate and Vermiculite Company. On August 18, 1951 the Phosphate Development Corporation was registered as a Company with a share capital of R2 million granted by the State through the Industrial Development Corporation. The early years required great perseverance and pioneering skills. A mine had to be established in an isolated and dry area of the bushveld where no infrastructure existed, and construction commenced in 1953. Each item of material and equipment had to be transported over impossible roads. It took an entire day to journey to Pietersburg, only 210 kilometres away! Water had to be pumped many kilometers from the Olifants River and the Corporation purchased a second hand electric power generating plant from Rhodesia to supply its own power.

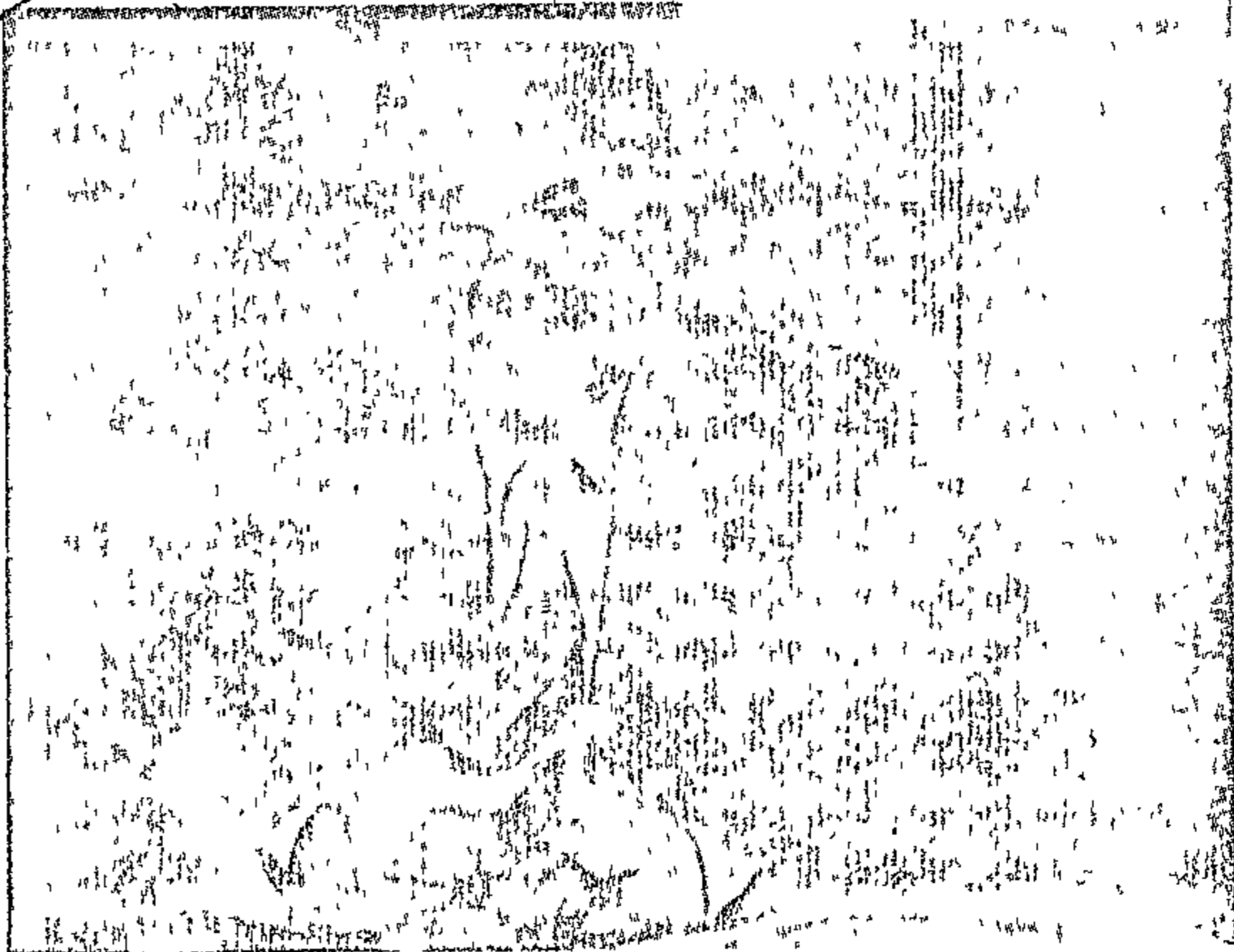
In spite of many problems and setbacks the establishment of Foskor continued and on August 27, 1955 the then Prime Minister, Adv J.G. Strijdom, officially commissioned the plant.

The first commercial consignment of phosphate rock was despatched to African Explosives & Chemical Industries Ltd. during October 1955. This was transported in lorries over dirt roads to Mica Station, 50 kilometres from Phalaborwa. The transportation of goods by road to and from Mica created a major cost burden and it was decided to negotiate with the S.A. Railways for the extension of a branch line from Hoedspruit. The Administration undertook to provide this branch line on condition that Foskor made good all operational losses to the S.A. Railways.

The first train entered Phalaborwa Station on February 22, 1963.

For several years the railway line operated at a loss, but traffic to and from Phalaborwa increased, especially when the Palabora Mining Company (PMC) started producing copper. Today the annual gross income to the Railways on this line from traffic to and from Foskor alone, amounts to R35 million.

Due to the inhospitable region and the hot conditions, housing facilities received top priority from the beginning. Temporary dwellings were initially erected on site, but the Corporation made an early start with the planning and development of the town of Phalaborwa. The first house was



Dr J.P. Kearney

completed in July 1954. The Corporation developed four town extensions before the local authority undertook this responsibility. Today, Phalaborwa, with 14 000 inhabitants, is regarded as a model town.

Initially fertilizer producers encountered problems with the processing of Foskor phosphate rock. Credit is due to the scientists and technicians of Foskor who found a solution to the metallurgical problems related to the unique ore body. Through perseverance in research, the quality of the product was so improved that by 1957 it was totally acceptable. Few producers in the world today can equal the quality of the phosphate rock produced by Foskor.

Continued research led to the development of methods for the successful processing of pyroxenite as well as foskorite ores.

Extensions to the original plant were then commenced. On August 7, 1965 the enlarged plant was officially opened at a ceremony performed by the then State President, Mr C.R. Swart.

In 1969 the Corporation realised its original object by supplying the entire requirements of phosphate rock for South Africa. In 1970 another milestone was reached when production exceeded one million tons per annum.

Thereafter larger expansion programmes were embarked upon, resulting in a current plant capacity of 4.5 million tons of phosphate rock per annum. Approximately 40% of the total production is utilised in the local market, while the balance is used in the production of phosphoric acid for export purposes and for direct export.

It gives me great pleasure to be able to relate the success story of Foskor. I have personally been privileged to be associated with this great company for the last 20 years.

I would like to take this opportunity of paying tribute to the three previous Chairmen of the Board.

Dr Frans du Toit had the unenviable task of creating Foskor. Even after Foskor was established he had to face much criticism. Heavy financial losses were incurred for the first five years. It was in these early years that Frans du Toit slowly but surely placed the Corporation on a firm footing. It was with much pride that he was able to announce in his Chairman's Review for 1959 that for the first time after eight years of

operation, the Corporation had a profit of R107 020.

In 1961 Dr du Toit was succeeded by Dr Henrik van Eck, who was also intimately involved in the initial establishment of Foskor. He knew how near South Africa came to food shortages during the Second World War, and appreciated how vital Foskor was to future agriculture in South Africa.

In 1970 Dr Etienne Rousseau became Chairman. The same talents and efficiency with which he established SASOL were dedicated to Foskor, and in the short span of four years he helped to develop Foskor. Regrettably, due to many other duties he relinquished his Chairmanship of Foskor, but he will always be remembered for his sterling contribution.

I would like to pay especial tribute to former directors, and in particular those who helped in the early difficult years.

Their contribution to the success of Foskor should not be underestimated.

To the present directors, my sincere thanks for their loyalty, their knowledge and perception which has been fundamental to the development of Foskor. I am sure that they too share pride in the achievements of this Corporation.

I would now like to mention the employees of this Corporation who, irrespective of their position, are the real backbone of Foskor. Many have served more than 25 years in the Company and to each and every one I wish to express the thanks and appreciation of the directors and myself.

Price Control and Management

Domestic Phosphate Rock Sales

Phosphate rock is produced from ore obtained from three sources, i.e. pyroxenite mined by the Corporation, fuskorite and pyroxenite mined by PMC and stockpiled under agreement on the Corporation's claim areas, and also phosphate bearing tailings pumped in slurry form from PMC to the plant. Over the past two financial years the contribution by the different sources to the total production was as follows:

	1979/80	1980/81
Pyroxenite mined by the Corporation	4%	—
Fuskorite ex PMC	39%	48%
Phosphate bearing tailings ex PMC	57%	52%
	100%	100%

The production of phosphate rock from the PMC tailings carries no cost in respect of mining, loading, crushing and milling, whilst materials from the other two sources do carry these costs. For the year under review production cost in respect of fuskorite ore, for instance, was 108% higher than that for the PMC tailings, which product is reserved for the domestic market.

The tempo of production of phosphate rock from PMC tailings is determined by the amount of tailings available, the phosphate content thereof and the mineralogical composition of the tailings. These factors are related to PMC's mining programme which is adjusted according to their copper production, and therefore not within the control of the Corporation. Notwithstanding the unpredictability of this situation, the PMC tailings remain an advantageous source of raw material. It remains the policy of the Corporation to utilise the cheapest source of raw material for the domestic market, thus keeping the domestic price as low and stable as possible.

Production tonnage from PMC tailings was 16% lower for the past year compared with the previous year, as both the tonnage of tailings received and the phosphate content were substantially lower. This factor, together with an increase of 14.6% in domestic sales, resulted in the domestic demand exceeding the PMC tailings production by 11%. A more expensive source of raw material had to be utilised therefore, with a resultant increase in production costs, and the net income on phosphate rock sales for domestic use decreased by 24%.

Due to good results achieved in the previous year, an amount of R2 million had been placed in reserve for production cost stabilisation, in order to make provision for future possible adverse conditions. Thus the controlled price for phosphate rock in the domestic market remained constant for the third consecutive year, and in view of general price escalation this is indeed an achievement! In fact in real terms there has been a decrease in price.

Export Market

The net income from phosphate rock sold for conversion in the phosphoric acid market has decreased appreciably compared to the previous financial year. This decrease was the result of an over-supply of phosphoric acid on the world market

Productivity

The table below illustrates the degree to which price increases were effectively controlled as reflected in the unit cost of phosphate rock produced over the past five years.

	Contribution to total costs	Actual price increases	Effective cost increases (decreases) as reflected in the cost of phosphate rock
Salaries and wages	24%	1.47%	12%
Reagents	23%	19%	17%
Maintenance costs	13%	66%	38%
Mill rods	5%	98%	18%
Power	9%	69%	25%
Fuel	4%	194%	33%
Water	1%	12%	(26%)
Coal	1%	63%	(12%)
Incoming freight	1%	49%	(42%)

During this period of five years, the actual selling price of phosphate rock for domestic use increased by only 22%, and in real terms it has in fact decreased by 26%, a remarkable achievement. This is attributable to the fact that the Corporation has curtailed cost increases by means of increased productivity, cost control and continued research for more efficient production methods (Refer to graph).

Furthermore, a mobile gyratory crusher with a capacity of 2 700 tons per hour, eliminating the use of haul trucks, has recently been brought into operation. The use of this crusher, with a height equal to a six storey building and a mass of approximately 900 tons, offers important advantages. Not only will a saving in further capital equipment be possible, but an appreciable saving in diesel fuel and mining costs will also result.

A new beneficiation process for pyroxenite ore, the Corporation's largest source of ore, is presently being

developed. This process will eliminate the use of water, chemical reagents and energy for drying, resulting in appreciable cost benefits. Various overseas patents have been registered and a large scale pilot plant will come into operation towards the end of the year. A new agreement with PMC was dealt with in the previous annual report. This ensures that the Corporation will participate in the expansion of the PMC mine, whereby the supply of phosphate enriched tailings will be extended by five years. Advantages will also result from the lower mining costs in respect of fuskorite and pyroxenite ore due to greater tonnages of ore being mined by PMC. The Corporation is also investigating a trolley system whereby tractive power for haul trucks will partially be converted from diesel to electrical power.

The Corporation received the National Institute for Productivity's highest award for 1980, for exceptional achievement in the increase of productivity.

which affected South African exporters of phosphoric acid. This situation was mainly due to the collapse of the Brazilian market, and export restrictions to Russia imposed by the previous administration in the USA. Approximately 88% of previous South African exports were sold in Brazil. The decrease in phosphate rock from Fuskor used in phosphoric acid exports amounted to 424 000 tons, or 23% less than the previous year and 799 000 tons or 43% less than the forecast provided by the consumers at the beginning of the year for 1980/81.

In an effort to assist the phosphoric acid exporters Triomf and Fedmis, the rock sold to them by Fuskor was based on a price covering Fuskor production costs only. For the year 1981 a loss is expected to result as neither Fedmis nor Triomf has been able to process the estimated tonnage of rock. Unfortunately Fedmis increased the capacity of its phosphoric acid plant by 50%, and these extensions were completed during November 1980.

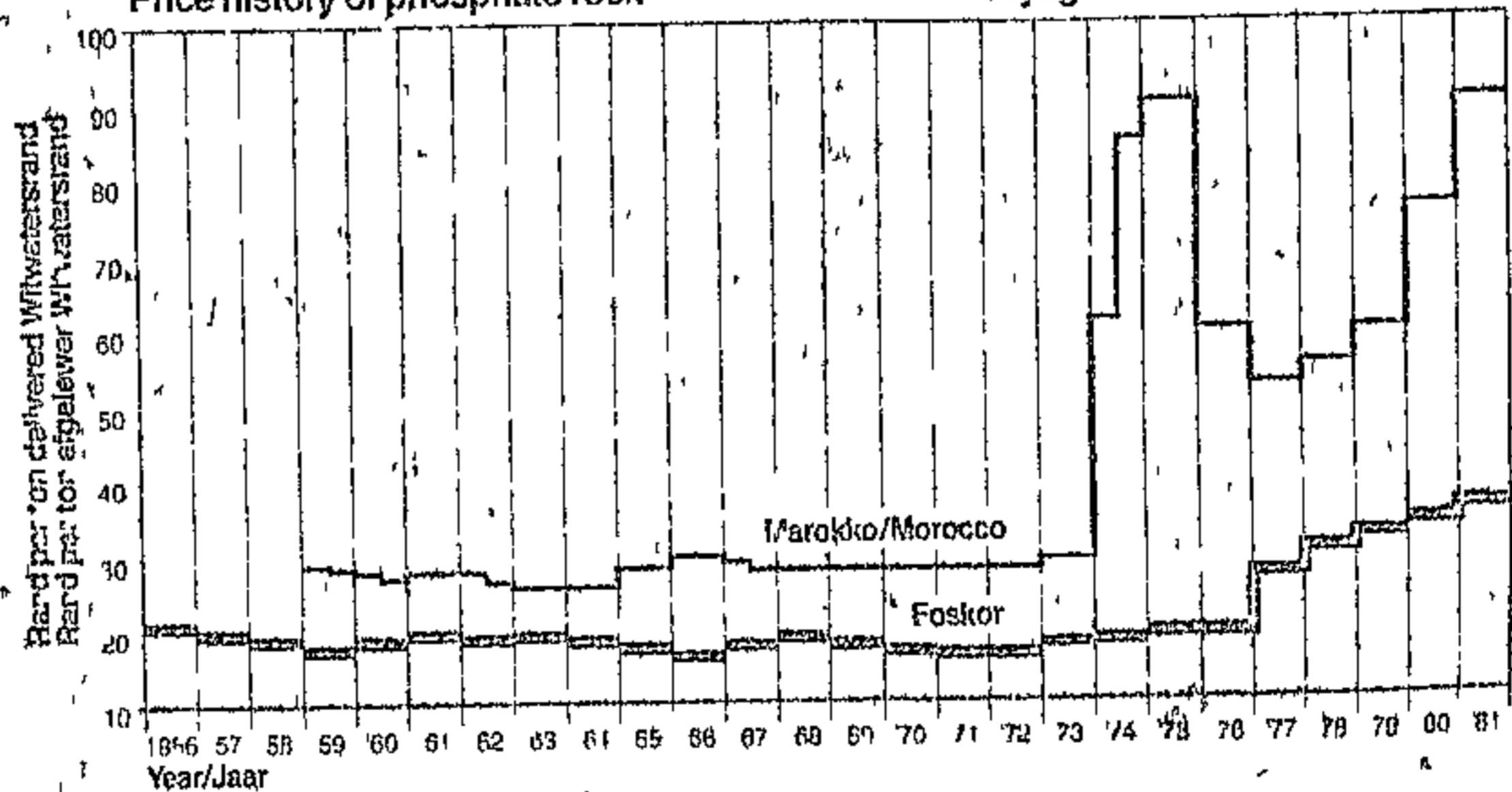
The latest predictions for phosphoric acid exports show no improvement within the foreseeable future. It is of the utmost importance that the Corporation controls its exposure to such a volatile market, and to meet this situation the Corporation is at present actively involved in the creation of an export market for surplus phosphate rock. This will not in any way compete with phosphoric acid in the export market, as the phosphate rock will replace the high quality Kona rock marketed by Russia in Europe, which is expensive and erratic in supply. Apart from Russia, the Corporation is the only producer in the world able to offer volcanic apatite phosphate rock. Because of its low organic matter content the Fuskor rock is especially suitable for the manufacture of specialty phosphates and for nitro phosphate fertilizer, a product made mainly in Europe and Japan. The Corporation intends to reserve 250 000 tons of phosphate rock per annum for the development of the export market. This can be achieved without prejudicing present commitments to the domestic market or the phosphoric acid exporters.

By-products

The production of copper and baddeleyite from fuskorite ore is incidental and varies appreciably from year to year. In production planning only the phosphate content is considered and the copper and baddeleyite content is secondary. For example, the copper content of the ore over the past two financial years amounted to 0.25% and 0.19% respectively. The net income derived from copper production compared with the previous year, showed a decline of 51%, of which 70% is attributable to the lower copper content of the ore, and 30% to the decrease in the average copper price based on the London Metal Exchange.

Better prices were obtained for baddeleyite concentrate although production results are subject to the same fluctuations. It remains the policy of the Corporation to utilise the income derived from copper and baddeleyite sales expressly for the expansion of phosphate rock production for the advantage of the domestic market.

Price history of phosphate rock



Higher rail tariffs increased delivered prices during 1980 and 1981. The price free on rail Phalaborwa has remained constant since 1979.

developed. This process will eliminate the use of water, chemical reagents and energy for drying, resulting in appreciable cost benefits. Various overseas patents have been registered and a large scale pilot plant will come into operation towards the end of the year. A new agreement with PMC was dealt with in the previous annual report. This ensures that the Corporation will participate in the expansion of the PMC mine, whereby the supply of phosphate enriched tailings will be extended by five years. Advantages will also result from the lower mining costs in respect of fuskorite and pyroxenite ore due to greater tonnages of ore being mined by PMC. The Corporation is also investigating a trolley system whereby tractive power for haul trucks will partially be converted from diesel to electrical power.

The Corporation received the National Institute for Productivity's highest award for 1980, for exceptional achievement in the increase of productivity.

New process developed

Financial

Because of factors outlined in the previous paragraphs the consolidated net income after tax decreased from R24,1 million in the previous year to R13,7 million for the year under review.

In order to comply with the requirements for price determination purposes, an amount of R633 000 in respect of the 1979/80 financial year and R913 000 in respect of the 1980/81 financial year has been transferred from net income to a reserve for the replacement of machinery and equipment. Financing of plant extensions resulted in loans during the year under review increasing by R19 million.

Production and Sales

Production and sales in respect of the various products were as follows:

	1979/80	1980/81	Increase (Decrease)
	Ton	Ton	%
(a) Phosphate rock			
Ore processed	19 103 000	18 141 000	(5)
Production	3 259 000	2 992 000	(8)
Sales			
Domestic use	1 509 000	1 729 000	15
Export purposes	1 494 000	1 070 000	(28)
Total	3 003 000	2 799 000	(7)
(b) Copper			
Production	13 948	8 319	(40)
Sales	13 885	8 763	(37)
(c) Baddeleyite			
Production	6 071	5 530	(9)
Sales	5 483	5 058	(8)

Research and development

As a result of successful research during the past year, 60% of the imported flotation reagent, acacia gum, was replaced by locally obtained guar gum. Relatively few reagents are now being imported, and research for local substitutes is continuing. A new process for the beneficiation of phosphate from fine PMC tailings has been developed on pilot plant scale, with good results. A feasibility study for the production of 500 000 tons of phosphate rock from this source has been completed and as soon

as negotiations with PMC reach finality the erection of a production plant will be planned.

In accordance with an agreement entered into last year with PMC large tonnages of ore from the pyroxenite/fosfozite contact zone will be placed at the Corporation's disposal. This ore does not react favourably to the present flotation processes and an extensive research project has been launched to develop new metallurgical processes.

Projects

The contractors concerned with a rationalisation programme of R23 million encountered serious problems in fulfilling their obligations in the specified time due to the acute shortage of supervisory personnel and trained workers. This delayed completion of the projects for six months.

Housing

A programme for providing housing for black employees was satisfactorily maintained in Namakgale in the neighbouring state of Lebowa and all employees have now been resettled there. Approximately R1,5 million per annum has been spent on the project over the past three years. A project involving a further R1,2 million for housing of black single employees is presently being undertaken.

A building programme in Phalaborwa for the erection of 73 houses for white employees has been completed, bringing the total number of houses for employees at Phalaborwa to 606. A further 29 houses are presently being erected.

Safety achievements

The Corporation maintained its leading position in the field of industrial safety during the past year by winning three awards from the National Occupational Safety Association.

- Through the continued efforts of our employees, the Corporation was presented with:
 - The highest award, i.e. the Nascar, for the 8th year in succession,
 - a special award as runner-up of the Terry Trophy for 6 980 802 man-hours worked without a disabling injury, and
 - a special award as runner-up of the Terry Trophy for the best performance improvement.

I would like to congratulate the personnel on these achievements, and express a special word of appreciation to the National Occupational Safety Association and the Government Mining Engineer and his personnel for their special contribution to these results.

Contributions by other organisations

I would like to express my thanks and appreciation to the undermentioned organisations:

- the South African Railways for the exceptional co-operation of its officials;
- the Phalaborwa Water Board;
- Palabora Mining Company for its excellent co-operation during the year;
- the Electricity Supply Commission for its efforts to maintain its power supplies under sometimes difficult conditions.

Directors

Messrs J. J. Kitshoff and J. A. J. Pickard retired as

directors of the Corporation on 31 October 1980 and 13 August 1981 respectively, and I would like to take this opportunity of expressing my sincere thanks and appreciation for the service rendered by them. I would like to welcome Mr P. F. Theron who was appointed with effect from 1 November 1980.

General

On behalf of the Board of Directors, I wish to express a special word of thanks to the Managing Director, Mr T. G. J. Pistorius and to the management and personnel for their excellent efforts and loyal service during the year under review.

The mobile gyratory crusher which was commissioned in 1981.

and export markets. On the export side, the Western steel recession has curtailed demand and export outlook for 1982 is hardly euphoric. Prices remain depressed, but producers are hoping for "a modest increase" in 1982.

Domestic demand for chrome ore has been more affected than exports. The Department of Mineral and Energy Affairs Minerals Bureau reports that for the first nine months of 1981, chrome ore sales by mass decreased by nearly 21%. The reason was a substantial reduction in ferrochrome production.

Compared to the domestic market, export sales tonnage and value dropped "by a modest 6,5% and 1,6%," states the report.

During the first nine months of 1981, 2,1 Mt of chrome ore were produced. Domestic demand absorbed 841 000 t with a total value of R25,8m. Exported mass was 914 000 t worth R40,6m. The local price averaged out at R31/t. The overseas price is R44/t fob. Minerals Bureau statistics for September indicate the domestic price dropped R2 to R31/t, while the export price went up R1/t.

With the decreasing demand exacerbating the situation, there is a keen awareness that SA suffers from considerable overcapacity for the production of chrome ore.

Samancor, one of the two major producers, has reduced two mines to a "care and maintenance" basis. Nevertheless, Samancor group marketing manager Dr John Muller says Samancor operations are not influenced by what is happening on overseas markets. He says production is geared to local demand.

With ferrochrome production running at 66% of "normal" production, chrome ore demand has also been cut by a third, says Muller. Samancor was producing "at full stretch" to mid-1980. Capacity was roughly 600 000 t/year. Despite decreasing demand in the short term, capacity has been increased by 20%, says Muller.

Major producers Gencor and Samancor are not prepared to comment on alleged undercutting practices by smaller chrome producers, but the FM understands there is some unhappiness about smaller producers undercutting prices on overseas markets.

The FM was told that Mining Corporation has been accused of price cutting practices. But a spokesman for the group denies it.

"Our production is minimal and contributes no more than 1% to overall export volumes. We have not undercut prices. And even if we had done so, our volumes are so small that it could not affect prices."

A factor likely to keep down chrome ore demand in the short term is the completion of the US stockpile programme. Says an industry spokesman: "Demand for minerals is a derived demand — be it for special steels or other industrial uses. When the recession impacted on this demand, the US stockpiling programme kept demand for SA's strategic minerals relatively high.

"SA producers could continue to produce

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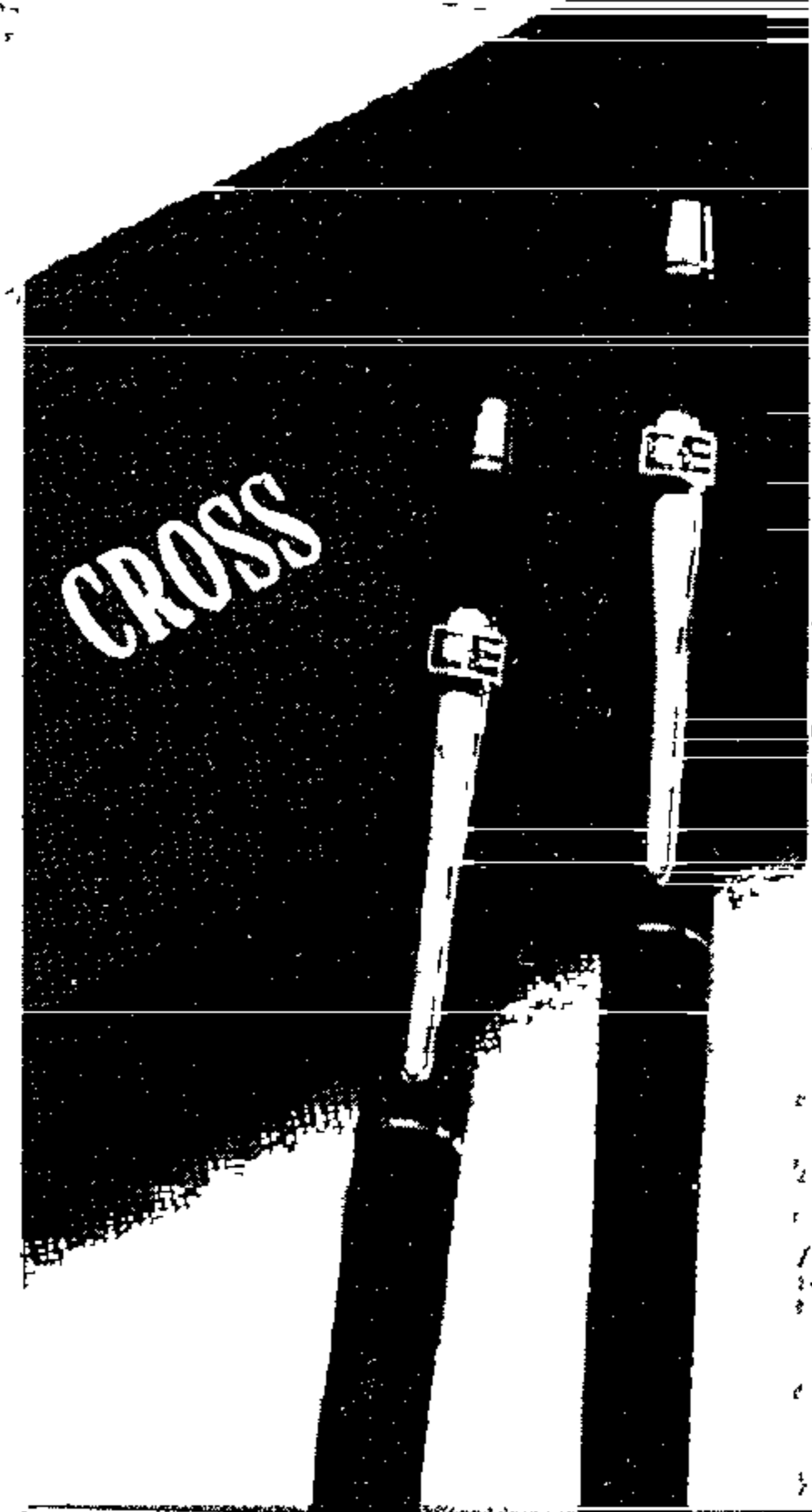
CHROME
Depressed prices

F.M. 11/12/81

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Chrome producers are having a rough ride. After four record years, mineral export sales this year declined roughly 12,4% from 1980's R13,3m to an expected R11,7m. Softening the blow somewhat was the decline in the rand/dollar value.

Particularly hard hit are the ferrous metals such as chrome, both on the domestic



at reasonable levels even though traditional demand had diminished. However, what will happen when the Americans are no longer stockpiling is that producers, especially small producers who need to sell their product to keep going, will be cutting prices to stay alive. This could make things uncomfortable for everybody.

Apart from the fact that the US demand for chrome is at an all-time low, SA producers are further at risk from the increased flow of high-grade chrome ore from Zambia.

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(217) ROOM 5/1/82

Mangula faces a tough year with copper still low

By JOHN MULCAHY

AFTER an earnings collapse in the year to September 30, MTD (Mangula), Messina's troubled Zimbabwean copper subsidiary faces another difficult year, says the deputy chairman Mr Bill Wilson.

He says in the annual report that even if production targets are achieved a copper price of around £966 a ton is required to break even under present conditions.

Mangula's results depend entirely on the metal markets, and in real terms the copper price is the lowest it has been for 30 years at £863 a ton.

Mr Wilson says tons mined, grade and working cost, the three components within Mangula's control, are receiving special attention.

Mangula crashed to a taxed loss of Z\$1 508 000 in the year to September from a profit of Z\$9 241 000 the previous year.

"Of concern to the board is the fact that unless there is a return to profitability soon, the financial situation of the company will be seriously affected. In any event, with the present trend, there is little likelihood of dividend payments in the immediate future."

The primary development and stope filling to provide the number of working places required to give flexibility in grade control is being tackled on a three-shift basis.

While this work takes time, Mr Wilson says it should be sufficiently advanced next year to achieve production targets to mine and mill 1 881 000 tons of ore at a grade of 0.94%, yielding 15 834 tons of copper and about 18 tons of silver.

In the year to September Mangula produced 1 695 820 tons of ore at a grade of 0.8%, yielding 12 616 tons of recoverable copper.

This fell short of expectations by 2 974 tons, the most serious adverse effect coming from the low grade, which was responsible for about 70% of the copper shortfall.

Grade and tonnage mined were adversely affected by the lack of availability of working places, which in turn was caused by primary development and stope-filling remaining behind schedule.

As a result, says Mr Wilson, production from pillars, which would have improved the grade and increased tonnage, could not take place as planned.

some relatively minor items of equipment still to be installed, commissioning is now complete and the plant is approaching designed performance.

Mr Wilson says precious metals in process are now excessive, but the situation will be corrected soon when the additional items of plant are installed.

Turning to the copper market, Mr Wilson says US interest rates will have a far greater effect on metal prices than the traditional influences that have in the past triggered price movements, and copper prices are unlikely to rise much unless there is a further fall in US interest rates.

A further fall in interest rates of 3% or 4% will focus attention on inventories, and with stocks low, copper prices could rise quite vigorously once any move to re-establish inventories gains momentum.

Stocks in the non-communist world are now estimated to be about 1 200 000 tons, equal to only two months of present consumption.

"If there is an improve-

ment in the US economy and oil prices remain stable, copper price expectations of £1 000 at some time during the first half of 1982 do not seem unreasonable."

Mr Wilson adds, however, that if interest rates remain high in anticipation of US government borrowings ahead of a worsening budget deficit, the copper market will remain depressed.

The proposed sale of 105-million ounces of silver from the US stockpile over the next three years, representing 7% of the estimated consumption during this period, will have a depressing effect on the silver price, says Mr Wilson.

However, says Mr Wilson, this has been known for some time and may already have been discounted in the market.

Of further concern to Mangula — and to Messina — is the rising trend in Zimbabwe interest rates. Mr Wilson says if this trend continues it will be necessary to reduce the mine's dependence on borrowings and this may affect dividend policy.



Mr Bill Wilson, deputy chairman of Mangula.

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Mr Wilson says while every effort is being made to contain costs, these are still rising sharply. Working costs rose from Z\$6.90 a ton milled and treated in the 1980 year to Z\$9.20 this year, the main increase coming from general wages, which rose by 39%, stores by 33% and skilled wages by 14%.
Production from Mangula's refinery began in October 1980, and apart from

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Business Times 10/1/82

The Group's net operating profit before provisions for the year ended 31 August 1981 at R266,2m was 2,7 per cent below the R273,7m earned in the previous year. This reflects the fact that the demand for platinum group metals from Rustenburg held up longer than earlier anticipated and it was not until the last quarter of Rustenburg's financial year that a sharp decline in that demand occurred. The demand for platinum from Rustenburg at its price of \$475 per troy ounce has continued to fall during the current year, a fact to which I refer in detail later in this review.

The provision for renewals and replacements was R33,0m (1980 R33,7m) and the liability for taxation together with the provision for tax normalisation was R113,2m (1980 R114,4m). Profit after taxation was therefore R120,0m or 95,8 cents per share compared with R125,6m or 100,2 cents per share in 1980. Dividends were increased by 12,5 per cent to 45 cents per share and R63,6m was transferred to reserves.

These results reflect a 9 per cent increase in revenues from the sale of metals primarily as a result of the higher price received for platinum during 1981 together with a higher volume of sales of nickel and copper. Working costs increased by 21,8 per cent as compared with 1980. The largest component of this increase arose from the wage adjustments granted to employees.

The inflow of funds to the group after provision for taxation and payment of dividends during the year amounted to R103,6m. Expenditure on mining assets amounted to R48,7m, R31,0m was invested in Matthey Rustenburg Refiners, working capital was increased by R19,0m and R4,9m was spent on feasibility studies and on an increase in stores and materials.

Platinum is a cyclical industry and Rustenburg has deliberately over the last few years strengthened its financial position to be better able to endure the lean periods such as that at present prevailing in the market. At 31 August 1981, Rustenburg had net current assets (including cash of R106,2m) of R82,8m.

amounts of platinum group metals to meet the pollution control standards for any particular car. Congressional hearings are at present being held into what, if any, amendments of significance should be made to the currently prescribed standards. It would be imprudent to comment until the outcome is known except to say that there have been significant benefits in America and elsewhere from the imposition of these regulations. It is also not yet known with certainty what standards for pollution control will apply in 1984 when they are due to be applied to heavy duty vehicles and finally whether standards will be imposed for diesel-engined vehicles. Controls in respect of the level of particulate emissions from the latter are likely to become an increasingly important issue. To this end research and development work is being carried out by Johnson Matthey Incorporated in America who have already made substantial progress towards the elimination of particulates from diesel exhausts using a platinum catalyst.

The use of platinum as a catalyst either on heavy duty or diesel-engined vehicles would result in a substantial increase in demand. It remains, however, likely that as time passes increasing quantities of platinum will be recovered from converters from scrapped automobiles but supplies from that source are likely to be very sensitive to the free market price.

JEWELLERY

The net imports of platinum into Japan increased substantially during Rustenburg's financial year to 1 139 000 ounces. This was 37 per cent higher than the previous year. The demand for

likely to be somewhat in excess of R80m financed equally by Johnson Matthey and Rustenburg. It is, of course, a matter for regret that this figure of the final cost has had to be regularly revised upwards but when the point is reached where this new refinery can treat the whole of Rustenburg's production (which is anticipated in April 1982), considerable savings in terms of the overall refining costs and a higher level of recovery should be realised.

EMPLOYMENT PRACTICES

Further progress was made during the year towards an integrated wage scale when another significant wage increase was granted. Wage increases granted over the past three years to our black employees have, in fact, amounted in the aggregate to 113 per cent. It is therefore pleasing to be able to record particularly in the present market circumstances, that the gains in productivity during the same period have also been substantial.

Compared to 1974, the mill throughput for Rustenburg Platinum Mines in 1981 increased by some 30 per cent, whereas the total labour complement actually decreased by about 8 per cent over the same period despite the fact that in the interim, Amandelbult Section was brought into production and developed as a major mine.

It has, I regret to say, not yet proved possible to reach agreement with the Mineworkers Union on the introduction of changes to the organisation structure on Rustenburg mines to allow better utilisation of its human resources. As the

Rustenburg Platinum Holdings Limited

Incorporated in the Republic of South Africa

Chairman's Review by Mr G. H. Waddell

THE PLATINUM PRICE

The free market price of platinum oscillated between a high of \$722 in September 1980 and a low of \$390 in August 1981. Throughout the year Rustenburg's published price for platinum was \$475 per troy ounce. The free market price fell below Rustenburg's price for the first time during the year in January 1981. It then fluctuated around Rustenburg's price until May when it again fell below \$475 and it remained in a range between \$462 and \$380 for the rest of 1981.

This behaviour of the free market price of platinum was not entirely unexpected as the earlier hopes of a recovery in the economies of the developed industrial countries of the Western world aborted. That and the very high interest rates which prevailed as a result of policies aimed at reducing inflation particularly in the United States of America and the United Kingdom but also generally elsewhere, depressed the demand for platinum both from Rustenburg's traditional customers and investors and speculators alike. The risk, to which I referred last year, that significant quantities would be sold back at the free market price to users from the latter, thus came about and is continuing.

Platinum has not been alone in this as all precious metals fell from favour to more or less the same degree as investors and speculators switched into other avenues of investment. Indeed the free market prices of platinum and gold moved in tandem throughout the year though the free market price of platinum has now been below that of gold more or less continuously since November 1980, whereas it has normally been higher by some 20 per cent. This seems to reflect the continued emphasis on the monetary facet of precious metals and to ignore the fact that platinum is also a strategic industrial metal with a proportionately larger base for its industrial usage.

AUTOMOBILE INDUSTRY

The level of automobile sales by American manufacturers failed to show any marked improvement and in fact for the first eleven months of 1981 was a little over 4 per cent below the corresponding period in the previous year. As a consequence the demand for platinum for use in catalytic devices on American automobiles fell below that of the previous year. This fall was exacerbated by technical advances which diminished the amount of platinum group metals needed on particular models to meet the current emission control standards. In contrast, sales of Japanese automobiles continued at a high level.

The United States automobile industry has now had three bad years in succession and whilst it is difficult to see an immediate change for the better in its fortunes there is evidence of a growing pent-up demand in North America as a result of the increase in the average age of the automobile in use there. This should sooner or later be translated into purchases of new cars and obviously a fall in the rates of interest would further encourage that to come about.

Rustenburg has also entered into contracts with automobile manufacturers elsewhere and is due to begin to supply metal under the first of these before the end of the current financial year.

The extent of the future demand for platinum from the automobile industry in the years that lie ahead remains difficult to assess. Certainly the trends in the United States of America towards smaller cars and diesel-engined automobiles have continued and the automobile manufacturers will probably continue to make technical advances whereby they need smaller

platinum for use in jewellery recovered with the fall in the free market price on which this sector of the industry is largely based and this has continued to date. During the first two months of Rustenburg's current financial year imports of platinum into Japan have been 10 per cent above those in the corresponding period to October 1980.

There was again encouraging progress in the off-take for platinum for jewellery in West Germany and the United States of America. In the United Kingdom given the economic conditions within that country the level of sales was satisfactory. The level of off-take in the aggregate within these three countries remains very small in comparison to Japan where, as I have said, there was a substantial increase in demand despite increasing competition from gold. It is therefore important that Rustenburg should continue to promote efforts to widen both the variety and range of platinum jewellery and to make it readily available for sale in these countries and elsewhere. Of equal if not greater importance is to foster further improvements in the design and quality of the jewellery.

INDUSTRIAL DEMAND

Given the economic conditions which prevailed in the major western developed countries during the year, general industrial demand held up reasonably well until late in Rustenburg's financial year and still continues to do so in Japan.

The picture was as usual mixed. Demand for use in the manufacture of nitric acid continued at a reasonable level and the same was true for the oil industry despite the fact that refineries continued to operate at less than full capacity. The sale of platinum in thermocouples was surprisingly good particularly in Japan. In contrast, as a result of the recession in the United States of America in the automobile, leisure craft and construction industries, the demand for platinum in the manufacture of fibre glass fell and continued to do so as the rate of new housing starts in America declined further. Sales to the chemical industry also declined. The demand for platinum for the production of optical glass decreased in the United States of America and Europe but was better maintained in Japan.

The prices for other platinum group metals declined in similar fashion and though demand for palladium held up well it was only possible to effect sales at prices very substantially below those realised in the previous year. Major markets for rhodium are the automobile and glass industries and as a consequence sales fell significantly in terms of both quantity and price. Revenue from nickel increased substantially as Rustenburg sold a larger quantity at a higher price though in recent months the price of nickel has weakened as indeed has that for cobalt.

BASE METAL REFINERY

The new Matthey Rustenburg Refinery was officially opened on 13 October 1981. This refinery has been planned to have the capacity to produce 19 000 tons of nickel, 11 000 tons of copper, 2 500 tons of cobalt sulphate and 45 000 tons of sodium sulphate crystals. This is in excess of Rustenburg's present capacity to produce but should stand Rustenburg in good stead in the future. The final cost of this new refinery cannot yet be determined but is

implementation of such changes is both desirable and in time inevitable, it would seem to me to be in the interest of all the parties involved to move forward now rather than later. The proposals that Rustenburg put to the parties concerned were formulated on a basis designed to safeguard the interests of all its employees.

OU LOOK

The demand for platinum continues for a wide spectrum of usage though not surprisingly at a somewhat lower rate in the light of the recession in North America and Western Europe. The present business is being conducted predominantly on the basis of the free market price and our customers have reduced their take from Rustenburg to their contractual minima. The result has been a very considerable fall in Rustenburg's sales in the current year to date and this is likely to continue for as long as the free market price remains substantially below Rustenburg's price. It is thus vital that the balance of supply and demand be re-established and Rustenburg has therefore already adjusted downwards its level of production at the Rustenburg, Union and Amandelbult mines. This has been done on the basis of natural wastage and will therefore have a cumulative effect.

It is unfortunately impossible to gauge the quantities of platinum available for delivery at the free market price and even though I suspect that stocks of metal held by speculators and investors may have been substantial in June 1981, they will have decreased significantly since and indeed the reduced level of known stocks tends to corroborate that view. If that is so, this absorption of metal held temporarily in the hands of those who are neither users nor more permanent holders of platinum will prove once it is over to have been a healthy development for the industry though the cycle may recur in the future. The liquidation of stocks held by others than the producers is primarily motivated by the desire to realise cash to be invested elsewhere and consequently the price realised for the platinum appears to be a lesser factor. For the present, therefore, there seems no advantage to be gained by Rustenburg in matching the free market price, as that price would seem likely only to fall further and it is unlikely that Rustenburg would sell significantly larger quantities.

Rustenburg's profits for the first half of this year are likely to be severely lower than last year and the same is true for the year as a whole and indeed until either a better balance of demand and supply is established at Rustenburg's price or until there is an economic recovery in the United States of America and Western Europe.

GENERAL

I wish to place on record my appreciation to Johnson Matthey Public Limited Company our sole marketing agents and to all both at Head Office and on the Mines for the work they put in during the year under review.

Johannesburg
7 January 1982

2 families told to quit kaolin mine site

Environment Reporter

TWO Noordhoek families have been given 24 hours to move from their homes on Bramble Dean Farm, where Serina (Pty) Ltd are to open a new kaolin mine.

The new mine will be opposite the site of the old drive-in at Noordhoek and is the fourth proposed kaolin mining site in the valley — giving substance to locals' fears that the whole area is to be turned into a mining belt.

Mr Leonard Geldenhuys and his wife Johanna today stood outside their home where Mr Geldenhuys has lived for 20 years and asked 'How can we find a place to live overnight?'

With them were their four children, Jacobus 16, Rika, 11, Josephine, 6, and Kevin, 2. They have known no other home and are heartbroken at the prospect of having to leave the farm. But their father faces the threat of bulldozers moving in to flatten the area.

Originally Mr Geldenhuys, who is employed on

the farm by Mr Glen Campbell, who in turn rents the property from Serina, was given three months' notice. But just a day later he was told to get out immediately. That was yesterday.

Mr Campbell told The Argus he had been given until the end of April to leave the farm.

However, the production manager of Serina, a Mr Charlie van der Walt, had told the two families living on the farm that they were 'squatting' and they had to leave immediately.

'Mr van der Walt was responsible for bulldozing the home of a family living on Serina property on the other side of the valley, and we took him seriously when he told the people on my farm he would do the same thing,' Mr Campbell said.

Plea for time

He had asked Mr van der Walt for time to find somewhere else to stay.

The other couple who face eviction, Mr Jules Olivier and his wife Maureen, have a three-week-old baby.

Mr Olivier is employed at a nearby garage and his employer, Mr J Anderson, said he was a reliable worker and a 'very decent sort of chap'.

'He will then become a squatter — and from that time on his chances of getting decent accommodation fall to almost nil,' Mr Choithia said.

When Mr van der Walt was approached by The Argus he denied that he had threatened to bulldoze the houses.



Mr Leonard Geldenhuys, his wife Johanna and their children Jacobus, 16, Rika, 11, Josephine, 6, and Kevin, 2, outside the house Mr Geldenhuys has lived in for 20 years — and now has to vacate.



THE present Serina kaolin plant and mine at Brakkloof. The plant was extended to cope with the expected increase in production from Noordhoek mines. Sun Valley, in the foreground, experiences fine white dust storms when the south-east wind blows from the plant.

Live in bush

Both Mr Campbell and Mr Anderson have written to the local management committee and Divisional Council housing office at nearby Ocean View to ask for immediate accommodation for the two couples. But as the regional chairman of the management committee, Mr Yusuf Choithia, says 'You can't take houses off a supermarket shelf'.

'The whole thing is completely unfair. How can anyone expect people to find accommodation immediately. In Mr Geldenhuys's case he has lived in that house for most of his life. How can he move overnight?' Mr Choithia asked.

Asked what he would do if Mr van der Walt carried out his threat to bulldoze the houses, Mr Olivier said he would be forced to take his family to live in the bush.

ARBUS
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Noordhoek 'kaolin belt in decade'

ARGUS 14/1/82

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By GRAHAM FERREIRA
Environment Reporter

mining company this week

WITHIN 10 years almost the whole of Noordhoek valley will be a continuous kaolin mining belt

That's the prediction for the future of the valley made by residents and the chairman of the Ocean View Management Committee, Mr Yusef Chothia, following eviction notices served on home-dwellers in the valley by the local kaolin

The intention of Serina (Pty) Ltd to begin mining on Brambledean Farm opposite the old drive-in on the Noordhoek road to Chapman's Peak reinforces this view, as the site is the fourth in the valley which is either being mined or is under consideration after application to the Government

The other sites are the Hare/Serina works already

being mined, the proposed site at Ohio which is awaiting Government go-ahead pending an environment impact study, and another proposed site at Imhoff's Gift near Kommetjie

About two years ago Serina, which was then jointly owned by Federale Volksbeleggings and the Industrial Development Corporation, spent more than R2-million enlarging their plant at Brakkloof near Sun

Valley, in anticipation of extended mining activities in the Noordhoek valley

It has not yet been explained why senior Government officials made incorrect and misleading statements to the committee concerning the availability of kaolin from other sites outside the Noordhoek valley

The latest indication of where Serina plans to expand its mining activities on the Brambledean

Farm shows that within 10 years the Noordhoek valley could be ringed from north to east to south by a series of opencast kaolin mines

The chairman of the Ocean View Management Committee, Mr Chothia, said he was convinced the Government had earmarked the whole of the Noordhoek valley as a mining belt

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MTD MANGULA

Poor outlook

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FM 15/1/82

Activities: Operates copper mines in the north of Zimbabwe Has a 25% interest in Merits, which owns Lomagundi Smelting & Mining Controlled by Messina

Chairman: Commander H F P Grenfell, deputy chairman W J Wilson

Capital structure. 20m stock units Z\$1 Market capitalisation R11,4m

Financial: Year to September 30 1981 Borrowings net short-term, Z\$12.5m Current ratio 1.0 Capital commitments Z\$596 000

Share market: *Price 57c (1981-82 high, 210c, low, 50c, trading volume last quarter, 78 000 shares) Yields nil on earnings, nil on dividend

* JSE only

Low copper prices, sharply rising costs and

production levels which failed to meet expectations all contributed to an operating loss last year. The dividend was passed for the first time. But these, perhaps, are among the least of management's worries. Other factors are likely to have an adverse impact on the company's operations in the longer-term and will affect whatever remaining investment merit the share might have.

	'78	'79	'80	'81
Copper sales (000t)	15.4	17.3	15.3	20.7
Average Cu price (Z\$/t)	873	1 214	1 365	1 157
Pre-tax profit (loss) (Z\$m)	4.1	10.1	12.5	(1.5)
Earnings (Zc)	15.1	32.6	46.8	—
Dividends (Zc)	11	27	38	—

It is difficult to say which is the worst, but various proposals which eventually will be implemented by the Zimbabwean authorities pose difficult problems for the country's mining industry in general and Mangula in particular.

Firstly, there is the State-run Minerals Marketing Corp. That, originally, was supposed to have been merely a monitoring body. Now it seems likely to take over the marketing function of the whole mining industry. As Mangula's deputy chairman Bill Wilson puts it, even if the new organisation is efficient, it is another cost centre placed between the mines and the consumer and will result in a further cut in margins. Whether Wilson believes that the MMC will be efficient is another matter. Precious few other industry executives do.

Secondly, there is a pending change in mining tax provisions. It is planned to abolish depletion allowances and to extend drastically the periods over which capital expenditure can be offset against profit for tax purposes. As and when the new tax provisions are introduced, the attractions of new capital spending will be reduced with consequent deleterious long-term effects on the industry.

A third major problem — and one which cannot be laid directly at government's door — is the shortage of skilled labour. Gradually, the mine's training scheme should provide men qualified to take skilled technical positions. But it will take time to provide operating experience. In the meantime, unless skilled employees can be found elsewhere, the mine's general operating efficiency will suffer.

This year, Wilson expects that the lack of available working places, which led to last year's production shortfall, will be less of a problem. If things go well, it is proposed to mine and mill 1.88 Mt of ore at a grade of 0.94% copper. Output of metals is slated at 15 834 t of copper and 18 t of silver. Last year, total production was 1.7 Mt at an average grade of 0.8% copper.

Despite this expected improvement, there seems little possibility that dividends will be resumed this year or, for that matter, in 1983. An average copper price of £966/t is estimated by management to be necessary if operations are to break even

under present conditions. At present the London Metal Exchange quote is about £120 less than that needed by Mangula.

There is little likelihood of a major improvement in copper prices until the US resumes respectable economic momentum. And that leads to the conclusion that Mangula's financial position will deteriorate this year and be exacerbated by rising interest rates in Zimbabwe.

There seems to be little point in SA investors holding the shares. Short-term profit and dividend prospects are dismal. And even if or when they improve, other factors could intervene to prevent a flow of dividends to shareholders in this country. At this stage the shares are best suited to investors who can afford to gamble.

Jim Jones

By Rob Davis

Manganese is polluting the Vaal River in the Klerksdorp, Stilfontein and Orkney areas.

The Minister of Environment Affairs, Dr van der Merwe, has blamed the Buffelsfontein Mine for the high concentrations of manganese in the drinking water of the three towns.

He said consumers had been complaining about manganese in their water for the past four years.

"In spite of the use of large quantities of chemicals for purification it was not possible to maintain low concentrations of manganese in the water at all times," Dr van der Merwe said.

In February last year an in-depth investigation into the source of manganese pollution was launched by the Directorate of Water Affairs, in co-operation with the Buffelsfontein Goldmining Company.

The Minister said there were low concentrations of manganese in virtually all of the Vaal River but the quantities at Stilfontein were

found to be excessive

"We suspected that the high concentrations may have been associated with the use of manganese in uranium extraction processes at Buffelsfontein mine."

Dr van der Merwe said the investigation had been completed in the last quarter of 1981 and that a confidential report had been tabled at a meeting with mine authorities last month.

"The report showed that although Buffelsfontein mine treats its effluent to precipitate manganese and disposes of such precipitates into slimes dams secondary factors lead to pollution of the Vaal River."

The Minister said it had been found that dissolved manganese seeped through slimes dams into underground water and from there into the river.

He said the mine had accepted

responsibility and undertaken to remedy the problem.

This would be done by lining slimes dams with plastic and by pumping out underground water to prevent it reaching springs in the area of the river.

The mine was also in the process of implementing a uranium extracting process which did not involve the use of manganese.

He said officials from his department would keep a watching brief over remedial measures by the mine.

Dr van der Merwe said the mining company would not be charged with contravening water pollution regulations.

Mining officials said lining the slimes dams would be completed within a year but because nobody knew how much water was to be pumped from the mine no date could be given for completion of the de-watering task.



Water in the container on the left came directly from a geyser, an indication of what one's bath water could look like in Klerksdorp. The other container has purified water. The young lady is Estelle Viljoen.

But water is not a danger

Housewives in Kleiksdorp, Stilfontein and Orkney can't use bleach on their washing because the whitening agent reacts with manganese in the water causing dark smudges.

According to Klerksdorp's chief water engineer, Mr George Stegman, concentrations of manganese in the towns' drinking water result in

● An unattractive appearance (The water is yellow)

● An unpleasant smell (like the fluid used in duplicating machines)

● Increased cost of domestic swimming pool maintenance.

● Sediment in geysers resulting in overheating and replacement

● Clothing is often stained in the wash (especially baby clothes)

● Housewives have

to use larger quantities of detergents

● Baths and cutlery become stained

● Bathwater has a dirty appearance

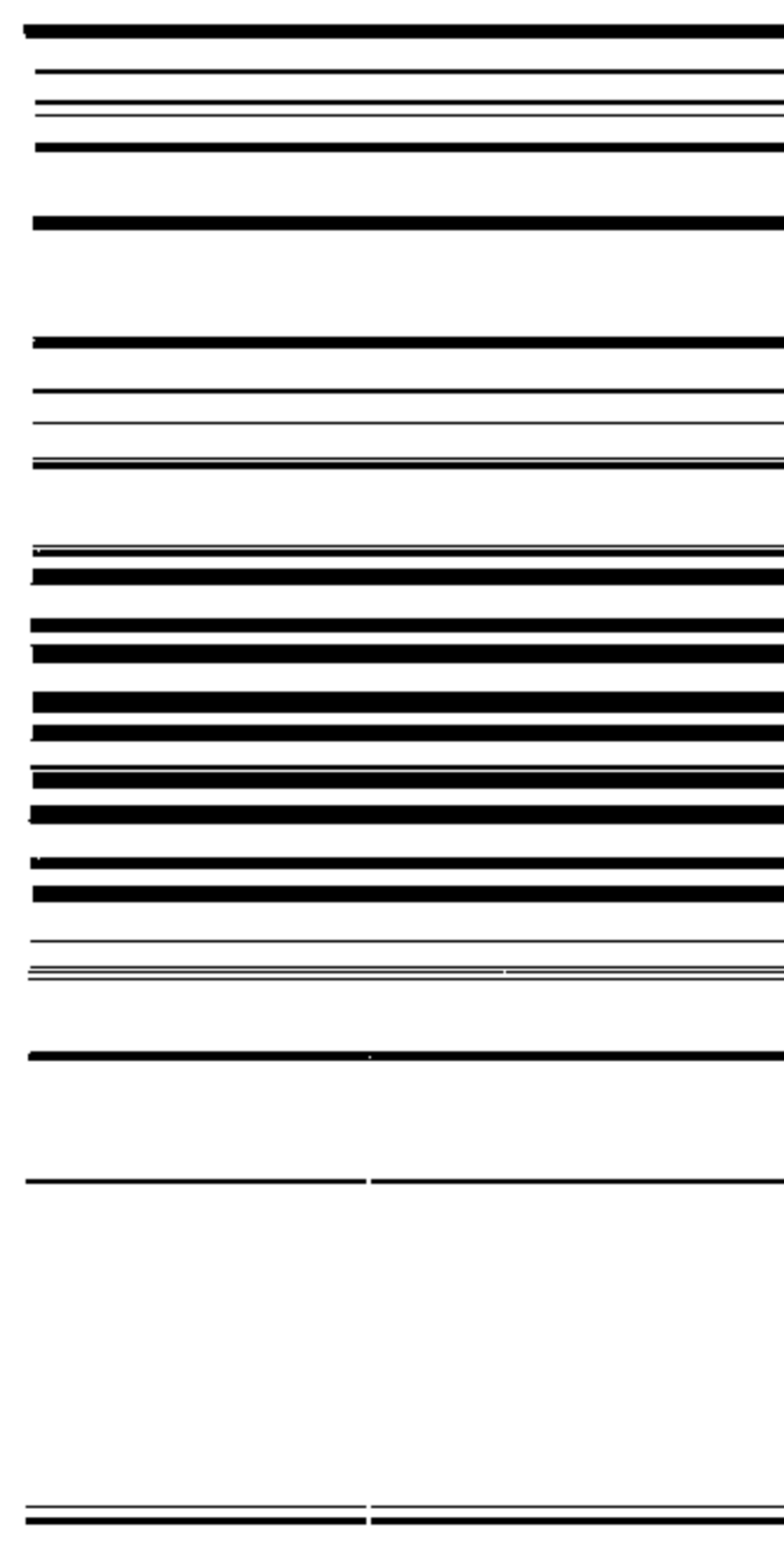
Mr Stegman said manganese also tended to accumulate on the inside of water pipes and, worse still, it had been found that a certain strain of harmless bacteria thrived on manganese and iron.

The unpleasant smell in the water came from chlorine compounds used to disinfect pipes.

It was desirable to keep the manganese content of drinking water below 0.1 parts per million, but while the highest acceptable level was 0.4 parts per million there were times when this level was exceeded.

Mr Stegman declined to say how often excess levels were experienced or how many parts a million were involved, but assured the people of the three towns their water was safe.

James



Soekor shows best results in 16 years

Soekor's results last year were more promising than any other since the South African search for oil began 16 years ago, the managing director, Dr P J van Zijl, said.

Reviewing the past year, he said the second of eight boreholes in the important area south of Mossel Bay — seven of which were completed last year — had yielded very promising results in terms of gas and light oil.

Four of the eight boreholes produced gas at a rate considered economic, plus light oil, while a further two holes produced small quantities of gas. A hole on the West Coast also produced gas at the surface.

One or two holes were still to be drilled in the Mossel Bay region. "In spite of the fact that the reserves are smaller than originally anticipated, the find remains of great value and if further discoveries should be made in the vicinity, a reserve that is big enough to sustain economic production might be established," Dr Van Zijl said.

Soekor had drilled 15 boreholes last year compared to seven in 1980. Dr van Zijl said the intention of simultaneously operating three rigs offshore had been abandoned as unit costs had risen rapidly and Soekor was trying

to remain within its five-year budget. It was expected the same number of boreholes would be drilled with two rigs as was originally planned for three.

Soekor intended to terminate the contract of the Sedco 708 rig within weeks and the Sedco K, might also eventually be released. It would continue its programme with two rigs presently being built according to local specifications and conditions. — Sapa.

Significance of surge in 217 *C. Times* uranium profits *23/1/82*

By JOHN MULCAHY

JOHANNESBURG. — The surge in uranium profits during the December quarter can be attributed largely to a seasonal increase in demand rather than the first sign of light at the end of the uranium tunnel

The December quarter saw a further depreciation in the rand's value against the dollar to an average \$1.04 from \$1.07 in the September quarter, and average receipts for gold rose to around R13 200 a kg from R12 750, while the dollar price average was \$425 an ounce

Substantial improvements in uranium income from Chemwes, Buffelsfontein, Vaal Reefs, Blyvooruitzicht and Anglo's Joint Metallurgical Scheme in the past quarter suggested that conditions in the uranium market had turned upwards, but results from prior years show that earnings tend to pick up in the last quarter

Contracts

Uranium contracts are mostly based on a calendar year and in times of depressed market conditions consumers tend to take minimum deliveries for as long as possible, until forced at the end of the year to accept the rest of their contractual commitments

There have also been reports of some overseas utilities taking the view that the uranium price in years to come is likely to strengthen again, and are now taking advantage of low prices to increase stockpiles

Uranium oxide is delivered in sealed containers and can be securely stored for long periods without danger of deterioration

It is significant that the R221 400 000 earned by the mining industry from uranium last year was unchanged from the 1980 figure, and in both years more than a third of earnings came from the final quarter

In 1979 the total working profit on uranium was R263 600 000 and in 1978 the total was R160 800 000

An indication of the seasonal fluctuation in uranium earnings is given by the average working profit figures for the past four years. The average December quarter working

profit since 1978 was R66 100 000 compared with R48-million for the March quarter

Earnings for the industry were steady in the December quarter, with total taxed profit R751 200 000 compared with R764 100 000 in the September quarter.

While capital expenditure at some groups was significantly higher — notably Gold Fields and Rand Mines — total spending fell by 16% to R358 700 000 from R428 900 000 and this lifted the tax bill to R480 600 000 from R424 500 000

The shorter working quarter and seasonal disruptions to the labour complement generally led to lower production rates, and increased unit working costs, but the rate of increase in overall costs was much lower than in the September quarter

Rising costs

Most mining houses appear to have pushed working expenditure increases into the September quarter, leaving a relatively clean slate in the December period

Gold Fields, which managed to keep total production at 3 569 000 tons, also succeeded in maintaining unit working costs to an increase of 0.6% over the quarter, while Anglo must be singled out at the other end of the scale

Cost increases at some of Anglo's bigger mines, particularly in the Free State, were alarming

The main culprit was Free State Geduld, whose total costs were 10.2% higher — an annual increase of over 40% — while unit costs were 19% higher over the quarter

There are often anomalies in an individual mine's treatment of its working expenditure which can create inordinate differences from quarter

For example a mine may decide to build up its stocks of stores considerably in one quarter, and to take the entire cost into the current period, rather

than spreading the cost over the period of use

There can also be heavy costs in new development, and these are said to be the cause of Free State Geduld's December cost hike, when expenditure was incurred in preparation for the build-up of stoping operations in the No 7 and No 9 shaft areas

The increased use of radiometric sorting helped to raise Buffelsfontein's grade, to 8.7 g/t from 8.6 g/t, while reducing production to 229 458 tons from 242 684 tons

The mine has introduced a fourth radiometric sorter to check the material previously hand-sorted, and this could have further benefits in future

Other points arising from the December quarterlies included

- The Erfdeel/Dankbaarheid project in the Free State will cost R542-million in 1981 terms, against R400-million originally estimated, and the scale of the operation is being increased by 12.5%

- A sharp drop in working profits resulted in ERPM raising its State aid claim to R4 300 000 in the December quarter from R1 300 000 the previous quarter, while sister mine Durban Deep was unable to claim any assistance last year, in view of the working profits achieved, and the fact that the Government Mining Engineer allowed only R8 400 000 of the mine's capital expenditure to qualify for State aid

Of the other mines qualifying for assistance, Loraine claimed R534 000 for the quarter, against R1 100 000 in the September quarter, while West Rand Cons reduced its claim to R2 576 000 from R4 620 000

- Rejuvenation of the old Simmer and Jack mine, being handled by ERGO, continued apace, with R5-million spent up to the end of December

Foundations for the gold plant are being laid and the hoist for the South Deep shaft will be commissioned in May

Storms of protest at manganese plan

FEARS of manganese dust fallout in Caledon — and possible damage to buildings, machinery, roads and health — have provoked a storm of protest against a town council plan to lease land to National Manganese Mines for siding facilities.

If this goes ahead, the transport of the manganese from the mine will be routed through the town centre and the storage and loading will be on part of the commonage, close to the residential and business areas.

While the council waits to reap the multimillion-rand royalties from the new manganese mine, the residents of Caledon want to know what is being done to prevent pollution.

A Cape Times inquiry yesterday showed that

● The town council did not commission an environmental impact study report

● Two councillors who were sent to a mine in the Northern Cape, reported no pollution. It was later discovered they had inspected an ore mine instead of one like Caledon's — a manganese dioxide (powder form) mine

● 600 metres from the proposed loading site is the R17 million Southern Associated Maltsters factory which has to ensure that its malt for the production of beer is uncontaminated

● The council has "the word" of National Manganese Mines that if there is pollution, the company will take steps to eliminate it

● The council expects the Provincial Administration to foot the bill for any road damage caused by the transport trucks along the proposed route through the town

So far, the only work on the small surface mine has been the taking of samples. It is expected to

come into full production in March and will have a lifespan of about 15 years.

Concentrated exposure to manganese leads to poisoning and aggravates other infectious processes. It is similar to Parkinson's disease. The levels of dust inhalation on such a mine fall under the control of the Factories Act.

The Caledon mine is next to the town's main at-

traction, the warm baths, and nearby is a wildflower reserve.

To the north-west lies Caledon Hospital which, some residents claim, will receive the full brunt of the dust pollution blown off the mine during the summer south-easter.

Concern
But it was the council's transport plan — announced in an advertisement on December 11 last year — which compounded the residents' concern.

By the January 6 deadline for objections, at least 11 detailed protests from residents and businessmen had been sent in.

The council has since extended the deadline to the end of this month after which it will send the objections and council comment to the Administrator, Mr Gene Louw, for a final decision

co-op, our mailings or the residents."

Declining to comment on the row the Town Clerk, Mr J C Kaltwasser, said the matter was subjudice. And preferring to wait until a council decision, the Johannesburg-based director of National Manganese Mines, Mr Selwyn Struck, also refused to comment.

Fears

However, Mr Nicols, one of the council members who inspected the manganese ore mine at Hotazel near Sishen, was prepared to "allay" the fears of residents.

Questioned on why the council had appeared to have gone into the matter "blind", Mr Botha replied: "The council cannot insist that the company take expensive precautions on the basis of possible pollution in the future."

The council had faith in the mining company ensuring that there was no pollution, he said.

And if there were damage to roads, the council would not have to pay.

Work on the warm baths had been postponed for two years in case it was affected by the adjacent mine. But all in all, Mr Botha said, the concern expressed by a few was not warranted.

Options

If the site is to be granted, the council still has several options. It can insist that the company use an alternative, lengthier transport route. Or it can ensure that the company transports the dust under wraps, keeping it that way on the siding.

If there is pollution after the council goes ahead and leases the land without written guarantees on transport and storing, the council may well bring the wrath of the town down on its head — in a site of fuller coffers

One of the protesting companies is the giant Caledon Riversonderend Korporasie which pointed out to the council the pollution problems involving the open manganese stockpiling in Port Elizabeth's harbour area. Similar concern over the possible effects of having the siding facilities nearby was expressed by SA Maltsters.

In an interview yesterday, the maltings manager in charge of the plant, Mr Charl van Rooyen, said that by 1983 the company would have invested R33 million in their site.

Like tale

"Although the mine itself has not bothered us (of course, it is not in production yet), we are concerned about our buildings and especially contamination of the maltings."

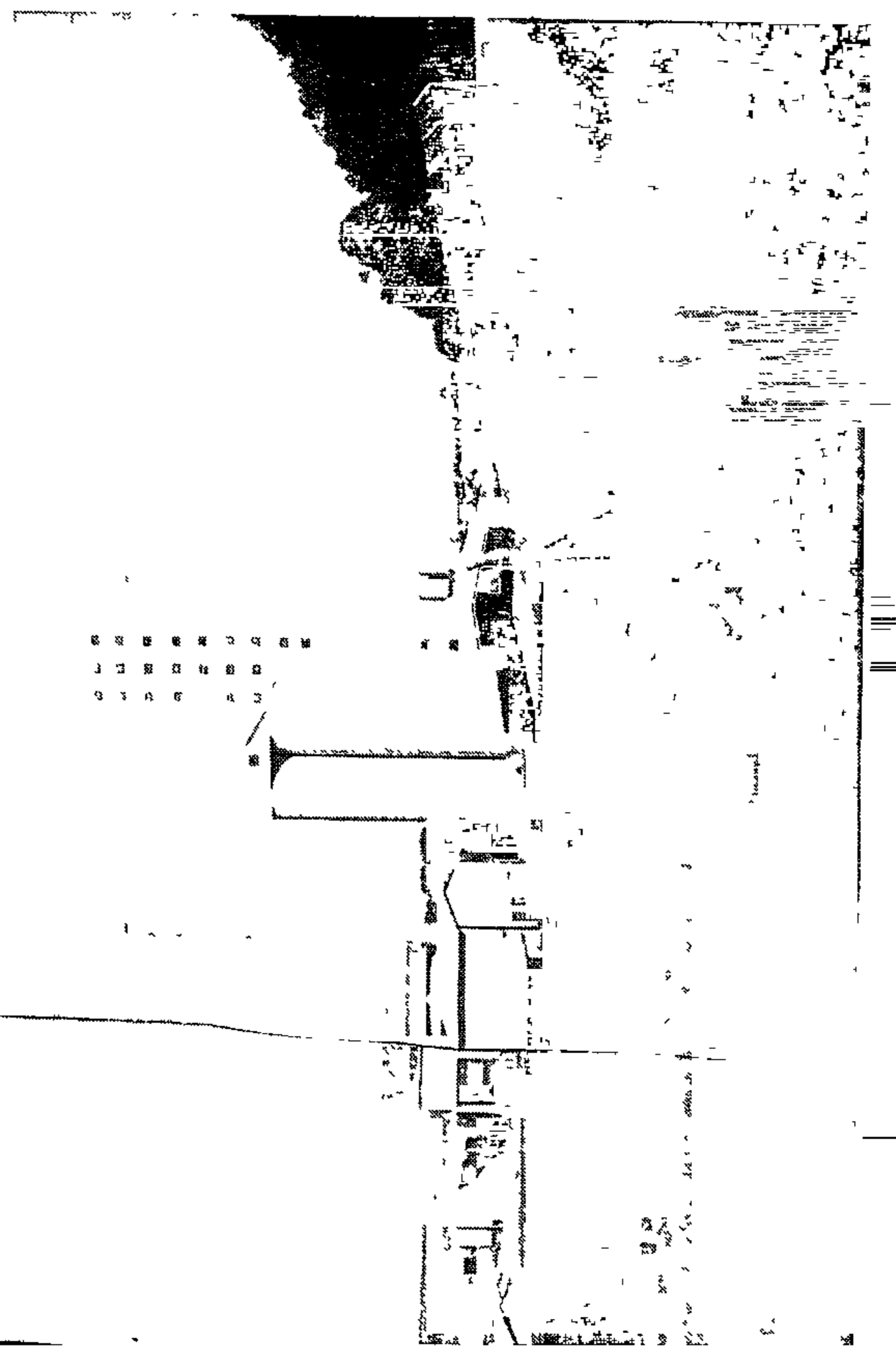
The manganese dioxide could be likened to talc, he said. "If you throw it up in the air, a high percentage is carried by the wind." He hoped there would be no pollution. But because of the doubts, his company had no choice but to formally list its objections.

"It is important that Caledon gets revenue, but not at the cost of the local

The proposed route for the transport of the manganese dust is through the town centre along this road



Above: The vacant land which the Caledon town council proposes to lease to National Manganese Mines for open siding facilities. **Below:** One of the objectors to the granting of nearby siding facilities to the mining company is Southern Associated Maltsters. In the background are the silos of the Caledon Riversonderend Korporasie, which is also protesting against possible pollution.



(217) RAM 5/2/82

Msauli slides in asbestos slump

By ADAM PAYNE

THE depressed state of the asbestos market is highlighted by the crash in Msauli's figures for the December quarter

Taxed profit fell to R410 000 from R1 256 000 in the September quarter and if capital spending of R659 000 is taken into account the mine incurred a loss of R249 000.

Because Gefco's results in the quarter include for the first time all the mines bought from Transvaal Consolidated Land, the figures are well up on the September quarter

They are not comparable, but if one annualises the Gefco profit of R4 627 000 and the capital spending of R2 088 000 and divides by the future number of issued shares of 35 912 500, earnings a share for the year should approach 30c

This is 8c higher than the predicted figure when Gefco took over these properties

The 30c earnings estimate is approximate because one cannot foretell the state of the market for the year, but the figure must be in the ballpark for the company's earnings

Comparing the sales with the total sales by Gefco, TC Land and Asbestos Investments in past December quarters the figures are poor. TC Land bought Asbestos Investments shortly before it sold its asbestos interests to Gefco

The figures for both Gefco and Msauli should have been better because the fourth quarter is normally the one in which buyers stock up before price rises are announced in January

Gefco reports for the first time on amosite production from the Penge mine in the North-Eastern Transvaal, which was formerly operated by TC Land

Revenue a ton for amosite was R484 compared with R682 for Cape blue

Amosite grade was much higher with fibre production at 19,8% compared with 9,8% at the Cape blue mines

Gefco's pre-tax profit was R6 306 000. Tax was R1 679 000, resulting in after-tax profit of R4 627 000

An expansion programme at the newly acquired Pomfret mine in the North-Western Cape was the main rea-

son for high capital spending of R2 088 000

Msauli's bad quarter began with a lower tonnage milled of 215 000 (231 000) which resulted in lower fibre production

Costs a ton milled jumped to R12,66 (R10,72) because of continuing production problems with ore dilution in mining at greater depth

Ground movements forced the mine to leave a big pillar, which resulted in a shortage of stope faces

Costs were higher because of the need for more support work in the bad ground conditions

Management hopes to improve this situation in the current quarter, but only expects to overcome the problems in the longer term

Selling costs also rose because of railage difficulties

through Mozambique. Exports had to be diverted

Sales of fibre dropped to R4 575 000 (R7 430 000) and with costs of R4 327 000, operating profit dropped to R248 000

After payment of royalties and interest pre-tax profit was R88 000 (R1 700 000), but a tax credit of R322 000 improved the figures to result in taxed profit of R410 000

COMMENT: The prospects for both asbestos companies for 1982 are poor because of depressed market conditions overseas. Management can only hope that predictions of an upturn in the second half of the year will be fulfilled.

The companies were saved in 1981 by the depreciation of the rand against the dollar, but they cannot expect a similar depreciation to be repeated this year.

New protest drive on kaolin mine

Chief Reporter

A CONCERTED drive to co-ordinate and give expression to mounting protest against, and concern about, a private company's plan to develop a new kaolin mine in the scenic Noordhoek Valley, on one of the Republic's major tourist routes, starts today at Fish Hoek with the opening of a public petition

The petition, embodying an appeal to the government, has been initiated by the Progressive Federal Party, under the direction of Commodore Andrew McMurray, the PFP's candidate for the Simon's Town parliamentary seat in the last General Election and the party's "shadow" candidate for the next election

Signatures

He said there would be a table in the main road, Fish Hoek, from 9am today, at which people who wanted to record their personal protest against the mining plan would be able to do so

"This will be the start in our move to co-ordinate the considerable public opposition to a new kaolin mine at Noordhoek. Later, we hope to have tables in other areas as well and to broaden our efforts as much as possible, as this must not be seen as a purely local issue"

Commodore McMurray appealed to all other bodies concerned about the

kaolin scheme to support the PFP in its efforts. These bodies are asked to get in touch with the PFP office at Fish Hoek, in the Central Buildings, Central Avenue, 82-3127. Commodore McMurray's home number is 86-1992

Preamble

● The preamble to the petition reads

"We, the undersigned, believe that the natural beauty of the Kommetjie/Noordhoek Valley is a national asset and is of paramount importance to the people of the Cape Peninsula and to the nation, as part of a major tourist attraction which brings in millions of rands in foreign currency each year

"Any attempt at large-scale mining or industrialization of the valley will be of limited benefit to only a few interested parties, and is not in the general interest of the people of the Cape Peninsula or the nation as a whole.

"We decry the prospective mining of the valley, and call on the government to put a stop to this project in the interests of the general public."

● Commodore McMurray said the public petition would eventually be presented to the Minister of Internal Affairs, Mr Chris Heunis, who had been asked by Prime Minister, Mr P W Botha, to look into the kaolin mining issue and to take a final decision

Cape Times 15/2/82 (217)
**1 000 signatures
in kaolin protest**

Staff Reporter

MORE THAN 1 000 people signed a petition in Fish Hoek and Simon's Town on Saturday protesting against proposed kaolin-mining activities in Noordhoek Valley.

The petition, containing an appeal to the government, was initiated by the Progressive Federal Party under the direction of Commodore Andrew McMurray, the PFP's candidate for the Simon's Town parliamentary seat in the last General Election.

"We received an extraordinary response. More than 1 000 signatures were collected in just three hours," Commodore McMurray said yesterday.

In addition, the organisers received numerous offers of help.

"We are not going to stop there. With the offers of further assistance, the campaign is going to spread wider. We are really going to get on with it this week."

⊙ The preamble to the petition reads:

"We, the undersigned,

believe that the natural beauty of the Kommetjie/Noordhoek Valley is a national asset and is of paramount importance to the people of the Cape Peninsula and to the nation, as part of a major tourist attraction which brings in millions of rands in foreign currency each year.

"Any attempt at large-scale mining or industrialization of the valley will be of limited benefit to only a few interested parties, and is not in the general interest of the people of the Cape Peninsula or the nation as a whole.

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CAPT TINKS 20/2/82

Kaolin: New ²¹⁷ drive on petition

Chief Reporter

A STEPPED-UP drive for signatures to the Progressive Federal Party's petition protesting against a proposed new kaolin mining project in the Noordhoek Valley is being made this weekend in the southern Peninsula

Commodore Andrew McMurray, shadow PFP candidate in the next parliamentary election, said yesterday that the number of signatures so far on the petition, to be presented to the Minister of Internal Affairs, Mr Chris Heunis, was nearing 2 000.

Petition tables would be in position from 9am to 12.30pm today in Fish Hoek, Simon's Town, Kalk Bay and at Muizenberg (opposite the library), and there would also be a table in Hout Bay village, from 8.30am.

Visits

Commodore McMurray said 175 signatures had been added to the petition in 45 minutes in door-to-door visits in the Sun Valley area on Wednesday night, and there would be more such visits in this and other areas

"We want to broaden this public protest by petition as much as possible," he said, "for the reason that this not just a local issue

"Large-scale mining in Noordhoek Valley will affect not only the residents in that area, this is something that is going to affect everyone concerned with preserving our natural assets.

"Noordhoek Valley has a wide reputation as one of the most beautiful valleys in the Republic, on an internationally-known scenic route, and any threat to spoil such an asset through industrial activity must affect all of us

"That is why it is so important that the public's feelings are made known now — before it is too late"

● Inquiries about the petition should be made to the PFP office in Fish Hoek, 82-3127.

(1) Premiums Treated as Business Expense

01, Jan 1: Insurance Expense 300
 Bank being payment of premium 300

Dec 31: Income Statement 300
 Insurance Expense being closing entry 300

Years 02 and 03 - same as 01

04, Jan 1: Insurance Expense 300
 Bank 300

Jan 2: Debtor (Insurance Company) 24 000
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Mugabe chrome cheaper in Japan
star 22/2/82
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TOKYO. — Zimbabwe has taken the lion's share of ferrochrome contracts recently concluded by Japan for preferential-tariff treatment.
 An estimated 40,000 tons is to be imported from April, free of the normal eight percent tariff which still applies to South African shipments. This represents about one-fifth of Japan's annual overseas buying.
 Zimbabwe's deal was divided between Zimbabwe Alloy and Rhomet.
 Most of the contracts are believed to be priced at 45c a pound CIF, compared with the 46 to 47.5c level being offered in recent months by South African companies.
 Reuter

Continued/.....

Enyati — risks but promise of US oil riches

By JOHN MULCAHY

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(1)

THE progressive Triton group, fresh from its highly successful listings of Triton Ltd (Triton) and Triton Energy (Tenergy), is soon coming to the market with its latest vehicle, Enyati Resources.

The primary objective of Enyati Resources is to develop an independent company with significant oil and gas reserves in the US, and the directors are looking for a 30% annual taxed return on shareholders' funds.

Investment in Enyati is being offered firstly to Triton shareholders by way of a rights issue. It is unique in South Africa, offering a direct investment in US oil and gas exploration to SA investors for the first time.

Triton shareholders are being offered one new ordinary share in Enyati at 130c each for every share they hold in Triton, increasing Enyati's share capital by 5 972 450 shares to 20 349 197 shares.

Market sources believe a major attraction of an investment in Enyati will be its dollar link. The company's assets will be based on dollar values, and the directors do not intend to hedge the dollar-rand exchange rate.

Financing by overseas borrowings avoids the need to use the financial rand market which would be expensive, and no material SA borrowings are envisaged.

Another positive factor is the potential return, coming at a time when the market is dull and high growth possibilities are scarce.

There will be no dividends in the first two or three years. After that, dividend policy will be determined by earnings, capital requirements, the financial condition of the company and other factors.

Triton's managing director, Mr Laurie Goldberg, describes Enyati Resources as a venture listing, and has no hesitation in stressing its speculative nature.

But he assesses the risk as no greater, or less, than gold and with less volatility than gold in the longer term.

South Africans, says Mr Goldberg, have not had the opportunity of entering a

comparable risk venture for years, and the attraction of such a speculative investment is the possibility of concomitantly high returns.

What must be a positive factor for Enyati is the Reserve Bank approval it has received for the investment of \$30-million in oil exploration over the next three years, \$10-million this year.

While not disclosing the details of Enyati's application to the Reserve Bank, Mr Goldberg says it was based on the strategic advantage of a South African company controlling oil reserves overseas.

Triton has been involved in international oil and coal trading for some years, but has been constrained by its reliance on the spot market.

The pre-listing statement says "Where possible, investments will be made on the condition that the Triton group will be entitled to purchase the total output of the wells developed at the current producer price."

Oil bought in this way cannot be exported from the US, but arrangements can be made for swap arrangements with US majors importing oil from other areas.

As the first step in its programme Enyati has agreed to acquire 50.1% of Eaton Industries of Houston for \$6 200 000.

Enyati's management decided that the most suitable entry into the oil market would be through the acquisition of an equity interest in a small oil company, and after consultation with US institutions, came up with a list of criteria.

These included a competent management, with a track record indicative of its potential, and which had been used by other industry participants on a consultative basis.

Eaton satisfied this requirement, and also possessed other attributes.

● An experienced exploration and production staff with a record of successful drilling programmes.

● The ability to generate drilling deals which have been sold to industry participants by arranging "farm-outs". A typical farm-out is the sale of a 25% interest in an oil prospect to three others on terms that they will

each pay a third of the leasehold and drilling costs for one or more wells on the prospect.

The terms of each farm-out may differ in detail, but a successful farm-out will usually result in the exploration and drilling costs being borne by others, leaving the originator with a carried interest.

● The reputation to enable it to arrange working interests, or farm-ins, in prospects generated by other industry participants. This enables an operator to participate in a greater number of prospects over a large geographic area to spread the risk.

● The ability to raise funds from the public to finance its own drilling programmes.

Mr Goldberg says the Eaton investment is ideally suited to Enyati's objectives, and was selected from 130 possibilities.

Eaton's pre-tax profit in 1981 was \$880 000 and the group started managing privately owned drilling funds during the year.

A major advantage in the Eaton investment is that most of its income is from servicing the oil industry and not from oil in the ground.

Its main area of business has been in providing drilling, engineering and other consulting services to the oil and gas industry on a consulting basis, but Eaton is now embarking on its own drilling management programme.

Enyati is a 50.2% subsidiary of Triton, and was formed to acquire the entire issued share capital of Enyati Colliery (ECL) and New Bernica Coke Company.

Its assets consist of a portfolio of listed investments, valued at R7 200 000 on February 2, various mineral rights, a branch railway line serving Vryheid coal mines and about R1 900 000 in cash.

ECL will sell the railway line and mineral rights to Natal Anthracite Colliery for R3 465 000 and this sum, together with the R7 764 185 to be raised from the rights issue, will take Enyati's cash resources to R13 100 000.

Enyati's directors say in the pre-listing statement that the cash will be invested in money-market assets "and other suitable investments", and the long-term objective is to achieve a real return of between 4% and 5%.

Unique venture hard to assess

By JOHN MULCAHY

THE Enyati Resources listing presents South African investors with a unique opportunity to participate in oil exploration overseas, but its pioneering nature also means that there is no simple way of assessing prospects.

In an effort to set the scene for prospective investors, Enyati's pre-listing statement includes a summarised description of the industry.

Analogous to South African gold mines, many US oil wells were drilled to a relatively shallow depth, and if nothing was found, the well was designated a dry hole.

At that time, any deeper drilling was beyond available technology and was uneconomic, while the oil and gas were extracted from the shallow wells mainly under their own pressure, and it was common that only 25% of a reservoir was recovered.

Similar to the recent development of ultra-deep gold mines, modern methods have enabled far deeper oil wells to be drilled to take advantage of previously untapped reserves.

The hike in producer oil prices since 1973, as well as the de-control of oil and the pending de-control of gas in the US has attracted considerable funds to the deeper drilling of wells, to reworking of existing or old wells and to additional geophysical, geological investigation and drilling.

Large concentrations of capital have not been required to exploit small to medium sized reservoirs, with the result that many independent exploration companies have been formed whose activities account for most of the exploration of on-shore oil fields in the US.

Major oil companies have dominated the exploration in frontier areas, hostile environments or other situations where the costs far exceed the capital capacities of smaller independent producers.

In the past 10 years independents are said to have drilled almost nine times as many wells as the majors — the 16 biggest oil companies — but most of these independent wells were considerably more shallow than those

(232) (217)
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Independent exploration companies typically participate in various ventures, spreading their risks over a wide geographical range and over a spectrum of activities from pure exploratory drilling to enhancement of existing fields

The weakening in spot oil prices due to the world surplus of crude is not expected to have a material impact on exploration returns, according to Enyati's directors.

The costs of exploration of on-shore oil in the US represents a relatively small proportion of the producer price, and there is still an attractive margin between the cost of discovery and the market price.

Producers are also sheltered from a portion of the impact of a lower selling price, as this is borne by a reduction in windfall profits tax.

The directors say there is a real possibility of a disruption in oil supply from the Middle East and certain Third World countries, "and the ownership of reserves in the most politically and economically stable area in the world will represent a resource of considerable strategic value".

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Kaolin mine: Peninsula petition
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 217

Environment Reporter
 THE petition against the proposed kaolin mine at Noordhoek is to be taken out of the Simon's Town and Fish Hoek area and spread Peninsula wide so that the whole of Cape Town can register its disapproval of the rape of one of the area's greatest natural assets, Commodore Andrew McMurray said today.
 Already more than 4 000 people have signed the petition in the past fortnight, and Commodore McMurray, the PFP parliamentary candidate for Simon's Town in the last election, says he is more than pleased with the public response.
 'But the issue is not just a Fish Hoek/Simon's Town matter. The rape of the Peninsula's beautiful scenic beauty affects everyone in the entire city, and ultimately the nation as a whole.
 Noordhoek is situated on one of the country's premier tourist routes. It seems inconceivable that there should be any reluctance on the part of the authorities to safeguard this beautiful valley for future generations of South Africans as well as tourists,' he said.
 The petition will be at tables in Milnerton, Wynberg and Meadowridge tomorrow morning.

CAPE TIMES 27/2/82 (217)

Kaolin protest: Petition drive

Chief Reporter
THE drive for signatures for the public petition protesting against the scheme to develop a new kaolin mine in the scenic Noordhoek Valley goes into top gear today, with tables in many parts of the Peninsula at which people will be able to register their personal opposition to the project.

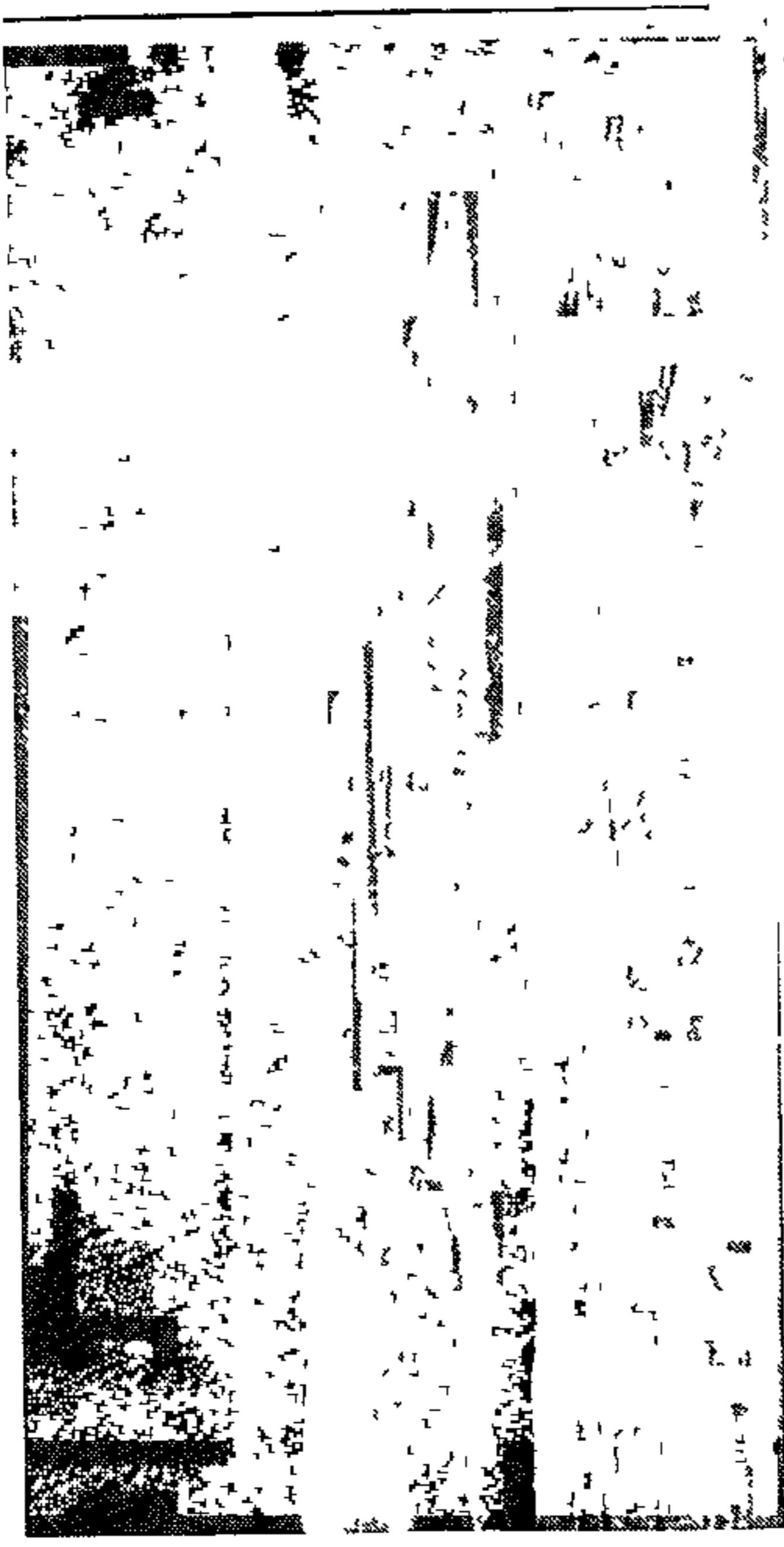
Commodore Andrew McMurray of the Progressive Federal Party, which initiated the petition, said from Simon's Town yesterday that in the past fortnight about 4 000 people had signed, and it was expected that the overall figure would be greatly increased this weekend.

Petition tables would be out from 9am to noon today at the following places: Simon's Town, Fish Hoek and Muizenberg; Rondebosch shopping centre, the Park-and-Shop centre at Meadowridge; the corner of Main and Maynard roads, Wynberg; the corner of Koeberg and De Grendel roads, Milnerton, the Adelphi Centre, Sea Point, and the corner of Dreyer and Warwick roads, Claremont.

Inquiries should be made at the PFP's office at Fish Hoek, ☎ 82-3127. The MP for Simon's Town, Mr John Wiley, accompanied the three cabinet ministers involved — Mr Chris Heunis, Minister of Internal Affairs, Dr Nak van der Merwe, Minister of Water Affairs, Forestry and Environmental Conservation, and Mr F W de Klerk, Minister of Mineral and Energy Affairs — to Noordhoek Valley this week.

They discussed the kaolin-mining scheme with the executive of the Noordhoek and District Civic Association, the chairman of which, Mr Mervyn Minnaar, said afterwards that the talks "have left us feeling cautiously optimistic".

A Pretoria firm of landscape architects commissioned to conduct an environmental-impact study of the kaolin-mining proposals has submitted its report to Mr Heunis — the minister charged with responsibility for taking a final decision in the matter — and it is understood this report may be released soon.



Serina (Pty) Limited's existing kaolin plant on the Kommetjie Road, on a hillside above Sun Valley. The picture was taken from the Ou Kaapse Weg

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Enyati secrets unveiled

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THE parties involved in the formation of Enyati Resources, the unique multi-million Triton group company shortly to be listed on the Johannesburg Stock Exchange, played a cloak and dagger game ranging from Mauritius to Houston in the US.

While Triton's Laurence Goldberg was tying up a \$30-million deal with Eaton Industries, an independent Houston oil service company, an intricate share operation was conducted behind the scenes over a period of three months on the JSE.

The sponsoring brokers for the Triton group's Enyati Resources directed its dealers in November last year to quietly pick up parcels of Barlows shares which were needed in the Triton group's takeover of Enyati Colliery.

The shares formed part of the deal in which Enyati Colliery was acquired by Triton and Triton Energy Holdings, to be turned into Enyati Resources, the first company to give South Africans a direct investment in US oil and gas exploration.

Most of Enyati's shareholders were Mauritians and in consideration for agreeing to the proposal that Enyati Resources acquire the 24.2% of New Bernica Coke Company not already owned by Enyati Colliery, they were given the option of taking 800c a share cash or 800c payable in Barlows shares.

Mauritian shareholders enthusiastically plumped for the deal after sitting for years on a low-priced and slim-yielding share. But they

By ELIZABETH ROUSE

surprised Triton by opting more for Barlows shares rather than taking rands.

Triton's first estimate was that about 200 000 Barlows would be required, but when individual shareholders were approached by Triton's merchant bank representatives in Mauritius, it soon became clear that substantially more shares would be needed.

The final parcel of shares was picked up this week without anyone the wiser. And the market never twitched, although industrials were firm and active over most of the buying operation period.

Enyati comes to the market at a discount — the company's cash and shares are worth R11 a share against the R8 paid.

The acquisition of a 50.1% stake in Eaton Industries for

\$6.2-million has its speculative aspect in that oil strikes cannot be guaranteed (although prospecting will be in known oil-rich areas). However, as an oil service company, Eaton has guaranteed profits.

Enyati's \$30-million investment will be matched by that of an associate in Europe (name not disclosed) and more funds will be raised from the US public. By US standards Eaton is already a significant force in the independent oil service field.

If it strikes oil on its own account South Africa will benefit in that the US oil can be exchanged through other sources. Mr Goldberg's ambition is to see this oil refined in South Africa, whose sophisticated refineries will become increasingly under-employed the larger Sasol becomes.

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Anglo's copper mine in trouble

By NORMAN CHANDLER

THE giant copper and nickel mine at Selebi-Pikwe in north-east Botswana is in financial trouble, says the country's Minister of Finance, Mr Peter Mmusi.

The mine owners, Bamangwato Concessions Ltd (BCL) — part of the giant Anglo American Corporation based in Johannesburg — are said to be in "an exceptionally weak financial position due to a cutback in production resulting from a weakening of world markets".

Mr Mmusi said this week that BCL's position could mean that the Selebi-Pikwe project will become insolvent — but this was immediately denied in Parliament and in a radio broadcast by the Minister of Mineral Resources and Water Affairs, Dr Gaositwe Chiepe.

Won't close

She said that the Botswana Government had pledged its support for the mine, which is one of the country's largest employers

Speaking in Parliament, Mr Mmusi described the mine's finances as "extremely serious".

"Most nickel mines in the world have cut back on production or employment."

Dr Chiepe told Parliament she could confirm that "BCL's future is very close to the Government and we are examining every possible avenue to ensure its uninterrupted successful operation".

"There is little fear of the project closing down."

Boost for SA chrome sales ⁽²¹⁷⁾ ~~251~~

O-7n Correspondent

TOKYO — Japanese users, having firmly made their point on the issue of price through reduced buying, are now ready to step up their purchases of South African charge chrome to normal levels

Imports from South Africa last year reached only 120 000 tons, compared to 170 000 tons in 1980 and 184 000 tons in 1979.

The decline occurred because the Japanese were asked to increase the purchase price from 45 to 47,5 cents a pound.

The import total would have been far

worse if some of the leading blast furnace steelmakers had not resumed buying in the final months of the year. Stainless steel makers, however, continued to boycott the South African product into the beginning of this year.

In recent visits to Tokyo, South African ferroalloy companies have all offered charge chrome at 45 cents a pound cif for delivery from April.

Impressed by this, the main stainless steel companies have now indicated their willingness to start buying again, and return the South African contract volume to its former high level.

Manganese talks

TOKYO — Japanese steel mills plan to begin import talks next month on manganese imports for 1982, with Samancor setting the pace.

Industry sources say the negotiations will begin as soon as the mills have settled all their iron ore contracts for the new financial year, beginning on April 1.

Samancor, as the price leader among

foreign suppliers, will be taken up probably late in April, to be followed by India and then another South African supplier, Middelplaats.

The country's number one steelmaker, Nippon Steel, is handling the negotiations, and officials of the company say the focal point this time will be how to cope with a planned increase in SAR Freight charges.

NEW YORK — South Africa's vast storehouse of strategic minerals — long a powerful bargaining tool — may become politically meaningless if a vast new deposit of nickel, chrome and cobalt discovered off the California coast is exploited

The deposit, situated near the Californian village of Crescent City, extends over 4 000ha of United States Forest Service land

It is claimed to be big enough to supply US defence and strategic needs for at least the next 18 years

Nickel, chromium, cobalt and a range of other strategic metals used in armaments production are in short supply in American defence stockpiles

And informed sources told me the US was dependent on southern Africa and the Soviet Union for up to 90% of its requirements for the minerals

Construction at the California site is planned to start in the middle of next year, provided complaints by environmentalists do not torpedo the scheme

Meanwhile South Africa continues to advertise itself in the New York Times and Washington Post as the custodian-in-chief of the Cape sea route and "at present" a major supplier of other vital strategic minerals

The latest advertisements placed by the South African Department of Foreign Affairs and Information claim the US is dependent on outside sources for 90% of its chrome, cobalt, manganese, tantalum and platinum group metals

The advertisements, headlined 'South Africa's strategic position makes it of vital importance to the US', says "At present, the US defence industry's operations and the economic viability of the US rest on the importa-

Danger for SA in discovery of vital metals off the US coast

327 (217)
S. Express 2/3/82

tion of some two dozen non-fuel minerals

"Without access to reliable foreign supplies of raw materials, the US cannot make tanks, bombers, missiles, jet engines, machine tools, computers, television equipment, crankshafts, gears or drill bits — just to begin the list"

It is claimed that consumer interests would be hit just as hard as defence interests if shipments of raw materials were interrupted

"South Africa's strategic position, quite apart from its mineral resources, makes it of vital importance to the US and the West

"Some 25 000 ships pass the Cape yearly, about half of which call at South African ports. These vessels carry 90% of Western Europe's oil, 70% of its strategic minerals, 20% of US oil imports and 25% of Western Europe's food

"And the extensive South African Railways network currently moves a large proportion of the mineral

production not only of South Africa but also of Zaire, Zambia and Zimbabwe

The Californian deposits are situated in an area where there is a high unemployment rate (of the 2 500 employable people in Crescent City 25.9% are at present jobless) and plans for development have the support of residents

The Canadian-based mining company which plans to start operations as soon as possible, California Nickel Corporation, said the mine could provide 450 jobs a year for the next 18 years — the estimated lifetime of the deposits

The ripple effect created by the mine could employ as many as 1 500 people initially which makes it a highly desirable project to local and state politicians who are concerned about the soaring unemployment brought about by the present recession in the US

Environmentalists, though, say mining operations will ruin the semi-wilderness area

One of the major fears is that soil from the open cast mining operation will wash down into one of the few remaining unpolluted rivers in the area

Sulphur dioxide — dispersed into the atmosphere at the rate of five tons a day — is another serious concern

The sulphur could cause so-called acid rain, which is a serious bone of contention between the US and Canada

Canada claims the bulk of the sulphur causing the acid rain — which kills plants and erodes buildings — is generated in the US and blown there by prevailing winds

But the main point at issue — that of making the US self-sufficient in desperately needed strategic metals — is expected to prevail a US diplomatic source said

The source added that the reduced US reliance on South Africa the proposed mine may cause could seriously weaken South Africa's bargaining position

But he noted that South Africa would remain a major source of strategic materials for the West

Palamin finds new customer for uranium

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RDM

22/3/82

PALABORA Mining Company has arranged a contract for delivery of a substantial quantity of uranium to a new customer in the current quarter.

Hit by depressed copper prices over the past year, Palamin's earnings suffered another blow in the first half of 1981 when uranium deliveries to a customer were deferred until 1984, reducing uranium revenue for the year to R1 319 000 from R6 891 000 in 1980.

In return for postponing deliveries, however, the power utility concerned agreed to grant a further interest-free loan to Palamin.

The annual report shows that amounts lent in terms of sales contracts rose to R4 658 000 at December 31, 1981, from R2 322 000 at the end of the previous year.

The balance sheet shows that bank and other short-term loans rose sharply in 1981 to R34 669 000 at the yearend from R6 568 000 a year before.

The increase in loan financing and the spiral in interest rates are also reflected in interest payments during the year which leaped to R6 960 000 from R1 493 000.

The advantages of Palabora's capital-intensive operation are again evident in the huge mine's cost containment. Costs rose by only 5,7% to R1 374 a ton produced from R1 300 in 1980.

Mr Alistair Macmillan, Palabora's chairman, says in his annual review the state of the US economy is probably weaker than a year ago, and there are no signs of a recovery in any of the world's major trading nations.

While most of Palabora's copper production is sold in South Africa, the price is based on the London Metal Exchange daily cash prices which averaged £866 a ton in 1981 compared with £942 in 1980.

Taxed profit slumped to R19 811 000 last year from R43 721 000 on turnover of R213 568 000 against R239 210 000 in 1980.

Production increased to

120 924 tons in 1981 from 114 008 tons the previous year, and sales were steady at 113 687 tons against 113 051 tons the previous year.

There was a substantial build-up in copper stocks by the end of the year. The build-up was intentional, and designed to ensure that customers could continue to be supplied during scheduled shutdowns of the smelter, refinery and continuous rod casting plant for maintenance work and modifications in the current quarter.

The rod plant is being expanded to an annual capacity of 103 000 tons from 76 000 tons to meet the increase in demand for continuous cast copper rod by South African fabricators.

Mr Macmillan says weak copper prices probably owe their origin to the lack of demand in the US where the motor and housing industries are two of the main consumers.

Housing starts last year were nearly 50% lower than in 1978 because of the sharp increase in mortgage rates, and sales of US cars were down drastically as a result of higher interest rates on hire-purchase transactions and competition from cheaper imported units.

A similar lack of demand elsewhere in the world has caused LME prices to fall in sympathy.

He adds, however, that the decline in consumption has not resulted in an inventory build-up. Although it might have been expected that production would again exceed consumption, cutbacks by producers are acting to restore the balance.

Traditionally, copper prices have moved upwards in times of crisis, but the wars, revolutions, assassinations, strikes, political upheavals and natural disasters over the past year have had no noticeable effect.

"It seems that economic considerations are now the main determinants in setting price levels."

The significant diesel-fuel savings resulting from the introduction of the trolley-assist scheme have been so encouraging that the system is being extended to some of the main haul roads and other areas.

"The original target was the saving of 20-million litres of diesel fuel a year worth about R9-million before tax, but with further extensions to the system these figures should be improved upon."

Major bid to save Botswana mine

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The Star's Africa
News Service
GABORONE — Botswana officials and corporation chiefs meet in Johannesburg this week to try to shore up Botswana's ailing Selebi-Pikwe mine and so save the country from a major economic disaster

The copper-nickel mine's collapse would be a severe setback to Botswana's development efforts at a time when revenues from other minerals have dropped sharply

It would mean the loss of about 4500 jobs, the deterioration of the town of Selebi-Pikwe Botswana's second largest, into a ghost town, and a number of other major development projects around the mining complex would be rendered useless

Sources close to the talks are, however, optimistic that the mine will be saved through a "reconstruction" of Bamangwato Concessions, its operating company

They point out that the mine's creditors would not be able to retrieve their money if the project collapsed and that, politically, the collapse of the mine would mean a considerable setback for Western interest in south-

ern Africa

The mine's major problem is that low world copper-nickel prices have not enabled it to repay its massive loan debt burden. Operationally, the mine is said to be "sound" and "highly efficient"

The talks are expected to span months. They include representatives of Anglo American Corporation, Amax, and a West German consortium. This is the third reconstruction of BC

The Botswana Government has gone into the talks with an assurance to the mine's major creditors that, should the mine collapse financially, they will be at the head of the queue in any liquidation proceedings

The move is seen as an attempt to sustain confidence in the project

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Uranium waiting for nuclear reactor orders

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30/3/82

Mining Editor

THERE is unlikely to be any material improvement in uranium prices until new orders for nuclear reactors are placed and the perceived future oversupply situation diminishes significantly.

Mr Gerald Langton, chairman of The Afrikander Lease, says in his annual review that forecast production from large mines planned in Australia and Canada is still responsible for the projected imbalance of supply over demand stretching throughout this decade

"However, because of the rapid escalation of both capital and operating costs, a number of existing producers

have already ceased or curtailed production and an increasing number of planned new production facilities will probably be shelved"

It is unlikely that production planned from these operations will come about until there is a considerable strengthening in the market, says Mr Langton

There are indications of a growing commitment to nuclear power as an economically and environmentally preferred energy alternative, and utility inventory levels, although still high, are unlikely to increase much further

The uranium market continued to weaken last year, but the dramatic slide in spot prices in 1980 slowed considerably "and there are indications that prices are close to bottoming out if they have not already done so".

Early in 1981 continuing pressure on the uranium market was exerted by the enforced liquidation of surplus inventory by several power utilities, especially in the US

"With contractual prices having risen well above spot prices and with the decline of dollar interest rates, espe-

cially in the second half of the year, the economic arguments favouring such inventory realisation by the utilities faded"

Established producers with surplus production are also becoming increasingly unwilling to contract sales at what they see as unrealistic prices, says Mr Langton

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30/3/82

Union Tin Mines Limited

As a result of the lower tin price which prevailed for most of the year, the results of the company for the year under review were substantially lower than those obtained in the previous year. The gross profit from tin mining was R1 237 000 as against the R2 012 000 obtained in the 1980 year. Sundry revenue amounted to R150 000 resulting in a profit before tax of R1 387 000. Tax, which was naturally lower than the previous year, absorbed R372 000 and herefore the profit after tax was R1 015 000 as against R1 517 000 for the previous year. The unappropriated profit brought forward of R196 000 made a total of R1 211 000 available for appropriation. Of this, R850 000 was transferred to non-distributable reserve for expenditure on fixed and other assets. Two dividends totalling 10 cents per share and absorbing R240 000 were declared leaving a balance of R121 000 to be carried forward as unappropriated profit to 1982.

Following a small reduction in both the tonnage of ore treated and the grade of such ore, the total tin in concentrates produced at 401 tons was 81 tons less than the production in 1980. The tin content of the concentrates sold at 432 tons was only 28 tons less than that sold in 1980. This reduction in tonnage sold together with the reduction in the average net revenue per ton in concentrates sold resulted in a substantially lower net sales revenue of R4 470 000. Although total cost of sales rose by only R193 000 these two factors combined caused the substantial drop in gross profit already mentioned. Actual working costs per ton mined increased by 16.9% to R26.35 mainly as a result of the increase in the cost of labour and electric power.

As forecast last year the 1981 year saw a sharp drop in the after tax profit earned by the company. Whilst the actual production of tin was maintained at the previous year's level, the average price received per ton and the total sales effected were both lower than that achieved in 1980.

Production of tin in concentrates was 2 232 tons, only 4 tons less than the previous year notwithstanding the fact that both the tonnage crushed and the grade of ore were lower than the comparable figures for the previous year. The maintained production is a result of the commissioning of the new flotation plant at "C" mine in June 1981. This resulted in the recovery of 34 tons of tin from the treatment of reclaimed slimes.

Sales of tin metal and tin in concentrates totalled 1 954 or 290 tons less than the previous year. As these sales were effected at an average price of R11 877, or almost R1 100 lower than the average price received during the previous year, the total sales revenue at R23 208 000 was considerably lower than the R29 073 000 achieved in the previous year. The cost of sales at R14 950 000 was also higher with the result that the gross profit at R8 258 000 was only 54% of that achieved in 1980. After the addition of sundry revenue the profit before tax was R8 702 000. Tax absorbed R1 607 000 and so after adding the unappropriated profit of R185 000 brought forward there was an amount of R7 280 000 available for appropriation. Of this, R5 900 000 was transferred to non-distributable reserve for expenditure on fixed and other assets. Two dividends totalling 60 cents per share and absorbing R1 245 000 were declared and the balance of R135 000 was carried forward as unappropriated profit.

Capital expenditure for the year totalled R4 608 000 which was substantially below the forecast of R6 000 000 contained in the 1980 Annual Report. This cut back was not a permanent abandonment of certain plans, on the contrary it was really a postponement in order to delay certain low priority items until the company is able to afford them. Capital expenditure for 1982 is forecast to amount to R5 082 000 and details are given in the technical advisers' report included in this is an amount of R625 000 which is the balance of the amount to be spent on installing the pipeline to convey water from "C" mine to "A" mine to provide for both domestic and plant requirements. It had been hoped to have this completed during 1981 but negotiations were only completed

Details of capital expenditure totalling R501 000 during 1981 are given in the technical advisers' report. It is forecast that during 1982 an amount of R467 000 will be spent with more than half of this being spent on the plant. Whilst some of this expenditure will involve new plant a major item will be the replacement of certain storage tanks which, as a result of age, are beginning to disintegrate. A new screen is to be installed in the gravity section of the plant to improve recovery by preventing over grinding of liberated tin.

Underground exploration drilling was carried out throughout the year. This has indicated several areas of interest in both the eastern and western sectors of the mine and development towards the areas is now in progress.

Although the monthly average LME tin price during 1981 was only marginally lower than that which prevailed during 1980, this position was only brought about by the very dramatic rise in the tin price during the last few months of the year. The decline in price which had begun early in 1980 continued into the 1981 year with the result that a low of R10 234 per MT was reached during the first quarter. The price then remained fairly steady at this low level until the third quarter of the year saw the beginning of an upward movement which resulted in the LME tin price rise to unprecedented heights, some 50% higher than the price ruling at the beginning of the year. At first this movement began in the three-month price settlement but in November there was a change and the cash settlement price moved ahead sharply. This sharp upward movement in price cannot be expected to continue because it has

in December 1981. Some of the material was purchased during 1981 but the installation only began in January 1982 with the expected completion date being in April 1982.

The tin price has of course been the most important factor affecting the company's operations during 1981. The year opened with a weak price and the low of R10 234 was recorded in January 1981. As a result of the G S A continuing to sell tin to domestic users, the price remained at or slightly above this level for several months. In spite of protests from the producer countries, the G S A continued with its sales programme and disposed of some 6 000 tons during the year. It also decided to extend the programme by allowing its tin to be sold on the export market. When the Sixth International Tin Agreement was concluded and ready for signature, the U S A announced that it would not participate in the new Agreement when it comes into effect on 1 July 1982. As a result the Agreement has not yet been finally signed.

The tin price began to advance in July 1981 and there was a steady increase throughout the rest of the year with the peak price of R15 959 MT being recorded in November. This surge in prices resulted in an average settlement price for 1981 of R12 409 which was only some R600 below the average price for 1980. This advance in price in the latter half of the year was contrary to all expectations based upon the normal economic principles in view of the excess supply position and it was also against the trend of most base metal prices. As a result of the higher prices, together with higher interest rates and the general slow down in the economies of the western world there was a marked reluctance on the part of consumers to purchase the metal and the general tendency was to run down existing stocks. This applied not only in the export markets but also in the local market where there was a substantial fall-off in demand during the last quarter of the year. As was expected, these high prices could not prevail indefinitely and during the last few days there has been a sharp fall in the cash settlement price on the London Metal Exchange. It is to be hoped that once the price has settled at a more justifiable level the demand for metal will recover and result in sales following a more normal pattern.

During the past three years your company has, as a result of the addition of the smelter in 1979, moved from a supplier of various grades of concentrates to a supplier of metal in the first instance. In fact, at this stage less than 10% of the output sold is still in

Rooiberg Tin Limited

occurred contrary to the normal considerations of supply and demand. Not only did the G S A increase the rate of its sales of tin but also the general weakening of economic conditions throughout the western world led to a slackening in the demand for all base metals including tin.

In view of the current uncertainty in regard to the tin price, it would not be prudent to make any forecast in regard to the profits likely to be achieved during the current year. It is, however, envisaged that mining operations will start in the new area located on 11 and 12 levels as soon as possible in order to add to the supply of available ore and enable the treatment rate to be maintained at about 10 500 tons per month.

It is with pleasure that I am able to report that during the year the mine achieved a four-star rating at the Standard level in the International Mine Safety Rating Scheme.

On behalf of the board, I would like to thank the consulting engineer, Mr O A Jones, the manager, Mr A V Peake, and all the staff at both the mine and head office for the valuable services rendered by them throughout the year.

A M D Gnodde
Chairman
Johannesburg
11 March 1982

concentrate form and it is planned to reduce this still further in due course by smelting all the concentrates at the mine. In furtherance of this policy, steps have been initiated to have Rooiberg tin recognised and registered as acceptable for good delivery on the London Metal Exchange. It is expected that the necessary formalities will have been concluded shortly, thereby enabling the LME Committee to issue the necessary registration certificate during April.

The smelter has continued to operate well throughout the year and a total of 3 239 tons of high grade concentrates and 500 tons of low grade concentrates were smelted to produce 2 005 tons of refined tin. Following the introduction of the low grade concentrates, the overall recovery dropped to 96.8% from the 97.8% at the end of 1980.

Due to the current uncertainty in regard to both the price situation and the outlook for sales, it is not possible to forecast the financial results of the company during 1982. It is probable that production will be maintained unless there is a sharp drop in actual sales achieved. Provided that the output is sold and the price remains in the order of R14 000 MT then the company will be able to increase its profit performance this year and as a result effect some increase in the dividend.

The mine has completed another year without an underground fatality and so after some forty-seven months it has taken its total up to slightly more than 1 400 000 fatality-free underground shifts. It was also able to improve its rating in the International Mine Safety Rating Scheme in 1981 by being graded at two stars at the advanced level. Whilst these are both very fine achievements they can be improved upon and all members of staff are being encouraged to examine how they can contribute to an even better performance.

It gives me great pleasure to express the board's appreciation of the services rendered by the consulting engineer, Mr O A Jones, the former manager, Mr B T Hosking, the manager, Mr H E Lombard, and all the staff at the mine and at head office.

A M D Gnodde
Chairman
Johannesburg
11 March 1982

Western Areas uranium to go to German firm

(1576) (217)

RWM
31/3/82

By JOHN MULCAHY
A SUBSTANTIAL proportion of Western Areas uranium output will be supplied to Northwest Deutsche Kraftwerk, a West German power company, under a long-term contract

Addressing guests at the opening of Western Areas new R30-million uranium plant near Westonaria yesterday, a representative of Northwest, Mr Heimo Moeller, said that in commissioning the plant an important precondition had been met for the start of many years of co-operation between the mine and the power company

The contract was concluded by Mr Reg Worroll, general manager of the Nuclear Fuels Corporation (Nufcor), in January 1980, and provided for a R30-million interest-free loan to assist in financing the new plant

Deliveries under the contract are scheduled to start next year, but commissioning started late last year and production has already commenced

While no further contract details have been released, comparable contracts won by other South African uranium producers have provided for the delivery of up to 80% of production to their major customers

The first R10-million tranche of the consumer loan from Northwest was received early in 1980 and the final R10-million in January this year

In Western Areas annual report, published earlier this week, the directors said any uranium oxide produced before the contract starts will

be sold "when opportunities arise"

Western Areas chairman Mr George Nisbet said the plant had been designed to treat 100 000 tons of ore a month but provision had been made to expand this capacity by 60 000 tons a month should the need arise

He said the group (JCI) was proud of the fact that it had handled the project in-house, in contrast to the current trend in the mining industry, where outside project management companies are called in to tackle comparable tasks

"We felt that we had sufficient expertise within the group to go it alone, a confidence which has subsequently proved justified"

The uranium plant is of conventional design, with gold extracted before uranium

Most of the ore input for the new plant is from the Middle Elsberg reefs, and the rest of the material comes from routing upgraded Upper Elsberg products into the uranium plant treatment route

Development of the Middle Elsberg reef horizon between 41 and 50 levels on the North Shaft proceeded apace during 1980 and 1981, said Mr Nisbet, and by the end of last year ore reserves amounting to 1 890 000 tons at grades of 2,8 g/t of gold and 0,705 kg/t of uranium had been established

These figures were based on a gold price of \$425 an ounce or R13 000 a kg. A gold price of \$325 an ounce is equivalent to R10 880 at a rand exchange rate of \$0,96

Mr Nisbet said exploration boreholes were drilled on each level to confirm areas of future potential on the E9EC and UE1A reef bands, and the E9EC proved to be the most practical and closest to the North shaft

He noted that when shaft sinking at Western Areas was completed in March, 1961 the gold price was \$35 an ounce and it was now generally acknowledged that the mine needed a gold price ten times greater to break even - "Graphic testimony to the vast escalations in capital and working costs that the past 20 years have seen"

He added that with the gold price hovering around the \$300 an ounce mark it was clear how essential the production and sale of uranium oxides was to the future viability of Western Areas

"The Middle Elsberg ore reserves contain both gold and uranium metal and will provide valuable flexibility to the planning of underground operations in times of fluctuations in the selling prices of both metals"

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- 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

- 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

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University



Recovery in uranium prices still remote

Star 3/4/82 (217)

By Pieter de Vos

Uranium prices seem to be close to bottoming out, mining experts agree, but prospects of any pronounced recovery in the next few years still appear remote

The uranium market weakened further last year, though the dramatic decline in spot prices seen in 1980 was not repeated and it was possible that price levels were close to their lows, Mr Ogilvie Thompson said in his annual report as chairman of Amgold.

"However, a large quantity of surplus material still overhangs the market and it is unlikely that there will be any material improvement in prices for some years to come," he said

Anglo's Mr G Langton agrees with him "The dramatic slide in spot market prices slowed considerably last year," he said in his annual report as chairman of Afrikander Lease, "and there are signs that prices are closing to bottoming out if they have not already done so"

But until new orders for nuclear reactors were placed and the future uranium oversupply diminished significantly prices were unlikely to improve in real terms, he said

IMBALANCE OF SUPPLY

However, Mr Langton pointed out that production forecast by the large mines planned in Australia and Canada was largely responsible for the projected imbalance of supply and demand stretching through the eighties

Because of rapid cost escalation, a number of existing producers had already ceased or curtailed production and an increasing number of planned new production facilities would be shelved, he said He considered it unlikely that these units would start production before the market had strengthened substantially

He likewise noted a favourable trend in demand There were signs of a growing commitment to nuclear power, no longer as an energy resource of last resort, he said, but rather as an alternative which was preferred for environmental and economical reasons

But prospects of any sharp rise remain bleak Uranium production at Gencor's West Rand Consolidated Mines was stopped last year

and the mine is now concentrating exclusively on gold production.

Harties' new 45 000 ton per month uranium plant to treat surface slime accumulations operated satisfactorily, but it was decided to suspend the reclamation operation

Outside of the Witwatersrand basin, Anglo has substantially curtailed uranium exploration Uranium prospecting has been reduced to a minimum in view of the weak market, according to Mr Ogilvie Thompson.

MAJOR CHANGES

Western Deep Levels made major process changes in its attempts to reduce uranium production costs These changes involved the closing down of the No 1 uranium plant a year ago and the curtailment of production from the low-grade tailings dam

While uranium mining is pruned back severely by some, others are branching out into uranium mining in the firm belief that it will contribute strongly to revenue in the coming years

Mr George Nisbet, chairman of Johnnies' Western Areas, this week told guests at the opening of the R30 million uranium plant that production and sale of uranium oxides was essential to the future viability of the mine.

The uranium plant was "perhaps the most significant milestone in the history of the mine," he said

The mine is covered by a long-term contract to supply its uranium output to Nordwest Deutsche Kraftwerke of Hamburg, West Germany, which provided a R30 million interest-free loan

LONG-TERM CONTRACT

Kansai Electric Power Company said in Tokyo that it had agreed to import uranium from South Africa on a long-term contract basis The agreement was reached with Nufcor (Nuclear Fuels Corporation of South Africa), it was said

Palabora Mining recently cheered shareholders with the news that a customer had been found for its uranium output

However, the end of the weak market is not yet in sight as the quarterlies will soon show, share analysts say The world economy and nuclear sentiment first have to switch around before any strong price improvement can be expected.

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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CAPE TOWN 3/4/82

Kaolin petition goes to Heunis

A PETITION signed by 6 839 people was handed to the Minister of Internal Affairs, Mr Chris Heunis, yesterday in a bid to halt a scheme to develop a new kaolin mine in the scenic Noordhoek Valley.

Commodore Andrew McMurray, a former Progressive Federal Party candidate in the area, initiated the petition. He said signatures had been collected for 15 days in February.

"Mr Heunis said he would decide on the question of land usage, while the Minister of Mineral and Energy Affairs, Mr F W de Klerk, would deal with the aspect of mining."

The outcome of the petition would be given only after a large number of reports had been read and the authorities consulted.

Commodore McMurray said the people of Noordhoek Valley had spent vast sums on their properties and "if another mine is opened in the area, they will depreciate in value."

"The kaolin dust from existing mines settles on the area, leaving residents with white-leaved trees, and general unpleasantness."

"It must be stressed that it is not only PFP supporters who are against the development of this mine. Everyone is affected."

Of the 6 839 signatures, about 80 percent came from people directly involved, in Noordhoek, Sunnydale, Sun Valley and Kommetjie.

"However, people from all over the Peninsula feel very strongly about the desecration of these scenic beauty spots."

In a covering letter to Mr Heunis, Commodore McMurray said "We strongly appeal to the minister to take serious cognizance of public feeling about this highly contentious matter and look forward to early announcement of a decision in favour of the petition."

R106m for SA nuclear research

Atomic energy spending boost

217 ROOM 7/4/82

EMBATTLED uranium producers can draw some solace from the increasing faith in their product shown by the South African Government.

In the face of a depressed and oversupplied market, and in spite of a commitment to constrain spending, the Department of Mineral and Energy Affairs has been allocated a 54,9% increase in funds for the Atomic Energy Research Fund — to R106 171 000 in fiscal 1983 from R68 526 000 last year.

By JOHN MULCAHY

The printed estimates of expenditure tabled by the Minister of Finance, Mr Horwood, in Parliament show that current expenses on uranium enrichment are expected to rise by 32,2% to R85-million from R64 300 000, and total estimated expenditure on uranium-related activities will jump to R315 558 000 from R250 235 000 in the year to March 31.

An indication of how important the Government views the future of nuclear power is that more than two-thirds of the Department of Mineral and Energy Affairs Budget for the current year is absorbed by uranium research.

However, it is incorrect to assume that this largesse on uranium extends to the producers.

In a message to gold and uranium producers that the strongest in the industry would have to support the weakest, Mr Horwood described the increase in the tax surcharge on gold and diamond mines to 15% from

5% as a means of generating revenue to help finance the Gold Mines Assistance Scheme.

Although the increased tax is expected to raise an additional R115-million, provision for State aid for the current year is R36 600 000 against a mere million rands in last year's Budget, and calendar 1981's actual aid of R26 900 000 (a Chamber of Mines figure).

It is perhaps significant that the disparity between the surcharge raised and total State aid of R78 400 000 more than covers the R65-million increase in uranium research spending.

The concept of State aid remains in a state of flux, with at least one major mining house advocating sweeping changes to the scheme.

Nine mines now qualify for State aid — Gencor's Stilfontein, West Rand Cons and Leslie, Rand Mines producers ERPM and Durban Roodpoort Deep, Anglovaal's ET Cons and Loraine; Gold Fields Venterspost; and independent Wit Nigel.

The argument against State aid in its present form is really opposition to subsidies in any form. The argument favours a free-market "dog-eat-dog" approach.

Such a system, it is argued, would free the funds allocated for aid to further develop more profitable deposits.

It is held that the expansion of these operations would absorb any labour retrenched from unprofitable mines, at the same time increasing production to offset the loss of output from producers forced to close.

Although this is only one facet of the discussion on State aid, it is clear that the Government is concerned about the present form of the system. Last year it appointed an inter-departmental committee to study State-aid.

As the development of uranium enrichment gains momentum, the search for oil has taken a back seat, and for the year to March 1983 Southern Oil Exploration Corporation (Soekor) has had its allocation cut by more than R10-million to R67 533 000 from R78 249 000, a decline of 25,8% in real terms if inflation is taken at 14% this year.

Another area to fall under the axe is the Cabora Bassa project, loans for which have been slashed by 47,6% to R2 880 000 from R5 500 000. Research on factors affecting present and future demand for energy is expected to cost R1 390 000 this year against R628 000 in the year to last March.

Emerging from the Budget estimates is further evidence of the priority being afforded to energy in all forms, with the Department of Mineral and Energy Affairs being granted an increase of 23,9% in budgeted expenditure, a real increase of almost 10%.

Dept. of Mineral and Energy Affairs

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Kaolin: Heunis criticizes PFP man

COPY TIMES

9/4/87

(KAM) (217)

Staff Reporter

THE Minister of Internal Affairs, Mr Chris Heunis, has accused the Progressive Federal Party of capitalizing on the issue of kaolin mining in the Noordhoek Valley for political reasons.

Releasing correspondence between himself and Commodore Andrew McMurray, PFP organizer of an anti-kaolin mining petition, Mr Heunis said yesterday that it was "not appropriate for political parties to involve themselves in petitions of this nature"

The petition, containing 6 839 signatures, was sent to Mr Heunis by Commodore McMurray

Commodore McMurray said in a letter to Mr Heunis on February 26 that the petition was the result of a "large number of representations made to me by residents of the southern Peninsula who felt a need to voice their personal opposition to existing and projected kaolin mining in 'their' valley"

In view of a visit made by Mr Heunis and other members of the cabinet to the area and a possible decision on the mining application, he appealed to the minister to take serious cognisance of the public feeling against kaolin mining

'Sensitive' issue

In his reply, dated March 15, Mr Heunis said he wished to point out that the matter was sensitive and represented an emotional issue, that there were adequate channels for consultation, that the community was adequately represented in both Parliament and the Provincial Council, and that every reasonable step had been taken to ensure objective consideration of the matter

He regretted the attempt by the PFP and its followers to "capitalize on the issue for political reasons"

On April 2 Commodore McMurray sent the petition to the minister and drew his attention to the

fact that the 6 839 signatures had been collected in only 15 days and that by far the majority of the petitioners were residents of the area

"It is a reasonable estimate that as many as 80 percent of residents of Noordhoek, Sunnydale, Sun Valley and Kommetjie — the areas most affected — have signed the petition," he said

Supporters of government and opposition parties had signed the petition as had public representatives of all three levels of government, most of whom were local residents

'No party politics'

Commodore McMurray said that although the petition was openly organized by the PFP, party politics did not feature in obtaining support for it. He denied that the PFP had tried to make political capital out of the issue

He believed that the party had rendered a service in giving the public an opportunity to express opposition to proposals that would directly affect their daily living and in bringing the strength and extent of public opinion on the issue to the notice of the authorities

In reply, Mr Heunis confirmed that the views of the signatories would naturally be taken into account when a decision was made

He said it was "not appropriate" for political parties to involve themselves in such petitions. It was "perfectly obvious" the petition was organized by the PFP and therefore had been given a "party political flavour"

He said every reasonable step was being taken to consult all affected and interested parties

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Major US producer shuts copper mines

By NEIL BEHRMANN

LONDON. — A major United States copper producer has closed all its mines in an attempt to beat the copper slump which has lasted for more than two years.

Copper prices have rallied to 70 US cents a pound from a low of under 66c a lb and by £60 to £904 a ton in London

Phelps Dodge, the second-largest US copper producer, has closed its mines and three smelters until the beginning of June. If the copper market remains depressed the shutdowns will last longer.

US producers of copper and other metals have been curtailing production and have been laying off workers since late 1981. But copper analysts report that the announcement marks the first time in recent history that a copper producer as large as

Phelps Dodge has closed 30 years

All US mines which produce copper at high cost are incurring huge losses because prices and demand have collapsed. The worldwide economic slump has dented copper demand from the motor, construction and capital goods industries.

Phelps Dodge's capacity is 318 000 metric tons of copper a year — about 20% of US capacity. Before the shutdown announcement Phelps Dodge had reduced its operating rate to 80% of capacity. If the suspension lasts until June, 34 000 tons of copper will be lost. Analysts, however, expect the closure to last longer.

The chairman of Phelps Dodge, Mr George Munroe, said that in real terms the recession had driven copper prices down to their lowest in

30 years. Mr Jim Ainsworth, mining consultant of broker Rowe & Pitman, said that the 1982 low of 66c was equivalent to 14c a lb in terms of prices ruling after the Second World War.

Analysts estimate that Phelps Dodge's break-even price is about 85c a lb and this includes revenue from by-products, such as gold and silver. On average the break-even price for the US industry is about 95c a lb.

Including the Phelps Dodge closure, the US copper industry has curtailed output by 400 000 tons. Last year, US mines produced about 1 500 000 tons of copper and on an annual basis total production cuts amount to 600 000 tons.

Phelps Dodge will continue to produce copper through heap-leaching, a process which is less costly than mining, milling and smelting. Besides supplying customers with copper produced from this process, Phelps Dodge will run down inventories and possibly buy copper.

Since their depressed levels in recent weeks world copper prices have risen sharply.

Although most analysts believe prices have bottomed, few are sure that a major revival is imminent.

The main fear is that major South American producers have refused to reduce production and some are increasing output.

Mr Tony Warwick Ching, copper analyst at consulting firm CRU, expects Chile, Peru, Brazil and Mexico to increase output. After the initial upward spurt, he forecasts that prices will fall. But if demand improves there

could be an impressive revival.

"It is possible that the American producers have over-reacted and there could be a squeeze when demand returns," says Mr Ching.

Mr Simon Hobson, copper analyst at Metals & Minerals Research Services, is bullish, saying "Stocks are at critically low levels and once consumption recovers there could be an explosion in prices which will increase instability in the market."

"The Phelps Dodge closure is a gamble and prices could swing upwards ahead of a possible strike at Canadian producer Noranda."

Mr Hobson says US mines Copper Range, Duval, Kennecott, Newmont and Umex and Canadian mines Noranda, Hudson Bay, Pamour, Porcupine and Sherrit have reduced output.

Spanish mines and producers in the Philippines have also cut production.

The decline in output will take time to filter through the market.

"The initial impact is psychological, but it takes time to take copper off the market," says Mr Hobson.

"Producers, fabricators and users are running down stocks and with demand weak there is no urgency for to buy copper."

"But we project that by the end of the year stocks will meet only seven weeks' consumption, the lowest inventory consumption ratio recorded in the Seventies."

"Even with depressed consumption, copper inventories will fall by about 250 000 tons this year because consumption of 7 350 000 tons will exceed output."

"There will be fireworks once a world economic recovery is under way," says Mr Hobson.

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South Africa blacks get blue asbestos pills

Senior members of the medical research establishment in South Africa, on the urging of the asbestos industry, suppressed research pointing to the link between asbestos and cancer

Laurie Flynn

In June, 1978, South Africa's mining companies were presented with something of a problem. Dr Leslie Irwig, a researcher at the National Research Institute for Occupational Diseases, decided that on a forthcoming visit to New York he would read not one, but two papers to a scientific conference on the control of environmental hazards organised by the New York Academy of Sciences.

The first which he duly read at the academy's "Science Week" at the New York Hilton Hotel was a paper on the risks of crocidolite (blue) and amosite (brown) asbestos mines face of developing the debilitating chest disease called asbestosis as a result of breathing asbestos. Written by Irwig and seven other scientists from South Africa, the scrupulously researched paper reached the entirely uncontroversial conclusion that, when it comes to causing asbestosis the risks from crocidolite and amosite are more or less the same.

The other paper Irwig proposed to read was more of a hot potato. Called "Mortality from asbestos related disease in South Africa" this paper mentioned the dreaded word cancer and, on the basis of a careful analysis of the available data, concluded that people living in asbestos producing areas (but not necessarily working in the asbestos industry) died more often than usual from cancer.

The New York Academy of Sciences, which for years has periodically brought together the leading scientists in the asbestos field was not destined to hear this important paper at its 1978 Science Week. Irwig and his co-author, Dr Hannes Botha were flatly ordered not to read the paper by the South African Medical Research Council (MRC). And the MRC made its move to suppress the paper for political, not scientific reasons at the direct request of the asbestos mining companies who did not like what it said. Today, three and a half years later, the research has still not seen the light of day.

This story of scientific suppression began when a copy of Irwig and Botha's paper somehow came into the hands of Fritz Baunach, health consultant to the Kuruman Cape Asbestos Blue mine company and its parent, Asbestos Investments/ Everite, the South African component in the Swiss-Belgian multinational called Jacint Baunach, a remarkable 70-year-old who sincerely believes that asbestos, particularly blue asbestos, is a gift from God and, by extension, that health campaigns against it are the work of the Devil. He was more than a little disturbed by the contents of the paper and the obvious implications of its publication. Publication would have meant that a South African government department was disclosing evidence of a link between blue asbestos and cancer, a link which South Africa's asbestos companies had been vehemently denying for many years.

The instruction that the paper should not be read in New York came from Professor A. J. Bank, Dean of the Faculty of Medicine at Stellenbosch University and President of the South African Medical Research Council. Laurie Flynn is a reporter with Granada TV and worked on the World in Action programme on cancer in the South African asbestos industry. "Dust to Dust".

dent of the South African Medical Research Council. He flatly ordered Botha to pass on the instruction to Irwig who had already left for New York.

I tried to interview Irwig and Botha about the affair. Both men agreed to see me and for the short time the interview lasted treated me with typical South African courtesy. Both men, however, refused to discuss the affair. Nevertheless, the affair sent enough shock waves through the MRC, The National Research Institute for Occupational Diseases (since renamed the National Centre for Occupational Health) and the Department of Health for it to be possible to discover the essential facts.

The intervention of the asbestos companies to prevent the publication of data linking their product with cancer did not end with their victory in New York. Once the two doctors returned from their travels, they naturally still wanted to publish their findings. They prepared a second version of their paper and expected permission to publish. The man who could have given it was the director of the institute, Professor Ian Webster. Webster, a brilliant but scarcely aggressive man, equivocated. Meanwhile, Baunach, who sits on the advisory panel of the MRC's

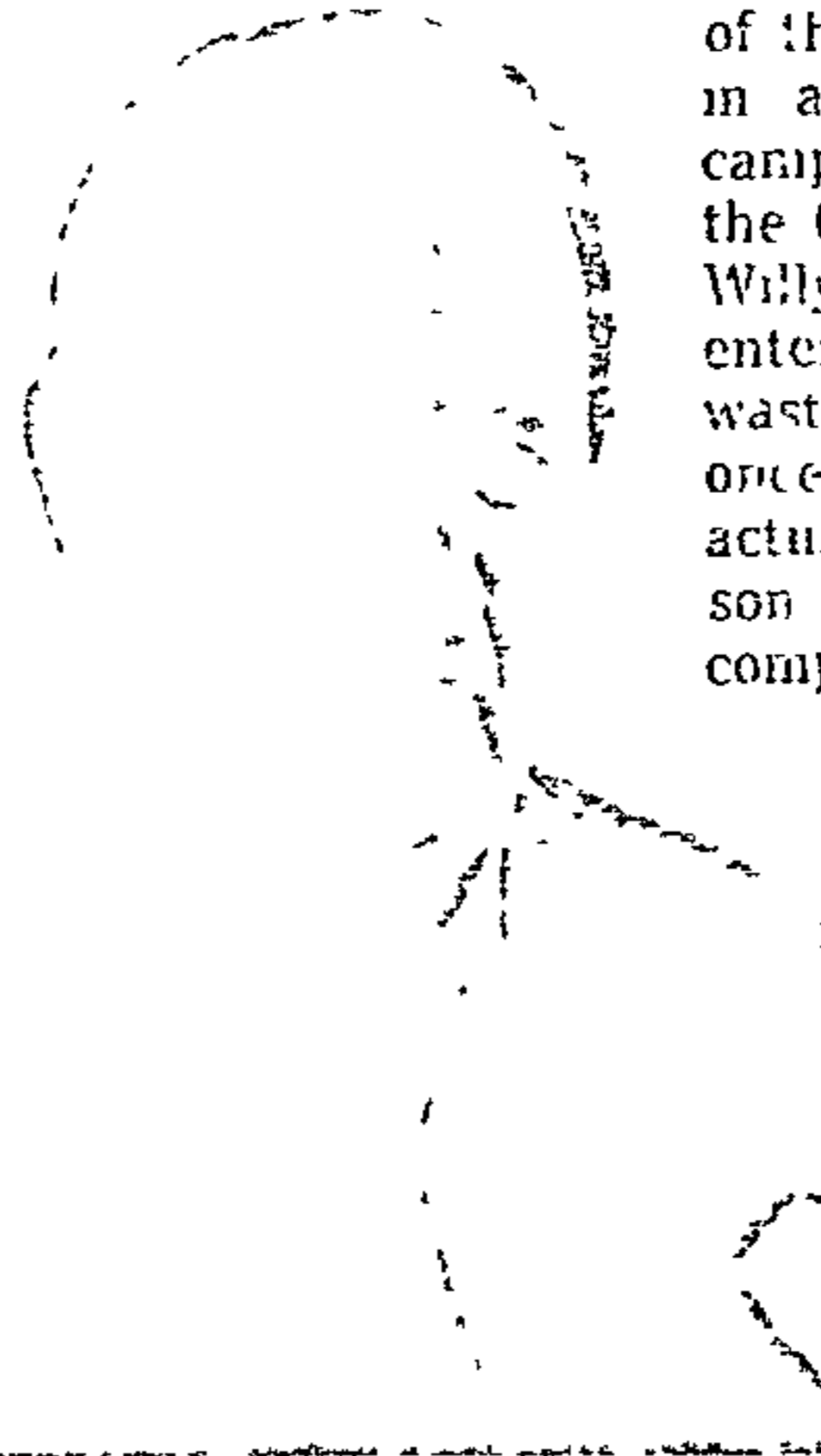
Asbestos Research Project, obtained a copy of the revised paper. Baunach who told me in all seriousness that the world health campaign about asbestos was "stirred up by the German Metalworkers Union as part of Willy Brandt's scheme to replace private enterprise with workers' self-management," wasted little time before moving into action once again. He went to a firm of consulting actuaries in Johannesburg called J. A. Carson and Partners and commissioned the company to produce a report criticising Irwig and Botha's unpublished paper.

When I first tried to ask J. A. Carson and Partners about this report, I was told that Jack Carson, the man I knew to be its author was retired and unavailable at present. The firm, I was told, had no knowledge of the study. Asking for Jack Carson's address and telephone number, I was told that the company had now located the report. After another exchange J. A. Carson and Partners sent me a copy of the

report. It was just five paragraphs long.

The first paragraphs make one or two familiar observations about the difficulties of Irwig and Botha's study—difficulties that beset any epidemiological survey. The fifth and final paragraph contains the sting in the tail and might as well have been written by a public relations officer for one of the asbestos mining companies. It records that J. A. Carson and Partners believes all future epidemiological investigations into the asbestos industry in South Africa should be confined to workers in the industry. People at risk because they live in mining areas should be excluded from future studies because they are too difficult to study.

* Irwig and Botha studied only whites and coloureds. They did not study the black African population simply because it is not the way it is studied by normal epidemiological methods. The South African government, through its Pass Laws, obsessively regulates the movement of workers, but it does not record their births or deaths. The numbers are so numerous, are simply uncountable.



Fritz Baunach, executive director of SAAPAC

I asked who paid for the study and how much? This, J A Carson and Partners insisted was not something that could be discussed. It was "confidential between us and the client and cannot be disclosed." I have been able to find out that the client was the South African Asbestos Producers Advisory Committee (SAAPAC). Regrettably, however, I have not been able to discover the size of the fee. But if SAAPAC's usual generous disbursements are anything to go by, J A Carson and Partners is responsible for the five most expensive paragraphs in epidemiological history.

SAAPAC was not slow to spread the Carson critique around. It provided the faint-hearts at the South African MRC with an excuse. The advisory panel to the Asbestos Research Project voted to suppress the publication. Ever since, a relatively uncontroversial scientific paper that demonstrated an excess of cancers among people who live in asbestos mining areas has remained unpublished. Today, the people living and working in these areas are still subjected to grave environmental risk. The two scientists concerned are bravely trying to repeat their research, this time with the new census material. Even now, they have no guarantee of publication. Dr Irwig has since resigned.

Every single act of suppression is injurious to the scientific process as a whole. From the point of view of the victims of suppression, it has the effect of depriving them of the scrutiny, criticisms and advice of other members of their profession, all the more important in this case because there are no other qualified epidemiologists working for the government in South Africa in the field of occupational and environmental health. Professor Brink's censorious and anti-scientific intervention has other, broader, effects. It helps to establish an atmosphere within the South African MRC in which scientists asking original and awkward questions, far from being supported and encouraged, were seen to be pressurised and restricted.

I tried to speak to Professor Webster about the suppression of Irwig and Botha's research. He insisted he knew nothing about it. I also asked him about the fact that by giving a few thousand pounds toward research, the South African asbestos manufacturers found themselves in the enviable position of having seats on the advisory panel of the Asbestos Research Project and therefore of being able to vet all papers from the National Centre for Occupational Health prior to publication, and better than that, when not insisting on the suppression of research to demand that some things be excised and other qualifying phrases inserted. This is how the tape of the conversation runs.

The man from the asbestos companies, Mr Baunach, does he have any scientific qualifications?

(Webster) *To the best of my knowledge he hasn't.*

No—he has a lot of experience.

But he vets the work of scientists?

He gives advice. It's not vetting. He gives advice and, his editorial comments are sometimes very good.

Does anybody from the trade union side of the industry occupy a similar position?

No.

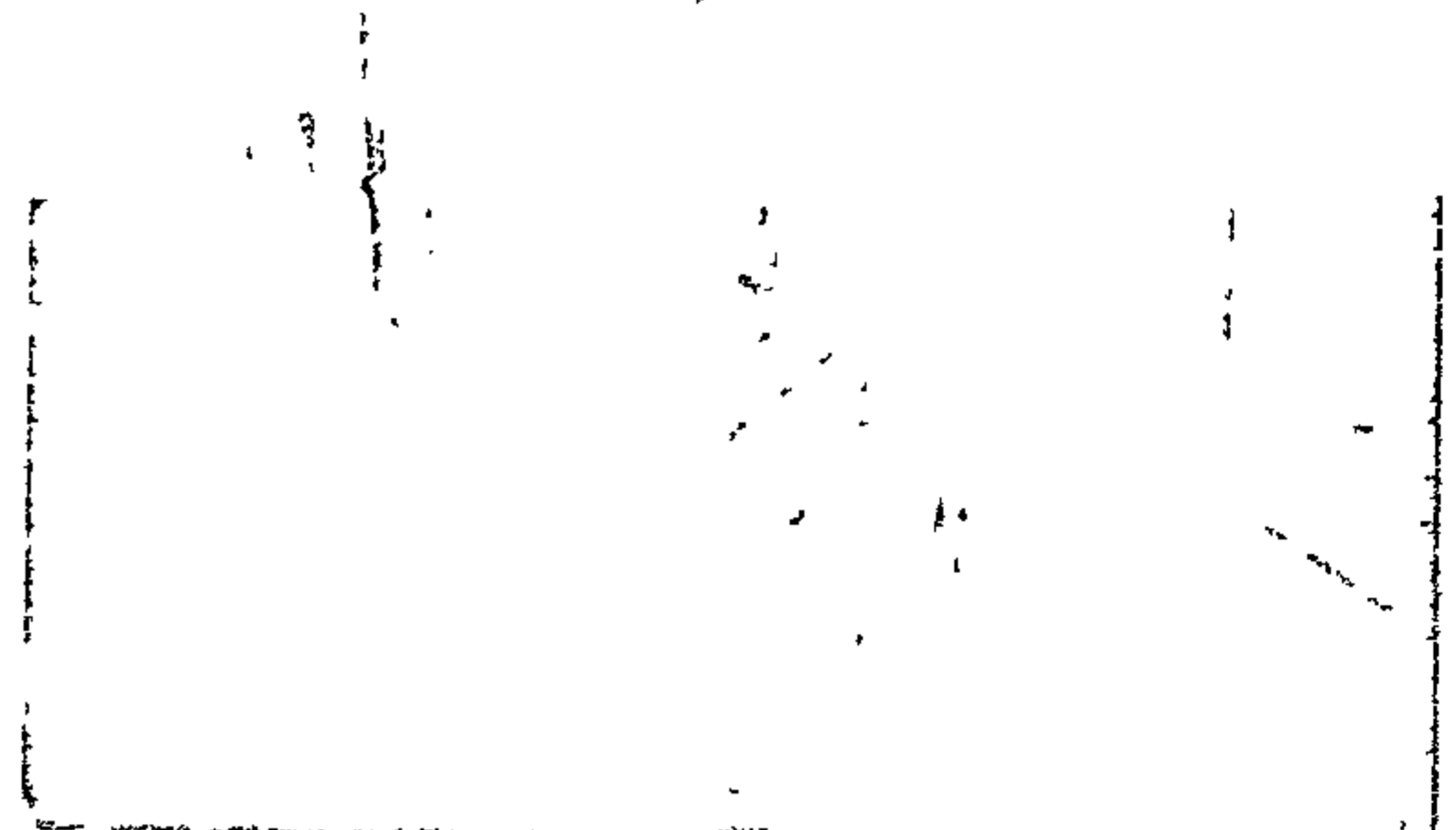
Do you not think that's a bit unfair?

Er, not particularly, no.

Well, have you considered perhaps getting some representatives from the African Mine Workers to give you some editorial advice?

At the present moment I don't know who I would get in touch with. But we haven't considered that, no.

But you don't think the involvement of a consultant to the asbestos manufacturers before the publication of scientific research is bad practice?



Unprotected workers in a South African asbestos plant

It hasn't caused us any particular concern, no.

So, it's never stopped you and your colleagues doing things that you want to do?

No, never.

Unfortunately, this is not true.

Twenty years ago, Professor (then Doctor) Webster was involved in another research programme into the relationship between asbestos and cancer. The project was under the auspices of the South African Council for Scientific and Industrial Research and its Pneumoconiosis Research Unit. It followed the historic work of Dr C A Sleggs and Dr Chris Wagner connecting the outbreak of strange lung diseases around Kuruman in the Northern Cape with the dominant industry in the area, asbestos mining and milling. Their work indicated that there was a grave outbreak of asbestos-related cancers, especially mesothelioma (a cancer of the lining of the lung and/or the abdomen—see box), in the blue-asbestos mining areas.

Wagner's investigations went further. He found unbelievable conditions at the mines and mills in the area. The roads on these huge properties were made of loose asbestos waste. There were great plumes of blue dust over the mills. The industry used unlined hessian sacks, cheaper to fill than impermeable ones, and every time the sacks were moved and loaded or unloaded, asbestos dust escaped from them. In places, the asbestos was separated from the rock by the most dangerous and primitive method, hand labour by women often with their babies strapped to their backs. Immense dumps of milled asbestos waste, heavy with fibre, lay open to the wind. People who had lived in the area for short periods, or who had simply passed through, were developing mesotheliomas. In short, there was a public health disaster on a truly terrible scale in the blue asbestos mining areas of the Northern Cape.

Webster was the architect of the research project that followed Sleggs's and Wagner's pioneering investigations; and its guardian in the extraordinary environment of South Africa where the lines between business and government have always been faint. Before long the researchers—and Webster—hit an immovable object: the business interests of the asbestos companies. While prepared to clean up a bit and halt some of their worst excesses, the companies were determined to carry on producing their deadly commodity for profitable domestic consumption and export abroad where it caused still more cancers.

The first phase of the Pneumoconiosis Research Unit's mesothelioma survey was complete by April, 1962. The results were devastating. According to a confidential report dated 30 April, 1962, the survey showed that "even after the most critical re-assessment of the findings... people who live or have lived in the areas of Prieska, Keegas, Kuruman and Penge are in danger of contracting asbestosis even though they have no industrial exposure to

asbestos dust inhalation," and that "an alarmingly high number of cases with mesothelioma of the pleura [the lining of the lung] has been discovered among people who live or have lived in the North Western Cape area and that there is evidence to suggest that this condition is associated with an exposure to asbestos dust which again need not be industrial

"Experiments at our Pneumoconiosis Research Unit over the last three years," the report continues, "suggest that crocidolite asbestos dust may be the carcinogenic factor... These discoveries now make it imperative for both the Department of Mines and the industry to assess present dust control and disposal methods and to take immediate steps to attempt to effectively deal with this hazard" Webster was the man charged with the unpleasant task of telling the asbestos industry about the disaster in the Northern Cape. The report records: "the industry was accordingly apprised of this fact by Dr I Webster. Unfortunately this knowledge appears to have excited various untoward reactions"

Not the least of these was the decision of the asbestos mining companies to deny funds for more research. They

had initially paid 8000 Rand (about £5000) toward the research, but there was to be no more. Furthermore, a campaign to denigrate the scientists involved was embarked upon. They were accused of "trying to destroy a valuable export industry for self-aggrandisement". They were told that they were meant to be looking into silicosis, not cancer, and it was made abundantly clear to them that they were no longer welcome on the company properties they had to visit if they were to conduct any further research.

The confidential report of April, 1962, says that these "untoward reactions" meant the "cessation of all field work and accordingly the Mobile Unit [for X-rays] was recalled and has meanwhile been returned to the Department of Mines". An investigation into mesothelioma and air pollution in Prieska was to continue but "would now be called 'An Investigation into Possible Air Pollution by Asbestos Dust' with no direct reference to any possible relationship to the term mesothelioma". The asbestos companies were not only polluting the air, they were polluting the science too.

The confidential report explained why nothing was said: "The unfortunate publicity that was given to the survey in its early days has resulted in certain mining groups feeling that reference to a form of cancer has attached a stigma to the area in which they operate, and that such stigma could adversely affect not only the future recruitment of personnel for their mines, but even the economy of the industry as a whole. While emphasising that this Unit realises its obligation to humanity it is desired to point out that it will endeavour to continue what is regarded by us as necessary research as discreetly as possible and with due consideration of all policies which may be involved."

The "discretion" was soon put to the test. When scientists at the Pneumoconiosis Research Unit broached the matter of publishing their research, the asbestos industry was consulted. The response of the Chamber of Mines and the asbestos mining companies, most then registered in Britain, was amazing. They would allow publication, but only if the cancer hazard was passed off throughout as tuberculosis.

The question of publication haunted the unit for two years, with the then director, Louis Walters, trying to find a way to salvage something. The best he could manage was a shabby compromise. In a letter dated 23 June, 1964, Walters explained: "it was subsequently proposed by the Director of the Unit that the survey as such be 'finalised' by the submission of the findings that had been made and a statistical analysis of these. Such a 'report' would not be published or made available outside the Unit, other than to sponsors and the various members of the working committees that had been concerned with the conduct of the 'survey'. This proposal has now been carried out."

In the intervening time, however, two of the scientists involved in the survey resigned. One of them, J C Wagner, came to Britain, joined the Medical Research Council's Pneumoconiosis Research Unit at Penarth in Wales and continued working on the increasingly incontrovertible relationship between asbestos and cancer. Above all, his work focussed on that particularly potent carcinogen, blue asbestos, which informed and impartial scientific opinion throughout the world has long accepted as so dangerous that it should be left undisturbed below the surface of the Earth. However, the South African asbestos producers continue to fly in the face of all the evidence, to mine and mill blue asbestos and to claim that their product is safe. Their behaviour is an act of criminal folly and will continue to cause death, disease and injury to the people of South Africa and other countries for years to come. Meanwhile Irwig and Botha, worthy members of the scientific community, continue to rework their data. In South Africa the truth is a harsh mistress. □

The shocking history of asbestos

1857 The first asbestos products appear in England. But it is only with the opening up of deposits in South Africa and Canada in the latter part of the century that production begins in earnest.

1910 The first officially recorded production of blue asbestos (crocidolite) in South Africa. Mining of amosite (a fawn-coloured asbestos named after the Asbestos Mines of South Africa) begins soon after.

1918 The Prudential Insurance Company in New York refuses to issue life policies on asbestos workers following reports in the medical journals of cases of lung disease among asbestos workers.

1927 The word "asbestosis" first appears in the medical literature, reflecting a growing medical consensus that the lung scarring that doctors have seen in asbestos workers is not coincidental but is caused by asbestos.

1930 E R A Meiwether and C V Price, medical and engineering inspectors of factories in England respectively, place before parliament a report on asbestos and disease. The now famous report formally recognises that asbestos causes fibrosis of the lung. It leads to legislation the following year forbidding the mixing and blending of asbestos by hand, enforcing local ventilation in factories and demanding the wearing of respirators. But the toll of disease still grows as the industry expands.

1955 Richard Doll publishes evidence that asbestos also causes lung cancer. Although there were sporadic reports of individual cases of lung cancer among asbestos workers as long ago as 1935, it is Doll's paper that convinces many independent scientists that asbestos causes cancer.

1960 Chris Wagner produces overwhelming evidence that blue asbestos has caused cancer among South African miners and among people who lived near the mines. In this case, the cancer is a rare and invariably fatal one called mesothelioma - a cancer of the lining of the lung or abdominal cavity.

1963 The British Occupational Hygiene Society (a professional but unofficial organisation) issues a safety standard for chrysotile (white) asbestos that it says will reduce asbestos workers' risk of developing diseases to 1 in 100. The standard in one form or another is adopted in many industrial countries. Later research is to be all but ignored.

1970 Britain adopts a "safety" standard based on the BOHS standard, with the exception that the limit for blue asbestos (0.2 fibres/cm³) is a tenth that for other kinds of asbestos. This standard is so tough that imports of blue asbestos cease.

1977 In South Africa, the government mining engineer recommends that concentration of asbestos in the air should be 112 times greater than in Britain. He says that it is in his power to do so.

Declining US output, rising needs SA set to become No 2 in uranium

By ADAM PAYNE

SOUTH Africa is forecast to become the Western world's second-largest uranium producer in 1985 after being third this year, next year and in 1984.

The primary reason for South Africa's rise will be the decline in US production which is likely to offer South Africa selling opportunities, according to Mr Chris von Christierson, representative in South Africa of Nuexco, the international uranium brokers.

The forecast is made in a report issued from the company's headquarters in Menlo Park, California

Nuexco forecasts that Western world output of U308 will decline from 108-million lb this year to 102-million lb by 1985 after which it is expected to start rising again to 117-million lb in 1991

The United States, at present the largest producer, is forecast to reduce output sharply from 38 700 000 lb of

U308 last year to about 28-million lb this year

The forecast sees another decline of about 24% next year with US production at just over 21-million lb.

By 1991 Nuexco expects US production to decline to 13-million lb

The figures indicate that there will be a shortage of production in relation to consumption in the US next year with production at 21 200 000 lb and consumption estimated at 28 200 000 lb.

This shortage will continue and will be met by imports and by the liquidation of inventories, which are expected to fall from 5½ years' supply now to 1.3 years' by 1991

Some high-cost US producers are buying in at-current prices which are below their costs to meet long-term contracts and by so doing are able to make profits

South Africa's production is forecast to rise from 16 500 000 lb (7 500 000 kg) this year to 17 600 000 lb (8-million kg) next year, and

then to reach 18 400 000 lb (8 363 636 kg) in 1984

After the United States — at present the Western world's top producer — Canada is second this year with forecast output of 18 900 000 lb and South Africa third

But next year Canada is forecast to oust the USA as the leader with 21 400 000 lb compared with the US 21 200 000 lb

After 1983 Canada is expected to lead although the gap between it and the US will widen as Canadian production rises and US production declines

South African production is forecast to decline marginally to 18 300 000 lb in 1985 when Canada will lead with output of 23 200 000 lb followed by South Africa, and the US third at 17 600 000 lb

South Africa is forecast to remain the second-largest producer for the remainder of the decade although its output is expected to decline to 17 800 000 lb from 18 100 000 lb in 1987.

The decline in US production is ascribed to declining ore grades, depletion of ore bodies and principally to production reductions because of high costs and low prices

Nuexco believes that the US Government will not put up barriers to the import at of large quantities of uranium — up to two-thirds of annual unfilled requirements of US utilities.

Fears in South Africa and in other producing countries that Australia could flood the market with uranium as its large deposits are exploited appear unfounded, according to Nuexco's figures

Because of the long lead time needed to bring Australian mines to production, and for other reasons, Australian output is forecast to be well below South Africa's this year at 11 100 000 lb and to rise to 17-million lb by 1991 — or only 800 000 lb less than South Africa's forecast production at that time

Political problems arising from the need to agree to the establishment of mines with the Aborigines in the Northern Territories are a factor in slowing expansion of uranium production in Australia.

Secondly, the Australian base price of \$30 a lb for exports, set by the Government, hinders sellers of Australian uranium as the present spot price is only \$22.50 a lb.

Canadian production is growing partly because of its geographical situation which enables it to be a favoured supplier to the US market.

Added to this, Canada has several rich ore bodies with the Key Lake deposit in North Saskatchewan the richest in the world.

The average grade there is 50 lb of U308 to the short ton, or 25 kg to the metric ton, compared with payable grades of 0.5 kg a metric ton and lower in South Africa

However, South Africa's strength lies in its low costs with uranium a by-product of gold.

Key Lake has proved reserves of about 180-million lb Production is planned to build up to 12-million lb a year The mine is due to come on stream next year

The Trade Union Council of South Africa was formed. This body decided to restrict membership to registered unions thus excluding African unions. Following the formation of the body, the Trades Council and the Western Province Federation of Labour joined themselves. Fourteen members of the Trades and Labour disassociated themselves from the decision to form a new national body representing only the registered trade unions. Of these unions met member unions of the Council of Non-Trade Unions during March 1955 and formed a new body, the African Congress of Trade Unions (SACTU) which accorded status to both registered and unregistered unions.

The trade unions co-ordinating bodies formed a central body, the African Confederation of Labour. They were the Federation of Trade Unions, the Co-ordinating Council and the Federal Trade Union Council of the SAR & H Staff Association and the S.A. Confederation of Labour

resolved to establish a special multi-racial committee (on JCSA would be represented to co-ordinate the tasks of organising workers.

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Asbestos probe cover-up denied

Cape Times 3/5/82

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By LOUISE
DENDY-YOUNG

AN ALLEGATION by a leading British science journal that the South African Medical Research Council (MRC) had suppressed publication of a scientific paper on the deadly hazard of blue asbestos as a result of pressure from the asbestos industry was strongly rejected by the MRC on Friday

The MRC admitted, however, that it had stopped the publication of the paper at a conference in New York in 1978 because of doubts as to its "scientific value"

The allegation of the MRC's suppression of the paper, which pointed to the link between asbestos and cancer not only for those working in the industry but also for those living in the vicinity, appears in an in-depth article in the latest edition of the authoritative British Science Journal "New Scientist"

Actuaries

The journal also claims that a firm of actuaries in Johannesburg was probably paid handsomely by the South African Asbestos Producers' Advisory Committee for their part in the alleged cover-up

Describing the alleged withholding of the research paper as an "act of criminal folly", the journal states that in 1978 Dr Leslie Irwig, a South African researcher working at the National Research Institute for Occupational Diseases, was to have presented a paper on the "Mortality from asbestos-related disease in South Africa" to a scientific conference organized by the New York Academy of Sciences

However, the article claims, "Irwig and his co-author, Dr Hannes Botha, were flatly ordered not to read the paper by the South African Medical Research Council

"Today, three-and-a-half years later, the research has still not seen the light of day"

Medicine at Stellenbosch University, and President of the MRC he flatly ordered Botha to pass on the instruction to Irwig, who had already left for New York."

Later the doctors submitted a revised version of their paper. This met a similar fate

According to the journal, a health consultant to the Kuruman Cape Asbestos Blue Mine Company, who also sat on the advisory panel of the MRC's Asbestos Research Project, obtained a copy of the revised paper and commissioned a firm of consulting actuaries in Johannesburg to produce a report criticizing the revised and still-unpublished paper

Workers

"It (the actuarial report) records that all future epidemiological investigations into the asbestos industry in South Africa should be confined to workers in the industry. People at risk because they live in mining areas should be excluded from future studies because they are too difficult to study"

The firm of actuaries was paid for the study by the South African Asbestos Producers' Advisory Committee, probably generously, the article states

As a result of the report, the advisory panel of the MRC's Asbestos Research Project voted to suppress the publication

After being supplied with a copy of the New Scientist report by the Cape Times, Mr W B Olivier, Public Relations Officer for the MRC, said the "allegations made are unfounded and further, a distortion of a half-truth"

Vice-President

Mr Olivier said the MRC did in fact stop the reading of the paper in New York. The MRC's decision was conveyed not by Professor Brink but by Professor J de V Lochner, Vice-President of the MRC. This was because it was felt the paper was

By LOUISE DENDY-YOUNG

AN ALLEGATION by a leading British science journal that the South African Medical Research Council (MRC) had suppressed publication of a scientific paper on the deadly hazard of blue asbestos as a result of pressure from the asbestos industry was strongly rejected by the MRC on Friday

The MRC admitted, however, that it had stopped the publication of the paper at a conference in New York in 1978 because of doubts as to its "scientific value"

The allegation of the MRC's suppression of the paper, which pointed to the link between asbestos and cancer not only for those working in the industry but also for those living in the vicinity, appears in an in-depth article in the latest edition of the authoritative British Science Journal "New Scientist"

Actuaries

The journal also claims that a firm of actuaries in Johannesburg was probably paid handsomely by the South African Asbestos Producers' Advisory Committee for their part in the alleged cover-up

Describing the alleged withholding of the research paper as an "act of criminal folly", the journal states that in 1978 Dr Leslie Irwig, a South African researcher working at the National Research Institute for Occupational Diseases, was to have presented a paper on the "Mortality from asbestos-related disease in South Africa" to a scientific conference organized by the New York Academy of Sciences

However, the article claims, "Irwig and his co-author, Dr Hannes Botha, were flatly ordered not to read the paper by the South African Medical Research Council

"Today, three-and-a-half years later, the research has still not seen the light of day"

Reasons

According to the journal, "the MRC made its move to suppress the paper for political, not scientific reasons, at the direct request of the asbestos mining companies, which did not like what the paper said

"The instruction that the paper should not be read in New York came from Professor A J Brink, Dean of the Faculty of

Medicine at Stellenbosch University, and President of the MRC he flatly ordered Botha to pass on the instruction to Irwig, who had already left for New York."

Later the doctors submitted a revised version of their paper. This met a similar fate

According to the journal, a health consultant to the Kuruman Cape Asbestos Blue Mine Company, who also sat on the advisory panel of the MRC's Asbestos Research Project, obtained a copy of the revised paper and commissioned a firm of consulting actuaries in Johannesburg to produce a report criticizing the revised and still-unpublished paper

Workers

"It (the actuarial report) records that all future epidemiological investigations into the asbestos industry in South Africa should be confined to workers in the industry. People at risk because they live in mining areas should be excluded from future studies because they are too difficult to study"

The firm of actuaries was paid for the study by the South African Asbestos Producers' Advisory Committee, probably generously, the article states

As a result of the report, the advisory panel of the MRC's Asbestos Research Project voted to suppress the publication

After being supplied with a copy of the New Scientist report by the Cape Times, Mr W B Olivier, Public Relations Officer for the MRC, said the "allegations made are unfounded and further, a distortion of a half-truth"

Vice-President

Mr Olivier said the MRC did in fact stop the reading of the paper in New York. The MRC's decision was conveyed not by Professor Brink but by Professor J de V Lochner, Vice-President of the MRC. This was because it was felt the paper was open to criticism on scientific grounds

"But we did not forbid them to publish point blank," Mr Olivier said

He added the the asbestos workers' union had representation on the MRC's asbestos advisory panel and that the MRC rejected outright any suggestion that it had acted as a result of pressure from the asbestos industry

'Horrified' by blue asbestos cover-up claim

Cape Times 4/5/87
230 217

By LOUISE
DENDY-YOUNG

A PARTNER of a Johannesburg actuarial firm said yesterday that he was "horrified" at the accusation in the latest edition of New Scientist that his firm had been paid generously to discredit a scientific paper on the deadly hazard of blue asbestos.

New Scientist, a leading British science journal, claimed in its April 22 edition that the firm was involved in a cover-up of the scientific paper which was called "Mortality from asbestos-related disease in South Africa" and was written by Dr Leslie Irwig and Dr Hannes Botha.

The paper claimed that "people living in asbestos-producing areas (but not necessarily working in the asbestos industry) died more often than usual from cancer".

According to the article, the South African Medical Research Council (MRC), under pressure from the asbestos industry, was also involved in the "suppression" of the paper.

The MRC, while acknowledging it stopped publication of the paper in New York in 1978 because of its "doubtful scientific value", has denied it refused publication of the paper "point blank".

According to the article in New Scientist, Mr Fritz Baunach, who sat on the advisory panel of the MRC's Asbestos Research Project, tried (successfully) to halt a second at-

tempt to publish the paper by commissioning an actuarial firm in Johannesburg to produce a report criticizing the paper.

The article claims further that the actuarial firm produced the report for a presumably generous fee paid by the South African Asbestos Producers' Advisory Committee.

On the strength of the actuarial report, the paper was again suppressed, according to the article.

Both the actuarial firm and Mr Fritz Baunach, contacted yesterday, acknowledged they knew about the paper.

"I am absolutely horrified at the suggestion that there is any sort of cover-up," a partner of the firm said.

"We did not actually charge a fee for it (the actuarial report) and it contained nothing that any elementary student of statistics could not have written.

"I assure you we are absolutely respectable and horrified."

Mr Baunach, who is a member of the advisory panel of the National Centre for Occupational Health, admitted "Yes, we threw it (the Irwig/Botha paper) out because the premises of the investigation were wrong.

"Dr Hannes Botha admitted that to me."

Mr Baunach suggested the Cape Times contact Dr Botha himself at Tygerberg Hospital. However, Tygerberg said it had no such person on its staff.

Asbestos: Clamp on report condemned

Science Reporter

LACK of controls in the asbestos industry, in spite of many studies dating from 1955 which have linked asbestos to lung cancer, is an example of the legislative timelag which gives cancer-causing substances the benefit of the doubt

This was stated in a debate at the University of Cape Town on medicine and industrial health by Miss Jude Cornell, a member of Department of Sociology's industrial-health research unit

She said the alleged suppression by the Medical Research Council (MRC) of a report on the relationship between cancer deaths and blue and brown asbestos mining was "a particularly crass example of irresponsibility in science"

RISK

She added "It was made worse because the whole debate took place at a level where it was completely out of the hands of those most at risk — the mineworkers and their families"

The allegation of the MRC cover-up was made recently by the New Scientist, a British journal which described the withholding of the report, due to have been delivered at a conference in New York in June 1978, by its co-authors, Drs Leslie Irwig and Hannes Botha, as "an act of criminal folly"

The MRC has admitted that it stopped the publication of the paper, but

dismissed the New Scientist allegation that this was on the insistence of the asbestos industry

Its authors were told not to present their findings because of "doubts of their scientific value"

Miss Cornell, however, said that Dr Irwig, who was working at the National Research Institute for Occupational Diseases, "is a very widely respected scientist"

She said there were many comparable studies throughout the world which supported the paper's findings that people living in asbestos-producing areas, including those who did not necessarily work in the asbestos industry, faced a greater cancer threat than those living elsewhere

PANEL

These studies, and Dr Irwig's report were in direct contradiction to an actuarial report which the New Scientist alleged was commissioned by a member of the advisory panel of the MRC's asbestos research project and who was a "health consultant to the Kuruman Cape Asbestos Blue Mine Company"

According to the journal, the actuarial report recommended that "all future epidemiological investigations into the asbestos industry in South Africa should be confined to the workers in the industry. People at risk because they live in mining areas should be excluded from future studies because they are too difficult to study."

Welders Society

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AGRICULTURE, FOF

National Federation of Workers
Orange-Vaal General Workers Union
General and Allied Workers Union

Unions have been classified according to the Standard Industrial Classification of All Economic Activities. The full extent of the operation of the following general workers unions has not been established:

UNIONS OPERATING IN 1981 GROUPED ACCORDING TO INDUSTRIAL CLASSIFICATION

Asbestos hazard claims probed

CAPE TIMES 7/5/82 (82/174)

217

Staff Reporter

DR Hannes Botha, co-author of the controversial research paper on the hazard of blue asbestos which has been withheld from presentation since 1978, told the Cape Times yesterday that the validity of the research results were currently being verified and it was hoped the paper would be presented within a year.

He said additional information was also being collected.

The paper, which points to the link between asbestos and cancer, not only for those working in the

industry but also for those living in the vicinity of asbestos mining, was first scheduled to be read at a science conference in New York in 1978.

According to the latest edition of the authoritative British science journal "New Scientist", the South African Medical Research Council (MRC) "flatly ordered" Dr Botha and his co-author Dr Leslie Irwig not to read the paper at that conference.

The MRC has admitted it stopped the presentation of the paper at that stage because of doubts as to its "scientific value". It denied however, that it prevented publication "point blank".

According to New Scientist, a later attempt by the doctors to present a revised version of their paper was again stymied by the actions of Mr Fritz

Baunach who sat on the advisory panel of the MRC's Asbestos Research Project.

Mr Baunach, who is now a member of the advisory panel of the National Centre for Occupational Health admitted this week "Yes, we threw it (the Irwig/Botha paper) out because the premises of the investigation were wrong."

"Dr Hannes Botha admitted that to me."

However, contacted yesterday, Dr Botha disagreed that the premises of the investigation had been wrong.

'Shortcomings'

What he did admit to Mr Baunach, he said, was that "we were aware of certain shortcomings in the study. However it is customary for research workers to present preliminary results at scientific meetings to elicit criticism which would lead to an improvement of their work."

Dr Botha, who works at the Institute for Bio-Statistics at the MRC, said it was not possible for the Cape Times to see the paper.

"We do not want it published in the press before its been published in a scientific journal," he said.

He added "Because of the sensitivity of the issue, the MRC felt that the validity of the results should be verified and at present a second phase of the study encompassing a 10 year period, is under way."

"It may be noted that at present a medically-qualified staff member is devoting most of his time to this study."

Dr Botha said he hoped the paper would be presented by late this year or early next year.

The co-author of the paper, Dr Leslie Irwig, was not available for comment as he is in Canada.

Mine closure will put town future at stake

217
 15/5/82
 Staw

Own Correspondent
KIMBERLEY — The future of Copperton near Prieska in the northern Cape is in the balance with the announcement that the copper mine which led to the founding of the town will close in 1985. The closure of the

mine, started in 1970 will put 3700 employees out of work.

Prieska Copper Mine Anglovaal's copper and zinc producer has said that all operations will cease in late 1985.

An Anglovaal spokesman said that of the 3700 employees who

will be affected by the closure 400 are white, 325 coloured and the rest black.

The company would make every effort to employ workers at operations in other parts of the country but not all could be retained he said.

Commenting on the future of the town, he said: "We will have to give this a lot more thought nearer the time. In view of the fact that an entire infrastructure has been created it is highly unlikely the town will be abandoned."

But at this stage there are no plans for the company itself to continue using the town after 1985.

Copperton has about 400 homes, its own telephone exchange, banks, primary schools and churches, shops, restaurant and several mine-related businesses.

It is 64 km from Prieska.

A senior Prieska municipal spokesman said that because of that town's infrastructure, it would not be affected adversely by the mine's closure.

"Prieska will be affected in some way. While I am not able to say to what extent, I am confident we will cope with whatever the future has in store for us," he said.

He noted that Prieska had no problems with water or electricity supplies. It was linked to main rail and road routes and had sufficient areas for industrial and general development.

He concluded: "In view of the drop in the price of copper, the closure of the mine is understandable."

An Anglovaal spokesman explained why the mine has to cease.

"Feasibility studies which take into account the results of further exploration have been carried out to assess the economic viability."

"This indicates that about one million tons of ore could be recovered over the remaining life of the mine."

"Low prices for copper and zinc have adversely affected the company's cash resources, and because of uncertainties on future prices and exchange rates the board considers that the additional R9 million needed to mine a deeper level is not justified."

Desire facing toughest test



Desire Wilson — all set to qualify

By Geoff Dalglish
 Motor Editor

South African supergirl Desire Wilson faces the toughest test of her motor racing career today and tomorrow when she attempts to qualify for the Indianapolis 500 race on May 30.

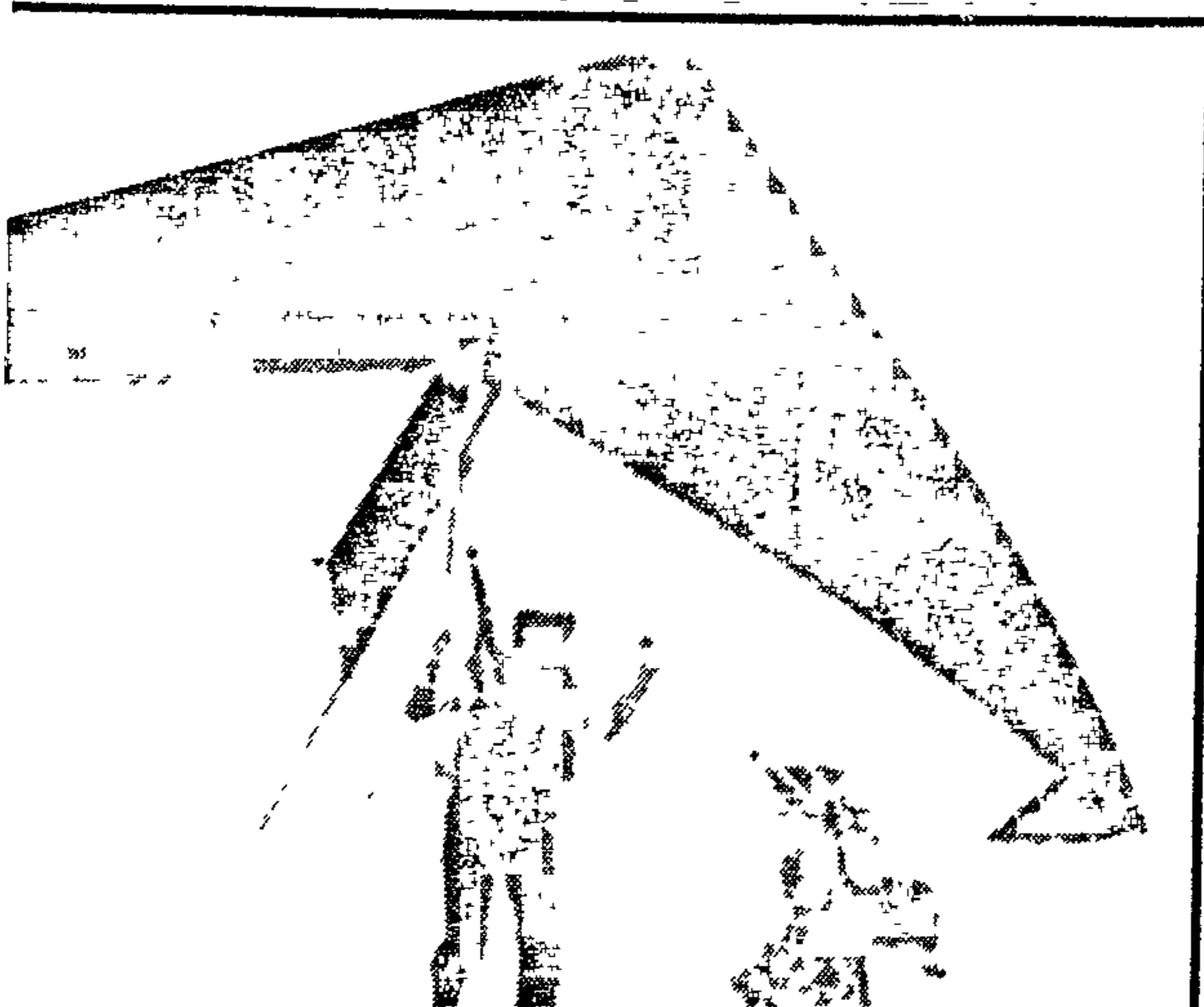
"She's doing great, just great," a member of the team enthused as the 28-year-old Brakpan-born star lapped her Theodore Eagle-Cosworth at an average speed of 305 km/h.

But she will have to go about 5 km/h quicker to qualify for one of the 33 places in the world's most famous motor race.

Promising a super-human effort to become the first South African to compete at the legendary "Brickyard" which has claimed so many lives, she said she was confident she would be able to go faster in qualifying practices today and tomorrow.

Taking part at "Indy" is one of her three major ambitions, along with a drive in Europe's famed Le Mans 24 Hours and a regular Formula One "works" drive.

Yesterday her husband, Alan Wilson, manager of Britain's Brands Hatch circuit, disclosed that negotiations had been finalised for her to partner Alain de Cadanet at Le Mans in the new Ford C100 sports car.



McCarthy gets in some practice in preparation for his attempt to break the altitude record

plans to soar to fame

Hang glider will plunge from height of 11500m

minutes it will climb — higher than the height of Everest, beyond the known limits of unpressurised human survival into minus 100 deg C of airless cold.

At 11550 theoretically level with a jumbo jet passenger's eyes, Rorv will detach himself from the icy balloon, entrust himself to the frailty of a pair of wings and attempt to break the world's solo hang glider altitude record.

From that moment, immediately above Edwards Air Force Base in California, his pro-

gress will be monitored and televised by Nasa equipment which last observed the space shuttle launch.

Rorv, of London, is Britain's only fulltime professional hang glider pilot.

Already he has nearly twice

Once he was riding his motorcycle at 112 km/h when he struck a car, was thrown through the air and on to the road. He broke a finger.

Then, just over a year ago, he was on top of Mont Blanc with four other hang glider pilots when they were

trapped by a blizzard. The rescue helicopter reached them six hours later.

Next birthday Rorv will be 22.

He, Gregory Rogala and John Moody hope to raise R930 000 for the Stoke Mandeville Appeal Fund through the sky voyage.

McCarthy says nothing will stop him taking the jump.

"I will not cut away until I've got to 11550m," he says. "My flight will then take something like three-and-a-half hours, but all the danger will be in the first minute."

"After that it will be an unforgettably wondrous experience."

Samancor cuts production

217 RDM
25/5/82

Financial Reporter

SA Manganese Amcor (Samancor), the world's largest integrated producer of ferroalloys, had to cut production at some of its operations in the year to February 20 to reduce stocks, according to the annual report.

But the chairman, Dr J P Kearney, says Samancor was able to increase its world market share for some products.

He says "The performance of the ferroalloy manufacturing plant at Roane Limited in Rockwood, Tennessee, USA, showed some improvement.

"One furnace has been rebuilt and two additional furnaces are at present being rebuilt with a view to significantly reducing production costs and achieving greater efficiency in operation.

"It is intended to rebuild all the furnaces when market demand improves and the additional capital expenditure can be justified.

"Roane Limited operated at a loss during the year and had to be assisted financially (by Samancor)

"Significant improvement to the income of Roane Limited can only be achieved when higher prices can be obtained for its products"

Looking at general prospects Dr Kearney says "Last year because of the significant reduction in market requirements stock levels increased above 1981 levels, but every effort is being made to reduce these tonnages

"The depressed economies of the Western world countries have resulted in the demise of some of our competitors

"However, in some cases state assistance and protection has been granted to alloy producers in many countries for socio-economic reasons

"The position is unlikely to continue indefinitely and sooner or later demand and supply will come into balance

"When this happens more realistic prices should follow"

Dr Kearney says that re-

duced demand by stainless-steel producers for ferrochrome continued throughout the group's past financial year and certain furnaces remained inoperative.

Ferrosilicon production was also curtailed because of reduced demand

Ferrometals Limited, Samancor's ferrochrome subsidiary, has a contingent li-

ability of about R5 500 000 "in respect of additional import duties which may be imposed on certain products exports to the USA The validity of this duty is in dispute"

Metalloys Limited, Samancor's ferromanganese arm, was forced to add to stocks because of lower international demand last year

at \$211 year

short lead times and low capital costs

"It is likely that these small-scale operations, together with alluvial production, will prove to be the most price elastic sources of supply, while the larger mines with longer lead times will continue to be less sensitive to short-term price movements"

The report says the opening of some small-scale mines may be delayed until the gold price improves, but most of the major new mine projects will survive at a price of \$325 and above

fall year

of doing so switch to higher grades in response to the price slump

Gold 1982 says the net use of gold for fabrication rose sharply to 1 036 tons last year from 542 tons in 1980 mainly because of increased demand for jewellery in the Middle East and Far East

Net demand for new gold for jewellery fabrication increased by almost 400% to 594 tons last year accounting for 60% of the total gold supply in 1981 compared with only 15% the previous year

The report says demand for official coins has held up remarkably well since 1974

SA coin production increased to 112 tons last year and Krugerrand sales did particularly well in Europe, which replaced the US as the biggest market for the coins with about 50% of offtake

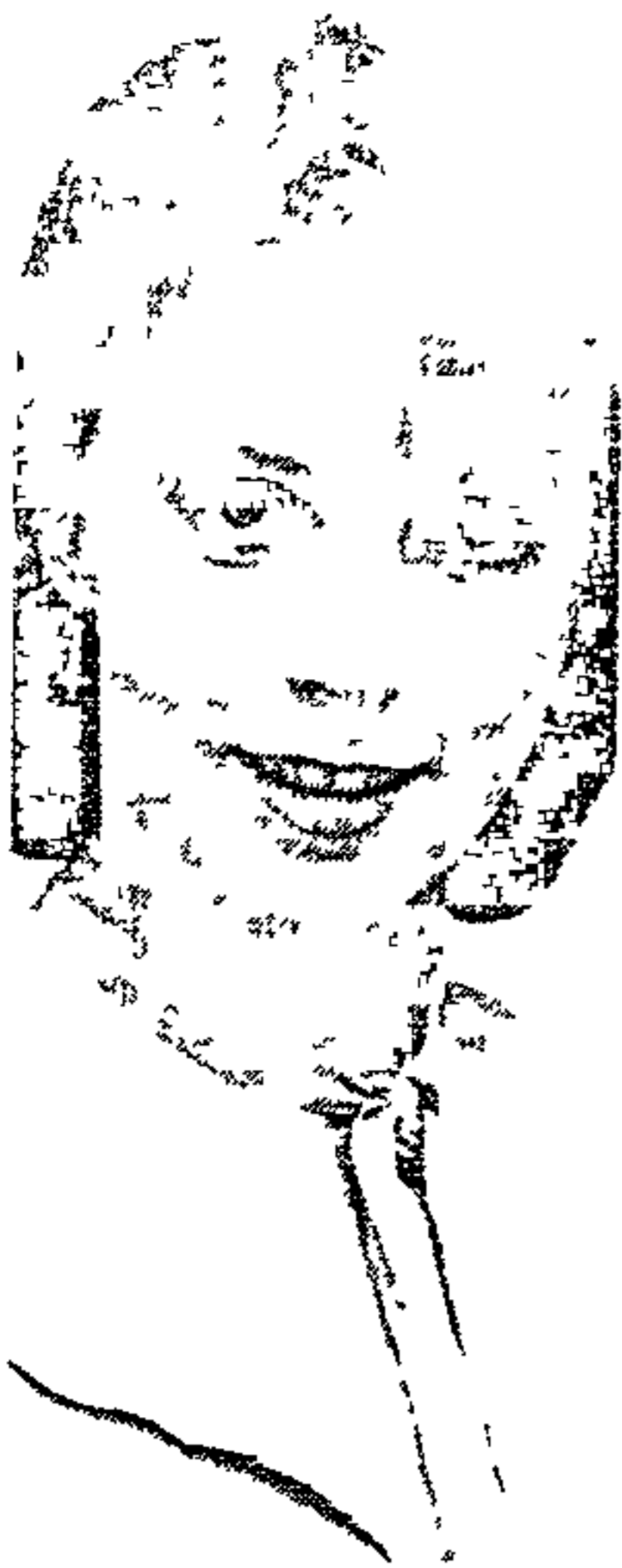
SA's coin production accounted for almost half the 227 tons of official coins minted last year and sales of one-oz Krugerrand rose by eight tons to 97 tons. Those of the smaller denomination coins increased by five tons to 14 tons

If Krugerrand demand continues at the high levels of the first three months of this year, Gold 1982 believes SA gold-coin production could exceed the 145 tons of 1979

attern

1979 and 1980 when the trade balance improved and gold sales declined in spite of record grain imports in both years

Lower gold prices a poor grain harvest, the collapse in the Polish economy and a decline in the amount of oil available for export led to a



Miss Christina Scoging has been appointed a senior client executive at Norton Glyn Communications

Reagan seeks debt lift

WASHINGTON — The Reagan Administration has asked Congress to raise the Federal debt ceiling by almost \$200 000-million to keep the Government solvent to the end of the 1983 financial year

If Congress failed to act by the third week of June, the Government would be unable to borrow money and might have to stop honouring some of its financial obligations, the Assistant Treasury Secretary, Mr Roger Mehle, told the House Ways and Means Committee

This would include social security pension payments and payment of interest on Government securities

Mr Mehle said current Government debt was only \$10 000-million short of the legal limit of \$1 079 000-million and asked for the limit to be raised to \$1 275 000-million to allow enough borrowing to cover all Government expenses until September 30, 1983 — the end of the 1983 financial year

Congress has revised the debt ceiling 43 times since 1946 and is almost certain to approve an increase. However, in the past, delays in adopting higher ceilings have forced suspension of Government savings bond sales and cancellation of other borrowings

Mr Mehle asked for timely action to avoid a repetition of past dislocations" — Sapa-Reuter

Slow rise

Production cuts fail to halt platinum slide

LONDON — The platinum price is its lowest since September 1978, and dealers fear the industry could be in for a repeat of the early Seventies when miners were laid off in their thousands

Several people at last week's annual London platinum dinner forecast that production cuts would be stepped up as the year progressed

"This is survival time. They have to cut production further," says Mr Barry Salter, managing director of Argos Metals, London platinum dealers

When platinum fell to \$296 this week it was at a discount of 38% to the producer price of \$475

Although Rustenburg and Impala have refused to cut their producer quote, industry sources at the platinum dinner indicated that the two producers were continuing to reduce production

In March this year Business Mail reported that the mines production would fall by about 20% by the end of the year. But sales have been so bad that it is possible there will be more output reductions in the next 12 months

Several sources say production of the two mines could decline by a third if demand continues weak. The cuts however will take time and the mines will be forced to stockpile platinum

The chairman of Rustenburg Platinum, Mr Gordon Waddell, said recently the decrease in supplies from both producers was substantial

Unlike their gold-mining counterparts however the two platinum producers are secretive about production

Various sources estimate that platinum output of the South African producers has

fallen from 2 300 000 ounces to 1 800 000 ounces

But the small mine, Western Platinum will increase output to more than 100 000 ounces because of capital commitments

Producers are gloomy because each production cut has failed to match the decline in demand. Japanese platinum consumption, which was more than 1 200 000 ounces last year is running at an annual rate of 800 000 ounces

"Platinum has to some extent been displaced by gold in the important Japanese market," says Samuel Montagu & Co, bullion dealers

Sumitomo Corporation says Japan's gold imports soared from 1 100 000 ounces in 1980 to nearly 5 400 000 ounces in 1981

However demand for both metals is falling

Sumitomo says last year's gold boom was fuelled by fears that the Japanese Government would close tax loopholes

Under the proposed regulations known as the green card system, all commercial bank accounts were to have been registered with the Japanese Government. This is to eliminate tax evasion

To cover themselves, Japanese investors closed accounts and bought gold and platinum. However the Japanese Government has postponed this legislation so there is now less incentive than before to buy the precious metals

United States platinum demand, mainly in the motor-car industry, has slackened markedly too. US Bureau of Mines statistics shows that on an annual basis the car-makers are buying only 400 000 ounces of platinum a year compared with more

than 100 000 ounces in 1980

US Japanese and European platinum demand has shrunk to about 1 500 000 a year — 50% lower than in 1979 and 1980

The Russians have been reducing platinum sales and dealers estimate their exports at 300 000 ounces a year against 400 000 ounces last year

Including Canada and producers such as Colombia, world platinum production is about 2 300 000 ounces a year — well above demand

There is some hope for producers, however

Dr Sidney Stein, president of Elector-Science Laboratories Inc, a US electronics firm, forecast that platinum consumption in the micro-electronics industry would soar in the coming decade. But he warned that much research was still necessary

Most consumers and dealers at the dinner thought that his projections were overoptimistic

CDM denies gem claim

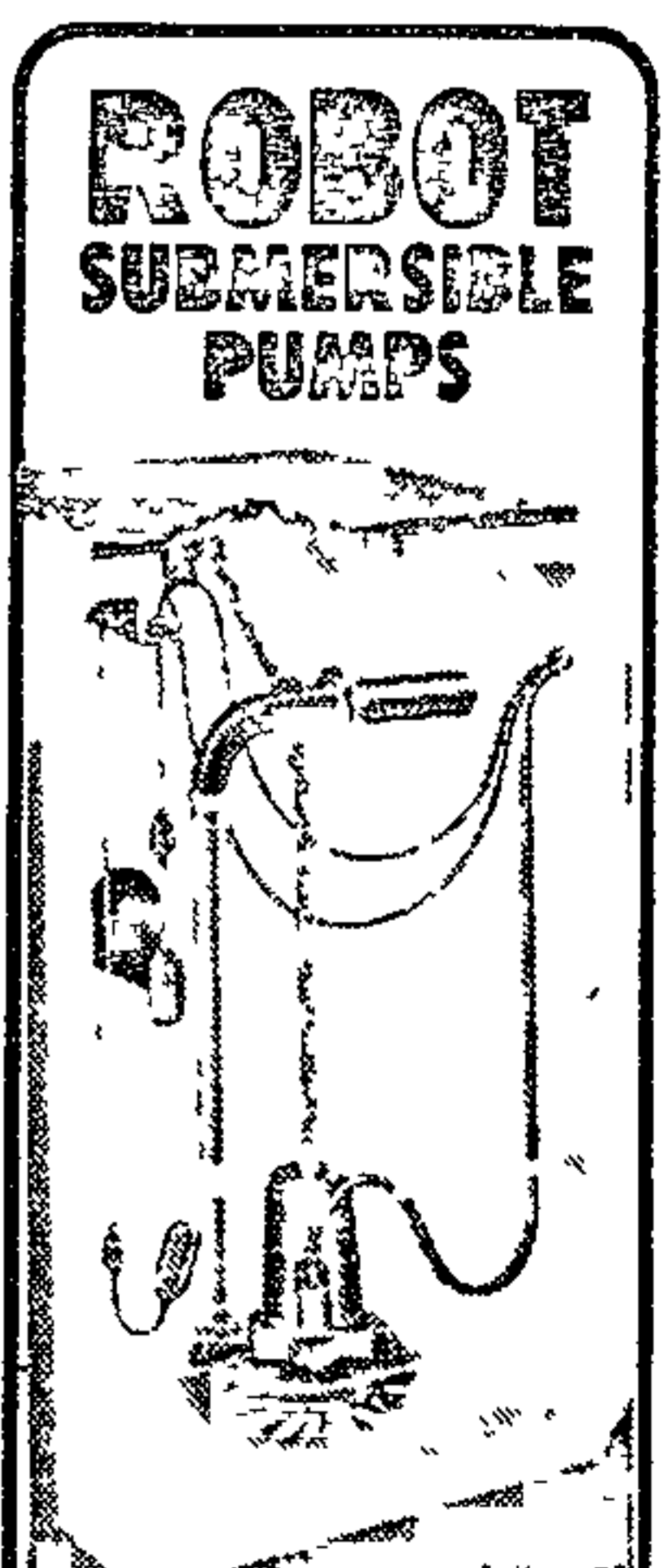
By KOOS COETZEE

WINDHOEK — The resident director of Consolidated Diamond Mines has denied allegations that the De Beers-owned company sold its diamonds cheaply to the Central Selling Organisation in

subject to inspection by the State he said

As a diamond mining company CDM paid tax at a higher rate than any other taxpayer. Taxes had always exceeded by far dividends paid to shareholders, Mr Hoffe said

Mr Lang alleged that figures from the Auditor-General's office showed that Nam



- Save on initial installation and running costs
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We supply, install, service and design systems
CHICK HENDERSON

Copper mines

ARGUS 3/6/82

'saved' by 217

R40-m loan

THE exploitation of new copper reserves in Carolusberg Namaqualand, meant that the O'Okiep Copper Company could "stay in business," the assistant manager of the company Mr A P Derrick, said today.

In terms of a Finance Bill published in Cape Town yesterday the Government will become a creditor of last resort in the R40-million loan raised by the O'Okiep Copper Company with a commercial bank.

IMPORTANCE

This means that if the five-year loan is unredeemed by March 1987, the Government will take cession of the bank's claims for the outstanding portion of the loan.

This step was taken because of the importance of copper mining for the social and economic stability of the Okiep-Nababep area.

The Carolusberg development, which will cost the mine a total of R57-million, will provide reserves estimated at about 16-million tons of copper ore, which represents 60 percent of the total reserves of the mines operated by the company.

When in production — probably by mid-1983 — it should deliver about 120 000 tons of ore-bearing rock a month.

CLOSURE FEAR

"The exploitation of these new reserves — which are very deep underground, hence the cost — will considerably prolong the life of the mine," Mr Derrick said.

"If we had not developed these deeper reserves we might have had to close the mine in two or three years."

The vulnerability of the copper mining community was demonstrated in July 1977 and again in February last year, when hundreds of miners lost their jobs because of the "temporary" closure of low grade ore mines.

Company spokesmen said last year that the three mines concerned — Rietberg, Divide and Nababep — might re-open early this year, but Mr Derrick today told The Argus this had not happened because the copper price was even lower now than when the mines were closed.

GOING WELL

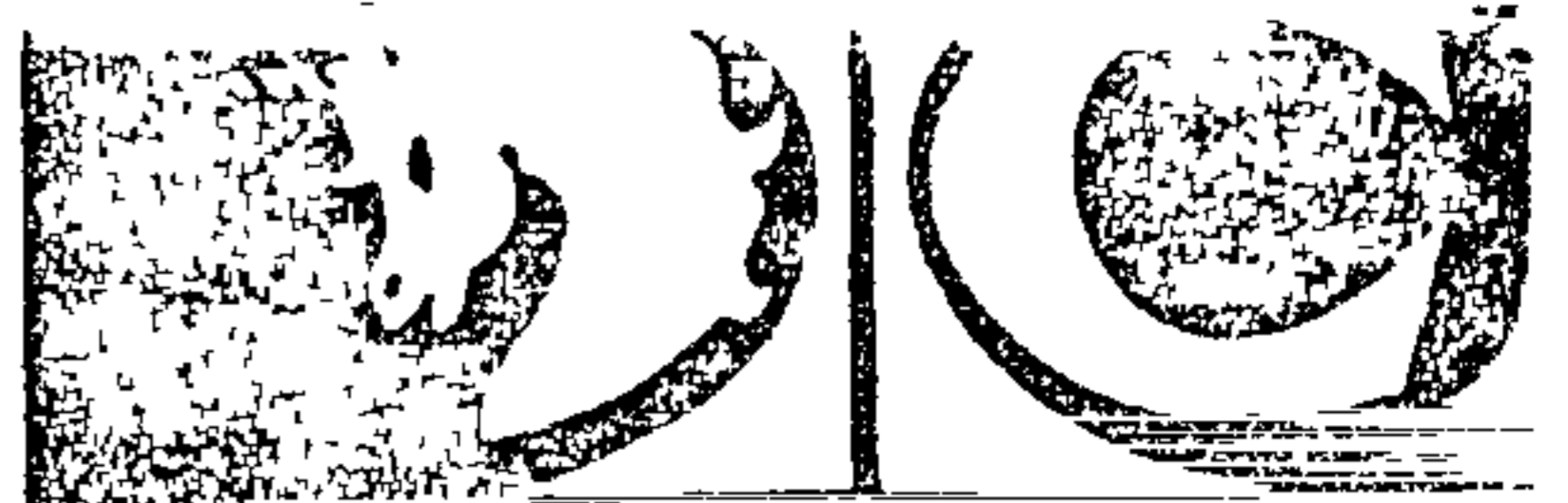
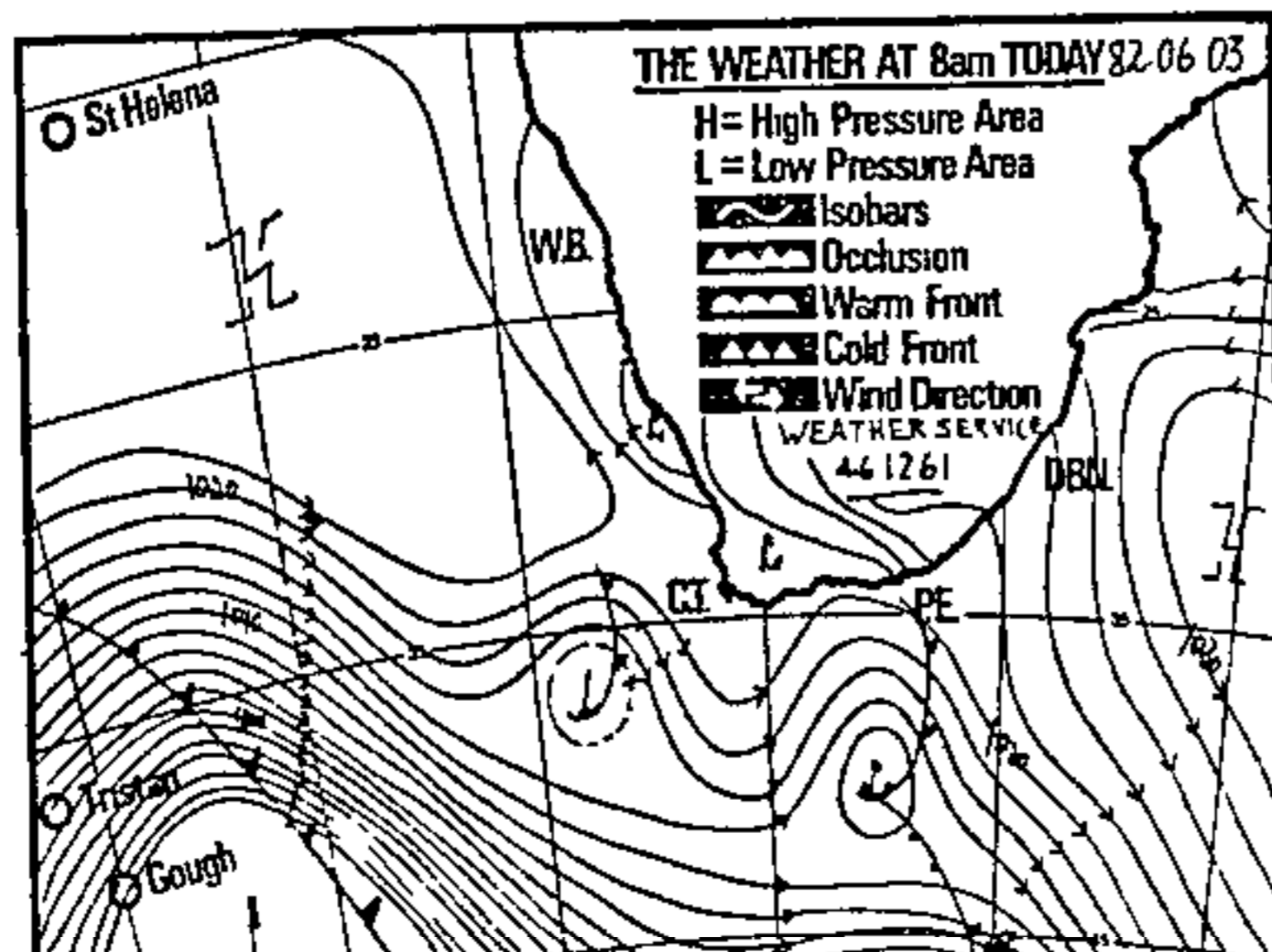
The Rev Jan Witbooi, the Ned Geref Sendingkerk minister at Nababep, said today that while the area was socially and economically stable at present, the Carolusberg development would further consolidate the position of the community.

"Things are going very well with our community at present and there is little unemployment. The mines have been taking on staff for some time," he said.

12 years jail for SA refugee

GABORONE — A South African political refugee who fled to Botswana after the June 1976 Soweto riots, was sentenced to 12 years' imprisonment and nine strokes by Mr G L Patel, the Gaborone chief magistrate.

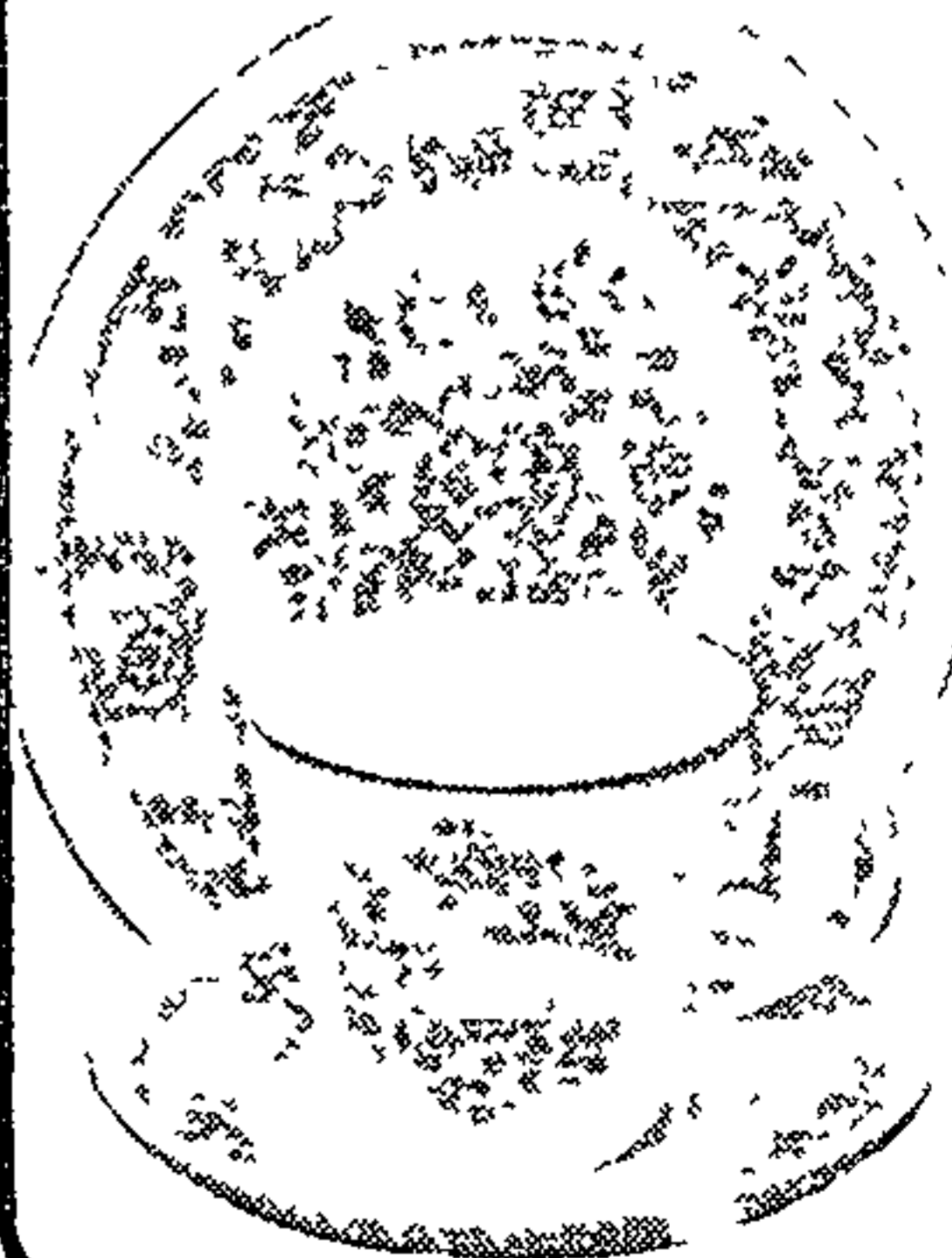
Sipho George Sithole, 21, pleaded guilty to 14 counts including robbery with violence, assault and theft — Sapa.



SAVINGS



Constantia Fine Co. ROSEMARY 18 PIECE TEA SET



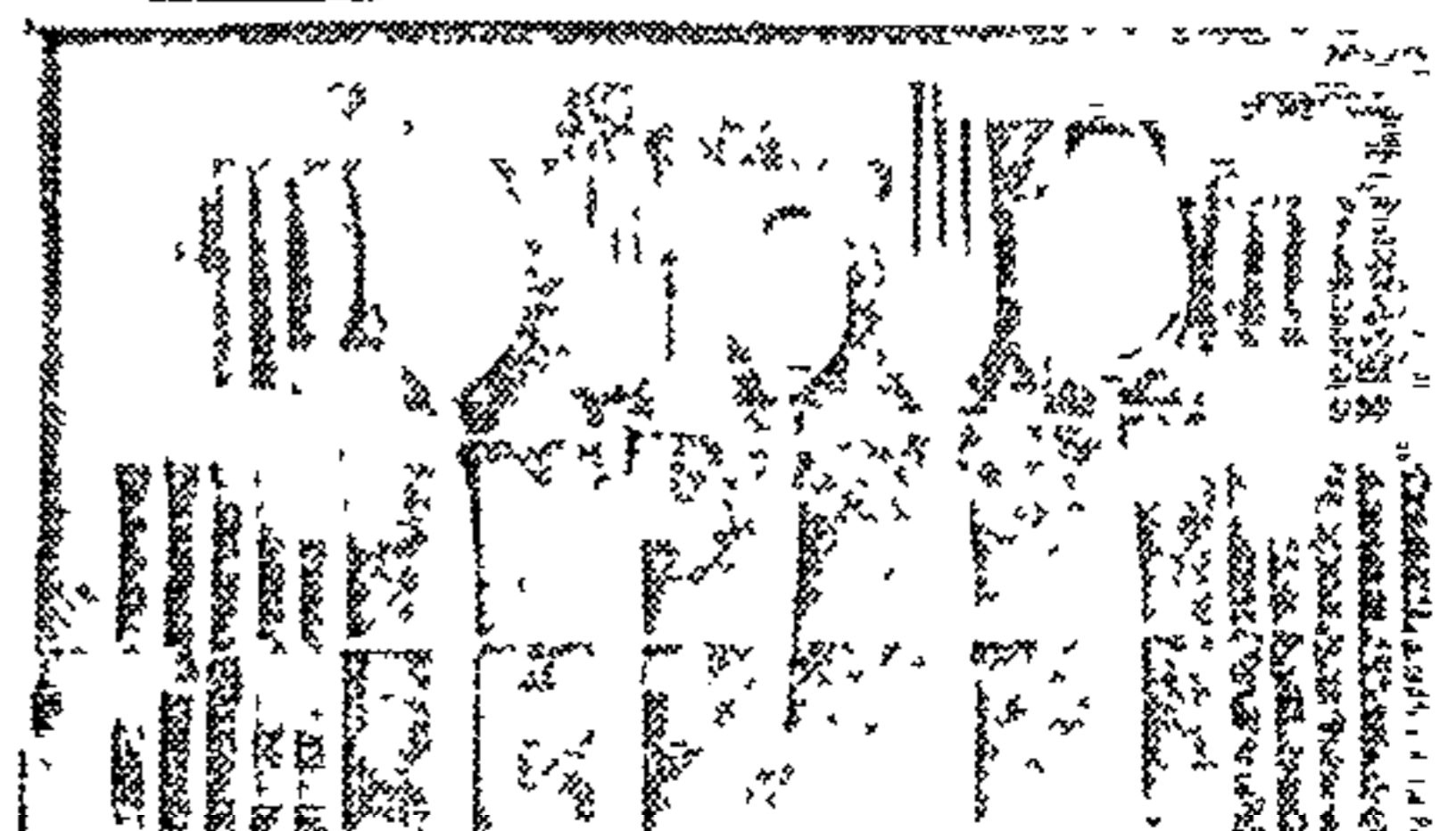
CONSISTS OF

- 6 CUPS
- 6 SAUCERS
- 6 SIDE PLATES

OTHER STOCK AVAILABLE

17

SAFEGWAY



Namaqualand: A

217

C. Herald

work guarantee?

12/6/82

THE people of Namaqualand, hardened by periodic retrenchments from the surrounding mines, have reacted with cautious optimism to a move which could guarantee work in the area for the foreseeable future.

In a Bill published last week the Government indicated that it intends to act as surety for a loan of R40-million by the O'Kiep Copper Company for expansions to its Carolusberg mine.

The Government's intention is linked to the importance of copper mining to the economic and social stability of the O'Kiep-Nababeep area. In 1977 and last year hundreds of mineworkers lost their jobs when several of the low-grade ore mines in the area were closed.

And, in another mining move affecting the Namaqualand community, De Beers closed down its Kleinzee-annex mine during the past week. The workers have been transferred to the nearby Tweepad mine and none have been retrenched.

ENSURES

Mr Peter Joseph, the Engineering Industrial Workers' Union of South Africa's representative in the area for the past eight years, said the support by the Government to the copper mines was welcome. "It at least ensures that we do not have retrenchments at this stage," he said.

He had been told by mining officials, he said, that there would not be retrenchments in the next three years.

And, retrenchments are nothing new to Mr Joseph. "I know what our people had to go through, especially the lower income group."

The general manager of the O'Kiep Copper Mines, Mr Peter Philip, did not at this stage want to comment on the proposed loan and its implications on future employment at the mines. He preferred to wait for the Bill to pass through Parliament before doing so.

The company's assistant manager, Mr A P Derrick had on the other hand told the Press that the Government's step was indeed welcome assistance.

LIFE

"The exploitation of these new reserves — which are very deep underground, hence the cost — will considerably prolong the life of the mine.

"If we had not developed these deeper reserves we might have had to close the mine in two or three years," Mr Derrick said.

Mr Hennie Dirkse, school principal and community leader, believes the latest initiatives to be the best news the Namaqualand community has had for some time. The people, he said, were rooted to the area and even through the many

retrenchments the affected men chose to be migrant workers, rather than leave Namaqualand with their families.

Mr S S "Sammy" Cloete, a former politician who, in the past served on committees which helped to find jobs for retrenched mine workers said the move was a "good thing."

His house is strategically placed in the copper mining town of Nababeep and he is often seen in an easy chair on his back "stoep", which looks out over the O'Kiep Copper Company's headquarters and smelting plant, where heavy grey-black smoke belches into the air.

Was he summing up the people's feelings when he said reflectively "if the loan had not been obtained this place would slowly die."

16/6/82 (217) Stan

Japan wins cut in manganese ore

By Geoffrey Murray
TOKYO. — After long, difficult negotiations, Japanese steelmakers and Samancor have agreed on their fiscal 1982 contract for 160,000 tons of ferruginous manganese ore at 30.05 dollars fob—70c less than last year.

BOGGED DOWN

The negotiations had been underway since mid-April, but bogged down over Samancor's insistence on a price freeze. The Japanese wanted a reduction of more than one dollar because of steeply reduced demand.

Industry sources believed Samancor's deteriorating business circumstances had led it eventually to compromise closer to the Japanese level.

At the same time, the sources said it now seemed likely that contract talks would conclude soon with Middelplaats for a total of 145,000 tons.

Middelplaats ore last year was traded at only 26.59 dollars, and there is a strong expectation that the Japanese will

permit a slight increase — perhaps about the same 70c lopped off Samancor

South Africa will have a 58 percent share of Japanese imports this year, providing 335,000 tons

taken black television time and had produced a "fine commercial" for this market

EXPANSION

Sterns was proceeding with a planned and careful expansion programme, he said.

Mr Barnett said the diamonds Sterns sold were mainly for diamond rings and were not of the size that had taken a battering in price in recent years.

CHROME PM 18/6/82
On the rocks (217)

SA exports of chrome ore are being squeezed between weak demand and rising costs. Producers expect a sharp drop in exports in 1982 to a level of 0,9 Mt-1 Mt from about 1,2 Mt last year.

Nearly all the major overseas markets have been affected by the world recession, and chrome has been particularly hit by the decline in world steel production. Indeed, latest estimates indicate that most producers of chrome chemicals are operating at below 70% capacity.

Also, escalating production and transport costs have reduced SA's competitiveness on world markets. SA producers complain bitterly of the escalation in rail tariffs over the past two years — 15% up in 1981 and a further 20% hike this year. The current average price of Transvaal ore is about R50/t fob at Richards Bay or Maputo, of which transport and loading costs account for about R22-R25 or 40%-50%.

SA exporters are now meeting fierce competition, particularly from Albania and Turkey. Albania, whose high-grade ore is advantageously situated near the coast, has been conducting a vigorous marketing offensive. The decline in the European market has resulted in Albanian exports outside Europe and these have had a major impact on world prices. Even the Japanese market is affected.

Overseas prices have shown little change since 1977, although the weakening of the rand over the last year has resulted in higher prices for SA exporters. But this has not been sufficient to compensate producers for the escalation in costs.

Major SA exporters of chrome ore are Gencor, Rand Mines, Lavino and Chrome Chemicals. All except Chrome Chemicals export a wide range of ore grades suitable for different applications. Chrome Chemicals, a wholly-owned subsidiary of Bayer of

West Germany, has a plant in Durban which produces chrome chemicals from its own ore. However, the bulk is exported exclusively to Bayer's chemical plants throughout the world.

Increased unit costs and cash flow problems have forced some producers to halt exports or cease production completely. Samancor, which has the largest ferrochrome production capacity in the country, has not exported ore for nearly two years. Union Carbide, Mining Corporation and Anglo Transvaal have all closed their mines. Even Gencor has closed two of its mines in the western Transvaal, but it has also opened a new one — Tweefontein, in the eastern Transvaal.

The outlook for chrome ore exports remains bleak. Producers' inventories are at record levels — equivalent to more than six months' production at current rates. A buyers' market is expected for the foreseeable future. Understandably, overseas consumers are not prepared to pay more to compensate SA producers for rising costs. And producers themselves are making it no easier by cut-price competition in the international market.

Wage deal still in the balance

Labour Correspondent

WHITE miners' wages at Rooiberg tin mine will still depend on the outcome of the current dispute between the Chamber of Mines and the Council of Mining Unions (CMU)

This is in spite of an agreement between Rooiberg and the mine unions on Tuesday, CMU chairman Mr Arrie Paulus said yesterday

Mr Paulus said the CMU's decision to settle with Rooiberg would have "no effect at all" on the current dispute, which will culminate in a union strike ballot next Tuesday

Rooiberg and the CMU have agreed that any rise mooted between the chamber and CMU will be passed on to Rooiberg workers if it is higher than 9%. It will also be back-dated if that is agreed between CMU and the

chamber

On Tuesday Rooiberg, owned by the Gold Fields group, announced the CMU had accepted its offer of a 9% rise on standard pay rates

The announcement was seen by some observers as a pointer to the dispute on the gold and coal mines where the CMU called the strike ballot after rejecting a 9% offer by the chamber

But Mr Paulus said yesterday that the CMU settled with Rooiberg only "because they have agreed that whatever we get from the chamber will be passed on to our members at the mine"

"We decided to settle with Rooiberg because it is a small tin mine outside the chamber and we have a bigger issue on our plate at the moment" — —

He said their battle with the Chamber of Mines for a 15% increase would continue

ROOM 1/7/82 (217)

STEEL RECESSION

217

Andalusite hit

FM 3/7/82

Andalusite is by no means in the big league of SA mineral export earners. Still, it brought in a useful R6m in 1981 and producers believe the potential is much greater. For the moment, however, the world steel recession and competing furnace refractories abroad are making it difficult for exporters to maintain last year's levels. Stockpiles are growing and offshore sales could get worse before they get better.

A point in favour of local andalusite is that it possesses unique properties as a refractory, which have not yet been fully explored and are not sufficiently known on world markets.

Refractories are chosen on cost and life expectancy and buyers usually seek the best compromise between the two. There is intense competition between different refractory materials, as steel producers constantly search for those which are better and cheaper. Every furnace vessel uses a mixture of refractories most suited to the temperatures and other conditions existing in different parts of the furnace.

It is the alumina content of andalusite which confers its refractory properties. The alumina content of Transvaal andalusite varies between 51%-60%. Other high alumina materials which provide tough competition to andalusite include bauxite, sillimanite, kyanite and clays. China, US and France are vigorously promoting their own high-alumina refractory materials at very competitive prices and the rapid escalation in production costs is harming SA's andalusite exports.

The major SA producers of andalusite are Cullinan Minerals, Rand London, Verref Mining (a subsidiary of Vereeniging Refractories) and Weedons Minerals. Andalusite is mined in three areas — in the Groot Marico/Zeerust, Thabazimbi and Lydenburg districts.

SA producers point to andalusite's unique properties. It has two major advantages over competing materials — low-energy input and regular expansion at high temperatures.

Other high-alumina refractories like bauxite and clays require precalcining (ie, heating to very high temperatures to drive off the moisture content) before being fired to produce bricks. Andalusite also has a more regular expansion rate in the furnace than kyanite and sillimanite.

Despite these advantages, Weedon's expansion at its Thabazimbi mine is on schedule. A new plant has nearly been completed and will raise annual production capacity from 80 000 t to 120 000 t. Weedon's material has a very low iron content which has created demand in the glass industry.

SA producers are now selling andalusite on all six continents but, as price is the critical factor, they are having an uphill struggle to maintain these markets.

Reds will not free big amounts of platinum

209 *(217)* *Norilsk* *9/7/82*

LONDON— The determining factor behind Soviet platinum group metal export policy in 1983 and subsequent years will be the maintenance of consumer confidence in the USSR's reliability as a supplier, said Mr Derek Dumenil, director of Johnson Matthey.

Mr Dumenil told a conference on the Soviet Union and world commodity markets, that the USSR, which accounts for one sixth of Western platinum needs and half of its palladium needs, will not release large amounts of these metals to fill short-lived gaps in its foreign exchange requirements

The USSR exports platinum and rhodium, three of the six platinum group metals mined at the Siberian city of Norilsk, which produces primarily nickel and copper, Mr Dumenil said

Surpluses

It does not appear to have exportable surpluses of iridium, ruthenium or osmium and may have imported iridium on occasions

He said mining and living conditions at Norilsk are such that the Soviet Government would not commit vast resources to extracting the metals found there unless they could obtain worthwhile prices for them

The main aim of their marketing policy is to maintain some constancy of income in real terms, as far as market forces permit, he said

The Soviet foreign trade organisation Almazuelir-export (Almaz), has cut back sales of platinum from 55 000 ounces a month in 1977 to the current level of around 30 000 ounces, with the major downturns coinciding with the most dramatic price hikes on world markets, Mr Dumenil said

Soviet exports are being held at this level now in an attempt to stimulate some recovery in current weak market prices, he added

Almaz policy with regard to palladium has taken a similar direction, striving for the proper level of supply to bring about stable market conditions and satisfactory income

Palladium

Mr Dumenil commented on the considerable shifts in palladium usage and Soviet export since the mid-1970s, and said that given the remarkable stability of the palladium price in the first half of this year as compared with other previous metals, Almaz appears to have achieved about the right level of supply at around 90 000 ounces a month

However, the balance has been disturbed recently by market speculators, who have reversed previous forward purchases of palladium made against sales of gold

He said the USSR is bound to employ great delicacy in judging its sales of such hard-to-win, strategically important and sensitively-priced metals, and will continue to base decisions of the prospects for Western markets — (Reuter)

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ARGUS 9/7/82

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Asbestos row to be raised in Commons

Argus Bureau

LONDON — The refusal by the British asbestos company Cape Industries to pay more than R62-million compensation awarded by an American court to workers who handled brown asbestos will be raised in the House of Commons.

Two labour MPs, Mr independent organisation Dennis Skinner and Miss over whose working conditions it had no control. Jo Richardson, said they would write to Trade Secretary Lord Cockfield asking him if he would bring pressure to bear to ensure that the company recognised its moral responsibility to 250 dead or seriously ill workers in Illinois. The company was sued by 34 survivors and relatives of 20 men who died

Mr Skinner said he would urge the Secretary of State to seek a meeting with the directors of Cape Industries to impress upon them the need not to desert the workers.

Miss Richardson said she would table a motion for debate

Damages were awarded on behalf of 54 former workers at the Unarco factory

SUPPLIED

However, Cape, which supplied the asbestos through its subsidiary, North American Asbestos, has so far avoided responsibility by withdrawing from its American premises

It also took no part in the court action.

Cape said earlier this week that it did not accept responsibility towards employees of an

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Shares fall after film on asbestos

CAPE TALKS 23/7/82 (217)

From IAN HOBBS

LONDON. — Millions of pounds have been wiped off the stock market value of two companies in the asbestos industry following a television film on the high incidence of asbestos-related diseases, and claims of a cover-up by the industry.

The shares of Cape Industries, a subsidiary of Charter Consolidated, dropped by about R5 600 000 after the screening of the two-hour Yorkshire Television film "Alice — A Fight for Life" into what it claims is a "cover-up" by the asbestos industry.

The share value of the major British asbestos company Turner Newall, which has mining interests in Southern Africa, fell by more than R10 million.

The programme on asbestos, which took two years to make, featured Mrs Alice Jefferson, 47, of West Yorkshire, who allowed Yorkshire TV to film her through her dying days.

Her doctors and the programme suggested that she had lung cancer because she worked in an asbestos factory when she was 17 years old.

Her specialist doctor said he had found startling levels of asbestosis — scarring of the lungs from asbestos dust — and cases of mesothelioma or cancer of the lung lining (which Alice had) in the Yorkshire area.

'Worst killer'

The programme alleged that asbestos dust was the worst killer in industry and the industry had been aware of its certain link with lung disease since a government report here in 1931.

Blue asbestos has been banned here since 1970 but the programme, which referred to the asbestos industry in South Africa, North America and Britain, produced evidence and experts claiming white asbestos was also a killer — though it was in daily use in millions of households.

Britain's General and Municipal Workers' Union (GMWU) has now demanded a parliamentary investigation

The union wants a parliamentary select committee to report back within a year and hold public hearings to "halt the asbestos tragedy".

More than 60 men stopped work at a brake-lining factory in Bradford on Tuesday and only resumed work after three hours when management at the Mintex plant gave them assurances on safety.

A former asbestos company doctor, Dr John Morris, had disclosed to Yorkshire TV that after making a two-year study at the Turner Brothers plant in Rochdale, Lancashire, he concluded that one in four workers had asbestos-related diseases.

'Golden handshake'

But he claims that the evidence was withheld from the British Government advisory body on asbestos, known as the Simpson Committee, with the company claiming a figure of only one in 300.

Dr Morris subsequently left the company with a R24 000 "golden handshake" but said he regretted that his facts had not been reported.

Following the "Alice — A Fight for Life" programme the government-aided Health and Safety Executive has opened investigations with Dr Morris and Turner and Newall.

The company said it had been "very open about asbestos and health" with its employees and was waiting for screening of a second part of the film next Tuesday.

Cape Industries has not commented on the film.

ANY CANDIDATE MUST enter in (1) the number of each question asked (in the order in which it has answered), leave columns (2) and (3) blank

Internal	External
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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

Cape Times 28/7/82 (2/7)

Divco 'no' to kaolin mine bid

By JANE ARBOUS
Municipal Reporter

THE Divisional Council yesterday refused an application by Serina (Pty) Ltd to mine kaolin clay deposits in the scenic Noordhoek Valley

The council also rejected another recommendation that the De Goede Hoop farm be reserved for kaolin mining if circumstances altered and the "national interest" required extraction of the mineral

Its decision is to be relayed to the office of the Prime Minister

Although the Works Committee had earlier turned down the application by five votes to one, councillors approved the recommendation without dissenting votes

The bid by Serina, which has spent a substantial sum in anticipation of the new mine, was strongly opposed by local residents and authorities. A petition signed by nearly 7 000 people was submitted several months ago to the Minister of Internal Affairs, Mr Chris Heunis

The council's objection was based on reports by Serina-appointed consulting engineers and landscape architects

The environmental impact assessment undertaken by the landscape firm, Ford and Theron, found that the mining operation would result in "excessive permanent damage to the environment"

The council felt mining methods proposed in the report of the engineers, B S Bergman and Partners, would not effectively reduce visual or noise impact, nor guarantee containment of excess and polluted stormwater drainage from the site

The local area would derive "minimal" economic benefits and the operation could badly affect real estate development

● Commodore Andrew McMurray, the Fish Hoek man who initiated the petition against the proposed kaolin mine, described the Divisional Council decision as "wonderful news and most encouraging".

Divco rejects kaolin plan

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28/7/82

217
Divisional Council
Reporter

THE Cape Divisional Council has turned down an application for permission to mine kaolin in Noordhoek Valley and rejected a recommendation that the De Goede Hoop farm be reserved for kaolin mining.

The council took these decisions in committee after yesterday's monthly council meeting, in response to a request from the Office of the Prime Minister.

The application which was turned down came from Serina (Pty) Ltd. It had aroused strong opposition among local residents, 7000 of whom signed a petition which was submitted several months ago to the Minister of Internal Affairs, Mr Chris Heunis.

The council objected to the application going through after studying reports by consulting engineers and landscape architects, appointed by Serina.

A recommendation that the De Goede Hoop farm be reserved for kaolin mining if circumstances changed and the extraction of the mineral clay was deemed in the national interest was also rejected by the council.

The office of the Prime Minister will be informed of the council's decision.

Black Mountain scales down to cope with loss

ADM 27/7/82

By ADAM PAYNE

BLACK Mountain base metals mine in the North West Cape — GFSA's biggest mining investment outside gold — has incurred a loss for the second quarter running and is to cut lead production and defer most of a capital spending programme totaling R6 200 000.

The mine is making a working profit but its outstanding loans of R84 600 000 have created an interest burden that turned a profit of R4 355 000 in the June quarter into a net loss of R458 000.

The management has decided to reduce the scale of operations because of the weakness in the market for lead concentrates — the mine's principal product by a big margin.

Mr A M D Gnodde, an executive director of GFSA, told me "Some loans have been re-deemed marginally ahead of schedule but with R84 600 000 outstanding, finance charges are heavy

"On these figures we will not have much cash to reduce loans and will examine the situation carefully in the next two months

"Under current conditions, I do not expect

GFSA to receive a dividend from Black Mountain until 1985

"My view is that with a fall-off in lead concentrate sales and prices, Black Mountain will be affected over the next 12 to 18 months and we may be forced to cut production for that time

"I do not see a revival in base metal markets for another 12 to 18 months"

Lead production in the June quarter at 25 537 tons was maintained and zinc production at 5 482 tons was higher than in March Sales, which vary from quarter to quarter with shipments, were 39 018 tons (17 587 tons) of lead concentrates and 6 616 tons (2 230 tons) of zinc concentrates

Working profit rose to R4 355 000 (R3 497 000)

Finance charges amounted to R4 798 000 (R4 346 000) resulting in a net loss of R458 000 (R794 000)

APEX MINES: The mine benefited by the rise in the price of low-ash coal from April 1 The Japanese steel mills agreed to pay \$57 a ton instead of \$55 in the year to March

Tonnage sold to Japan rose to 130 000 (114 000) and total tonnage sold, from all seams, was 617 000 tons from production of 1 008 000 tons

Sales revenue was virtually unchanged at R13 289 000 but the cost of sales rose marginally to R9 381 000 so that gross profit fell slightly to R3 908 000 (R4 280 000)

Sundry revenue increased by nearly R500 000 to result in a higher profit of R7 110 000 (R7 043 000) and with lower tax, net profit rose to R4 834 000 (R4 150 000)

Earnings a share were lower at 125c (170c) because of higher capital spending at R2 387 000 (R826 000)

ROOIBERG TIN: The mine had a reasonable quarter with after-tax profit little changed but earnings a share lower because of heavier capital spending

Operating results were little changed but sales of tin concentrates and metal rose The price a ton dropped to R12 518 (R14 257) and the gross profit a ton was down to R4 931 (R6 548)

• With a greater volume of sales, the fall in the price was cancelled out so that sales revenue was little changed at R8 024 000

Higher costs resulted in lower gross profit but with lower tax, profit improved marginally to R2 351 000 (R2 263 000)

Capital spending was higher resulting in lower eps at 60c (83c)

UNION TIN: A shipping delay hit Union

Tin's financial results These sales will be completed in the current quarter

The delay caused sales of tin concentrates to drop heavily and sales revenue a ton was down at R9 986 (R11 170) so that the gross profit a ton was down to R16 000 (R162 000)

Profit after a tax credit of R23 000 was R94 000 (R132 000) There were no earnings a share after capex compared with earnings of 3.5c in the previous quarter

Commenting on the tin situation Mr Gnodde, chairman of Roorberg, said "The tin price fluctuated in the quarter because of uncertainties about the Sixth International Tin Council Agreement

"We are now looking at a price of about £6 000 a ton, which would give us about R12 000 a ton This is a little below the figure we originally expected

"If the Malaysians impose an export quota the tin market will benefit Our sales tonnage will not be changed"

ZINCOR: Zinc sales were marginally higher in the June quarter but profit before tax was lower at R2 680 000 (R3 086 000) After-tax profit was R1 281 000 (R1 484 000)

Earnings a share were 12c after lower capital spending than in March Earnings in the March quarter were 2c a share

DEATH DUSTS STORM FERRETS

notes here

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Staff Reporters

S. S. 3/8/82

THE ASBESTOS industry, long haunted by the spectre of lung disease, was recently faced with the awesome spectacle of its shares plummeting after the screening of the film "Alice — a fight for life". Millions of rands were wiped off the stock market value of companies in the industry following the film's screening on British television.

Claims of a health cover up in the asbestos business have been made in the wake of the documentary

The film dealt with the life of Mrs Alice Jefferson (47), who allowed York shire Television to film her dying days

Her doctors suggested she had contracted lung cancer while working in an asbestos factory as a 17-year old

The shares of Cape Industries dropped by R5.6 million, while the market value of Turner Newall fell by more than R10-million

least 40 people have died of mesothelioma and many more who are still children will die within years, according to Dr White

Another research project undertaken by the National Centre for Occupational Health involved tracing 4 000 contracted workers from the mines in NW Cape to their homes in Bophuthatswana

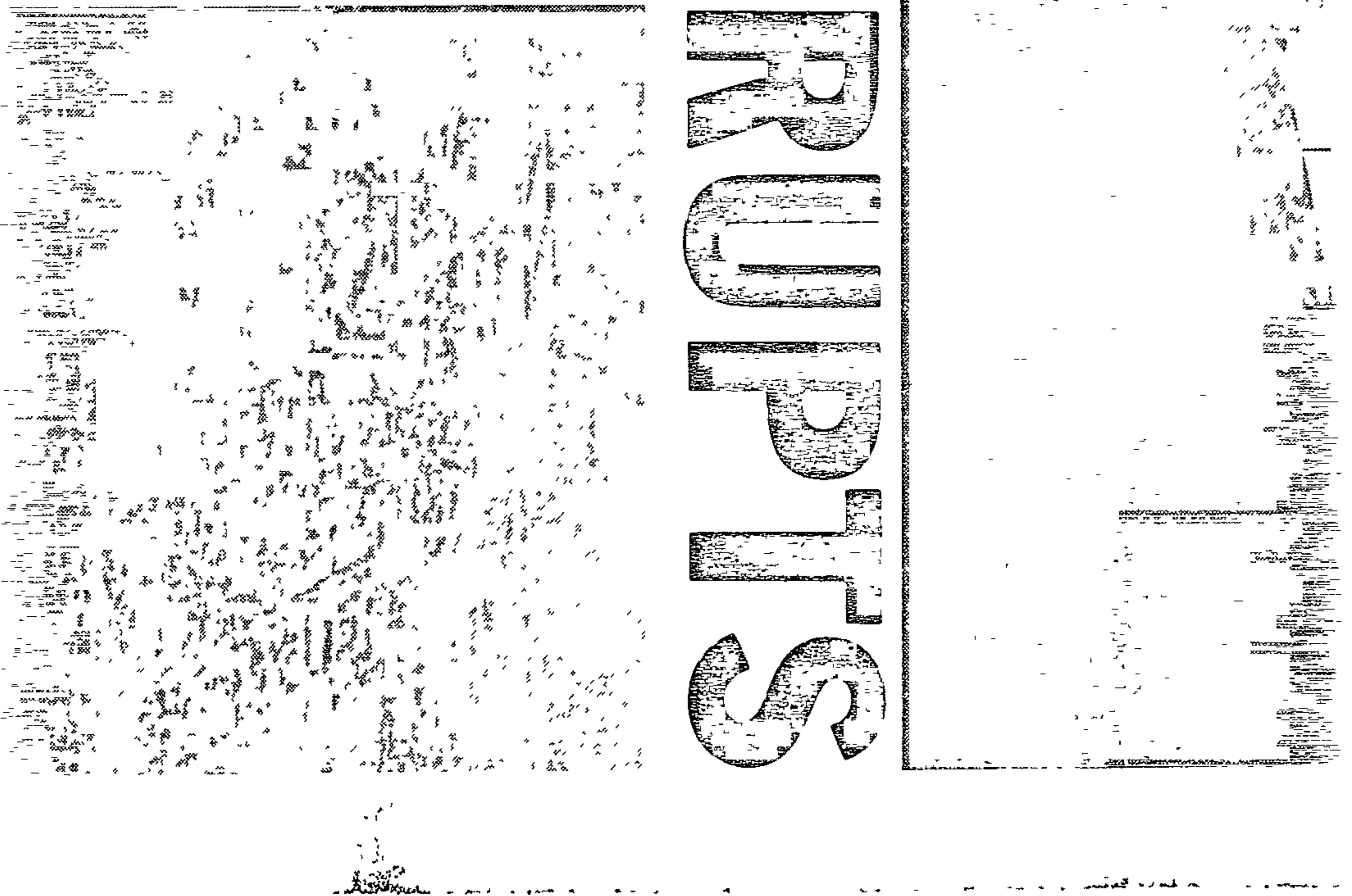
Children

The study was completed recently but results have yet to be released

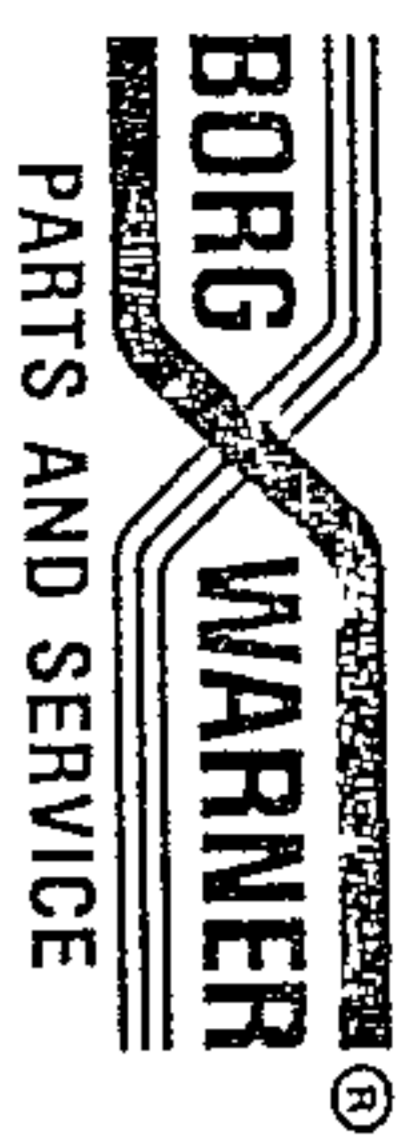


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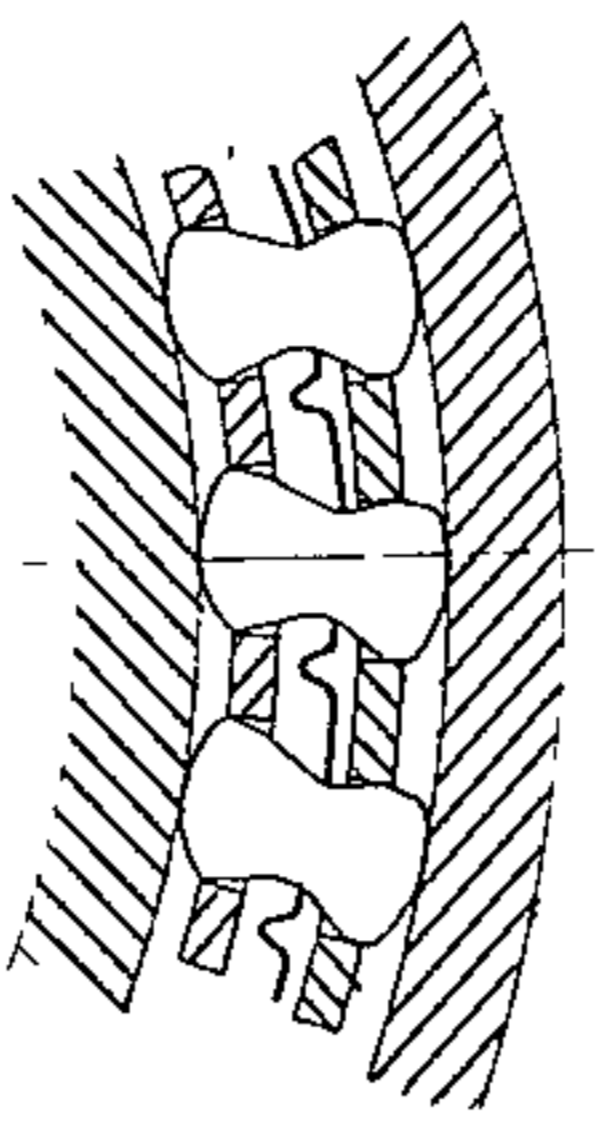
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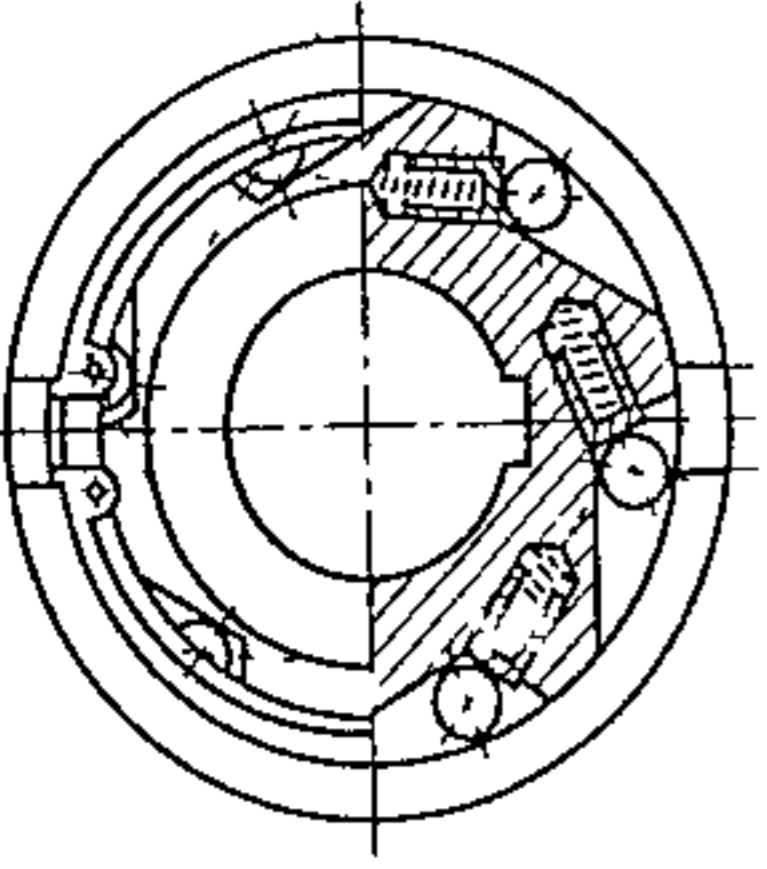
THE ASBESTOS industry, long haunted by the spectre of lung disease, was recently faced with the awesome spectacle of its shares plummeting after the screening of the film "Alice — a fight for life". Millions of rands were wiped off the stock market value of companies in the industry following the film's screening on British television.



Stockists of the largest selection of STIEBER/MORSE Holdbacks One way clutches Freewheels



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Claims of a health cover-up in the asbestos business have been made in the wake of the documentary.

The film dealt with the life of Mrs Alice Jefferson (47), who allowed Yorkshire Television to film her dying days.

Her doctors suggested she had contracted lung cancer while working in an asbestos factory as a 17-year old.

The shares of Cape Industries dropped by R5,6-million, while the market value of Turner Newall fell by more than R10-million.

The programme said asbestos dust was the worst killer in industry and that asbestos companies had been aware of the material's link with lung cancers since the early 1930's.

Blue asbestos has been banned in Britain since 1970 but the film claimed that White asbestos was also a killer.

Unaware

A Cape Town doctor, Neil White, interviewed recently by Industrial Week, said "Several thousand people in the Northern Cape could be harbouring lung-related diseases and are completely unaware of it."

"I have conducted an intensive survey of towns in that region and found the atmosphere heavily laden with Blue asbestos dust."

In the past two years at

least 40 people have died of mesothelioma and many more who are still children will die within years, according to Dr White.

Another research project undertaken by the National Centre for Occupational Health involved tracing 4 000 contract workers from the mines in NW Cape to their homes in Bophuthatswana.

Children

The study was completed recently but results have yet to be released.

Dr White, who is backed by other medical men said that about 500 cases of mesothelioma from the Cape had been treated in the past six years.

He added that the disease can lie dormant for 20 to 30 years but children exposed to the dust are in danger of dying as young adults.

A spokesman for Gencor, when asked about conditions at the mining town of Prieska, said "The old mill in the town was closed in 1960."

"The remnants of the tailings dump have been covered with soil and terraces have been established to prevent storm-water damaging the cover."

"The tailing dump outside Prieska has also been covered under the supervision of the Chief Inspector of Mines in Kimberley and the Prieska Municipality."

Death dust storm

Dr John Morris, former asbestos company doctor, told Yorkshire Television that he had discovered one in four workers at a Lancashire factory had asbestos related diseases.

He said his company had withheld these figures from a British Government advisory body on asbestos, the Simpson

"Considerable attention is being paid to environmental conditions and Gencor has an ongoing programme aimed at reducing the potential asbestosis health hazard in the vicinity of mines."

Much progress has been made in reducing dust counts at various mines and in introducing safer methods of packaging and transportation.

Director of the National Centre of Occupational Health, Professor Ian Webster said that only a small percentage of people exposed to asbestos died of malignant tumours associated with it, but he warned that asbestosis was a "dangerous substance and that health and industrial legislation should be amended."

Ignored

Yorkshire Television claimed that British-owned companies in the NW Cape ignored warnings given 20 years ago that workers risked cancer and other lung related diseases.

Prof Webster pointed out that people interviewed on TV had contracted cancer some 30 years before and safety regulations then were not

Prieska ... a town reprieved from the threat of deadly dust clouds

as strict as they are now.

A spokesman for the National Air Pollution Committee, run by the Department of Health said that on the spot investigations carried out some time ago showed heavy asbestos pollution.

Some of the mines investigated had "clouds of dust hanging over them and asbestos was lying everywhere."

To Page 2

LIVING PROFILE

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ONCE upon a time there lived in Phoenix, Arizona, a plump, balding young American who scratched an existence out of making jewellery from semi-precious stones

Then one day the fortunes of Randy Polk changed. A gems dealer visiting the dusty cowboy country showed him a bag of purple rock which he said was a new 'hit' from South Africa — pretty, but probably worthless.

For a few dollars Polk bought the lot because everything he made in purple or lavender sold quickly.

That was in 1979.

Today Randy Polk is worth \$50-million because the pretty purple rock, found on only one manganese mine in South Africa's remote Hotazel area, had a rare and brilliant gem that had been overlooked by all who had seen it.

Believed to be a rare strain of the normally dull-looking mineral sugilite, the rock was first found deep underground by workers at the manganese-rich Wessels mine.

They used to bring it up in their lunch boxes and fashion crude ashtrays and paperweights from it. The rest lay abandoned in small piles outside the miner's shacks.

□□□

South Africa had it — heaps of it — but it took the enterprise and blind faith of a struggling jeweller to stake everything he had on that first piece of purple rock in the hope that it would make him a rich man.

Now, says Jogie Taljaard, chief geologist for the South African Manganese Corporation, people are actually stealing the stuff off mine property. He still insists, however, that if you tried to sell the purple rock in this country you would be doing well to pay the rent.

Randy Polk and his new agent in Johannesburg, jeweller John Cawood, would probably agree with Taljaard's guess. "Americans like big, flashy-colored gems. South Africans prefer diamonds — Royal Lavulite will be hard to sell here," says Cawood. Lavulite is the name Polk gave the stone because of its deep lavender colour.

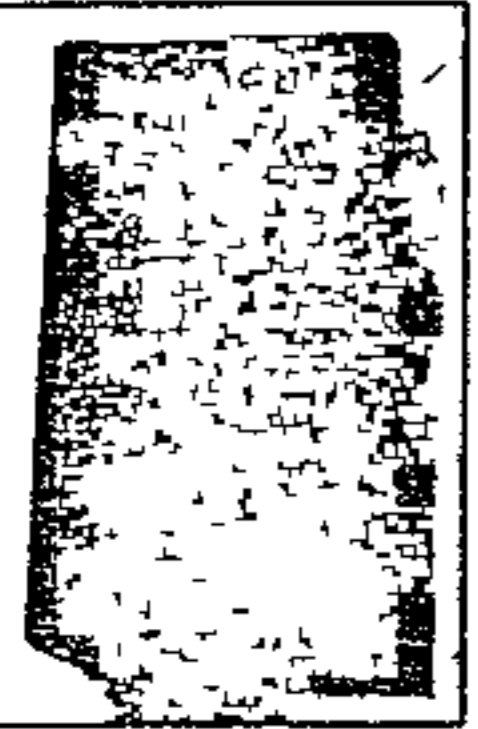
But if South Africans have so far missed out on this purple-edged opportunity to make a few randis, Randy Polk



Jeweller John Cawood examines samples of

The man from cowboy country who struck it rich with gems from Hotazel.

There's more than one way to keep hot, sticky summers outside where they belong.



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South Africa had it — heaps of it — but it took the enterprise and blind faith of a struggling jeweller to stake everything he had on that first piece of purple rock in the hope that it would make him a rich man

Now, says Jogie Taljaard, chief geologist for the South African Manganese Corporation, people are actually stealing the stuff off mine property. He still insists, however, that if you tried to sell the purple rock in this country you would be doing well to pay the rent.

Randy Polk and his new agent in Johannesburg, jeweller John Cawood, would probably agree with Taljaard's guess "Americans like big, flashy-coloured gems. South Africans prefer diamonds — Royal Lavulite will be hard to sell here," says Cawood. Lavulite is the name Polk gave the stone because of its deep lavender colour.

But if South Africans have so far missed out on this purple-edged opportunity to make a few rands, Randy Polk now wants to give us the chance to catch up and cash in on what is left of the Lavulite.

"I think South Africans should profit from a phenomenon that came from their own soil. I would be glad to grade and merchandise it for any individual over there."

Polk, his wife Janie, and their 10-year-old son Pete live in the same modest house they have always lived in. Janie still drives a battered Volkswagen. Polk still drives a truck.

The difference in their lives lies locked in four steel boxes in a Phoenix bank — boxes packed with A grade Royal Lavulite.

But life was not always so good for Randy and Janie Polk and their story makes fiction look pale in comparison.

"It gives me goosebumps just to talk about it," said Polk in a phone interview from his home.

Three years ago the Polk's four-year-old daughter, Juliette, was critically injured in a car accident. Months later the hospital

Report: CHARLOTTE BAUER
Picture: PIERRE BOSTHUYSEN

and home-care bills amounted to hundreds of thousands of rands which the Polks just couldn't pay. Randy Polk started selling second-hand cars to make ends meet.

Then he met the young hustler who sold him his first piece of Lavulite (The man later received a chunk of Lavulite worth nearly half-a-million dollars as a 'thank-you' present from Polk).

"I had been dreaming all my life about this kind of colour — it was like grape juice. By the time I had cut, honed, faceted and polished the purple rock I started to get excited.

"Some of the pieces gleamed with a breathtaking translucence — they had all the qualities we look for in a gem, beauty, durability and rarity."

Polk wrote to South Afri-

can trader Larry Introna in Cape Town asking him to send more of the rock.

Said Polk: "Larry was so unimpressed with the stone's potential that he just shipped it off to me and said I could pay him a few hundred dollars when I got around to it."

Most of the rock he received was commercial grade — bright but opaque — yet there was enough of the brilliant magenta and violet gem to confirm his suspicions. In November, 1980, in a desperate bid to pay his daughter's hospital bills, Polk took a long shot. "Nobody had taken any interest in the mineral and I knew I was taking the biggest gamble of my life."

After selling his cherished gun collection and Janie's jewellery he was able to buy an air ticket to South Africa where he negotiated with Introna for more of the rock. He said he paid between R34 and R42 a kilogram.

Then he threw away his clothes and filled his two suitcases with the rock, lugged them past the customs men at Jan Smuts airport, and flew home to Arizona.

The rock he bought in Cape Town turned out to be gem grade.

Once he'd had the rock analysed and appraised, Polk started selling the A grade mineral for R167 dollars a carat. Now he's being offered upward of R835.

Soon he had cornered a large part of the world market and in October 1980 Royal Lavulite was classified as a rare gem. The hallmarks of success have been sweet.

The other day a Kentucky racehorse owner

called Polk to ask if it would be all right to call one of his horses 'Lavulite'.

The Texas branch of the Republican Party is negotiating with Polk to buy a necklace of Lavulite worth R750 000 for Nancy Reagan to wear for the duration of her husband's administration.

Polk himself is talking business with 80 chain stores across America that want to buy his commercial grade Lavulite.

But there is a bitter twist to the story of Randy and Janie Polk's success: their daughter died shortly after Polk made enough money to pay her medical bills 20 times over.

The couple have named the A grade gem 'Juliette' after her.

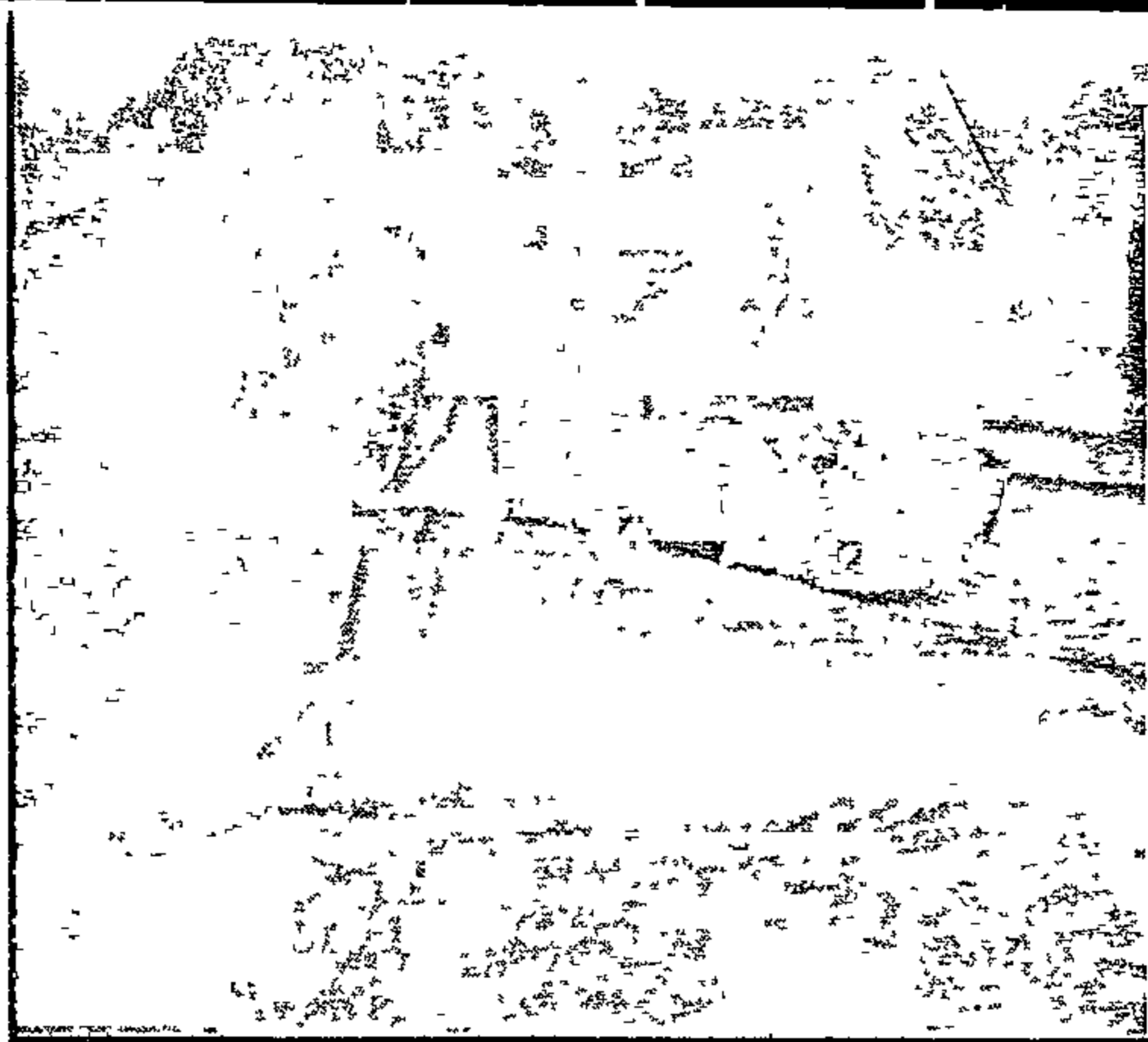
Since his first huge find, Polk has never again stumbled upon 'Juliette' Lavulite.

"I don't think any more of the really good stuff is going to come out of the Wessels mine because the jelly-like rind of valuable gem found over the early deposits is a freak of nature — 97% of the stuff only has commercial value and some of that is only good for rockeries and fireplaces."

Jeweller John Cawood, the Florida father of four who has just returned from a holiday spent with the Polks, agrees.

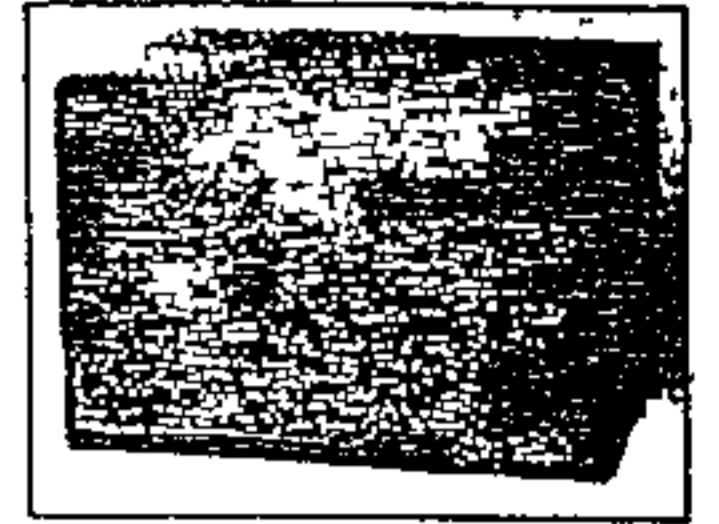
"I doubt this phenomenon will ever happen again because the gases and chemicals that mixed to form Lavulite never marry under 'normal' circumstances. So how long can it last?"

Cawood, who owns three Johannesburg jewellery shops, is now the sole agent for Royal Lavulite in South Africa. He is hoping to set up an agency to help people who think they may have a



● Jeweller John Cawood examines samples of Lavulite he brought back to South Africa from the workshop of Randy Polk.

There's more to keep him outside w



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Wiley 'owes apology' over valley interests

Staff Reporter

THE Deputy Minister of Environmental Affairs and Fisheries, Mr John Wiley, owed an apology to his Simon's Town constituents for the "inexplicable silence" about his personal interest in the Noordhoek Valley kaolin

mining controversy, Mr Ken Andrew said last night

Speaking at a public meeting at the Fish Hoek Civic Centre, Mr Andrew, the PFP MP for Gardens, said "His belated disclosure of his personal involvement in the property

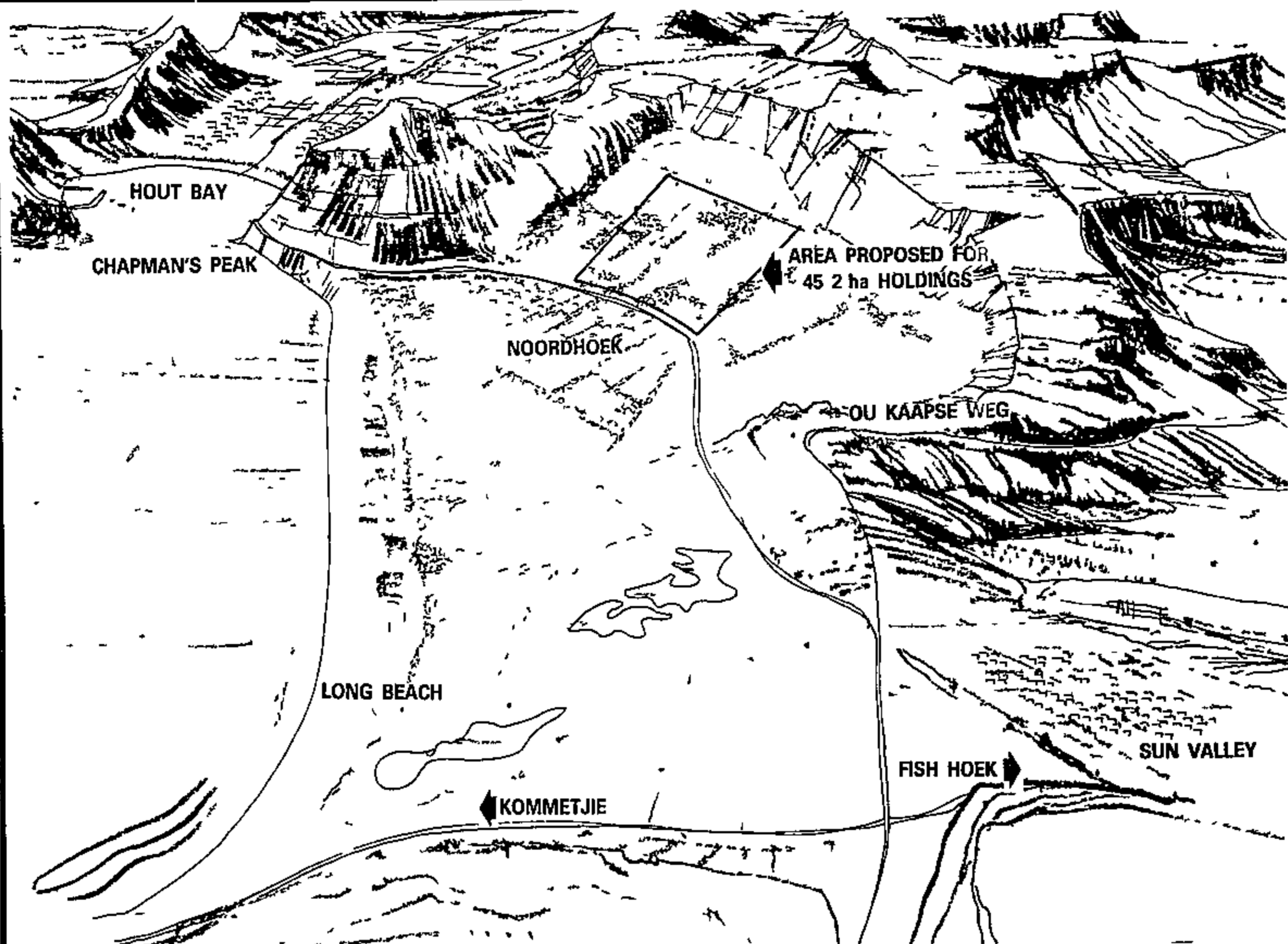
is of great interest. However, it gives rise to more questions than it answers. Why has he taken so long to disclose publicly his interest in the property? "Did he inform Mr Chris Heunis of his potential financial interest in the property when he accompanied him on a visit to the Noordhoek valley in February this year? Would he have disclosed his interest if he had not become a deputy minister?"

He said it made no difference whether Mr Wiley was supporting or opposing the new kaolin mine — he should have known his personal interest

Commenting on the economy, Mr Andrew said the government had been mismanaging the economy for decades. It had relied on financial windfalls such as the gold bonanzas to boost the economy, while neglecting to put it on a sound footing

He said the "recent shambles" surrounding the surplus of eggs and the actions of the Egg Control Board made "the mind boggle"

"The policies of exporting at a loss and indulging in expensive advertising campaigns rather than reducing prices make no sense at all in a country in which there is widespread malnutrition and thousands of children die each year from diseases directly caused by protein deficiency"



Mr Paul Andrew, architect and member of the Divisional Council of the Cape, has produced this sketch-map to indicate the locality at Noordhoek of a 100-ha area earmarked for subdivision into 45 smallholdings

Opposition to Noordhoek plan

CAPE Times 20/8/82
217

By **ROGER WILLIAMS**
Chief Reporter

TWO re-elected members of the Divisional Council of the Cape, Mr Paul Andrew and Mr Stuart Collins, have indicated opposition to plans disclosed recently by the new Deputy Minister of Environmental Affairs and Fisheries, Mr John Wiley, to develop part of the scenic Noordhoek Valley as a 2-ha smallholdings

They said yesterday that several other councillors shared their views

Mr Andrew said it appeared to him there would be a conflict of interest between Mr Wiley's private development proposals and his responsibilities as a deputy minister, in which capacity he would have to implement legislation for the conservation of the environment

"It seems to me that Mr Wiley the deputy minister should be aware of Mr Wiley the developer"

Mr Andrew was referring to Mr Wiley's recent public declaration, before taking up

his new office, of a personal interest in the historic 400 ha estate at Noordhoek once owned by Sir Drummond Chaplin, a former Governor of Rhodesia and at one time MP for South Peninsula

Nature area

He said "The management committee of the Table Mountain and South Peninsula Mountain Chain nature area have made certain recommendations which are at present being considered by the minister

"And if it should be decided that this (Drummond Chaplin Estate) area is to be included in a South Peninsula nature area, Mr Wiley's development proposals would clearly be out of place"

Mr Andrew said Mr Wiley in his public declaration, had said there would be an "ab-

solute prohibition" of further sub-divisions of the proposed 45 2-ha smallholdings

"But there is no way of legally guaranteeing that these plots will not in time be subdivided There are any number of precedents in this — Constantia Valley, for instance, where a start was made with large plots which subsequently were sub-divided

"The area in question at Noordhoek, stretching from the 30-metre contour to the 130-metre contour, is in fact a substantial piece of land in this very special amphitheatre of the Noordhoek Valley, right down to the sea

"Researchers who went into the desirability of mining kaolin in this area found it ranks fourth on a list of 15 of the Cape Peninsula's major attractions — and we must not lose sight of the

fact that tourism is the second-biggest industry in the Cape"

Mr Andrew said that in any event it was inadvisable to start new schemes of this kind in the Peninsula when sub-divisions in many existing schemes such as at Hout Bay remained largely unsold

● In his public declaration, last month, Mr Wiley said his ultimate objective, in amended plans passed last year by the Divisional Council, was to ensure that 80 percent of the Drummond Chaplin Estate, on which he intended exercising an option to buy, was preserved in perpetuity

The 100-ha area to be sub-divided into 45 smallholdings would be laid out in such a way that all natural features would remain untouched

Plans have subsequently been disclosed to develop an "old Cape village" in a rustic setting at the southern end of the Drummond Chaplin Estate

By Carina le Grange

South Africa is the major producer of crocidolite — the most dangerous kind of asbestos in asbestos related diseases — yet is far behind other countries in providing safety measures

Professor S Benatar, professor of medicine in Cape Town, told a Clinical Research Day at the Johannesburg Hospital yesterday that little if any attempt was being made to enforce the minimum level of five asbestos fibres per centimetre allowed in the working environment

The rest of the Western world applies a minimum of two fibres per centimetre, he said

The level of airborne concentration on the surface of mines was much improved, he said, but as asbestos related disease could take as long as 50 years to present itself, there was no reason to be complacent

Referring to challenges in respiratory disease, the professor said there had been a tremendous up grade of this field in the past 10 years.

Outlining complicating factors in respiratory disease, Professor Benatar said

SA lags in care of chest diseases

● Twenty-four percent of all adult blacks, 42 percent of whites and 43 percent of coloureds in South Africa smoked — but in the United States the anti-smoking campaign had been a big success

● By the age of 18 only 28 percent of schoolchildren had never smoked, showing that the habit began early — mostly due to peer pressure

● In a study of 100 people in which cancer of the lung was diagnosed only 25 were found to be operable and, of those only six survived beyond five years of diagnosis

● South African doctors know little or

nothing about occupational asthma which is the only type of asthma that is curable and is a compensatable disease in Britain

● South Africa has the highest incidence of tuberculosis in the world after Swaziland, Bolivia, the Philippines and Korea

Professor Benatar said a task force was needed to control and evaluate tuberculosis countrywide. This should be integrated into the health services and treatment provided on a long-term basis at no cost because most sufferers were victims of socio-economic conditions and could not afford to pay

Platinum pays

Producers make a go of it — even under siege

EVERY CANDIDATE MUST enter in

217

each question which it has
columns (2) and

SOUTH Africa's platinum producers are under siege.

By HOWARD PREECE

The slump in the prices of metals and minerals — primarily a result of world recession and soaring interest rates — has taken a heavy toll.

However, platinum producers are confident of a strong medium- to long-term outlook.

But in the short term they accept that platinum will depend heavily on the gold market.

Both Rustenburg Platinum Holdings and Impala Platinum Holdings — the world's two largest producers — are suffering from a steep decline in profits.

They have reduced production sharply and have been adding heavily to stockpiles in the wake of the crash in the platinum market.

Impala has reduced production from a rate of 940 000 ounces a year at the beginning of 1981 — when it was intending to raise capacity to 970 000 ounces — to 680 000 ounces, a fall of nearly 30%.

It is doubtful whether this reduced output is all being sold.

Rustenburg will make no public comment, but it is believed by analysts in Johannesburg to have cut output by a similar proportion.

The official producer price of platinum — unchanged at \$475 since the September 1980 — looks increasingly unrealistic when set against the London free-market platinum price. This has tumbled from a record \$1 047 on March 5, 1980, to about \$327.

In theory, Rustenburg and Impala sell most of their production at the official producer price. In practice, however, this cannot be the case.

Impala's profits for the year to June 30, 1982, explain why.

In the year to June 30, 1981, Impala made a net profit of about R127-million. However, in the 1982 year this figure tumbled to R89-million.

But the South African producers were getting the benefit over that time of a steep fall in the value of the rand against the dollar.

At the beginning of 1981 one rand equalled \$1.35 today it is hovering on 86 US cents. This has meant an enormous boost to the pro-

ducers' contracts made at the official producer price contain clauses which give customers the right to take only agreed minimum quantities and to take the balance at free-market related prices.

Mr Bob Bovell, the managing director of Impala, says that some customers have contracts which enable them to share some of the benefits to producers from the rand depreciation.

In the six months to February 28, 1982, Rustenburg's net profit plunged to about R28-million from R62-million in the first half of the previous year.

However, Rustenburg adopts an extremely cautious accounting policy compared with Impala over the valuation for profit purposes of platinum and platinum-group metals which are stockpiled and not sold.

There is no reason, therefore, to suppose that Rustenburg and Impala are actually being hit widely differently by the platinum market slump.

Over the past year Rustenburg and Impala are reckoned by some London and Johannesburg analysts to have reduced their sales to the market — that is, after production cuts and stockpiling — by as much as 40%.

At the end of 1980 the two were producing at a rate of about 2 250 000 ounces a year — roughly two-third of the world's total output at that time.

Of that total Rustenburg, which is run by Johannesburg Consolidated Investments, was estimated to account for about 1 300 000 ounces.

Impala, which is owned by Gencor, was producing the balance.

South Africa's total production was boosted by another 85 000 ounces or so a year from Western Platinum, which is run by Lonrho.

In November 1981, however, Impala announced that it was reducing production by between 10% and 15%.

Rustenburg refused to make any comment on production, but mining analysts in Johannesburg said it was certain the group would be following a similar path to Impala's.

This view was reinforced by Rustenburg's announce-

ment of a production cut of 800 000 ounces now, although the jewellery side of the market has held up well there.

London bullion dealer Samuel Montagu & Company argues "Platinum has to some extent been displaced by gold in the important Japanese market."

That view is endorsed by the British-based mining house Consolidated Gold Fields.

The slump in demand from the motor industry in the United States has been critical.

Total US use fell from 1 400 000 ounces a year in 1979 to an annual rate of only 460 000 ounces at the end of 1981, and there is no indication of any early resurgent demand.

Demand for platinum for fertiliser products (process catalysts), glass-fibre manufacture and electronics is subdued.

Neither of the two big disclosed production costs, but

even with these depressed sales and with stockpiling costs they can still make profits, thanks to the heavy rand devaluation.

Mr Ted Pavitt, the chairman of Impala, says that over 1982-83 "an improvement in demand for platinum from current levels can only be gradual."

Mr Gordon Waddell, the chairman of Rustenburg, has argued with guarded optimism that the average time of the previous four slumps in the platinum industry was under three years and that on that basis the industry has passed the halfway mark of this slump.

Apart from platinum the producers get the by-products of palladium, rhodium, ruthenium, iridium and osmium.

Of these, however, only palladium, which is mainly used in the electronics industry, is a consequential contributor to profits.

But with the free-market palladium price down to about \$55 against a producer price of \$110, the present contribution to profits is modest.

WARNING

The fact that profit fell heavily while the exchange rate was moving strongly in favour of the producers means (a) that sales have fallen considerably and (b) that a substantial volume of sales has been taking place well below the official producer price.

Both Rustenburg and Impala, however, offer little information on this. It is known that most platinum

that it was deferring plans to expand the Amandelbult section.

Piecing all this together it looks as though South Africa's sales on the world platinum markets are probably now down to an annual rate of about 1 500 000 ounces.

This ties in with the overall world demand situation. Japanese platinum consumption is estimated to have dropped from 1 200 000

able to disqualification and to possible exclusion from the University

Hive of industry breathes life into deserted Cape ⁽²¹⁷⁾ mining complex

28/8/88

By OWEN PARKER

S. Post

THOUGH the Cape Morgan Titanium Mine at Morgan's Bay may never go into production again, a bright and shiny aspect of its existence remains very much alive and kicking

The processing plant at the mine now stands exposed to the elements as a result of the sale — and speedy removal by the purchaser — of the asbestos cladding from the building

The exposed plant fixtures (mostly tanks, crushers and other items) wait meanwhile in the rain and sunshine for another buyer to remove them one day.

But the original mine workshop, well equipped with lathes, all manner of machine tools and equipment, is just as it always was and actually still functions.

Functioning without a mining operation to service? The explanation is simple.

When the company ceased mining operations, it retained one of its skilled employees, Mr Bruno Braasch, as "caretaker" And, as a special incentive, he was allowed free use of all workshop facilities — of which he was formerly in charge — for his own account

So Mr Braasch, supported by his wife, started a heavy engineering repair and maintenance service which was much needed by some of the farmers and big pineapple producers in the area.

Mr Braasch also undertakes smaller jobs, like welding, for local residents and while the fate of the mine remains in the balance, residents in the area are hoping that Mr Braasch will not lose tenure of his "magic workshop"

QUOTE: IF THEY INTIMIDATE US THEN IT'S WAR AND PEOPLE WILL

BY BARNEY MTHOMBOTHI

WE CAN'T

STEER

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OPEN...

S. Inane
29/8/88

217

THE Department of Co-operation and Development, contrary to assurances given in Parliament early this year, is pulling down houses belonging to long-established residents of Inanda near Durban and confiscating their building material.

The Deputy Minister of Co-operation and Development, Mr George V Morrison, assured the House in April this year that action would be taken only against "new squatters" and that Inanda would not be harassed.

Mr Morrison said a commission had recommended that all further squatting in that area be terminated by means of the application of existing legislation and by taking steps against new squatters. More than 90 Inanda residents have so far appeared in court on charges of illegal squatting but most of the

cases have collapsed because the State could not prove the accused were occupying, residing, or congregating in Inanda.

Another 21 residents had charges against them withdrawn at the Verulam magistrate's court. The charges were withdrawn as a result of an earlier test case.

The authorities have now adopted a new tactic: Pulling down all new houses and confiscating the building material. But the victims have not been new squatters who are the authorities' target, but long-established residents who need extra room for their families.

Residents said this week they believed the authorities were intent on "destabilising" the area. A member of the residents' committee, Mr Gideon Mdletshe, warned that the patience of the people was wearing thin and violence could erupt if harassment by Co-operation and Development



Mr Gideon Mdletshe, member of the residents' committee

ment officials continued

Residents are incensed by the authorities' refusal to return building material confiscated from them when more than 60 houses were pulled down during the past two months.

However, a spokesman for the department said the houses were demolished at the request of the

Indian landowner Mr Raddy Ramdarie conceded he requested the department to take action against "illegal" squatters.

"You know why, they come and settle on our property without our permission."

But another landlord, Mr Kandayali Ramnarain, told a Verulam magistrate that black people had lived on his family property since he was a boy, and he would feel "awkward in my mind" if they were evicted.

The people were peaceful and he had no problem with them, he said.

Mr Gideon Mdletshe, of Amawoti, which forms part of Inanda, told the Sunday Tribune this week the action of the authorities had left residents bitter and angry.

"We're being hounded at every turn," Mr Mdletshe said. "The whole thing has left a cloud of bitterness." Mr Mdletshe said

P.T.C

Port Natal Administration Board officials accompanied by armed "blackjacks" — township police — had arrived at the village last month and started demolishing all new houses and extensions. All the building material was taken away by trucks, he said.

"They had no right to come here with their arms. If they intimidate us then it's war and people will fight back. People are very angry."

"One man who had spent so much money and time building a big house was so angry he wanted to fight when it was demolished. I had to beg him to cool down."

"We don't want to fight. We want to stay in peace but this is making us very angry."

All structures built after 1980 were pulled down. Some residents had made extensions to their houses for extra room, and these were also destroyed.

Other residents

whose houses were pulled down are building again, despite the threat of a repetition.

"There's nothing we can do. We need a place to stay," said Themban Mthembu. "We can't sleep in the open."

Mr Mdletshe revealed that two members of his committee met three PNAB officials four days before the houses were demolished.

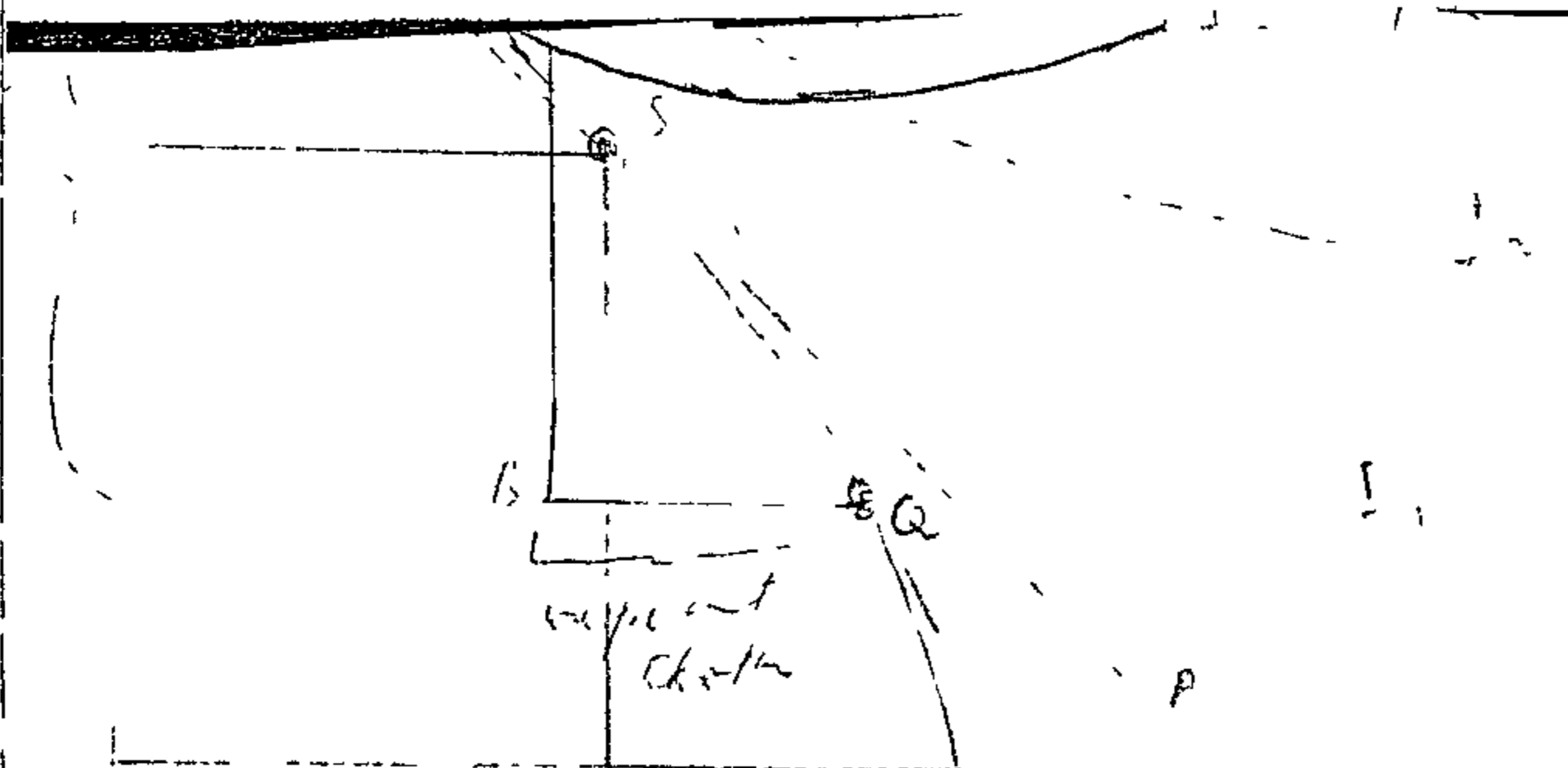
A spokesman for the Department of Co-operation and Development Mr Johan Oosthuizen, said from Pretoria that the houses were demolished at the request of the Indian landowners.

The authorities have announced a major plan to turn Inanda into a major black dormitory suburb of Durban metropolitan area. The plan will cost more than R130-million in its first five years, providing 20 000 housing sites a year with supporting infrastructure.



ZODWA MKHIZE, and children, sitting on timber which authorities could not take away.

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SOUTH African blue and white asbestos — condemned as the "silent killer" by overseas medical experts and labour unions — has now cornered the Western industrial market.

While asbestos producers in the United States and Great Britain are resorting to bankruptcy courts for protection against lawsuits involving millions of rands brought by asbestos workers and their families, South African producers face a rosy future.

The overseas deluge of health claims is caused by doctors' findings that asbestos fibre, lodged in the lungs, causes cancer 15 to 40 years after initial contact

And asbestos workers' families also run the risk of getting asbestos-related cancers after contact with workers' clothing.

South Africa is riding high on the asbestos wave, and may continue to do so in the foreseeable future, because Gefco — Griqualand Exploration and Finance Company — which last October cornered the entire local asbestos industry, has taken a different approach towards marketing it.

Gefco has rolled up its sleeves and started fighting the "killer dust" image since its takeover, installing extensive safety equipment to protect workers and their families at all its mines.

It has geared these to the present European Common Market safety standards of two asbestos fibres per millilitre of air dust levels in the workplace

Gefco spokesmen are optimistic about the future of asbestos, maintaining that



Penge asbestos mine in the Eastern Transvaal

Our asbestos has cornered Western industrial market

when used under controlled conditions it is not harmful to health

Gefco claims that the international labour movement, which demands its outright banning, seems to have singled out asbestos "strictly for political reasons"

The company, in fact, has tackled the problem aggressively — encouraging the international industrial world to use more blue asbestos, not less — especially in cement-and-asbestos products, which make up 70 percent of the Western market

Lawsuits

South Africa's 30 asbestos mines consolidated under this mining giant — its pyramid company is Federale Mynbou Beperk — exported a total of 300 000 tons of asbestos in 1981, one-third more than in 1980.

And after it purchased Pomfret, Kuruman Cape Blue and Penge mines last October, its after-tax profit soared from R2,977-million in 1980 to R7,838-million in 1981

Moreover, the world price is expected to reach R396 a ton this year and R437 next — compared with the 1975 level of R249

Asbestos producers have known the potential health hazards since the 1930s, but, until recent television programmes and the deluge of overseas lawsuits, relatively little was done either by governments or the industry to correct the problem

● In South Africa, a CSIR study, funded by the mining industry in the 1970s, found that lung cancers could be induced in primates by exposing them to asbestos-impregnated dust

The lungs of all miners who had died of asbestos-related diseases were examined

However, the resulting report was given a "restricted" label and never published

● Last December, in a British television exposé on asbestos-related cancer and

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South African blue asbestos mines in the Northern Cape, it was alleged the Prieska and Pomfret mines — then owned by another company — had ignored safety measures, causing death and long-term disease for hundreds of workers and residents

● In a Granada Television programme aired in the United States this week, asbestos producers were accused of "running away from sick and dying families in America to the bankruptcy

courts" by Dr Irving Selikoff of Mount Sinai hospital

He said there was a link between asbestos fibres and lung cancer

Meanwhile, the anti-asbestos health lobby is gaining increasing success overseas

Sweden has banned all asbestos; in Britain, it may be used only with special government permission

Also, the EEC now insists that the safety dust level should be 0,2 fibre per millilitre of air dust by 1984

The International Metalworkers' Federation this week called for a complete ban on all asbestos by 1985.

It also charged that South Africa keeps its workers ignorant of the health dangers of asbestos.

South African specialists don't agree that asbestos is as dangerous to health as is claimed overseas

Professor I Webster, director of the National Centre for Occupational Health, said "Asbestos is a possible health hazard

"But, if used and maintained under very strict control, it has a very useful function in the economy."

SA beats world in 'silent killer' coup

(217)

S. Times 5/9/82

CANDIDATE MUST enter in (1) the number of each question ed (in the order in which it has iswered), leave columns (2) and

UNIVERS EXAMINA



SA is in line for more sales of uranium

5/9/82

217 S. Times

LARGE stockpiles overhanging the market have pushed the free-market cash uranium price down to a five-year low of \$17 a lb

But production cuts, especially in the United States, mean that South African mines will be getting a much larger share of the market in coming years

Subdued producer and consumer delegates at the seventh annual symposium of the Uranium Institute agreed that the price had fallen to the lowest level since the end of 1977 because production and accumulated stocks continued to outweigh demand

The huge price increase in the Seventies which carried uranium prices up from \$6.50 a lb in 1973 to a peak of \$43 a lb in 1978 boosted exploration and production

"These production increases, combined with radically slower-than-expected uranium demand growth, produced an imbalance between supply and demand," said Jim Bonny, vice-president of marketing at the Saskatchewan Mining Development Corporation in Canada

The Uranium Institute supply and demand committee forecasts a further reduction in nuclear-generating capacity, and consequently lower uranium requirements up to 1990

Cancellations of nuclear reactors have mainly come

By Neil Behrmann London

about because of the deep international economic slump

Electricity demand has declined and utilities have found it difficult to raise finance and hold uranium stocks while interest rates remain high

Over and above this situation, the weakening oil market has reduced concern over further energy supplies

So it has been much more difficult to convince the public that nuclear power is a safe, reliable and economical energy source

Although US producers have cut output severely, the Uranium Institute concludes that sufficient production capacity will be available to supply existing reactor programmes at least until 1985

By 1995 demand will outstrip present mine capacity, but

there are more than sufficient potential supplies to satisfy future consumption

Even so, the price must eventually rise to encourage mining groups to invest money in uranium projects

James Vaughan, vice-president of Nuexco, an international uranium-broking concern, forecasts that the cash uranium price will fall further

"We were hoping that the market would bottom out at \$30 then \$25, but the price kept falling. It now looks like a jagged line of a cliff"

Mr Vaughan reckons that supplies are currently running at 110-million lb a year, about double consumer requirements

"The basic problem is that output has been outpacing demand since 1970, so

stocks continue to rise. "Eventually the market will come into line because production is falling and consumption is increasing, but it will take several years"

The market has been so bad that utilities, especially General Public Utility — owner of the faulty Three Mile Island reactor — has been dumping uranium stocks on the market

"The uranium market is not following textbook economics," said Robert Wolcott, president of Nuexco. "By July this year 17-million lb of uranium was on offer for near-term sale, but 90% of this material was offered by users and 70% of the buyers were producers"

"The price has fallen to such low levels that it has paid producers to buy material for resale rather than mine it themselves"

Participants at the meeting, however, emphasised that the free market in uranium represents only 10% to 15% of the market

Most of the material is sold on a contract basis. For example, it is estimated that South African mines are selling their uranium for around \$30

Yet the falling free-market price does have an inflation potential because it is difficult to negotiate new

contracts at prices which are way in excess of free-market levels

Nuexco estimates that the US, presently the largest producer, will reduce output from 38.7-million lb last year to about 28-million lb this year

Next year US production could decline to just over 21-million lb

This is good news for South Africa, because its relative share of the world market will increase markedly

Nuexco forecasts that South Africa's production will rise from 16.5-million lb this year to 17.6-million lb in 1983

Canada, only slightly ahead of South Africa, is the second-largest producer after the United States

Luyt squares up to JSE

● From Page 1

Accordingly, Dr Luyt believed that he was acting in the best interests of his shareholders by deconsolidating Triomf's main operating subsidiary, thereby placing a smokescreen over the make-up of the subsidiary's results

While a measure of sympathy

has been expressed for Dr Luyt's predicament, it is difficult to justify an argument which aims at limiting disclosure rather than fostering it

The directors and executives of all companies make a tacit undertaking to reveal all once their companies achieve a listing on the Johannesburg Stock Exchange

And, while Triomf may

have valid arguments for withholding certain information, an exception in this case could produce a chain reaction

Such a pass would be a serious setback for a stock-exchange community which has been striving for many years to achieve higher levels of disclosure among South Africa's many hundreds of listed companies

Report may cause job loss

● From Page 1

search into pension establishments overseas, to provide unlicensed accommodation for tourists and visitors, especially families

"You could call these no-star hotels, and we are currently evaluating questionnaires we have received on the proposition

"But we are mainly concerned to know first how the Government feels about the

Competitions Board report "We will then have to get regeared immediately and see in which direction the industry is going"

The Bureau of Financial Analysis at the University of Pretoria is completing its own investigations into the profitability of the liquor industry

The report will be available in two months, but one important fact has already emerged

Hotels are heavily dependent on liquor sales, irrespective of off-sales. The cost of liquor sales is R82-million — compared with R120-million for food — or 40% of the total

Further development projects, such as those by Southern Sun and Holiday Inns, will add another R10-million to the liquor figures in the next 18 months, says the bureau. Growth is about level with inflation



Tony Norton has been appointed managing director of Tiger & Sugar Holdings (Tiger Sugar). Mr Norton was formerly managing director of C G Smith Sugar

Mork:

THE 49-store Morkels Group, a subsidiary of the R1 300-million Federale Volksbeleggings group, is not only expanding its furniture chain but is also to start a new unrelated chain empire of Totalsports outlets within the next three years

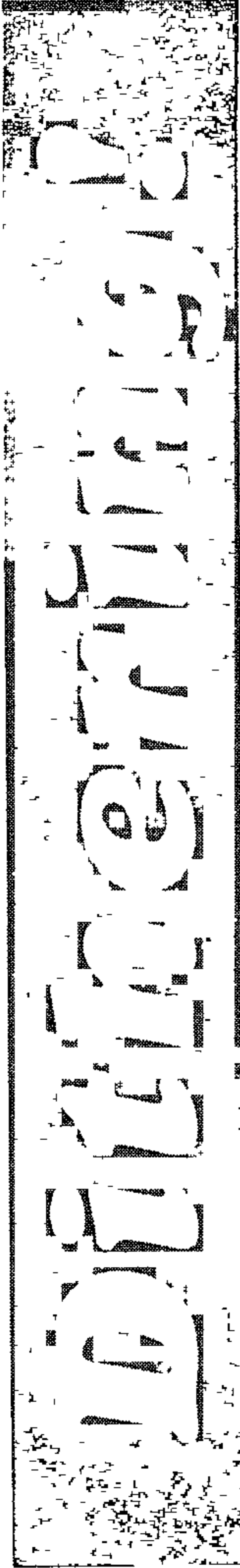
The Totalsport chain aimed at winning a lion's share of the R100-million year sporting-goods market

As part of the expansion plan, three long-lease deals, totalling R27-million have been secured for Morkels on Reef by the new property dealer, Incity Real Estate, headed by Sydney Davidson

The prime city-centre business sites are designed for stores. Johannesburg is to have its second city furniture store by next year, while two Springs and Germiston sites will house the two Totalsport stores, which are open this year

These lettings earned Incity Real Estate R60 000 in commission, and, referring to Johannesburg package, Davidson says

"At R1.8-million, it is p"



ARGUS 10/9/82

217

'PUZZLING' DEN SCHEMME OVER KAOLIN

Political Staff
THE Government's long delay in coming to a decision on the proposed mining of kaolin in Noordhoek is puzzling opponents of the controversial scheme.

After more than a year of controversy and public protests against the proposed plan, there is still no indication when the Government will decide whether or not to allow the scheme to go ahead.

Extensive inquiries by the Argus at the Pretoria offices of all the Cabinet Ministers concerned have failed to produce any answers.

Nor was there any reassurance for concerned

conservationists and for nearly 7 000 signatories to a public petition of protest submitted to the Government earlier this year.

Commenting today, Commodore Andrew McMurray, organiser of the petition against the plan, said "It is too incredible that the Government can take such a long time to make up its mind on a matter affecting so many people."

"CONTENTIOUS"

He said the petition was delivered in April to Mr Chris Heunis, then Minister of Internal Affairs and now Minister of Constitutional Affairs.

It was accompanied by a letter appealing to him to take serious cognisance of public feeling

about "this highly contentious matter" and asking for an early decision in favour of the petitioners.

Subsequently, in July, the Divisional Council of the Cape formally opposed kaolin mining in the scenic Noordhoek Valley. The council's decision was taken in response to a request from the Office of the Prime Minister.

Mr Ken Andrew, the Progressive Federal Party MP for Gardens, who has been in the forefront of public protests against the proposed kaolin mining, said today the Government's delay in making a decision was "puzzling".

"It should be obvious to the Government by now that the vast majority of people concerned

are totally opposed to the scheme and that a new mine in the area would cause considerable irreparable environmental damage," he said.

"Equally disturbing is the long delay in pro-

claiming the nature area as recommended in Douglas Hey's report on Table Mountain and the Southern Peninsula mountain chain.

"It is of the utmost urgency that the bou-

was a cause for concern. The public was often told the Government and provincial authorities cared about preserving the natural environment and the scenic beauty of the Peninsula.

"But when action or money is required to support those professed concerns, it is often not forthcoming," he said.

"We are extremely fortunate in being blessed with the magnificent environment we have, and it would be a tragedy if profit-seeking entrepreneurs were to be allowed to destroy our natural heritage."

Government departments which failed to produce a report to the

Argus's inquiries this week included the Department of Mineral and Energy Affairs and the Department of Environmental Affairs and Fisheries.

"NO COMMENT"

Inquiries to Mr Chris Heunis and Mr John Wiley, Deputy Minister of Environmental Affairs and MP for Simon's Town, also failed to produce answers that could clarify the Government's delay in making a decision.

From inquiries in Pretoria it appeared the final decision still rested with Mr Heunis, who is in charge of certain plan matters.

"No comment"

Mr Ken Andrew "puzzling"

Comm McMurray "incredible"

Mr Chris Heunis "no comment"

Mr John Wiley "no part"

Mr Andrew said the strange behaviour of various authorities over many years with regard to the proposed

Mr Wiley said he took no part in the decision making process in the matter about the proposed kaolin mining.

"It has nothing to do with me," he said.

He referred The Argus to an earlier statement to the effect that on as suming office he had advised both the Director General of the department as well as the Minister that they, and not he, should deal with any matters affecting Noordhoek.

Mr Heunis's response, through a spokesman in his Pretoria office, was "No comment"

SA and Russia

217

IMPRESSED with the highest platinum prices for two months, the Soviet Union and South African producers have stepped up their sales on the free market

Platinum dealers estimate that Russian sales are three to five times the past year's norm

Dealers also report that Rustenburg, Impala and Western Platinum have been sellers

Producers have been hedging production by selling forward on the New York Mercantile Exchange and through various merchants

Platinum raced from its June low of \$243 an ounce to more than \$400 an ounce, but slipped back sharply when South African and Russian producers sold

At prices of \$370 to \$380, platinum quotes are at a discount of \$100 to gold prices

Although some stockbrokers contend that platinum is an interesting speculation, the dealers who trade in the

cash in on platinum

12/9/82 5 Times

By Neil Behrmann: London

physical metal treat the latest surge with scepticism

They do not believe that the buoyancy can last, and are far more bearish than

gold dealers, who are very cautious too

The platinum dealers say that the wide discount between platinum and gold reflects the basic depression in a platinum market which depends on industrial demand

Except for April and May, Japanese imports of platinum have been lower this year

The Japanese, who are the most important consumers of the metal — mainly for jewellery purposes — have reduced purchases because of lower demand in the jewellery sector

The yen has weakened against the dollar, too, so platinum is more expensive for the Japanese importer

Despite the sharp fall in price in dollar terms, Japanese platinum imports in the first half of this year were 511 000 ounces compared with 615 000 ounces in the same period of 1981

Dealers say that imports over the past few weeks have been minimal and almost non-existent at the higher prices

Platinum demand remains weak in the United States

The major user of platinum is the car industry, because it needs the metal for anti-pollution catalytic devices in exhaust pipes

Despite the decline in interest rates US carmakers are cutting production plans, indicating that manufacturers expect sales to worsen during the next few weeks

US car manufacturers estimate that production will be 80 000 units lower than the same period of last year, in spite of easier credit

Quarterly production is currently running at 1.3-million cars, but dealers have 1.3-million units on hand, equivalent to 82 days' supply at the current sales rate

The continual depression in the US motor industry is depressing platinum sales, and dealers reckon that their US platinum turnover is currently running at a quarter of the levels which were experienced in the boom times

The oil industry, which also uses platinum for its catalysts, has cut back demand because the oil market remains weak

"Speculators insist that platinum should follow gold because it is a precious metal, but its main function is industrial," said one dealer.

Currently the free-market price is at a \$100 discount to the producer price.

Market moves

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Finance

CANDIDATE MUST enter in (1) the number of each question ed (in the order in which it has iswered), leave columns (2) and k

Japan cuts Iscor imports by 20 percent

ARGUS 14/9/82 217

Table with 2 columns: Internal, External. Rows contain numbers like (2), (3), 51.

TOKYO. — Iscor has accepted a 20 percent cut in its iron ore shipments to Japan for the October-March period of the current fiscal year, Japanese steel mills have announced.

Degree/Diploma/Certificate for which you are registered (e.g. B A, B Sc)

B. Com.

Subject . ECONOMICS II (to be copied from the heading on the Examination)

Paper No. . I (to be copied from the heading on the Examination)

The South African company is the first iron ore supplier to accept a Japanese proposal for a cut based on reduced demand for raw materials due to slumping steel production

The steelmakers, announcing the Iscor decision, expressed their "highest appreciation for its cooperative attitude"

The mills will now use this development to win cooperation from other major suppliers

2,2-MILLION

Iscor has agreed with the Japanese steel mills to reduce from 2,75-million tons to 2,2-million the amount of ore it will sell them in the six-month period

Against a contract calling for delivery of 7-million tons annually, the Japanese will be taking 5,5-million tons overall

Meanwhile, in a bid to bring down the high freight costs on Iscor ore, the two sides were said to have decided on an experiment for the two vessels involved, the 167 000-ton Sishen and the 155 000-ton Vanguard, to sail as slowly as economically possible

A new shipping rate will then be discussed next January based on data collected — Reuter

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...
3 Names must be printed on each separate sheet...

pieces of paper or other material into the examination room are so instructed

not to communicate with other person except the invigilator

every book is to be torn out

must be handed to the commissioner invigilator before leaving the

Any dishonesty will render the candidate liable to Union

possible exclusion from the

Lawsuits 'force' asbestos companies into bankruptcy

NEW YORK — Tens of thousands of lawsuits are threatening to bury the asbestos industry under a legal landslide that is forcing companies to flee to the bankruptcy courts for protection

The Manville Corporation, the world's largest asbestos producer, has announced it is filing for reorganisation under the US Federal bankruptcy code

The company chairman, Mr John McKinney, said that while the company's businesses were sound, "we are completely overwhelmed by the cost of the asbestos health lawsuits filed against us"

A Chicago company, UNR Industries, which has not made asbestos products since the 1960s, took the same route last month because it was facing some 12 000 lawsuits filed in July

For years asbestos was deemed to be a relatively harmless fibre with no end of uses — fireproofing warships soundproofing schools,

controlling moisture, making walls and ceilings, potholders and pipes

But in the early 1960s, scientists exposed asbestos as a silent killer causing lung cancer asbestosis and mesothelioma, the rare cancer that has killed among others, actor Steve McQueen and whose only known cause is exposure to the fibre

A television documentary on the risks of asbestos production has rekindled controversy over the fibre in Britain and caused the stock market value of the biggest producer there, Turner and Newall, to plummet

The International Metalworkers' Federation has called for a complete ban — Sweden has already done so — because it claims asbestos causes more industrial deaths than any other substance

Manville and its 19 North American subsidiaries had escaped the brunt of the recession. Its profits and cash flow were strong consolidated assets topped \$2 200-million while liabilities, excluding asbestos health liabilities claims, totalled less than half that

But according to Mr

McKinney, the company had no recourse but to file for protection under the bankruptcy laws because a company study showed that it could become the subject of 52 000 asbestos lawsuits with claims of over \$2 000-million

So far 16 500 suits have been filed against Manville and new ones are coming at the rate of 500 a month

Mr McKinney blamed the courts and the government for Manville's predicament, claiming that what was needed now was swift Federal action to untangle a Gordian knot

"This is not a financial failure it is a failure of our court and our legislative system to provide an orderly way to compensate victims of an unexpected occupational health catastrophe" he said

For months, Congress has been urged by the industry to set up an asbestos compensation board with either the government and the industry or the industry alone paying out claims, saying this would spare the industry and asbestos workers billions in legal expenses — costs that are crippling both

The industry's Asbestos Compensation Coalition estimates that out of every \$150 000 judgement ordered after a long and costly trial, a claimant keeps only \$28 000

But industry spokesmen say asbestos victims only win about half of the cases that go to court — and for the losers, there is no compensation

In London, Mr Richard Ballantyne, chairman of Lloyd's underwriters non-marine association which handles much of the insurance for the asbestos industry, said that for every \$1 500 000 indemnity, \$2 500 000 was paid in fees

He said it was impossible to estimate the total cost of the suits, but he saw some indication of a slowdown in new claims

By filing for reorganisation,

Manville and UNR have temporarily put a stop to the cases against them

The reorganisations freeze litigation and perhaps increase pressure on Congress to act

While several key congressmen such as Colorado's Senator Gary Hart, favour creating a compensation board many asbestos victims and the Association of Trial Lawyers of America oppose the idea, arguing that a board would cut off a worker's right to sue not only for compensation but also for punitive damages

The asbestos industry argues that the federal government shares a responsibility for the damage caused to workers by being exposed to dangerous levels of asbestos

During the Second World War, thousands of workers were exposed to asbestos in shipyards and defence industries and the industry says that about half the asbestos claims stem from that period

Dr Irving Selikoff of New York's Mount Sinai Hospital, a leading expert on asbestos diseases, estimated that 9-million living Americans have been exposed to the mineral fibre and that asbestos-associated cancer will claim between 8 500 and 12 000 lives for each of the next 20 years in the United States

In addition, he said between 75 and 90 children die each year due to exposure to asbestos in their schools

The industry has been criticised for trying to block government regulation of asbestos while at the same time demanding help

Under pressure from the industry, the Federal Environmental Protection Agency has recently delayed new rules on asbestos exposure standards that many argue are vital to protect present and future generations of workers — Sapa-Reuter

WORLD NEWS

Britain set to grind to a halt in general strike

217 RDM 22/9/82

By **STANLEY UYS**
London Bureau

LONDON — Most of Britain is expected to grind to a halt today for periods ranging from one hour to 24 hours when trade unions stage a mini general strike in sympathy with protesting health service workers

The Day of Action has the backing of the Trades Union Congress which has 11-million members. Whether all trade unionists will back the stoppage is still to be seen.

Many Conservative MPs believe the stoppage is a political act directed against the Thatcher government and that the health workers strike is merely the pretext for calling out workers.

Workers from the construction, ship building, engineering, chemicals, brewing and food distribution industries, among others, have said they will down tools.

Demonstrations will be held all over the country, with the biggest at London's Hyde Park where a 100 000 turnout is expected. The trains and underground will be running — to make sure that workers get to the rallies.

London ambulance men have decided to stop work completely and not provide even emergency cover, but their union is urging them to provide emergency services. Police and voluntary workers will help out, and if necessary the army will be called out.

Although trains will run normally, council-owned buses, including London's, will stop for a time. London's tube trains will start an hour later than usual. Ferries and cruise liners will be delayed or cancelled. Most airports will stop for up to two hours.

Miners have been called out for 24 hours, although there may be pockets of dissent in parts of Yorkshire and Northumberland.

Bank workers have been told by their union to follow their conscience.

Letters and parcel deliveries will be held up as postmen take sympathy action. Delay are expected on phone calls made through the operator.

Shops should not be badly hit. Shop workers have been told to take what action they feel necessary. This could mean lunchtime meetings and stoppages for up to an hour.

Teachers have been told not to carry out any mealtime supervision or extra work in the lunch break.

Supplies of gas, electricity and water will be maintained, but workers in the three industries have been told by their unions to take solidarity action wherever possible.

There will be no national newspapers because of action by print unions. Provincial papers will also be hit.

MAIL

By ADAM PAYNE

BECAUSE of the dire straits of the nickel market — in which South African platinum producers are involved with by-product nickel production — the Western world's two biggest producers are cutting back even more than formerly.

International Nickel and Falconbridge, which planned to reopen their giant Sudbury mines in Canada early in October, will not do so until the beginning of 1983.

In good times for nickel, the metal is the second largest source of income for the South African platinum mines.

I am told that for every ounce of platinum produced 25 lb (11.3kg) of nickel is available as a by-product, so that when Rustenburg was producing 1-million oz of platinum its nickel production was about 1.130 tons.

In February this year that tonnage would have been worth about R7-million, when the nickel price was £3.160 a ton.

Since then the price has dropped to £2.425 on the

Major nickel producers cut back further

(217) *Rev 22/9/82*

LME — the lowest level since the nickel contract was opened in 1979.

Both Inco and Falconbridge closed their big mines at Sudbury in June.

Saddled with about 157-million lb and 144-million lb of nickel inventories, respectively, Inco and Falconbridge blame their decision to extend plant shutdowns on depressed demand and low nickel prices.

Inco's Sudbury operation has been closed since June 1 and was originally scheduled to reopen next week. Its output will probably be close to 100-million lb this year com-

pared with 220-million lb in 1981.

Falconbridge was operating at about 65% of its 100-million lb a year capacity before it closed on June 27.

Falconbridge also closed its Dominicana plant in the Dominican Republic on January 15 but reopened it on September 14.

The plant is running at about half of its 63-million lb a year capacity.

Falconbridge justifies its move to resume production, after heavy financial losses, by saying that ferronickel inventories at Dominicana had been reduced to 4-million lb

Falconbridge successfully negotiated a two-year labour contract in the Dominican Republic calling for a wage freeze, a slight cut in holidays and bonuses being conditional upon the operation returning a profit.

According to Metals Week, Inco says that there is a possibility operations could be resumed at Sudbury on December 1 if the workers' union agrees to a short work week.

Under the current plan only about 1,585 workers will be recalled — several on a part-time basis — even though nearly 12,000 employees had been scheduled to return to the mine next week.

The recalled personnel will work on smelting and refining copper concentrates, cutting electrometallurgical cathode and producing special battery powder.

Another nickel producer to cut production is Hanna Mine which closed its plant at Riddle, Oregon, indefinitely on April 19 and expects to produce about 5-million lb of nickel this year compared with 18,700,000 lb last year.

GOVT BACKS KAOLIN MINING

AKGAS 7/10/82
217

By Robin Parker
Staff Reporter

THE Government has decided to reserve three "proven high-grade kaolin deposits" in the Noordhoek area for future exploitation.

The decision, bound to be followed by a storm of protest from conservation and other groups, was announced by the Minister of Constitutional Development and Planning, Mr Chris Heunis, at a Press conference in Cape Town this afternoon

It goes hand in hand with the reservation of an extensive nature reserve in the Peninsula

Mr Heunis said the Western Cape was poor in natural resources, but well-endowed with outstanding environmental features

"It is precisely this fact that obliges the authorities in taking a decision to strike a healthy balance so as to reconcile development on the one hand with conservation of ecologically sensitive environmental elements on the other

Natural assets
"It was with this in mind that a decision was taken at central government level to reserve both the kaolin deposits and the natural assets in the Peninsula"

Mr Heunis added "Decisions concerning this kind of matter can easily become a political football because of the emphasis placed on the various elements by different interest groups"

"This is only one typical example of the type of emotional issue which the Government is confronted throughout the country, and which needs to be approached unemotionally and with due regard to realities"

Confusion

Mr Heunis said that it was the Government's view that the extent to which a balance could be struck between essential development on the one hand and conservation of the environment towards other — "an approach which is often confused with indifference towards environmental matters on the part of decision-makers"

As early as 1975 the authorities had realised that "urgent attention" had to be given to safeguarding the kaolin deposits in the country for future exploitation, "especially those in Fish Hoek, Kommetjie and Noordhoek."

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'Too much secrecy' on Noordhoek

the fight against plans to mine kaolin, said Mr Heunis's announcement was a "great disappointment"

"Since the matter was first raised, the activities of the Government and the interested parties have been characterised by secrecy, contradictions, withholding of information and powerful vested interests

"Mr Heunis has not referred to other high-quality kaolin deposits in less sensitive areas, such as Verzicht near Stellenbosch

ity kaolin deposits in less sensitive areas, such as Verzicht near Stellenbosch

"By implication Mr Heunis seems to suggest that, had it been known in advance that there were kaolin deposits in the area, Fish Hoek should not have been built and the whole area should have been reserved for kaolin mining"

Before a full-scale evaluation of the Government's decision could be made, further information was needed, Mr Andrew said

He called on the Government to publish the report of the independent consultants who investigated the matter and to publish an environmental impact report undertaken by Serina, the firm mainly interested in the mining

According to Mr Andrew this report opposed the taking up of an option on the Chaplin Estate

● See Page 11.

WEATHER forecast for

GOVT KEEPS kaolin mining option open

ARGUS 8/10/82



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Staff Reporter

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"It is precisely this fact that obliges the authorities, in taking a decision, to strike a healthy balance so as to reconcile development on the one hand with conservation of ecologically sensitive environmental elements on the other

NATURAL ASSETS

"It was with this in mind that a decision was taken at central government level to reserve both the kaolin deposits and the natural assets in the Peninsula"

Mr Heunis added "Decisions concerning this kind of matter can easily become a political football because of the difference in emphasis placed on the various elements by different interest groups

"This is only one typical example of the type of emotional issue with which the Government is confronted throughout the country, and which needs to be approached unemotionally and with due regard to realities

Mr Heunis said it was the Government's view that the result should always be measured by the extent to which a balance could be achieved between essential development on one hand and conservation of the environment on the other — an approach which is often confused with indifference towards environmental matters on the part of decision-makers

URGENT ATTENTION

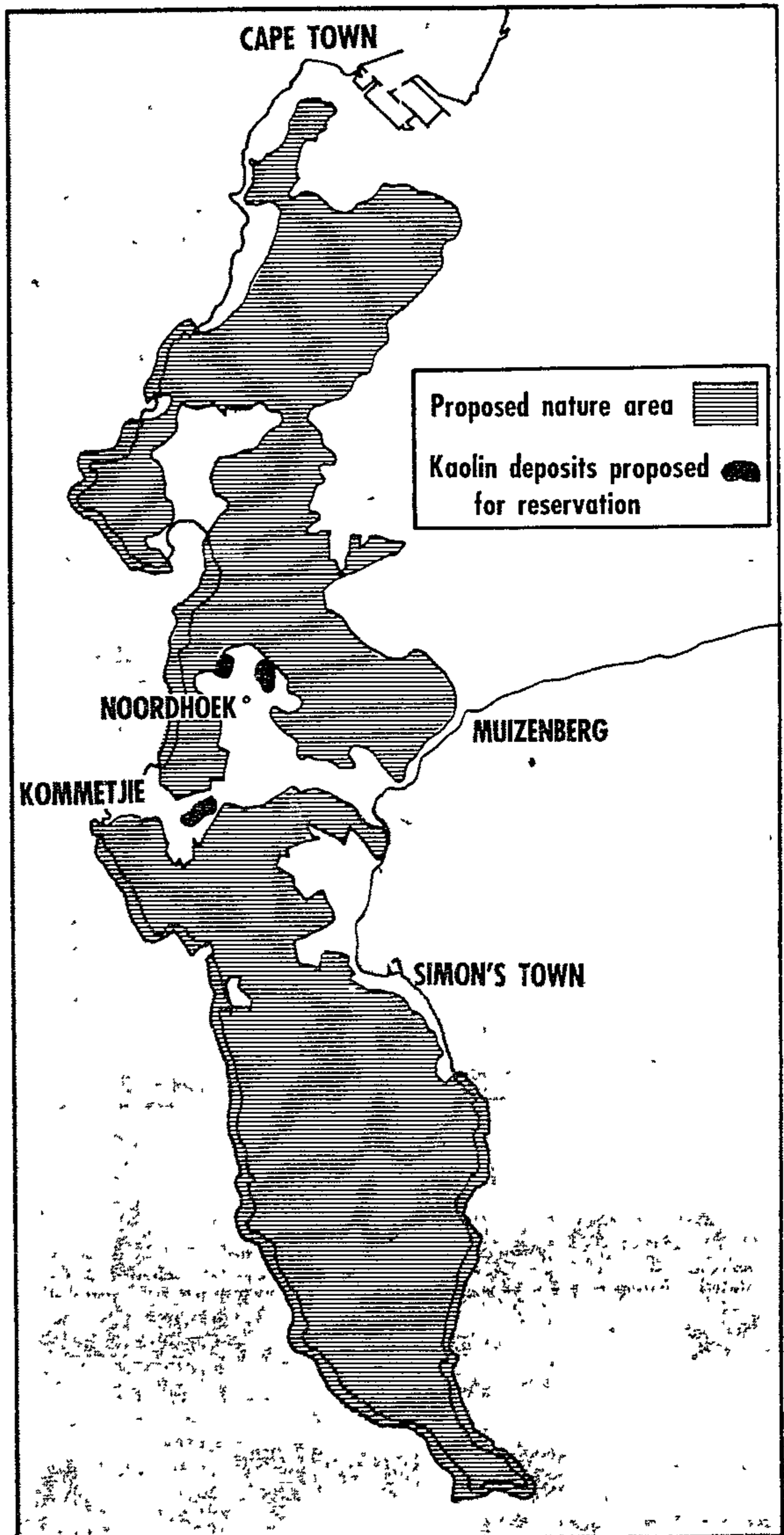
As early as 1975 the authorities had realised that 'urgent attention' had to be given to safeguarding the kaolin deposits in the country for future exploitation especially those in Fish Hoek, Kommetje and Noordhoek where the largest and some of the best kaolin deposits are found

One of the most important reasons advanced for this concern, according to Mr Heunis, was the fact that applications for the establishment of townships and other developments in the area were constantly received

Furthermore, the best-quality kaolin was to be found in this area, according to surveys

It was generally realised that it was "necessary in the national interest to preserve for future exploration this scarce raw material"

The decision was taken, however, only after a landscape architect had reported that if properly planned the mining and the restoration of the site could well be reconcilable with the "sensitive environment of Noordhoek."



A first step to mine more kaolin?

M64's
8/10/87

217

Political Staff

THE Government's decision to reserve high-grade kaolin deposits in the Noordhoek area could be the first step towards more kaolin mining in this scenic valley.

A decision to go ahead with the controversial plan now rests with the Minister of Mineral and Energy Affairs, Mr P T C du Plessis.

He will consider permit applications for mining and may, on the recommendation of the Minister of Environment Affairs and Fisheries, among others, lay down conditions protecting the environment.

An official of the Department of Mineral and Energy Affairs told The Argus recently that his department was awaiting the "reservation" of the proposed area before a decision could be taken on the mining aspect.

Impact study

Mr Roger Hulley, MP for Constantia and the official Opposition's spokesman on environmental affairs, today called on the Government to release the report of the environmental impact study made of the kaolin deposit area.

He said the study should be made public so that the people and independent outside experts could evaluate it.

Mr Hulley also called for a comparison study to be made in order to compare the proclamation of nature area boundaries with the recommendations of the interim management committee for the Table Mountain and Southern Peninsula Mountain Chain.

"I suspect there is a discrepancy between the original proposals and this proclamation in respect of the Noordhoek area. If so, the reasons would have to be properly explored," Mr Hulley said.

COMMODORE Andrew McMurray, who organised a 7 000-name petition against the proposed kaolin mining, said Mr Heunis's announcement did not give the guarantee that the Minister of Mineral and Energy Affairs might not issue a permit to allow the mining.

He believed that the Minister could at least have given the assurance that mining of kaolin in the Noordhoek area would not be allowed until all other resources in the country had been exhausted.

The petitioners had not been given any assurance that mining would not be allowed or that the existing operations at the Brakkloof refinery would be diminished.

Mr Ken Andrew, MP for Gardens, who has been in the forefront of

Stricter controls for asbestos

By Sheryl Raine
Pretoria Bureau

Stricter controls to reduce health hazards associated with asbestos will be introduced into the asbestos mining industry over the next two years by the Department of Mineral and Energy Affairs

In a hard hitting statement today the department presented a formidable list of controls to protect the health and welfare of asbestos mine employees. Some are already in force, others have still to be implemented

New regulations in the pipeline will add to the already long list of safety regulations which govern highly profitable asbestos mining concerns — but which have been criticised as inadequate by local and international medical authorities and trade unions

LUNG DISEASE

The moves for further controls of asbestos — "silent killer" — come after two documentary films on asbestos in South Africa were shown abroad and caused a political storm

Controversy in South Africa and abroad about the health hazards associated with three types of asbestos but in particular blue asbestos (crocidolite), has raged for years

Several diseases, some fatal, are associated with people who work with asbestos, or their families, who may pick up asbestos fibres from their clothing

Asbestosis, a crippling lung disease, does not necessarily kill its victims, but they are handicapped for life

Mesothelioma, a cancer of the lining of the lungs, is usually fatal. The disease can lie dormant in the human body for up to 30 years, but victims usually die within a year

To Page 3, Col 3

Stricter controls for asbestos

217
8/10/82

of mesothelioma being diagnosed

Among the new controls scheduled to come into effect are:

- Reduction in the acceptable asbestos fibre concentrations found in surface operations from five fibres per millilitre to two. This will come into effect on January 1, 1984
- Modernising asbestos mills handling

the production of the substance. Only about 10 percent of these mills are still regarded as antiquated, but the aim is to modernise them all

● Phasing out of sun drying and double handling of asbestos. Research into the elimination of these procedures is being carried out at Ruims asbestos mill in the Kruman area

● A pre-employment information system to tell workers of the dangers of working

with asbestos is being designed. No date has been set yet for implementation

In July there were 624 whites, 250 coloured and nearly 10 000 blacks in service on the country's 30 asbestos mines.

It is estimated, however, that more than 40 000 workers in mine, produce or handle asbestos in the broader industry

South African authorities do not believe that asbestos is as dangerous to health as

is claimed in other parts of the world

Representatives of the Department of Mineral and Energy Affairs, who unofficially attended a world symposium on asbestos in Montreal in May, were satisfied that the world trend was not to ban asbestos mining altogether, but to reduce associated health hazards. Some countries have banned asbestos — one is Sweden

The milling of blue

asbestos in Britain without special permission is prohibited

Asbestos mining, particularly in developing countries, is largely considered too profitable to ban

In recent years, South Africa has captured a sizeable part of the Western asbestos market

World asbestos prices are rising steadily. The price is expected to reach R396 a ton this year and R437 next year

217
8/10/82
Star

By Graham Ferreira
Environment Reporter

A GROUP of Cape Town scientists said today that the Minister of Constitutional Development and Planning had based conclusions about kaolin mining at Noordhoek on a report which did not conform to normal or acceptable scientific practices

The executive committee of the Co-ordinating Council for Nature Conservation in the Cape has asked the Minister, Mr Chris Heunis, if the environmental impact study by a Pretoria landscape architect, Mr Ben Farrel, is the sort of study which could be expected in future planning

MEMBERS

The committee consists of Professor Anthony Hall, a leading botanist, Dr Guy Curry, an anaesthetist; Mr Barry Gasson, a lecturer in urban and regional planning, Professor John Grindley of the School of Environmental Studies, Dr Jenny Day of the Department of Zoology at the University of Cape Town, Mr John Grieg, editor of African Wildlife and a prominent biologist, and Mrs E R Ashton, a botanist

They say Mr Farrel reached conclusions without referring back to the scientists who supplied the expert opinions.

Doubt cast on kaolin report used by Heunis

AREAS 4/10/82 (56) (217)

Professor Hall, chairman of the CCNCC, said "There was no interplay between disciplines Mr Farrel and his partner, Mr Willem van Riet, reached conclusions with which many of those who supplied expert knowledge do not agree, and there was no consultation that we know of"

Earlier this year the CCNCC asked to see the study, but were told only a limited number of copies were available.

The committee has now written to Mr Heunis, asking to see it.

100 YEARS

They said this was because "we are particularly concerned about your conclusion that the mining of massive deposits of kaolin at Noordhoek with the huge transport problems which it entails over 100 years or more could be compatible with the rural beauty and high ecological quality of a great valley

"Our concern arises also from the fact that the contributors from many separate professional disciplines appear to have had no hand in formulating or even checking the conclusions as would normally take place in a multi-disciplinary study, which is the practice in any scientific team project

"This is neither normal nor acceptable for a multi-discipline environmental impact study"

The CCNCC have no objection to the area being earmarked for mining, thus safeguarding a national asset for future use. But they maintain that any mining must be with some yet undiscovered technology which would prevent environmental degradation

"Any kaolin mining in the Noordhoek valley using present technology is totally unacceptable," said Professor Hall

"Mr Heunis has based his conclusions that it would be possible to mine kaolin at Noordhoek without major environmental impact upon conclusions in the Farrel report. We disagree strongly with this"



Recently enjoying the seaside delights of Bournemouth was shapely British actress, dancer, singer and model Mandy Perryment (21), who was in town for the traditional summer show "Give Us A Crew," which ran from July to September.

Although "Give Us A Crew" marked Mandy's stage debut, she has appeared on TV and in films. She has also featured in many TV commercials and has released a record called "It's So Easy," an old Buddy Holly song.

To keep in shape, Mandy, who lives near Regents Park, London, enjoys roller-skating, swimming and keep-fit classes.

Govt bares all in asbestos row

By Cheryl Raine

Following a controversial British TV documentary on asbestos mining in South Africa last year, the Department of Mineral and Energy Affairs instituted an inquiry into health conditions in asbestos mining towns.

The department recently bared its soul to critics and produced a formidable list of controls to protect workers in asbestos mines.

Some of these controls are already in force.

The British programme alleged that in Prieska and Pomfret in the north-western Cape safety measures were being ignored.

BAN

Some doctors and researchers in South Africa have called for the banning of asbestos mining as Sweden has done.

The Department of Mineral and Energy Affairs does not believe banning is the answer.

Government mining engineer Mr G P Badenhorst, said "The answer lies in the systematic and concerted application of a rigorous and continual control in the asbestos mining industry."

Mr Badenhorst has drawn attention to the regulations which govern the country's 30 asbestos mines.

Workers undergo regular medical examinations.

White and coloured workers under 30 are examined every two years by the Medical Bureau for Occupational Diseases.

Workers over 30 must be examined every year.

Black workers are examined every nine months. An inspector

visits mines to ensure high standards are maintained for X-ray examinations. Sample batches of X-rays are read regularly by bureau radiologists.

There are regulations governing asbestos dust in the Mines and Works Act.

Ventilation officers examine and report on conditions relating to ventilation and health.

Dust is supposed to be effectively controlled by the use of

"The answer lies in the systematic and concerted application of a rigorous and continual control in the asbestos mining industry"

water and other dust-allaying agents or by dust extraction.

Experts object to dust dampening because they say asbestos fibres can be dispersed over a wide area by wind or rain.

Although there are regulations requiring asbestos containers to be closed while being transported, much asbestos is still sun-dried in South Africa.

While drying, asbestos flakes off and spreads. The Government is planning to phase out sun-drying procedures.

A Government mining engineer has determined acceptable levels of dust concentration at two fibres a millilitre for underground workings and five fibres a millilitre for surface operations.

The latter is due to be reduced to two.

However, Dr Jonathan Myers of the

South African labour and development research unit at the University of Cape Town points out that the fibre concentration level is often calculated as an average measurement for the whole of a mine's underground or surface workings.

There is much controversy over the effectiveness of breathing apparatus.

Government approved respirators have a filtering efficiency of close to 100 percent, Mr Badenhorst said.

Dr Myers believed no respirators or masks were effective against asbestos fibres.

A risk committee determines risk areas in each registered asbestos mine.

A compensation commissioner administers a compensation fund for those workers who suffer disease as a result of their work.

Dr Myers has suggested the fund is inadequate.

By law records have to be kept of white, coloured and black workers at asbestos mines.

There are a number of inspection routines within the asbestos industry, some run by the industry, others run by the Government.

District inspectors of mines and machinery carry out surveys.

In accordance with the determined risks, the mines are required to contribute to the compensation fund.

The industry for the period (January 1 to September 30 this year) spent R1 250 000 in working mines and R106 000 on dormant mines, in an attempt to control dust, he said.



After supper, sulky Belinda Weber & her boyfriend excuse themselves:

botanist, is old & Wendy to see ya Wendy!

I thought we agreed that you'd stay in tonight, Belinda

Tsk! You'll never get to UNIVERSITY this way - DISCOS every night

(I don't care)

STUFF university! STUFF EVERYTHING!

Don't be SO RUDE! You know you really must stay in I insist!



Platinum heads for 25% drop

Rom 19/10/82

217

By JOHN MULCAHY

THE value of platinum exports is expected to fall by more than 25% this year from last year's level, says the Minerals Bureau

It says in its forecast for 1982 and 1983 that the fall in platinum group metal (PGM) sales in the first six months of this year was greater than expected, with reduced exports realising a lower average price than expected

"World demand for PGMs has remained weak and free market prices have been at levels well below the producer price, which was maintained at \$475 an ounce"

The bureau forecasts an improved balance between supply and demand next year because of production cuts and a lift in demand, which should lead to higher prices and sales. An increase in value of 22,6% is expected for next year.

Exports of PGMs by Russia and Canada have this year been maintained at 1981 levels, compelling the major SA producers — Rustenburg and Impala — to lower production to reduce the world oversupply

After the substantial drop

in diamond sales revenue last year when SA export earnings from this source plunged 38,5% to R340-million from R553-million, the Minerals Bureau expects a further decline of about 6% this year to R320-million

Based on an expected improvement in demand resulting from the prospect of a limited economic recovery, the bureau projects an increase of 12,5% in the value of diamond exports in 1983 to R360-million

The weak international coal market, and especially in Europe, has reduced the estimate of exports to 28-million tons this year from al-

most 30-million tons in 1981

The bureau says Richards Bay coal terminal should show a throughput slightly below 1981 levels, with the reduction in exports occurring mainly in shipments through Durban and Maputo

SA is expected to improve its position in world coal trade next year because of its low cost and efficient production and transportation, says the bureau, with exports rising to about 32-million tons

Although coal prices are expected to remain at 1982 levels next year, the higher tonnage should lift export earnings by 14,3% to R1 344-million

2
1

3

Quiet times for tin

By NEIL BEHRMANN

LONDON — A once-chaotic tin market has been transformed into a calm arena of stability and dealers expect a gentle increase in prices during the months ahead

The transformation has been wrought by the International Tin Council and inter-governmental body which has supported prices and instituted export controls to repair the damage inflicted by a "mystery buyer" who tried to squeeze the market earlier this year

"The new chapter in the tin market is stability," said Mr Peter Lai, the chairman of the Tin Council which represents major tin producing and consuming nations at a recent conference sponsored by the United States publication, American Metal Market.

From the summer of 1981 a mystery buyer, widely believed to be Malaysia boosted prices on the London Metal Exchange from a low of £5 600 a ton in June 1981 to a peak of £9 000 a ton in February this year by squeezing producers, tin stockholders, merchants and speculators

who had sold tin futures

After buying most of the tin available on the exchange earlier this year, the buyer stopped supporting the market. Prices collapsed from their peaks to a five year low of £5 450 a ton, leaving the International Tin Council's buffer stock manager to pick up the pieces

Since then prices have recovered to £7 250 a ton because the Tin Council's buffer stock manager has bought between 50 000 and 60 000 tons on the Penang and London markets. He is also controlling a further 10 000 tons through forward deals on the London Metal Exchange

The council's buffer stock manager must buy tin when the price falls to an equivalent of £7 200 a ton and sell at higher ranges

"The International Tin Council will succeed in controlling the market, because producers must reduce exports by as much as 36%," said Mr David Williamson, co-director metals research at Shearson/American Express. He added that, export restrictions would cut the tin surplus and would begin to bite from November onwards

"It is still touch and go because the council's buffer stock manager has run down its financial resources, but the market is now more confident that he can hold prices," said Mr Peter Kettle, a tin analyst at commodities research, a consulting firm. Several months after the attempted squeeze in the tin market, however, both producing and consuming nations are still embittered

"The mystery buyer's operation was an unmitigated disaster, it will take two years to repair the damage," said a tin official. He added that the artificial boost in prices encouraged excessive production and lowered consumption in an already weak market

Malaysia, the largest producer, however, blames the US for aggravating the situation because it has been selling excess tin from its strategic stockpile

"The US General Service Administration's sales from its strategic stockpile have undermined the market," complained Mr Abdul Rakim Aki, chief executive of Malaysia Mining Corp, a tin producing company under control of the Malaysian

government

"The sales of tin are necessary to finance purchases of strategic metals," retorted Mr Roy Markon, a former commissioner of the US General Services Administration and currently a consultant of Jay Solomon Associates, a metals consulting firm

He added that only 4 000 tons of tin were sold from the strategic stockpile this year compared with purchases of nearly 60 000 tons by the buffer stock manager and that "Malaysia was the mystery buyer" which disrupted the market

"Now that the flak has subsided it can be seen that the mystery buyer has caused inordinant damage to the tin industry, mining producers in Malaysia and elsewhere have been forced to close down because of the huge stockpile overhanging the market. Consumers are considering substitutes," said Mr Williamson of Shearson/American Express

"History has proved time and time again that the market is always bigger than any single operator," said Mr Phillip Smith, chairman of the London Metal Exchange board. He added that even more restrictive export controls were necessary to maintain present tin prices

For the
Connoisseur's
Cabinet

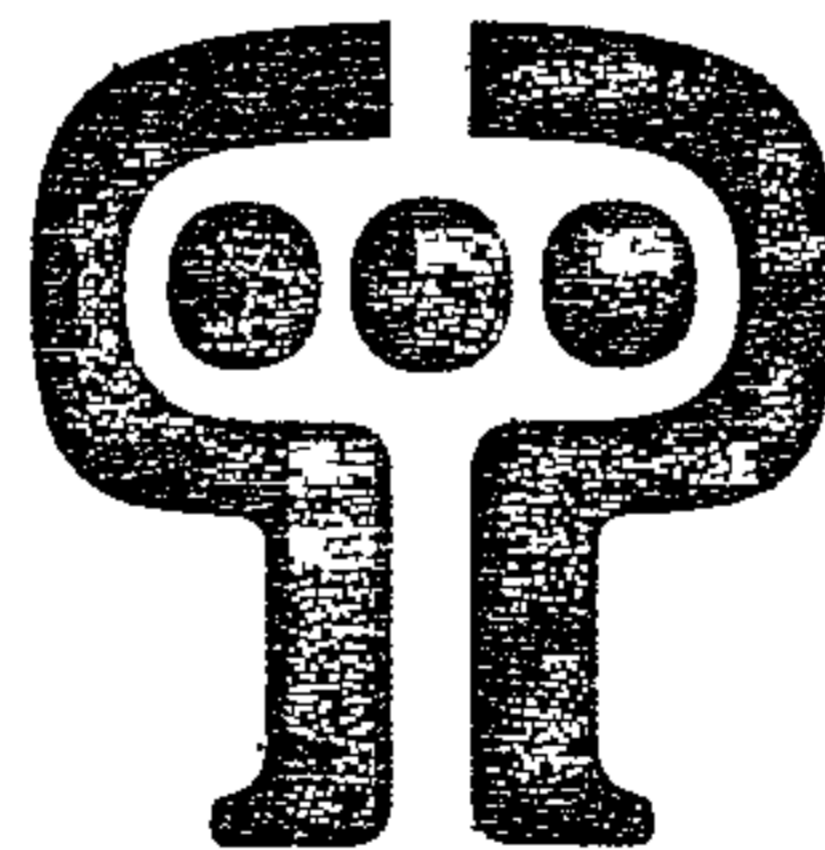


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- * Results include House of Monatic (I L Back)
- * Interest burden rises 167%
- * Operating profit margins down to 8,7%

Clothing retail

485 outlets

Food Retail

15 outlets

Manufacturing

12 factories

Property

R7,7 m bookvalue

R15,5 m market value

Unaudited

Unaudited

Audited

Wiley opposed to mining of kaolin

Staff Reporter

MR JOHN WILEY, the Deputy Minister of Environment Affairs and Fisheries, said last night he would oppose any further expansion of kaolin mining in the Noordhoek Valley.

Mr Wiley told a quarterly meeting of the Fish Hoek Residents' Association that it was "most unlikely" that, apart from the two established small-scale kaolin mines in the area, any expansion in mining operations would take place or that new mines would be established.

"The answer in my opinion is no. Companies must find kaolin in other areas more suitable for kaolin mining than here. We do not want kaolin mining in our area," he said, to applause from about 60 people in the Fish Hoek Civic Centre.

He said there were "very substantial" kaolin

deposits in Grahamstown, Stellenbosch, Kuils River, Saldanha and Namaqualand that could be exploited.

Mr Wiley described as "one of the biggest tragedies in recent years" the fact that the Divisional Council did not consult the Simon's Town and Fish Hoek municipalities before they approved the expansion of the kaolin mine at Brakkloof.

He said the government's reservation of the kaolin deposits did not mean that it would be mined. The immediate implication was that the owners of those areas were not allowed to build on the deposits.

He told the meeting that he owned part of an area with kaolin deposits which had been reserved.

"But any attempt to get a permit and any attempt to mine in that area will be opposed by me," he said to applause.

nom 29/6/82

Mines to spend 51% less

CAPITAL expenditure on South African gold and uranium mines is expected to fall between 1982 and 1987 by 51% in real terms from the amount spent over the previous six years, says the Chamber of Mines economist, Mr Mike Brown

He told a capital expenditure seminar in Johannesburg yesterday that in money terms the sum would rise to R5 250-million from R4 080-million

Annual expenditure — R1 060-million this year — would fall slightly over the next three years before dropping to R748 300 000 in 1985 and R508 300 000 in 1986

These estimates were drawn up two months ago when it was still not clear that the gold price had emerged from its bear cycle

It was now possible to be more optimistic about the long-term price trend, and future increases could lead to a renewed burst of capital expenditure

In addition, discretionary capital from innovative sources, such as funds from forward hedging, were also likely to be channelled into gold mining

Exploitation costs would be higher than in the 1970s as available gold was of lower grade and at greater depths

Mr Brown said 30,1% of the proposed mining capex in 1982-87 was earmarked from the West Witwatersrand region, 26,3% for Klerksdorp, 25% for the Free State, 11,9% for the Witwatersrand and 6,7% for the Eastern Transvaal

He predicted direct employment in the industry would grow only 3,5% in this time — Reuter

1980) and automotive spinning and weaving (R229 million). These inputs push the value of the product of motor vehicles and related activities to R1094 million, or 61.5% of the total value of

large manufacturing sector which dramatically underlines the reliance of the area on the motor trade. According to the study the motor industry and its manufacturing suppliers account for over 60% of the value of all manufacturing

4700 and at Volkswagen where the assembly plant is opened on a four and five-day alternate week hourly staff is down from 7137 at the beginning of the year to 6189. At General Motors workers are on a four-day

market and the state of financial results from the September year-end companies gave notice that tough times are ahead

suffered in some large gains being recorded. However the fundamentals remain less than encouraging and it is not

prudent now to project as The heavyweights were hardest hit with daily losses of up to 17% although turnover was not large suggesting that there is no real sell

back quite substantially during the trading period in spite of a fairly steady bullion price. Sentiment in this sector has changed and the great

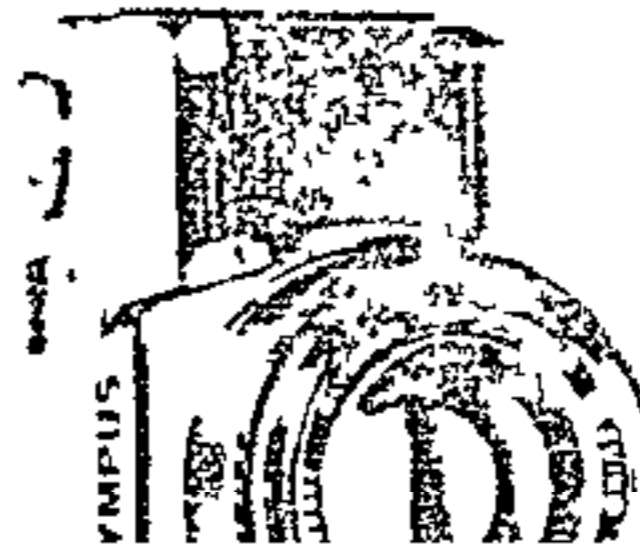
WEEKEND POST, NOVEMBER 6, 1982

business

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and make

R2m improvement programme at E Cape quarries

THE Quarryman organisation, in the news recently for its national productivity award, is investing over R2 million in plant improvements and facilities at quarries in Port Elizabeth, Queenstown and George.

Quarryman managing director Mr Brian Spiers told the business programme was designed to improve productivity in the company's traditional trading areas and to prepare Quarryman for entry into new markets.

Detailing the expenditure Mr Spiers said:

- Stockpiles of crushed stone to the value of R500 000 had been created at the company's new Lesesvean quarry near Queenstown and new crushing plant worth R750 000 was scheduled for the quarry next year.

- R700 000 had been spent on a modern new crushing plant at the Outeniqua quarry at George.

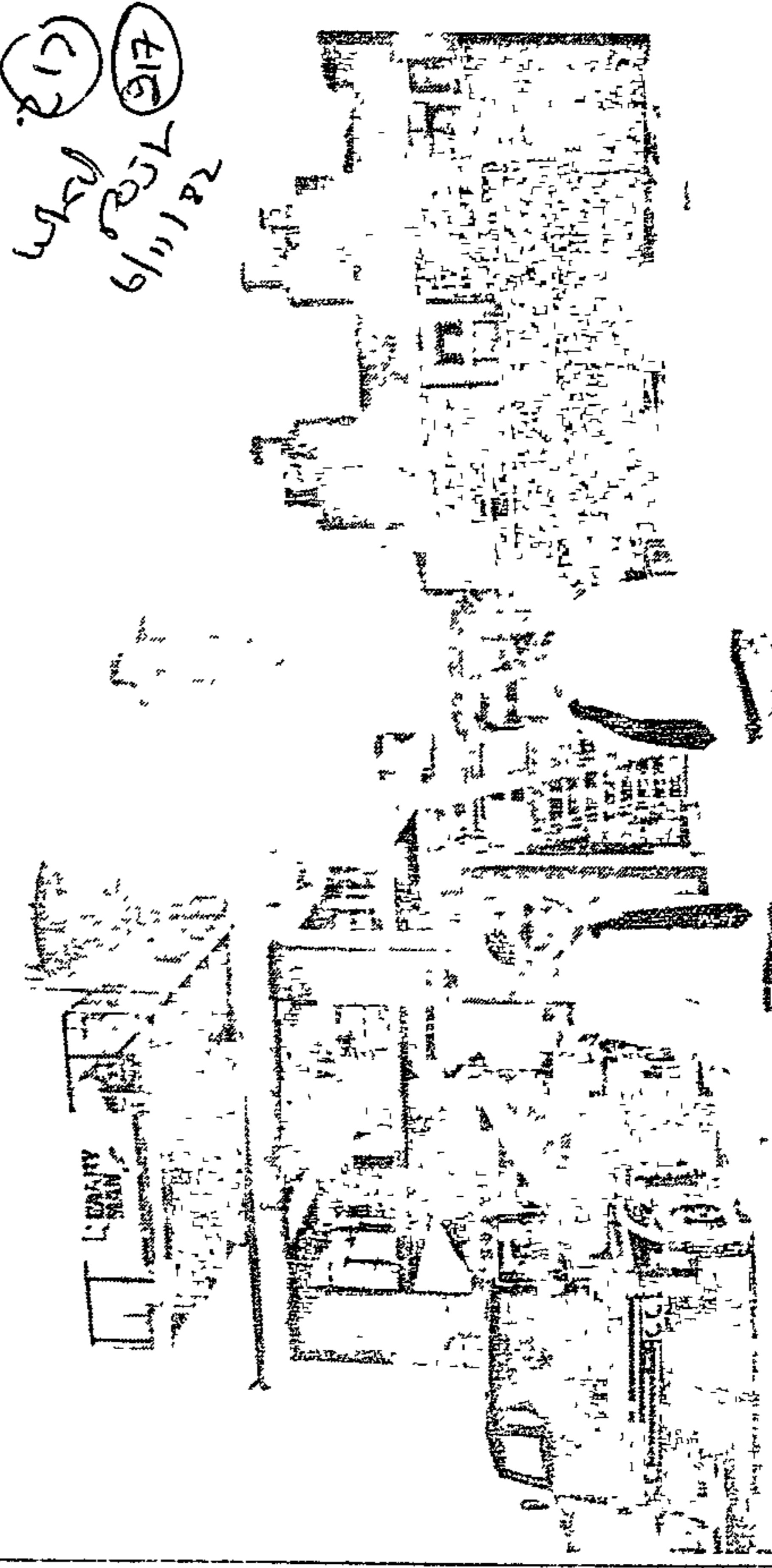
- R300 000 had been spent on modernising and enlarging the existing ready mixed concrete plant at Moregrove quarry in Port Elizabeth, one of the biggest in South Africa.

Commenting on the development of the quarryman industry growth plan, Mr Spiers said the company had used a pilot plant to create stockpiles of crushed stone for use. Once the anti-rater department had materialised a permanent crushing plant would be installed at Lesesvean.

The new plant at the company's recently acquired George quarry and Mr Spiers had improved productivity by 40%.

The extensions to the ready-mixed concrete plant at Moregrove quarry in Port Elizabeth had increased production capacity by more than 100% of concrete output.

WSP
6/11/82
R17
R17



The Quarryman ready-mixed concrete plant at Moregrove quarry, Cotswold, which has been extended and modernised at a cost of R300 000. Present to inspect the improvements were Mr BERNARD PAKES (left) Port Elizabeth regional director for Quarryman, and Mr CLIVE LONDT, the company's works manager.

BUSINESS

SA ^{for 24/11/82} asbestos
'washed clean'
in Sweden (27)

Own Correspondent

STOCKHOLM — The Swedish Foreign Office has accused South Africa of using a Swedish harbour as "a political wash-house" for illegal blue asbestos shipments to communist Eastern Europe.

Mr Claes-Adam Wachmeister, of the Swedish Foreign Ministry's Foreign Policy Institute, said yesterday "This kind of operation has been used before to 'hide' similar dirty businesses."

UK coal pits may be closed

LONDON — Britain's State-run National Coal Board said yesterday it would close 60 of the country's 197 pits within eight years if new reserves were not discovered.

Proved coal reserves at the 60 pits would be exhausted by 1991, said chairman Mr Norman Siddall after a meeting with leaders of the powerful National Union of Mineworkers.

He said jobs would be lost but gave no figures. In the last 10 years, 89 pits have closed but over two-thirds of the jobs have been transferred to other pits, a board spokesman said.

—Peter

ISF indicates

The Swedish shipping company Transatlantic of Gothenburg, which has regular sailings from Port Elizabeth and Cape Town to Europe and Sweden, is contracted to ship 25 000 tons of blue asbestos to Poland until July 1983.

The South African asbestos is offloaded at Helsingborg from Transatlantic's larger ocean-going ships to coasters under the flag of Bore lines of Finland.

"Offloading at Helsingborg is done for the Swedish shippers, said Mr Wachmeister.

"It would be too expensive to take the asbestos direct to Poland on such large ships and with such small cargoes.

"Trade between South Africa and the communists in Eastern Europe has been going on for quite a long time and in shipping it is most intensive."

Mr Wachmeister said South African trade was "most embarrassing" for the communists who had consequently denied all economic and trade contacts.

"This is a perfect way of 'politically washing the asbestos clean' for forwarding to Poland," he said.

E Post 26/11/82

keen as quarries market demand (217)

bricks or asbestos products and crushed stone prices had "levelled out"

Until the beginning of the year, Quarryman (Pty) Ltd held a virtual monopoly on the quarried-products market in the area with its quarries at Moregrove, Port Elizabeth, and Despatch

In January this year, Hurters Quarries at Despatch — the quarrying division of Blasting and Excavating (Pty) Ltd — went into full production

Price controls on quarried products were lifted in April

Mr Neil Danohar, managing director of the Blasting and Excavating Group, described the current de-

mand as "very good"

His company planned to enter the pre-mixed concrete field next year and was also looking at the Eastern Cape and Border areas to expansion on the quarrying side

Mr Danohar said his company was pleased with an order for about 60 000 cubic metres of crushed stone which it had been granted for Kwanobuhle township in Uitenhage and also an order for about 25 000 cubic metres of crushed stone for the electrification of the railway line from Port Elizabeth to De Aar being undertaken by Industrial Electrical in the LTA group

Mr Brian Spiers, the

managing director of Quarryman, which recently received the coveted National Productivity Institute achievement award for productivity improvement, said his company had not increased its prices this year. But a price increase was inevitable and imminent

The cost of transport was very significant because quarried products were heavy products and the haul distance from the quarry to the site was a vital factor

He agreed that prices were very competitive at Despatch because there was a struggle for a market share in a tight market situation