MINING – ~~OR~~ OTHER GENERAL

JAN '75 – JUNE '77

17.1.75 => STAR

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TIN MINES' PROFITS RISE

Rammie Botha

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

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

Rooiberg increased its taxed profit for the six months by 69 percent to R1 523 000. There was, however, a reduction in tin concentrates recovered from 1 031,54 tons in the corresponding 1973 period to 937,91 tons. Sales of concentrates were also reduced from 1 031,54 tons to 868,01 tons.

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

During the past six months 3 524 metres of 18 boreholes were drilled from the surface. At "A" mine, six boreholes were drilled to explore extensions of known mineralisation. One borehole intersected three payable values confirming continuous mineralisation along the strike of the Pyritic-Progress lode as well as two payable intersections in one of two boreholes —directed at exploring the down-dip extension of the 19N tin zone — indicating a new zone of mineralisation above the 19N tin zone.

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

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

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

UNION TIN

Union Tin increased its taxed profit to R177 000 from the R18 000 earned in the corresponding half year in 1973.

Extensions to existing lodes were indicated by diamond drilling in both the old and new sections of the mine. Development was concentrated in the western section where indications are that No 1 lode has now been nearly fully developed.

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

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

Platinum price chopped

RDM 12/2/75

By ADAM PAYNE
Mining Editor

THE PRODUCER price of platinum has been reduced by $20 to $170 an ounce by Rustenburg Platinum Mines and its agents overseas, and Impala will inevitably follow.

The slack state of the platinum market and the low level of the free market price, which has been at about $155 an ounce, are responsible for Rustenburg's decision.

The price of palladium has been reduced from $150 to $120 an ounce.

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

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

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

"The last time we reduced the producer price the cut was $10 an ounce from $130 to $120, at the time of the poor platinum market in 1971.

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

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

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

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

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

The Russians sell some of their platinum on the free market, and some is sold on negotiated contracts.

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1975

Ass Mang profits up 73pc and rising

Argus 18/4/75

ASSOCIATED MANGANESE earned 73 percent more net profit in 1974 than in 1973, and it expects profit to be even higher this year.

Profit attributable to the company was R7,8-m last year, compared with R4,5-m.

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

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

Capital expenditure in 1975 is estimated at R3-m for opening further ore bodies to replace those now nearing exhaustion. The feralloys subsidiary's expansion programme will cost R10-m at current levels and should be financed out of feralloys retained earnings over two years.

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

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

The chairman of Katzenellenbogen, Mr Solly Tucker, informs shareholders in a circular that the proposed acquisition could triple the company's gross assets from R3,5-million to R10-million.

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

● Net profit of **Apex Mines**, a member of the Gold Fields group, fell in the quarter ended March 31 to R346 000 from R578 000 in the previous quarter. Difficult geological conditions and late deliveries of spare parts and equipment, resulted in the decrease in output.

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

Gold operations showed a working loss of R43 000 which was offset by Sundry revenue amounting to R62 000. Capital expenditure was R145 000 compared with R252 000.

— **Derek Tommey.**

(220)

Sund. Trib 20/4/75

Financial Reporter

PRODUCTION of ferro-chrome in the Eastern Transvaal — the major source of this export alloy — is to be stepped up with the construction of another processing plant at a cost of around R33 million.

It will be the first to be sited directly on the mining area, which is marked by two tiny dots on the map named Steelpoort and Burgersfort, and is to be constructed by Fraser and Chalmers (South Africa) (Pty) Limited for Tubatse Ferrochrome (Pty) Limited.

The first phase of the 120 000 tonnes a year capacity plant is due to be brought to operation at the end of next year and full production should be reached by the end of 1977 — unless world demand indicates that additions to furnace capacity be made during the building period.

At present production of ferro-alloys — chiefly ferro-chrome and ferro-manganese — is running at an average monthly rate of more than 55 000 tonnes, or close to 700 000 tonnes a year, and the bulk of output goes to the export market under long term contracts with buyers in the US, Western Germany, France and Britain.

Haul

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

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

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

Future

For the basic metal industries, this development is an expression of confidence in ...

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Germans may get uranium from SA

STAR 23/4/75

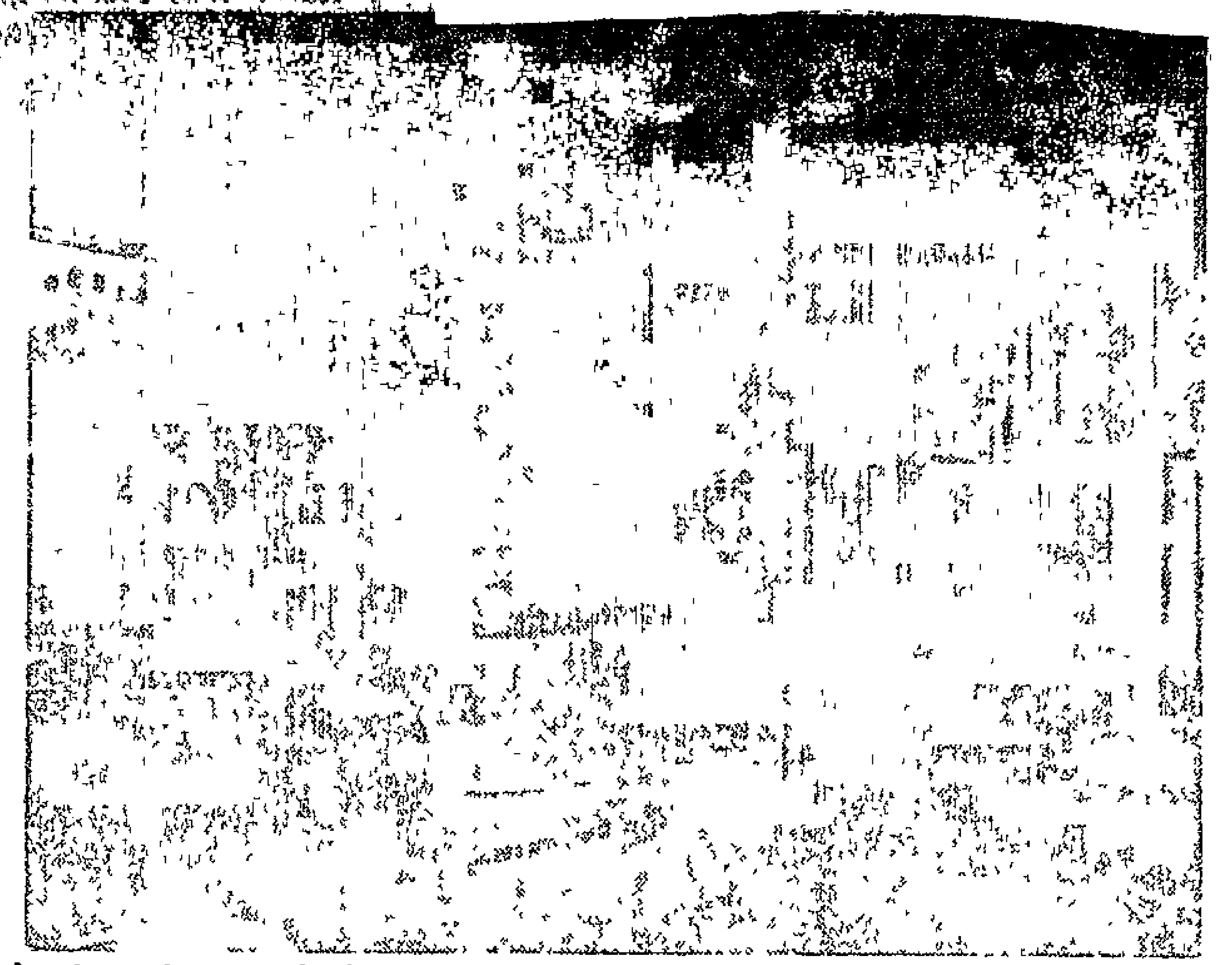
Own Correspondent

HAMBURG. — South Africa has offered West Germany supplies of uranium to help the Germans over any shortage that may arise in their stocks of fissile material.

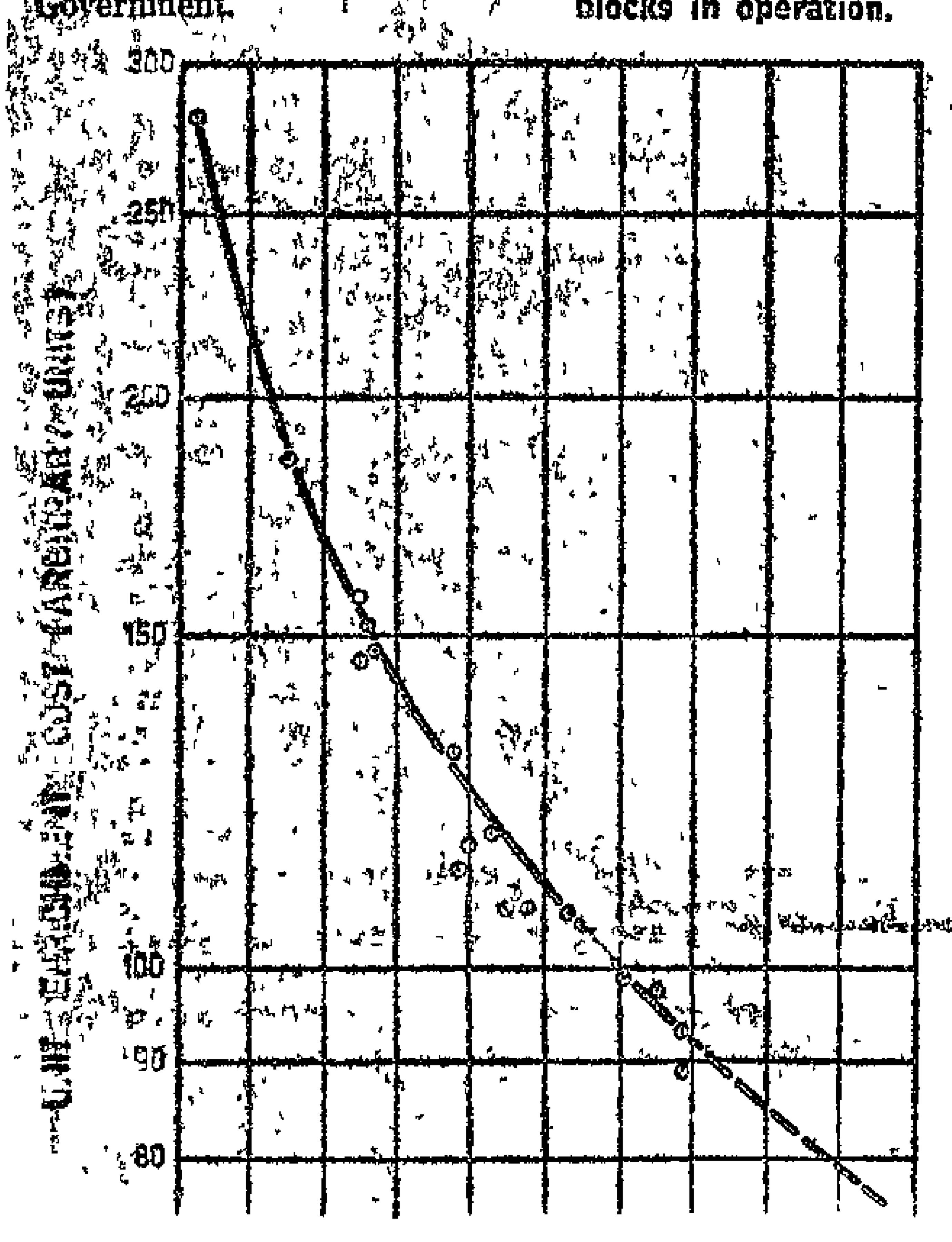
The Minister of Mines, Dr Koornhof, in talks with West German Economic Affairs Minister, Mr Hans Friderichs at the Hanover Fair, discussed South Africa's new uranium enrichment process.

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

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



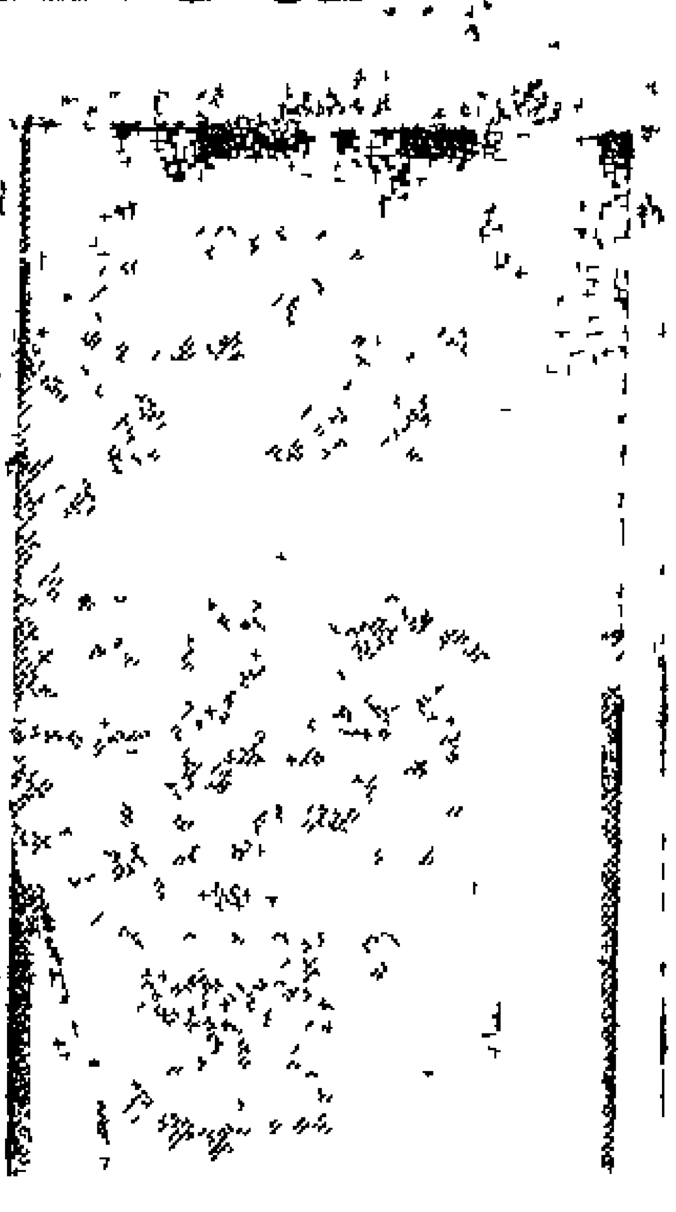
A view of part of the interior of the pilot plant — one of the cascade blocks in operation.



Big nuclear plant is planned

PARIS — The South African Government will shortly announce plans to build a 5 000-ton uranium enrichment plant for nuclear fuel manufacture at an estimated cost of R910-million (at October 1974 prices), Dr A J Roux, chairman of the Uranium Enrichment Corporation of South Africa (UCOR), disclosed here

He also revealed that the process was an aerodynamic one, of the same basic type as the jet nozzle



HANSARD 12 Q 856-7

2 May 1975

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St Croix ore berth: Proposals

*1 Mr T ARONSON asked the Minister of Economic Affairs

(1) Whether he is now able to say whether he has received any proposals in respect of the St. Croix ore berth in Port Elizabeth, if so, (a) on what date were they received, (b) by whom were the proposals made and (c) when is it expected that a decision will be taken on the proposals;

(2) whether he will make a statement on the matter

†The MINISTER OF ECONOMIC AFFAIRS

(1) Various proposals have been received

(a) The proposals are dated 24 December 1974 and have been supplemented on 3 March and 7 April 1975 by one of the parties as a result of discussions and correspondence.

(b) I am not prepared to disclose the names of the parties involved.

(c) It is not possible to give an indication as to when a decision will be taken

(2) Not at this stage

Mr T ARONSON Mr Speaker, arising out of the hon the Minister's reply, can he give us an assurance that this matter will be treated as a matter of urgency?

†The MINISTER Yes I would, however, be glad if hon members would stop publicizing people's private affairs

RDM 26/5/75

220)

Platinum given boost

Financial Reporter

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

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

The EPA move will allow California to enforce requirements that 1977 model cars sold in that state emit no more than 0,41 grams a mile (GPM) of hydrocarbons, Nine GPM of carbon monoxide, and 1,5 GPM nitrogen oxides

The comparable Federal standards, which will apply in the rest of the country, are 1,5 GPM of hydrocarbons, 15 GMP of carbon monoxide and two GPM of nitrogen oxides

BARS SOLD

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

The Johnson Matthey bar is selling at just over £123, Johnson Matthey, while selling at the producer price, will buy back bars at the free-market price

This can mean dealing costs are high

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

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

UNDERVALUED

The public has been made aware of platinum in recent months as many London commodity brokers have pointed out that it is undervalued

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

The other better-known refiners offering platinum ingots for sale are the Swiss, who offer small pieces (102 to 104) and the West German firm, Degussa which produces pieces between 100 grams and 1 000 grams

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

Some of London's smaller dealers offer a 102 bar

- **The producer price of platinum is £67 a troy oz. A troy oz is equivalent to 31,1 grams. Thus a 50 gram bar of platinum is 1,6 troy oz. The price of a 50 gram bar, based on the produce price would be about £107.**

Sir Albert plans world platinum sales drive

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Sunday Times (Bus Times) 8/6/75

By ADAM PAYNE
Mining Editor

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

On his return from a world tour to study economic conditions and assess prospects for platinum and uranium, he told me that he saw opportunities for promoting new usages for platinum and that a seller's market had developed for uranium

The cost of the platinum promotion would run into millions of rands, so it would be necessary to phase the campaign over a time and at a rate of expenditure that would not prove excessive to the industry

"We are determined to try to make use of platinum in jewellery as an important base load for the business," Sir Albert said

"If this can be achieved over the next five years it should be of tremendous significance to the industry"

While the platinum industry is suffering from the effects of the Western World's economic recession, which has hit industrial demand, Sir Albert has firm confidence in a strong off-take for platinum once world trade again flourishes

Points made by Sir Albert, in reviewing his world tour, were

- South African exporters would be well advised to study the potential of the South-East Asian nations, whose populations approach 400-million.
- In Taiwan, platinum is being bought as a hedge because of political uncertainties, and also for jewellery. In Japan the purchase of platinum is regarded as a good investment as well as a desirable fashion
- In Japan, it appears that the Miki government will not reflate even if this means that business will recover more slowly than would otherwise be the case.

Sir Albert said "I was able to form first-hand impressions in the countries I visited about economic and political trends, both of which play a significant part in determining the demand for precious metals and, in particular, platinum

"The potential for trade with the five countries which comprise the Association of South-East Asian Nations — Singapore, Malaysia, Indonesia, Thailand and the Philippines — impressed me greatly

"In Singapore, which is the main industrial and manufacturing centre, remarkable progress is being made in development under the leadership of its Prime Minister, Lee Quan Yew

"The ASEAN countries comprise an economic grouping of considerable significance, and with the fall of Vietnam these countries have a common need to resist the further advance of communism There is the possibility of an economic and political union similar to the European Economic Community being formed.

"While there is little likelihood of platinum being used for industrial purposes in these countries, the jewellery potential is most marked.

"It will pay the platinum industry to study the pos-

● Continued on Back Page

Platinum push planned

Sunday Times 8/6/75 220

● Continued from Page 1

sibility of promoting the use of jewellery in these countries, even though the pace may be slow

"In the longterm the usage could be significant.

"Hong Kong remains the centre of the precious metals and jewellery business in South-East Asia. It manufactures 95 per cent of the jewellery sold to the ASEAN countries and it also exports to Taiwan and Japan.

"I assured leaders of the jewellery trade there that the platinum producers were willing to make platinum available on a steady and continuing basis for jewellery.

"On these assurances, they said they were willing to study the renewed use of platinum, especially for wedding and engagement ring settings"

Sir Albert, speaking of Taiwan, recalled that the importation of platinum was prohibited until December last year It may now be imported under licence and small quantities are already being sold to the jewellery trade.

"With the political uncertainty that has developed since the death of General Chiang Kai-shek, some quantities of precious metals, including platinum, are being bought by individuals as a hedge against possible adverse political developments

"I am convinced that the platinum jewellery business can be developed in Taiwan and steps will be taken to encourage this.

"In Japan, the new Prime Minister, Takao Miki, has made it his policy to suppress the overall demand for goods and to exercise the maximum economies through fiscal needs.

"This has had the effect over the past six months of reducing the rate of inflation almost to the point of stagnation in some sectors of the economy.

"As a result, banking restrictions were eased and loans were made available to medium and small enterprises, which assisted in re-establishing some confidence."

Sir Albert said it was unlikely that the Japanese Government would allow a reflation policy on any scale.

"Business is going through a difficult time. Many companies have failed and others have closed down factories The high cost of materials is also a problem.

"Internal trends, together with world economic conditions, cause many Japanese business men to believe that the road to recovery will be much slower than they would wish.

"The Government's main purpose is to contain and reduce the rate of inflation even at the risk of stagnation in significant sectors of the Japanese economy

"On the precious metals front, there is fortunately a different situation. The Japanese people have become savings-minded because of the downturn in the economy. Banks savings have grown and the purchase of precious metals, especially platinum, is regarded as a good investment.

"The sale of wedding rings and engagement ring settings in platinum makes up about 50 per cent of those sold, the balance being gold or white gold

"Everything possible will be done by the platinum industry to expand the use of platinum in jewellery, and I think that with the continuing growth in living standards we shall see an increasing demand from the Japanese consumer for precious metal jewellery

"It is recognised as a secure and prestigious investment."

In Canada, Sir Albert encountered many business men who expressed the view that the severe recession would become worse during the next six months.

"Because of the heavy provincial and Federal taxes on mining enterprises, at least two big Canadian mining houses told me that they were extending their foreign interests and would not contemplate the development of new mineral resources in that country.

"One almost gets the feeling that socialism is becoming the predominant way of life in Canada and the oportunities for private enterprise, certainly in the natural resources field, are becoming less and less attractive.

"As to precious metals, the consumption in Canada is not significant, but here, too, the opportunities in the jewellery trade remain to be developed.

"Industrial usage will grow slowly, especially in the car, electrical and fertiliser industries.

"Finally, in Britain and Europe, I was able to see the problems and difficulties that confront some of the members of the EEC, more especially Britain.

"I believe that just as gold and silver are popular for jewellery, so can platinum find its rightful place in Britain and Europe."

Early days on the copper mines

ARGUS 9/7/75

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

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

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

Exploitation for the century and a quarter from 1850 has had its ups and downs, companies being floated, flourishing and sinking, railways being built and scrapped, and more important for history, numerous photographs being taken, including one, reproduced among the many in the book, of White miners preparing to go underground at Okiep in 1890

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

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

Eldred Green

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TENTATIVE U.S. RULING COULD HIT SA EXPORTS

17/7/75 The Argus Correspondent

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

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

For South Africa it could mean a second look at the whole pattern of export incentives operated under the plan that emerged from the report of the Reynders Commission on export promotion.

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

SERIOUS

The implications of the U.S. Treasury's tentative ruling are serious. Estimates for South Africa's ferrochrome production for this year range around 500 000 tons, worth about R65-million, and the industry is expanding rapidly.

Among major South African groups engaged in the production of ferrochrome are Barlow Rand, Anglo Transvaal and Amcor. Two big plants are now being built by Johnnies and by Union Carbide in partnership with General Mining.

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

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

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

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

POLLUTION

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

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SA EXPECTED TO CHALLENGE U.S. ON CHROME

18/7/75

The Argus Correspondent

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

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

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

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

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

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

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

Meanwhile, Dr H. J. J. Reynders who led a commission that recommended special incentives to promote the beneficiation of South African ores, said

Finance 2

yesterday that he believed that all these recommendations were within the provisions of the General Agreement on Tariffs and Trade.

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

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

Closing threat to Union Tin

RDM 18/7/75

(220)

By ELIZABETH ROUSE

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

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

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

SHARPLY

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

Rooiberg's taxed profit for the 12 months ended June, 1975, is an estimated R2 716 000, against R2 584 000 in the previous year. Union Tin's net profit is down at R237 000 from R519 000

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

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

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

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

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

The cost crunch was heavy — up R1,50 a ton mined to R14,70.

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

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

SHORTAGE

Rooiberg's concentrate output was 100 t less at 1 876 t because of a marked drop in grade at A mine and a shortage of tonnage at C mine as some stopes ran into faulted and unpay areas

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

Sales were 87 t higher at 1 824 t and Rooiberg's revenue held up well Costs rose by 33 per cent with the reopening of Vellefontein's east working contributing to the rise

Capital spending climbed to R1 119 000 from 1974's R484 000 as Rooiberg geared up development, which proved to be successful in disclosing payable zones, and prepared to sink a shaft at Vellefontein.

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

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

Unicorp goes into the NW Cape

STAR 23/7/75 (220)

Mac Thain

Union Corporation's deal with O'okiep Copper Newmont Mining to acquire up to a 50 percent interest in 500 000 ha of mineral rights held under option by them in Namaqualand represents a further development in the exploration boom touched off by the Prieska copper discovery in 1968.

No indication is given in the official announcement of what minerals are to be looked for but it is fair to assume that the target is metallic sulphides in the metamorphic rocks of the Namaqua mobile belt which stretches from Prieska Copper and Upington in the east, westwards parallel to the Orange River

It is in this belt that Phelps Dodge have established the major Aggeneys copper-lead-zinc undertaking and O'okiep-Newmont found' its massive Gamsberg zinc-lead orebody a few kilometres to the east

There is no information available of the whereabouts of the mineral involved in the agreement. Virtually the whole belt is being looked at by local and overseas mining groups — with the latter having predominated so far both in terms of staff and acquisitions of options over mineral rights

This was clearly brought out by the large number of geologists attached to them attending the Geological Congress at Stellenbosch earlier this month which was devoted to this type of mineralisation.

The Aggeneys and Gamsberg occurrences, like many of those at O'okiep, are outcrops. But the identification of further ones require more sophisticated prospecting techniques because the original outcrops have been eroded and are covered by younger formations.

Nevertheless the consensus of opinion at the Stellenbosch congress was that the chances of discovering further economic deposits of metallic sulphides are good

REOPENING

Anglo American is investigating the possibility of re-opening the Areachap mine, immediately north of Upington, in which it has a 50 percent stake with Cape Asbestos

Current exploration of mineralised formation is in progress in the Kenhardt district to the north-west of Anglovaal's Prieska Copper, in the Haib river valley just north of the Orange river in the Warmbad dis- [illegible] among the Namaqua formations there

Under its agreement Union Corporation will manage the exploratory work in the area under option. Should one or more mines eventuate, management of them will rotate between O'kiep-Newmont and Union Corporation, with O'kiep-Newmont having the right to manage the first property.

23/7/75

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The Argus Correspondent

JOHANNESBURG. — General Mining has confirmed that it has opened negotiations with the new Frelimo Government in Mozambique on plans to smooth the export route for chrome ore to world markets.

Unconfirmed reports from Mozambique say that General Mining is investigating proposals to spend more than R4-million on building a special new ore shaft and loading plant at Lourenco Marques to help solve the port delays that have cost South African chrome exporters big slices of overseas markets.

If the talks are successful it will mark the first major South African investment in Mozambique since the Frelimo take-over.

As a relatively low-priced mineral, world trade in chrome ore is extremely sensitive to transportation costs, and this situation steadily eroded South Africa's competitive position. Furthermore, deliveries could not be guaranteed and thus encouraged consumers to seek alternative supplies [illegible] of [illegible] than South African material.

Even when conditions were unaffected by political events, loading facilities at Lourenco Marques were not particularly satisfactory.

Work has been in progress for some time to improve the Steelpoort rail line which connects with the main line to Lourenco Marques. What has to be [illegible] is the port bottleneck to ensure fast loading and quick turnaround of vessels.

It can be assumed that new wharf and plant would be planned to handle bigger ships than the existing facilities.

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[illegible]rome investment is hailed

[illegible] Correspondent 31/7/75

LONDON—[illegible] Conservative MPs have voiced their [illegible] to the Government on its decision to [illegible] the [illegible] Corporation to invest in ferrochrome production in South Africa.

A new House of Commons motion whose [illegible] signatories include [illegible] Foreign Minister Julian Amery, applauds the Government for having [illegible] on South Africa as its source of ferro chrome supplies in preference to the Soviet Union.

The Government's action, say the MPs, will [illegible] the production and export abilities of the BSC, as well as safeguarding employment.

Industry Minister Mr. Eric Varley is expected to meet angry Labour Left wing MPs next week to explain the investment.

Mr. Roy Hughes, the radical Labour MP from the Welsh steel town of Newport, said he would ask the [illegible] whether there was any legislation to prevent the investment of British capital in the South African project.

Aggeneys mine proves bigger than expected

STAR 6/8/75

(220)

Mac Thain

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

The proved reserves of this orebody — the second to be found in the area — were re-estimated at the end of last year, states Phelps Dodge annual report, at 79m tons compared with the original one of 41m tons, averaging 0,38 percent copper, 4,28 percent lead, 2,32 percent zinc and 1,7 ounces of silver a ton

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

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

With work being concentrated on Broken Hill no change has been on the ore reserve estimated for the first discovery at Black Mountain of some 86m tons The third occurence is estimated to contain around 65m tons.

BULK SAMPLES

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

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

Power is to be supplied by Escom from Verwoerd Dam.

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

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

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

Cams profit up 123 pc

RDM 16/9/75

(220)

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Mining Editor

CONSIDERABLY increased iron and manganese ore prices during the second half were one of the three factors which enabled Consolidated African Mines to lift net attributable profits by 123,2 per cent — or R565 823 to R1 024 886 — for the year to June.

The final dividend of 5c a share leaves the total an unchanged and rather ungenerous 9c. The dividend cover on 82c a share is 9,1 times against 1974's cover of 4,1 times on 37c.

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

Profit after minorities but before exceptional items was R750 067 (R364 532), and exceptional items totalled R274 819 (R94 531).

The exceptional items arose from the profit on the sale of shares in a subsidiary and the portion attributable to the current year from the sale and leaseback concluded in the 1974 financial year. Operating profit was R1 069 584 against R535 437.

The conservative dividend policy is in line with the forecast last year by Cams chairman, Mr P H Wilhelmi's, given the group's capital expenditure programme and extensive borrowings.

Higher ore prices will continue in the current year, although the dump sales were presumably a once-and-for-all deal. Mr Wilhelmi's forecast, particularly on dividends, is eagerly awaited.

maintained.

About 80 per cent of New Wits portfolio is in the gold, uranium, and mining finance house sectors.

Mr Gnodde understandably hedges his bets on gold dividend income. "Provided that the average price received" by the mines for the current year "is in line with that received last year and that the industry is able to contain cost increases" then dividend income should be around 1975's level of R2 994 000.

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

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

Values in the areas had not very exciting average values of 500 cm-g. No widths or depths are given.

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South Cape bid to seal deal

RDM 16/9/75

Industrial Editor

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

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

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

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

The arrangement, which was entered into by South Cape through a subsidiary company, Kwa'ngoma Mines (Pty), involved an agreement to pay Ubombo R4 500 000 on registration of a notarial cession of the lease and delivery to South Cape of the original lease

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

LITIGATION

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

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

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

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

It is known, however, that South Cape has been approaching several mining houses with a view to a joint venture. Whether this was purely a desire to get he South African knowhow involved with its plans or also to seek our necessary financial backing is unclear

FM. 12/9/75 (220)

geduld

Palabora: waiting for high tide

Palabora has long had a reputation among the investment community as a blue-chip stock, to the extent that such a rating is possible for a copper mine A large part of the share capital, of course, is held by the controlling interests, Rio Tinto and Newmont, but other long term holders include SA Mutual, Union Corporation, JCI and the IDC Together they account for 23m of the 28,3m shares in issue

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

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

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

Costs rose from R384/t to R497/t in the year to December 30 last and have gone on rising sharply in 1975 A good estimate of the current level is probably about R625/t, following an average of about R550/t in the first six months of this year At this level, however, profit per ton was still R276 on the average realisation price of R826 in the six months to June This profit was not a bad achievement when many other major producers were barely breaking even

Alistair Macmillan Palabora's chairman, puts the blame for rising costs squarely on higher labour costs and an increasingly adverse ratio of waste to ore mined Last year, the waste ore ratio was 1 6 1 It is up to 2,3 1 currently and will reach 3 1 by the year end It is difficult to hold out much hope of cost inflation moderating by any less than national rates, at least until the expansion programme is completed in April 1977 Then there should be some reduction in unit costs as fixed overheads are spread over the higher output An average cost per ton of more than R700 is therefore on the cards for 1976

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

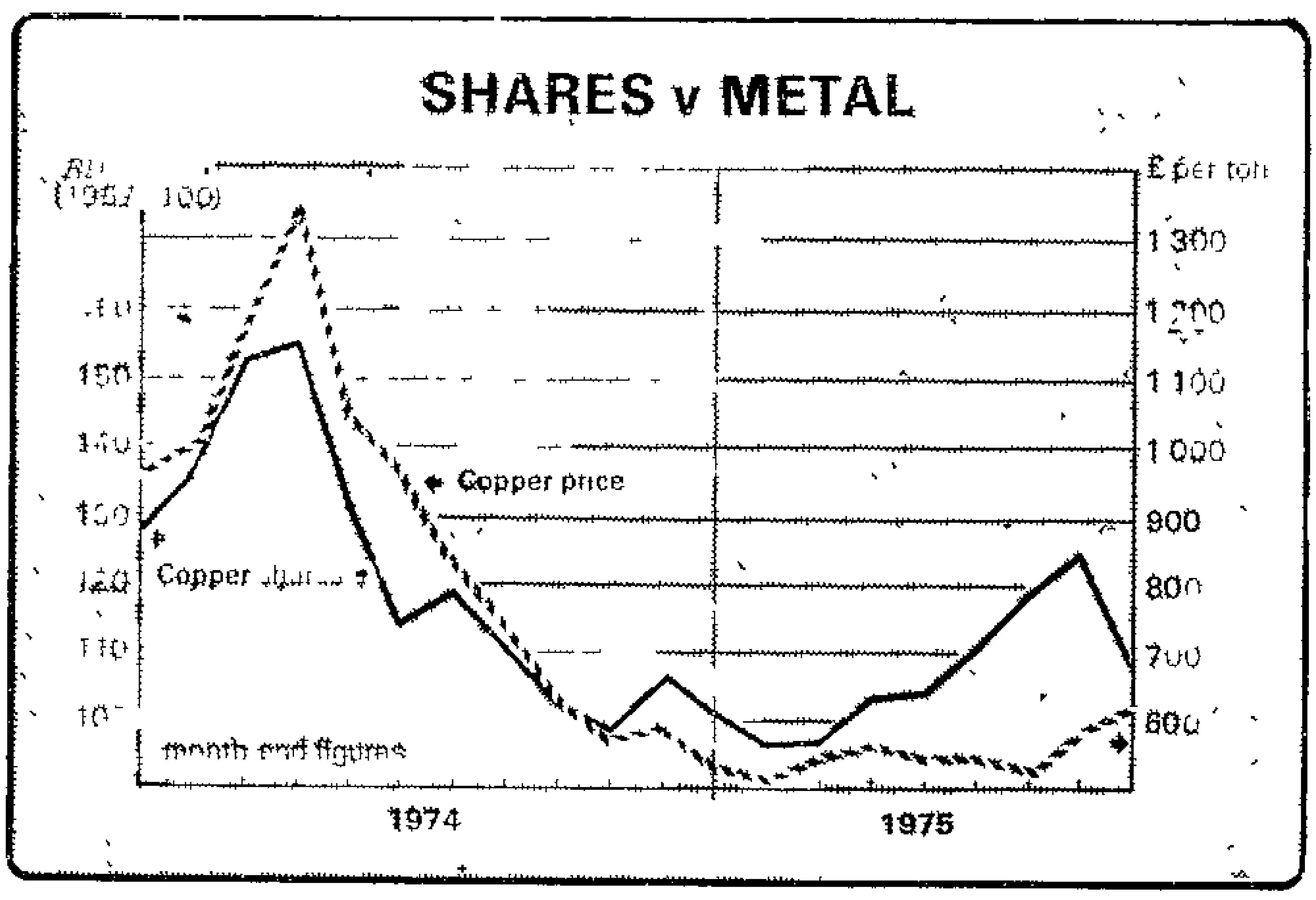
The company had net current assets of R12m at end-December and has retained R2 7m so far this year Retentions should improve slightly with the firmer copper price since June 30, probably now averaging around R900, but as the peak spending period begins next year, bank finance will certainly be needed If the copper price does not improve further, additional finance requirements could peak at about R40m, but with cash flow (retentions R11,6m plus depreciation R7,8m) nearly R20m in 1974, this burden is far from crippling given a couple of good years

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

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

Alistair Macmillan . . . planning for the great leap forward

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



high as 1m t before allowing for mothballed primary production.

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

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

The investor in Palabora is therefore in a lock-up situation. He is very likely to make a large capital gain on a medium-term view The only drawback is possibly the dividend, which is 25c for the first two quarters of 1975 and unlikely to exceed 50c for the year The yield is thus no more than 5,5% with the shares at 910c.

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

Richard Rolfe

ANESE READY TO TURN SCREWS ON SA MINES

W/E ARGUS (ex Argus) 8/11/75

The Argus Correspondent

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

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

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

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

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

Ferro alloy makers have decided their best target is South Africa This feeling is based on three main considerations. First is the rand devaluation, plus a less severe rate of inflation than other parts of the world Second is the fact that the country has several projects being introduced which will increase production of chrome ore Hence a high price due to tight supply is no longer valid

Thirdly, the European iron and steel industry is in an even worse recession than Japan and, therefore, it would be advisable for South Africa to deal with Japan as a continuing good customer

Mercury 15·11·75

(1) 120
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Minerals plan needs R250m capital

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

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

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

The majority of the products could be exported through Richard's Bay and an estimated R90-million to R100-million a year would be earned in foreign exchange by this undertaking.

Over a projected life span of 22 years these earnings would amount to about R2 000-million and would provide work opportunity for 600 to 700 Black workers in the border area.

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

The Minister said many people in Natal had probably read with misgivings reports which had appeared in newspapers earlier this year in which there had been grave speculation about the possibility that the natural environment in this part of the province would be defaced and ruined by the exploitation of the heavy mineral deposits.

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

"Being at heart a nature conservationist myself, I would like to put your minds at rest by saying categorically here and now that these stories . . . are simply not true."—(Sapa.)

Anglo supermill could earn R30m profit annually

1 220

Energy

Star 24/11/75

John Cavill

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

The stockbrokers' mining analyst estimates that evaluation of the project should be completed by early 1976 and that construction of the giant mill, handling 1,5m tons of sands and slimes a month, would take two years

Investigation of the project by Rioden Investments, the exploration company in which Amgold holds 20 percent, has been going on for 12 months into establishing a mill and treatment plant on SA Lands' ground near Brakpan

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

Quilter Hilton Goodison estimate the average gold content of their slimes to be 0,8 g/t with a uranium grade of 45 to 68 g as well as pyrites

URANIUM

On the basis of gold at 150 dollars an ounce and a recovery grade of 0,6 g, the bullion proceeds would be R45,9m a year Uranium at 66 dollars a kilogram would produce R56,3m while pyrites (badly needed for sulphuric acid) at R20 a ton could yield R10,8m

The brokers estimate that profits could be between R30m and R40m

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

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

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

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

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

The capital cost of the East Rand scheme has been estimated at R80m, with further spending if similar undertakings are established elsewhere

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10/1/76. DD.

Cheering prospects for platinum producers

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

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

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

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

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

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

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

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

Of the 1975 import rise in Japan, about 33 per cent is estimated to have gone into stock accumulation, therefore giving an actual consumption figure of 1 330 000 oz. Aron expects this to increase to 1 440 000 in 1976.

In America the expansion of platinum usage in the motor car sector has helped to offset the general industrial market weakness. Aron estimates the consumption by the US automobile sector in 1975 to have been about 340 000 oz compared with about 210 000 oz in 1974 South African sources consider the figure of 210 000 oz for 1974 to be a little low.

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

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

On a world scale, Aron suggests 1975 was a year of equilibrium between supply and demand. The company predicts Western world consumption, which was about 2 600 000 oz in 1975, will rise to three-million oz in 1976.

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

(1) 40

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R250m mine to be ready by 1977

CAPE TIMES 13/5/76

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

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

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

SHARE HOLDERS

The three shareholders in the venture are the Industrial Development Corporation, Union Corporation and Quebec Iron and Titanium of Canada Exports from the mine will be some R100-m a year which will involve the mining of more than 1 500 000 tons of ore every year Mineral reserves are expected to last for 30 years at the projected rate of production.

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

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

Mr Page said that the mining company now employed a professional ecologist who would watch the situation closely

F.M. 30/1/76

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Rustenburg Platinum Mines Limited

(Incorporated in the Republic of South Africa)

Review by the Chairman, Sir Albert Robinson

Western World demand for platinum, which had remained buoyant during the 1973/74 financial year, showed signs of weakness towards the end of 1974 Further deterioration in demand became evident during the early weeks of 1975 and in a statement dated the 4th February the company, in announcing the Boards' decision to curtail mine production by approximately 25%, pointed out that prospects for the foreseeable future had weakened considerably

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

Reflecting the difficult year through which the company has passed, net revenue of R58M and after-tax profits of R47,3M compare with record levels of R71,4M and R56,9M respectively for the year ended August 1974 At R5,45 per share the dividends declared for the past financial year were substantially lower than the R21,84 declared for the previous year.

THE MARKET

Platinum In Industry

The demand for platinum in the main industrial markets remains weak

The downturn in demand for the manufacture of glass fibre which started in late 1974 has persisted. The glass industry is not employing its installed capacity to the full and present prospects for new plant construction are poor.

Although there is an occasional call for platinum for new oil refining facilities most major refiners have surplus platinum inventories

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

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

Platinum In Jewellery

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

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

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

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

By-Metals

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

The Automobile Industry

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

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

The most promising catalyst for removing hydrocarbons, carbon monoxide and nitrogen oxides simultaneously, the three-way catalyst, contains platinum and rhodium as the precious metal components.

It is now confidently anticipated that the automobile industry is likely to remain committed to the use of platinum group metal catalysts well into the 1980's and possibly beyond

Prices

The company's dollar prices of platinum and palladium were lower in the second half of the 1975 financial year than in the corresponding period of the preceding financial year In the face of weak market conditions the company announced further reductions in its prices in October 1975 below the levels ruling at the end of August 1975, decreasing platinum from $170 to $155 per troy ounce, palladium from $80 to $50, rhodium from $350 to $300 and iridium from $500 to $400 The Free Market price of platinum, which remained below the Rustenburg price almost without exception during 1975, was $134—$144 in mid-January of this year About the same time the Russians were offering platinum at $142,50.

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

PRODUCTIVITY

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

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

Monorope winches have improved the transport of timber into stopes. Mine layouts have been modified to incorporate longwalls which will result in better supervision, improved ventilation and greater face utilisation Hydraulic operated box fronts have been installed to speed up the loading of ore into hoppers. Concrete packs have been successfully tested and will replace approximately 80% of the timber used underground. They ensure better support, improve ventilation controls, reduce the fire hazards, and are less expensive than timber.

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

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

In the Training Centre a simulated mechanised stope has been built to improve the training of Black labour. A large-scale underground reclamation programme coupled with an extensive salvage operation on surface has been completed, enabling second-hand material to be re-used in place of new material with concomitant cost savings The use of photogrammetry for stoping width and grade control has been extended and a digitiser has been introduced to improve the efficiency of the photogrammetry assessment The Survey and Ventilation departments have been decentralised and operate from each shaft thereby eliminating travelling time and improving on-the-job service. In the smelter a Metter Pingon breaker has been introduced for cleaning slag from the mouths of the converters Work studies conducted in the metallurgical plants have brought about a 54% reduction in Black labour Planned maintenance in the Engineering department has reduced breakdowns and improved machine utilisation

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

REFINING

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

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

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

OUTLOOK

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

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

GENERAL

We are grateful to our customers for the support they have given us during the past year, a period during which trading conditions have been very unsettled, and also to Johnson, Matthey & Co. Limited, who continued in a most efficient manner to carry out their role as our marketing agents.

I would also like to express my gratitude to the managers, consulting engineers and secretaries as well as all the staff and employees at the mines and at Head Office for the unstinted service they have rendered during the past year.

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

28th January, 1976.

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

(Each incorporated in the Republic of South Africa)

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

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

Rustenburg Platinum Mines Limited	Consolidated Building, Corner Fox and Harrison Streets, Johannesburg	9 15 a m.	Union Platinum Mining Company Limited	Consolidated Building, Corner Fox and Harrison Streets, Johannesburg	12 noon
Potgietersrust Platinums Limited	Consolidated Building, Corner Fox and Harrison Streets, Johannesburg	9 30 a.m	Waterval (Rustenburg) Platinum Mining Co , Ltd	Gold Fields Building, 75 Fox Street, Johannesburg	2 30 p.m.

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Tin goes up, but it's not a bonanza for SA shareholders

ROM 31/5/76.

By DON ROBERTSON
Mining Editor

THE three South African tin producers — Rooiberg, Union and Zaaiplaats — have come in for some attention in spite of the generally gloomy forecasts from their chairmen at the last time of reporting.

While really a cinderella industry in South Africa, tin exports earn around R12-million a year in foreign exchange.

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

The latest bout of buying, which had resulted in fair capital appreciation of the shares, was sparked off by tin's strength on the London Metal Exchange where it has risen from £3 047 a ton in January to £4 322 at present and seems headed still higher

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

PROBLEMS

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

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

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

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

CONCENTRATES

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

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

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

Nevertheless, the group is experiencing cost problems. In the last financial period, costs rose by a worrying 43 per cent and in the current year, expenses are expected to "increase substantially"

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

REVISION

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

This rise must surely satisfy the "substantial" qualification made by the chairman of Rooiberg, Mr R A Hope.

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

The other two producers are not in quite the same league

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

But the higher price and increased industrial activity world-wide must temper this forecast.

CONFUSION

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

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

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

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

At the beginning of May this was reset at Malaysian dollars 1 200 a picul (133,25 lb), but already the price has broken through this level to trade at its highest ever

DEMAND

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

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

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

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

This in turn had an adverse effect on the marginal producers in Malaysia, which provides about 30 per cent of world supplies, and many have been put out of business A more equitable relationship between supply and demand could develop as a result of this

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

South African producers, whose sales contracts are based on LME prices, must benefit accordingly

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STAR 14/11/76

Another Berg silica mine planned

James Clarke

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

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

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

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

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

Mr Dirk Venter of Mooinooi, majority shareholder in Oos Transvaalse Klipbreekers, said he had applied to mine on the farm Elandskraal 470 JQ.

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

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

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

The application has put the Department of Planning and Environment in a quandary, for it has plans to proclaim the Magaliesberg at the request of the province.

The proclamation was expected soon after Parliament sat in January but a change of Minister held the matter up. Now it may be too late to save it from another massive mining operation.

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New technology opens vast 'Vaal chrome chest

STAR 9/6/76

Trevor Grundy

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

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

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

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

Dr Janke has also forecast that within the next 10 years South Africa will oust Canada to rank as the second largest producer of uranium in the non-communist world, with 15,86 percent of the whole market

At the moment the United States produced over 50 percent of the free world total of 25 000 tons a year, followed by Canada with 18 percent, with South Africa lying third with 10,76 percent, ahead of France and Niger.

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

South African manganese production reached 4,74m tonnes in 1974 and is soon expected to account for 25 percent of the world market — though in time production will run into competition with exploitation of the ocean bed.

He estimated that the Pacific Ocean bed alone contained some 358 000 tonnes of manganese — plus 14 700m tonnes of nickel and 6 800m tonnes of copper.

He said the US and the USSR are self-sufficient in copper, but Japan and the Western European industrial nations import some 60 percent of their supplies There is a fair degree of substitution possible Supplies can anyway be maintained by the recovery of scrap

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

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

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

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Uranium shortage looms

RDM 16/6/76.

By DON ROBERTSON
Mining Editor

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

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

But the report adds that the demand for natural uranium, running at about 18 000 t a year, is expected to increase to 50 000 t by 1980 and to double this amount in 1985

The current estimate is 1 080 000 t of "reasonably assured resources" exploited at under $15 a lb (uranium oxide) together with a further similar amount at prices up to $30 a lb.

Dr Stanley Bowie, new president of the Institution of Mining and Metallurgy in London, said at the annual meeting last week, that it was doubtful if more than 80 000 t of uranium could be produced by 1985, which was considerably less than the estimated annual requirement of 90 000t.

Demand to the year 2000 would require an annual discovery rate of about 93 000 t, about which, said Dr Bowie, it was pertinent to review past discoveries to determine whether such a rate was likely to be achieved.

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

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

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

Dr Janke's projections show that South Africa could be producing 13 800 t a year by 1985, exceeded only by America's 40 000 t, followed by Canada's 11 500 t a year.

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

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

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Uranium: customers must share cost of opening new mines

STAR 17/6/76

The Star Bureau

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

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

Mr Worrell called for more participation between the producer and customer — the electrical utility — and said that the customer should not find "unduly onerous" the idea of making pre-payments or loans, to defray the cost of opening new mines, as well as guaranteeing a minimum price

After four years of decline in Southern African uranium production, this year would show an increase, he said Last year's output of 2 800 tons would treble to about 10 000 tons by the end of 1978

The main reason for this would be the new Rossing mine in South West Africa

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

Mr John Kostuik, chairman of the Uranium Institute, confirmed there were "strong grounds" for believing the very optimistic forecasts of demand

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DOUBLE SHOCK!

What a week for aluminium: First, the price hike – then the bad news for 1980

By ALAN FELT

ALUMINIUM [illegible] a [illegible] this week [illegible] top of [illegible] price [illegible] to [illegible] cents a kilogram — a total price-jump of almost 30 [illegible] in just over a [illegible] industry sources [illegible] the local sup- [illegible] of [illegible] de- [illegible] 1979.

The [illegible] increase [illegible] South Africa as the third most expensive producer of primary aluminium in the world behind Brazil and Japan.

And the [illegible] is bound to continue.

Alusaf is faced with two problems. No bauxite [illegible] yet available from local sources, so the company has to import all its raw materials [illegible] ever more inflated prices. They also [illegible] vast amounts of electrical power in the reduction process, and this is a very [illegible] thermal power produced by Escom.

And now they are faced with yet another headache.

Their [illegible] as a year [illegible] to a [illegible] spokesman.

After [illegible] its a new plant [illegible] report.

The [illegible] smelter cost R80 million in [illegible] to build [illegible] R170 million — [illegible] more in [illegible] a suitable [illegible] that capital [illegible] an aluminium price [illegible] which [illegible] all others [illegible] into insignificance.

Imports [illegible] to be [illegible] The metal is a strategic commodity [illegible] the [illegible] for Alusaf and the high domestic cost of its product, [illegible] to protect the local [illegible] outside pressures [illegible] and economic.

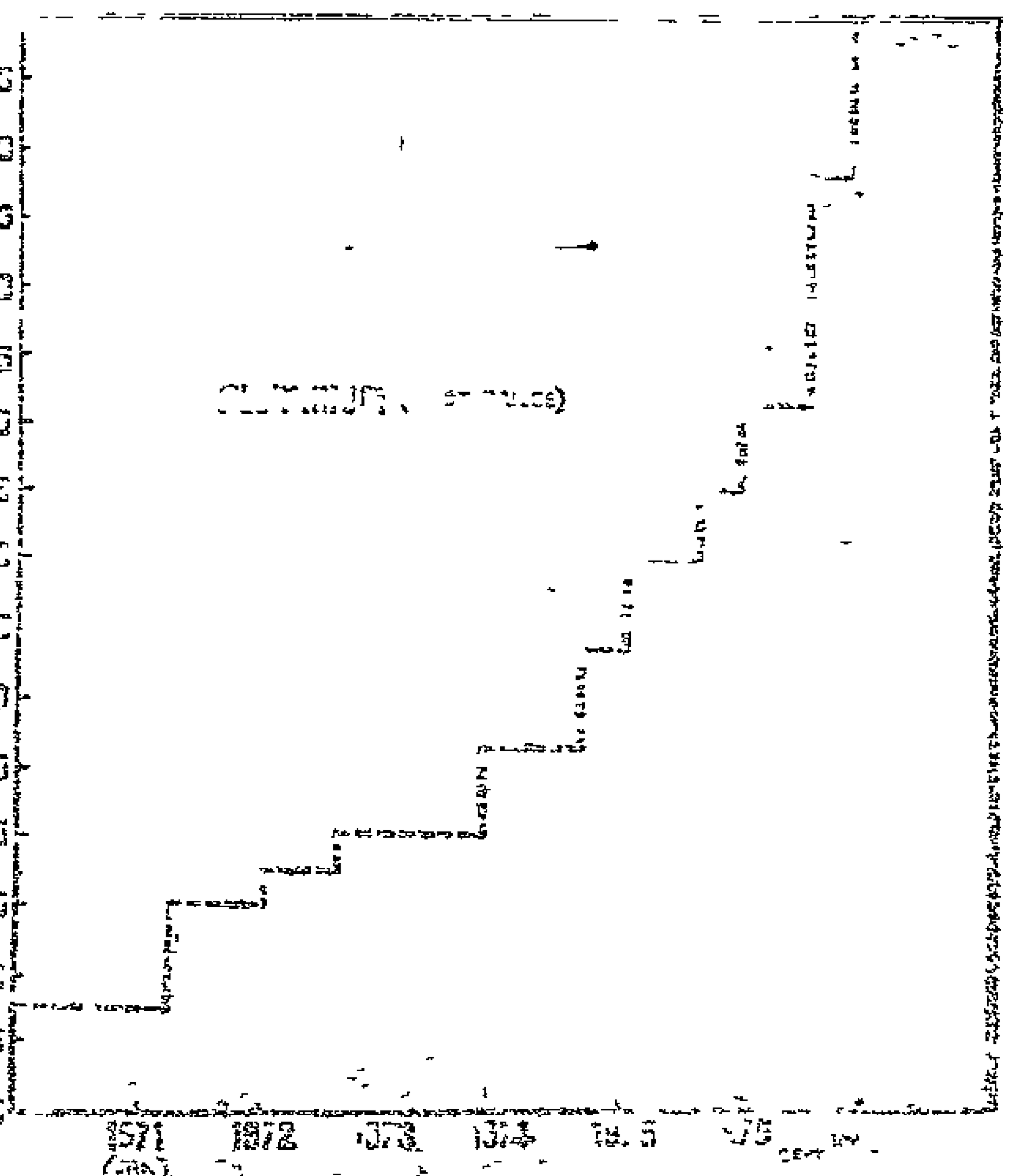
The [illegible] effect of the price increases through the aluminium industry has not become a fullscale wave [illegible] has pushed the already hard-pressed non-ferrous die-casters' aluminium cans, electrical conductors, wiring and cables, machine parts and backs to the wall, and is seen by other fabricators as an impossible burden for them to absorb.

Added news is that not only has the ingot price risen again but Hulett's Aluminium, who take 65 percent of the Alusaf production and in turn supply most of the fabricators, will put up their prices [illegible] January.

This," says marketing manager Peter Barritt, will be a rise to offset not only the higher ingot price but also to cover our much increased electricity and labour costs."

While Hulamin will follow the line of the anti-inflation manifesto and the company will absorb 30 percent of the cost increases, the new prices will mean substantial jumps in the retail price of a vast diversity of goods.

Everything from cooking pots for cars, foil to fridges, street packaging, window frames, will cost a lot more.



[illegible] a year ago that they were in no position [illegible] more increases, [illegible] they [illegible] three [illegible] of 15 percent.

[illegible] but [illegible] its [illegible] industry [illegible] their need.

This [illegible] products, [illegible] [illegible] see [illegible]

Of [illegible] the [illegible] market share [illegible] 50 percent.

[illegible] the [illegible] and the [illegible] to [illegible] other 40 [illegible] for a reduced [illegible] in [illegible] market share.

[illegible] are not in such [illegible] position, [illegible] the diversity of [illegible] and end product [illegible] will have to [illegible] prices to the [illegible] to make ends meet.

[illegible] Harrison, managing director of [illegible] a major [illegible] manufacturer [illegible] "While we [illegible] make every effort [illegible] that we can, [illegible] for aluminium pr[illegible] will have to rise."

There is bad news in the [illegible] prices for the aluminium industry too.

They are not alone [illegible] in the [illegible] aluminium industry [illegible] by Tribune Finance [illegible] indicated they will [illegible] to pass on at least [illegible] portion of the new [illegible] to their [illegible]

[illegible] as aluminium [illegible] an increasingly [illegible] role in such [illegible] of products, th[illegible] the street can ex[illegible] to be faced with [illegible] round of price in[illegible] in a wide spectrum of goods.

Cape Times 18/1/77

Harmony stars with R12m rise in profit

JOHANNESBURG. — Boosted by uranium sales, Harmony was the star performer in the Rand Mines quarterly to the end of 1976 with an increase in taxed profit of over R12-million.

The short quarter (76 days against 78), the labour position and an accident that put Virginia No. 1 shaft out of action for a fortnight resulted in a 1,4 percent drop in tonnage milled at Harmony.

In spite of this, Harmony maintained its gold production (8 061 kg compared with 8 062 kg last quarter) and, helped by the higher gold price and a marginally higher trade, gold profits more than doubled from R669 000 to R1 745 000 in spite of a cost increase of R0,72 per ton.

Slightly more uranium oxide was produced (132 366 kg against 131 026 kg), although the amount of pulp treated was lower.

Working profit from uranium soared from R881 000 to R14 799 000. The uranium stockpile is now approximately 84 percent of the opening balance at the beginning of the current financial year.

No change has as yet been made in accounting procedures and uranium continues to be regarded as a by-product. Consequently uranium profits are overstated at the expense of gold profits and the results of the quarter should be judged only in terms of the total profit from all sources.

Total taxed profit was R14 400 000 compared with R1 970 000

At **Blyvooruitzicht** there was a drop of just over eight percent in tonnage milled and grade was marginally down, but the gold price helped bring about a rise in revenue per ton from R40,39 to R41,83.

Costs were higher, however, so that working profit from gold was just over 14 percent down at R7 042 000.

Uranium oxide production was four percent down and there was a working loss on uranium of R50 000 compared with last quarter's profit of R136 000.

Total taxed profit declined to R5 653 000 from R6 130 000 in the previous quarter.

At **ERPM** the planned cutback in production announced in July, 1976, was overshot because of a Black labour shortage and tonnage was down 33 percent at 313 000 tonnes

While the labour shortage continues the mine is drawing most of its tonnage from the higher grade areas — so much so, that there was a sharp jump in grade in the quarter from 5,80 gt to 7,05 gt

The benefits of the gold price rise were partly offset by a rise in unit costs of R5,03 per tonne, but the mine still managed to reduce its working loss by almost 35 percent to R1 795 000

State assistance also decreased with the result that taxed profit was 11,4 percent down at R148 000. There was a sharp drop in capital expenditure from R1 138 000 to R740 000

At **Durban Roodepoort Deep** tonnage was 11 percent down and grade was marginally lower, but the higher gold price helped the mine to reduce its working loss from R2 219 000 to R1 991 000.

Sales of pyrite concentrate were higher and there was little change in State assistance, so that a taxed loss of R104 000 was turned into a profit of R70 000 during the quarter.

The mine is operating on reduced development and capital expenditure programmes.

At **City Deep and Crown Mines**, tonnage was down 24,4 percent, mainly as a result of the suspension of underground production at City Deep at the end of November. The mine is now on clean-up operations.

on the events of the last few days, the Sunday Times's parliamentary correspondent[63] reported on 23 October that the proposed design had been opposed by a Labour Minister, Malan and two others.[64] ...t is reliable – as its knowledge of a La... (Madeley's) dissent seems to indicate ... the Cabinet was prepared to accept the pro... its double-sized Union Jack. Objection ... the shield and the flying of the Union Jack ... even less support, and may help to account fo... ...e on these questions.

The meeting ha... ...ous situation in the Cabinet. Malan ha... ...posals while Roos was supporting them and ... ...s that Roos had threatened to resig... ...re not removed.[65] It seemed possible that ... forced to choose between Malan and Ro... this possibility which led immediately to ... ...oos for toenadering. Doubtless the reasons ... ...ced his earlier calls still applied, and wi... mood of the country in a state of flux, the moment for another appeal seemed propitious. But his call, at this particular time, was directly related to an

Black will oust white miner

21/1/77

JOHANNESBURG — It was clear blacks would replace white mine workers in the homelands, Mr P.C.C. de Jager, president of the Mine Workers Union, told the annual meeting of his general council here yesterday.

"Reality has now overtaken us with the announcement that Bophuthatswana will become independent," Mr De Jager said.

A few thousand white mine workers would be affected by this.

Referring to the commission of inquiry into the five-day working week on gold and coal mines, he said that "after almost 50 years the door to a five-day week would begin to be pushed open during March."

The president of the Confederation of Labour, Mr Attie Nieuwoudt, told the representatives of the 17 000-strong union that the Minister of Labour should not interfere with present labour laws. — SAPA

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63. In view of the Sunday Times's very strong support for Roos at this time, it is not inconceivable that Roos had information leaked to it.

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

65. Stanford Papers, D 56, 22, 24 October 1927; S.P. vol. 39, no. 246, letter to wife, 22 October 1927.

Fin Mail 4/2/77 220

Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Chairman's Review by Sir Albert Robinson

The thirtieth annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, at 9.30 a.m., on Wednesday, 9th February, 1977.

The rate of recovery of the economies in the United States of America, Europe and Japan levelled off during the second half of 1976 and this has had the effect of deferring the recovery in the platinum market As a result Rustenburg Platinum Mines has slowed down the rate of its expansion programme that was embarked upon last April

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

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

In spite of the generally depressed market conditions the company's sales of platinum during the financial year 1976 were slightly higher than during the previous financial year mainly due to increased sales to the automobile industry The gross value of all metals sold was some 8% higher However, at R53,2 million, profit from sales of metals was nearly R5 million down on the equivalent 1975 figure, reflecting the escalating costs of production, which during the year showed an increase of approximately 20 per cent over the previous year In addition, the profit before tax was lower due to increased interest charges and the necessity to make provision for possible losses on our foreign loans brought about by the September 1975 devaluation of the rand against the US dollar Consequently after tax profits fell from R47,3 million to R36,9 million After making provision for on-going capital expenditure a dividend of R12,3 million was declared for the financial year as a whole which was equivalent to 9,96 cents per share

The Market

Trading conditions during the year were particularly difficult, but there were periods when demand appeared to be strengthening Price competition from the Russians and other producers was very keen and supplies were freely available As a consequence of this together with the low level of economic activity in the major consuming countries the company's sales to industrial users continued at a low ebb throughout the year

Although Japanese demand for platinum, which is used overwhelmingly for jewellery was slightly higher in the financial year 1976 than in the preceding financial year consumption in recent months has declined and is now at a lower level than for the comparable period in 1974 and 1975

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

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

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

Jewellery Promotion

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

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

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

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

Operations

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

Outlook

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

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

General

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

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

Johannesburg
2nd February, 1977

RDM 22/3/77

Copper firms on the Zaire crisis

By NEIL BEHRMANN

POLITICAL events in Africa and Europe have helped push up the prices of bullion and metals

Gold gained yesterday after the sharp gains of the Left in the French municipal elections The deteriorating political and economic climate in Italy also contributed to investment buying while the possibility of elections in the United Kingdom added to the uncertainty

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

Cash copper rose £33 last week on fears that supplies from the Shaba province — formerly Katanga — would be threatened The market hardly reacted to reports yesterday that Zaire forces inflicted heavy losses on the rebels which invaded the Shaba area Copper continued to be steady in the morning and held at around £900

According to Amalgamated Metal Trading, Zaire produced 495 000 tons of copper in 1975 — nine per cent of total mine production in the western world

Statistics for 1976 are still to be released but Amalgamated Metal estimates that Zaire copper production was in the region of 460 000 tons

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

Together Zambian and Zaire production accounts for nearly 21 per cent of western copper production, so it is likely that prolonged military disturbances in central Africa could have a marked effect on the copper price

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

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

Copper stocks in the London Metal Exchange, presently in excess of 600 000 tons are well in excess of Zaire production Analysts believe if stocks begin to decline continously, the market will look to a shortage and the price could rise strongly As yet no such trend is evident

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

But [illegible] that [illegible]

the labour disruption does not take place copper could decline sharply

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

Asarco increased price 2c to 73c a pound and was followed by Anaconda and other producers who raised their prices three cents to 74c

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

220

(220)

319331 NATAL Mercury Tuesday, March 22, 1977.

(1) 55

(2) 220

Estimate by U.S. energy official

Uranium demand will multiply five times

Mercury Correspondent

JOHANNESBURG — World demand for uranium will multiply five times between this year and 1990, says Mr. J. A. Patterson, of the U.S. Energy Research and Development Administration.

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

By 1990 he expects world demand to multiply to 130 000 tons and by 2000 to 200 000 tons.

Mr. Patterson estimated world reserves at the cut-off level of 30 dollars per ,45kg to be 2,4 million tons — 640 000 tons in the U.S., 420 000 tons in Australia, 360 000 tons in South Africa and 225 000 tons in Canada.

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

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

The average price per ,45kg of uranium oxide for 1976 deliveries under contract on July 1, 1976, was 12,05 dollars up from 10,50 dollars from 1975 deliveries reported as of January, 1976, reports the Engineering and Mining Journal of New York.

Average prices

Estimated average prices for uranium under contract as of July 1, 1976, range from 12,60 dollars from 1977 deliveries to 19,90 dollars for delivery in 1985.

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

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

RDM
24/3/77

220

; Mail

Tin price could go still lower

LONDON. — Tin prices on the London Metal Exchange have fallen for three successive days this week

Dealers say they do not rule out the possibility of further losses because of the marked lack of confidence

Three months standard metal closed yesterday at £5,980, down £165 on the day, after peaking only two weeks ago at £6 600

Dealers said prices could fall to around £5 800 before the market steadies

Trade sources pointed to the rapidity of the price advance, which began the year at around £5 280 for three months standard A downward reaction was inevitable

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

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

Lead has fallen from a peak of £455 for three months in early March to its current level of £415,50

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

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

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

Prices have been falling against a background of LME tin stocks rising over six consecutive weeks by 3 035 tons to 7 360 tons on March 18

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

An unoffocial US Government study recently urged the Carter administration to support a Bill before Congress to authorise sale of 30 000 tons of stockpile tin

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

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

220

F/M. MAIL 25/3/77

Palabora: pick of the copper shares

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

At first glance, the only alarming aspect of the report is the apparent 35% increase in costs from R580-R780/t But R86 of the R200 increase was costs directly attributable to the expansion programme Total material mined increased by 40% to 80 Mt, reflecting what is really a capital cost of stripping the overburden This is reflected in the deterioration in the waste-to ore ratio from 1,86:1 to 3,04 1

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

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

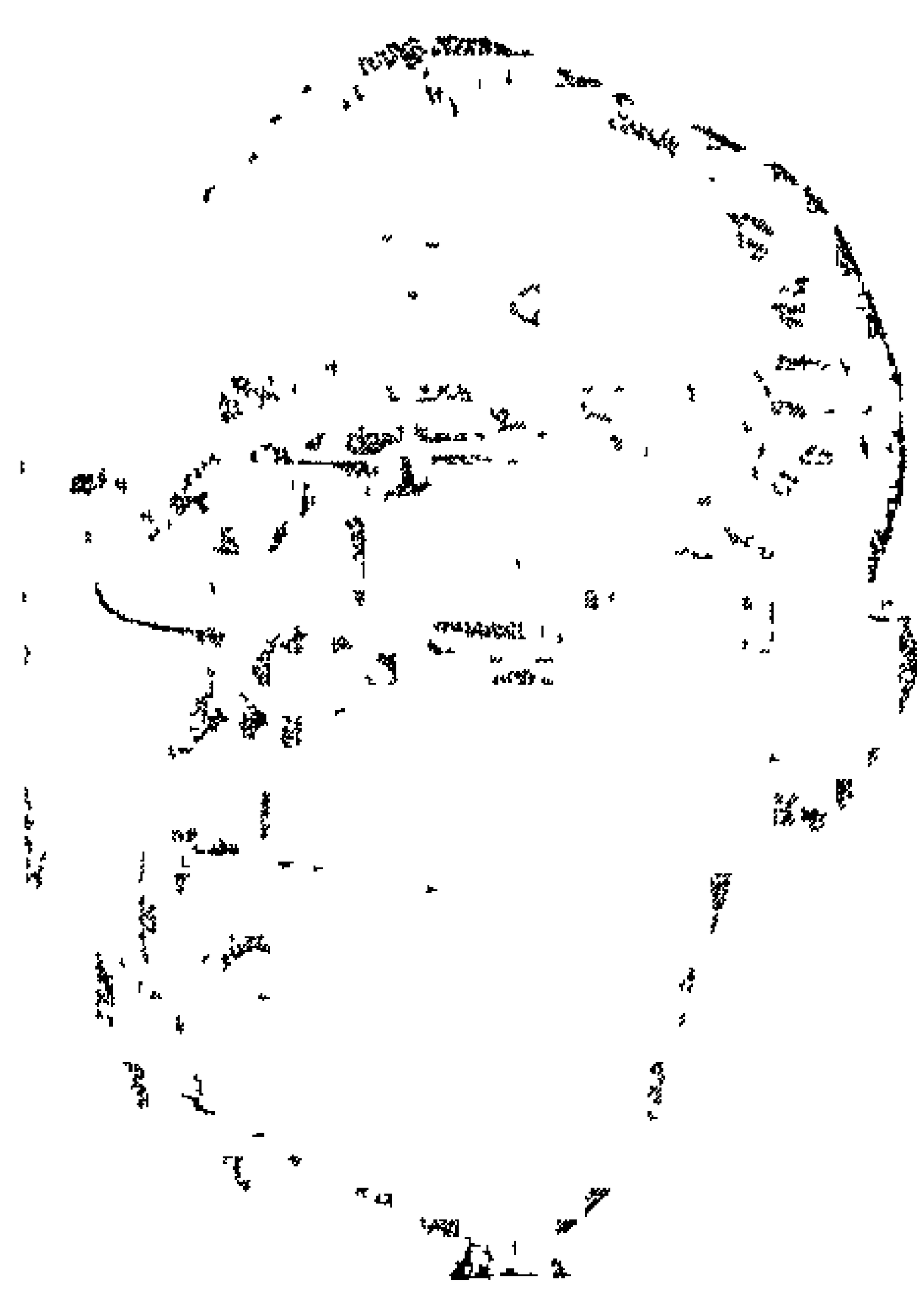
If the copper price can average its current level of £900 for the year, Palabora should earn over 160c per share this year Should this be achieved, a minimum distribution of 120c can be expected which places the shares on a prospective yield of 10,7% at the current price of 1 120c

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

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

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

The share looks a terrific institutional lock-up at these levels, although any short-term advance could be held back by a large line of stock which is potentially overhanging the market Last



Palamin's Macmillan dividends set to rise

week 70 000 shares traded in one deal and I understand they came from Norddeutsche Affinerie, Palabora's former German refining connection The share register shows Norddeutsche to have had a total of 500 000 shares

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

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

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

Richard Stuart

:eacher/pupil ratios in

No. 4 below shows:

SCHOOLS

1974		
›. of eachers	No. of Pupils	Ratio
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0 699	544 461	1:51
2 434	2 500 985	1:59

59

: category of African

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FIN MAIL 1/4/77 (220)

Lydenburg Platinum Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND DECLARATION OF DIVIDEND

INTERIM REPORT

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

	Six months to 30 April 1977	Six months to 30 April 1976	Year ended 31 October 1976 (Audited)
Net income before and after taxation	R267 000	R261 000	R1 046 000
Earnings — per share	1,85c	1,81c	7,26c
Dividends — per share	1,75c	1,40c	7,20c
— amount	R252 000	R202 000	R1 037 000

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

DECLARATION OF INTERIM DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend No 47 of 1,75 cents per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 15 April 1977

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

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

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

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

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

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

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

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

London office
Princes House
95 Gresham Street
London
EC2V 7EN

Transfer Secretaries

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

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

29 March 1977

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Homeland wants big platinum mine

RDM 4/4/77

By ADAM PAYNE

... BANTU Mining Corporation has invited platinum-mining companies and other ... groups, including ... interests, to join it in ... big platinum mine ... Maandagshoek farm in ...

... shoek is west of ... and north of ... and is close to the ... kop where South ... first free-milling ... mine was opened and ... on a narrow dunite ... 1950s.

... Platinum Mines ... plant operating at ... to solve the ... problems of ... from the ... which is the ... of Maan-...

... onth ... make their ... proposals to us by May 31.

"We have done exploratory drilling and geophysical work on this orebody. We are asking the mining companies to make their offers for further investigating the property geologically and metallurgically.

"Whatever company (or companies) is selected for the task must spend at least R200 000 on investigation. The principal ... will be sinking a shaft ... a bulk sample for ...

UG2 Reef, which is below the Merensky Reef, occurs in the Rustenburg area as well as Lebowa.

"In order to learn more about it and the associated problems of mining and recovering metals from it, we have established a small pilot plant at Driekop.

"It is expected that the pilot plant will operate for at least a year before the full feasibility study of mining the UG2 Reef can be completed," says the report.

The attraction of the UG2 is that it is not only richer in platinum but in rhodium, which is $450 an oz compared with platinum at $162 an oz and is expected to be in such demand for three-way car exhaust catalysts in the United States soon that supplies from South Africa will have to be limited to the proportion found in the Merensky Reef — that is 5,6 per cent of the amount of platinum mined. There is thus an incentive to mine the UG2 if possible either in the Rustenburg area or in Lebowa or both.

Dr Hanekom told me the metallurgical problem with the reef is approaching solution, but it is not yet solved.

COMMENT: While Dr Hanekom is anxious to see a mine established at Maandagshoek, the platinum companies are set a tricky problem.

Rustenburg Platinum Mines bought the Elandskuile platinum property north of Rustenburg at a high price of R16 million from Amcor but is not working it because of the well-supplied platinum market, in which Russia is a competitor.

But Rustenburg and Impala ... if they can avoid it, let an outside company get the mining ... the Maandagshoek project.

... of them would be the best company to develop it ... could reduce ... where so as not to flood the market, if it continues ... present low ebb ... company opening a ... market embar-...

... these two companies ... not told all the ... South Africa I ... has a ... reef on ...

ly worked, and its problem is that it is heavily laden with chrome, which has to be separated from the platinum because its presence in a concentrate freezes up the smelter

Ironically, the invitation to the platinum companies to investigate the estimated 35-million ton orebody at Maandagshoek is almost an embarrassment to them because they [illegible] ignore it — even though [illegible] ning of another platinum [illegible] ould weaken the market

[illegible] H J Hanekom, general [illegible] or of the Bantu Mining [illegible] ation told me "The [illegible] companies were ap[illegible] ed in the middle of last [illegible] and have been asked to [illegible] their proposals to us by [illegible]

[illegible] have done exploratory [illegible] and geophysical work on [illegible] body. We are asking the [illegible] ompanies to make their [illegible] for investigating [illegible] perty geologically and [illegible] gically

[illegible] company [illegible] elected for the task [illegible] at least R200 000 on [illegible] the principal [illegible] ll be sinking a shaft [illegible] ample for metal [illegible]

[illegible] of a two year in[illegible] the companies or [illegible] that the best [illegible]

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Rustenburg Platinum Mines bought the Elandskuile platinum property north of Rustenburg at a high price of R16-million from Amcor but is not working it because of the well-supplied platinum market, in which Russia is a competitor

But Rustenburg and Impala cannot, if they can avoid it, let an outside company get the mining rights to the Maandagshoek property

Either of them would be the best company to develop it because they could reduce [illegible] duction elsewhere so as not to flood the market at its continuing present low ebb

Another company opening a [illegible] would be a market embarrassment

In any case these two companies do not hold all the platinum [illegible] South Africa [illegible] Gulf has a [illegible] UG2 reef on [illegible] Transvaal

ARGUS 1/4/77 (220)

FINANCE

O'OKIEP BACK IN BLACK: PROFIT R2,5-m

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

The company, which operates in the north-western Cape, increased its metal sales by R13-million or 44 percent last year to R42,8-million, the managing director, Mr G. R. Parker, reports.

Operating costs amounted to R37,4-million against R31-million, resulting in an operating profit of R5,4-million against an operating loss of R1,14-million in 1975.

Net income after all provisions was R2 536 000 against a loss of R1 192 000 in 1975. A dividend of R1 a share was declared out of net earnings of R2,49 a share.

COST-CUTTING

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

In spite of countrywide double-digit inflation in 1976, mine operating costs rose by only 7,6 percent.

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

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

IMPROVEMENT

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

The number of people employed at the mine rose by 430 to 3 566, while pay increases ranging from 10 percent to 15 percent were granted.

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

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

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

Derek Tommey

FIN. MAIL 29/4/77

BASE METAL QUARTERLIES

A mixed bag

220

On mill throughput 7,5% down on the December quarter, in part due to a breakdown of one of the main hoists, **Consolidated Murchison** lifted recovery grade However, head grade can only be around 2% compared with an average of 2,32% in 1976, so the mine is nowhere near out of the wood yet In addition, unit costs rose by 12,1% to R22,53/t

At the agm last week, chairman Herbert Dalton Brown reported that development is being implemented at a rate that can be justified by earnings This is all very well when adequate reserves have been blocked out underground But, at Cons Murch, blocked out reserves have slipped badly over recent years and considerable development is needed to give the mine adequate operational flexibility

The other major problem is the mine's lack of stockpiled concentrates Sales currently match production levels of non arsenical concentrates while unmarketable high-arsenic concentrate stocks are increasing at a rate of 4 000t/year while the pilot plant to produce pure stibnite can only cope with less than half this amount

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

Of the two unlisted copper producers, **Prieska's** mill throughput was badly affected by breakdowns in the milling circuit, with the result that copper concentrate production fell by 17,1% to 26 234t and zinc concentrates were 12,1% lower at 30 116t On the other hand, concentrate shipments rose but the increase in costs was only slightly lower so that net profit was almost unchanged at R3,2m

In South West Africa, JCI's **Otjihase** averaged a monthly mill throughput of 88 000t against the December quarter's 73 000t As a result, there was some reduction in the operating loss Reading between the lines, costs could be given an extra boost by Tsumeb's inability to smelt Otjihase's concentrates The quarterly report states that there are difficulties in smelting the backlog of material stockpiled at the smelter

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

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

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

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

No reason is given for the 16% drop in mill throughput at **Gefco**, but the improvement in recovery from 8,7% to 10,2% may well indicate that a longer grade of fibre is being aimed at if consumer resistance to the shorter grades is being experienced In any event, the higher revenue of R515/t seems to support this possibility.

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

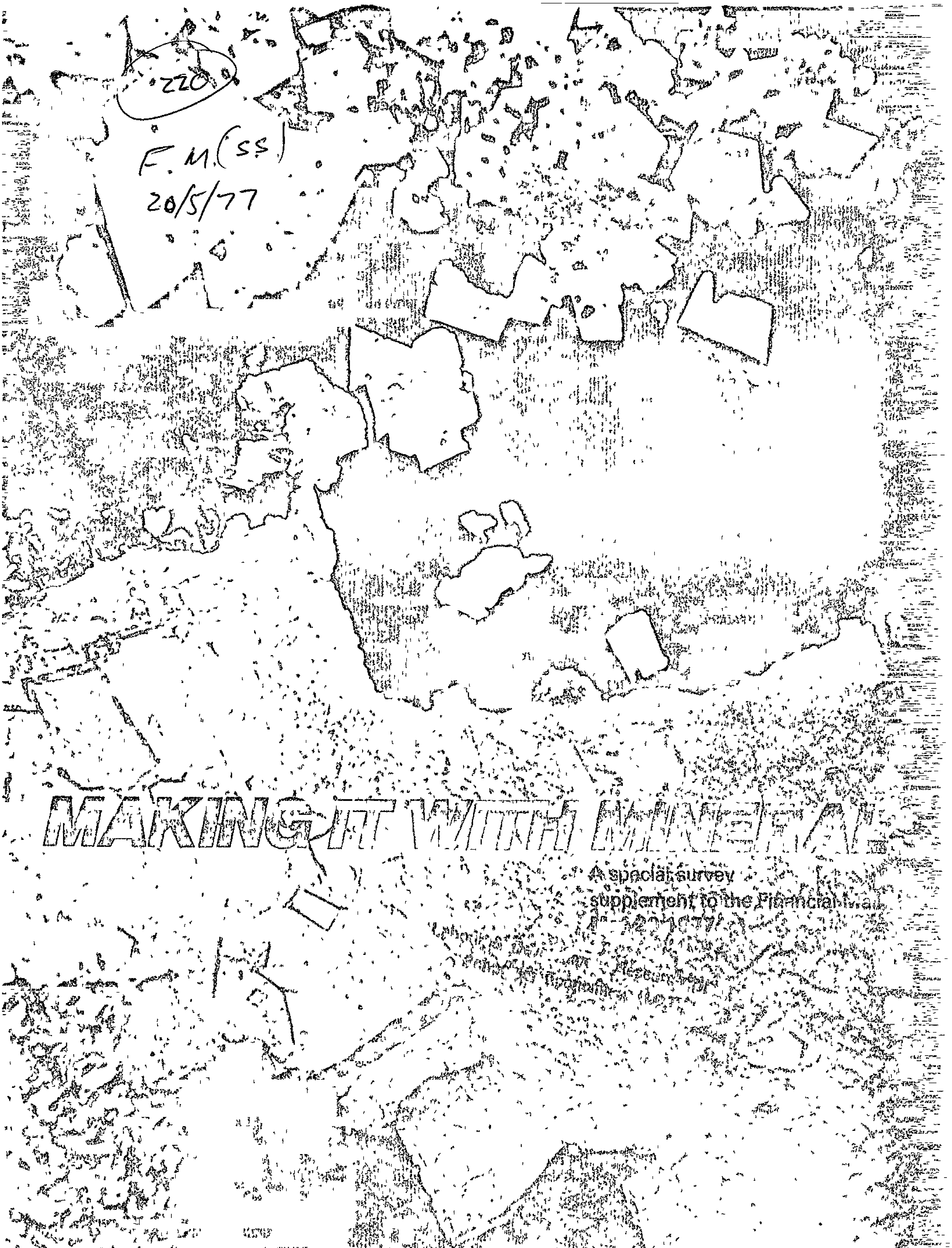
At **Msauli** fibre production was marginally down at 25 270t on a slightly lower mill throughput and, with lower shipments, sales revenue declined by 9,3% to R4,1m despite a higher average price of R210/t (R189/t) Production costs are being well contained and rose only 0,7% to R58,8/t fibre.

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

David Ross

220

F. M. (SS)
20/5/77



Contents

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SUN TIMES 19/6/77

Big market for SA rhodium

19/6/77 ST.

By JIM SRODES

DETROIT — South Africa has found a big market for its rhodium — America's motor city, Detroit

New emission control systems and new types of batteries to be phased into cars in the 1978 model year will make extensive use of rhodium, say General Motor officials

Rhodium, found chiefly in South Africa, sells for about $450 an ounce (R390) Platinum, widely used in the current generation of catalytic converters, costs between $162 (R140) and $172 (R149) an ounce

General Motors president Mr E M Estes predicted this week that hundreds of thousands of GM cars sold in California or high-altitude areas of other states would have the rhodium-equipped three-way catalytic converter by 1980 By 1982, it should be available in all GM cars

An engineering executive at General Motors estimated that his company would need about 97 000 troy ounces of rhodium in a year for use in 5,5-million newly produced cars.

The demand from GM alone, — if it were to use rhodium in all its cars — could boost South Africa's production of the metal by 50% If all cars in the US used rhodium, production could go up by 100 per cent General Motors estimates the world reserves of rhodium at 17,3-million troy ounces

World output of rhodium in 1975 was 161 000 troy ounces — platinum production was 2 675-million troy ounces

Mine owners have indicated that they would like to keep the demand ratio for rhodium and platinum comparable to the levels at which they are found together in nature. In most South African ore, there are 18 parts of platinum to one part of rhodium.

FIN MAIL 24/6/77

URANIUM CARTEL

The best laid plans . . .

220

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

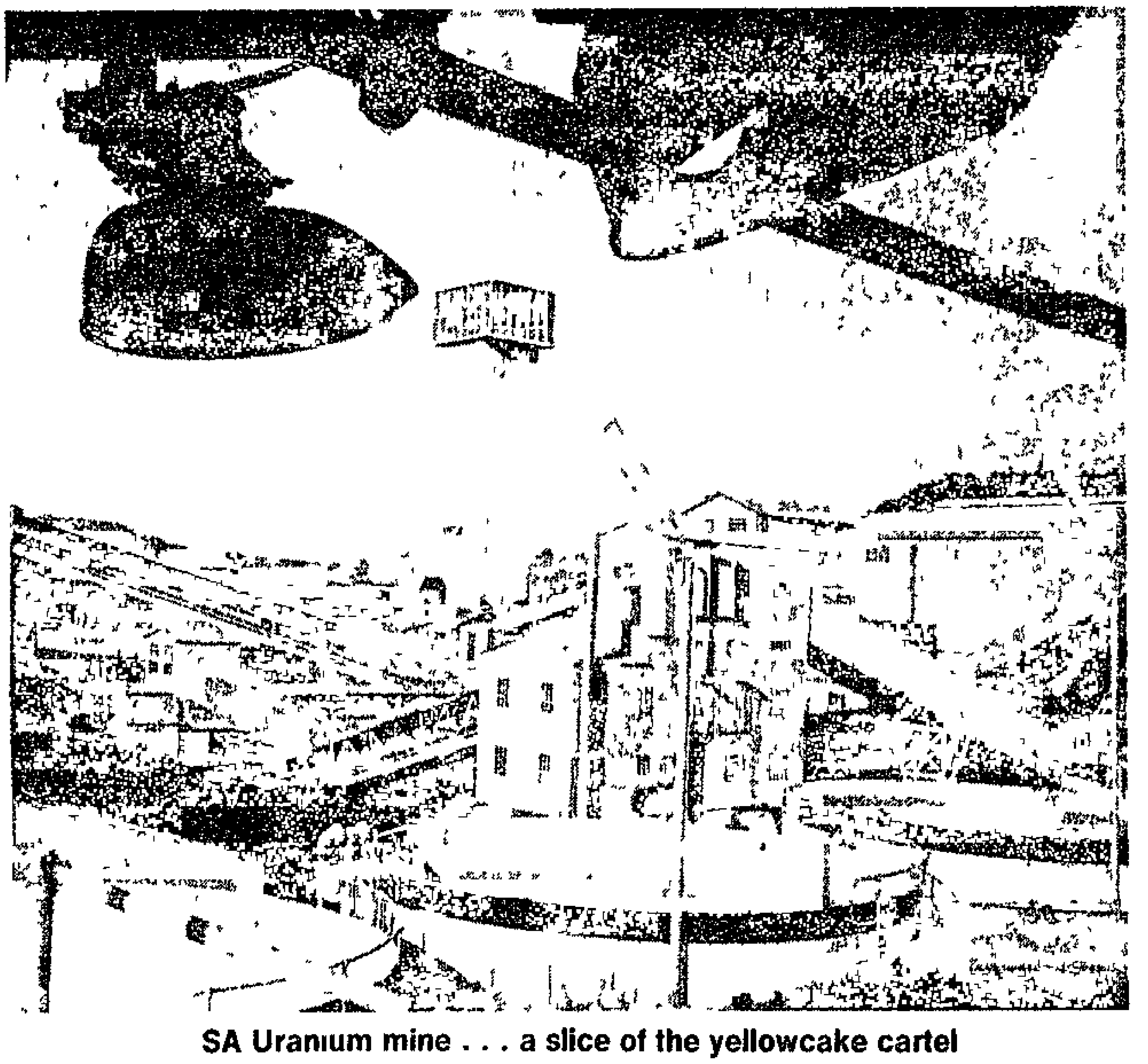
The cartel's current round of troubles began early last week when a US district court judge from Virginia flew to London and set up shop in the US embassy. Officials of the Uranium Institute, which now bills itself as the industry's think-tank, as well as executives of Rio Tinto were forced to give evidence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

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

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

- Australia's current government is not the only one troubled by the cartel disclosure, which originated there a year ago. In Ottawa, the shaky government of Pierre Trudeau is clearly on the defensive in the Canadian Parliament despite counter-arguments that the cartel was needed because the American Government kept uranium prices artificially low to discourage competitors;
- While the cartel's price increases have led to increased development of uranium reserves around the world, the US has been a major beneficiary of the new activity. It's estimated that $170,7m was spent in US exploration and development in 1976 ($122m in 1975). And US production of the U_3O_8 ore has rebounded from the 1974-1975 low of 11 500 short tons to 13 500 last year; and
- If the cartel had hoped to whipsaw the giant US reactor makers such as General Electric and Westinghouse, the very disclosure of the cartel's existence may have ruined any chances. Westinghouse, especially, faces billions of dollars in losses because it guaranteed buyers of its reactors long-term enriched fuel contracts at laughably low prices by today's standards. But last year dozens of power companies ranging from the government Tennessee Valley Authority to local firms had the contracts broken — the suppliers charged that the cartel had artificially distorted world prices and that the contracts, which had been made in good faith, were unreasonable and unenforceable

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



SA Uranium mine . . . a slice of the yellowcake cartel

24. Which of the following statements is correct ?

1. If supply declines and demand remains constant, equilibrium price will fall.
2. If supply increases and demand remains constant, equilibrium price will rise.
3. If demand decreases and supply increases, equilibrium price
4. ... librium price
5. ...

25. If ... he price
of ... ?

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Non-gold minerals' sales lower in April

RDM 28/6/77

220

By DON ROBERTSON
Mining Editor

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

Exports to date are about R600-million suggesting that the R2 088-million sales achieved in 1976 could be equalled. Revenue from gold sales took the overall total for 1976 to R4 469-million.

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

Antimony sales slumped to R56 714 from the March's R1 228 077. Production figures also show a large fall — to 805 tons from 957 tons in March and 1 492 tons in February.

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

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

South Africa's exports for April were 30 tons compared with 615 tons in March. While this might partly reflect the irregular nature of shipments, it suggests that Cons Murch's results for the current quarter will be bad.

Sales of various grades of chrome amounted to R4 820 980 in April, compared with R5 390 000 in March, with the volume of exports also down.

Sales of copper fell to R10 188 353 from R14 130 465 in March.

Iron ore exports, having picked up substantially since the opening of Saldanha port dipped in April and brought in R11 114 956 compared with R14 569 566 in March.

Shipments of coal through Richards Bay, however, have held up well and were worth R17 771 582 in April against R17 503 823.

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

Manganese followed the pattern and April sales were worth R6 215 057, compared with R7 472 931 in March.

Nickel earned R5 725 439 (R8 491 881 in March) and vanadium, of which South Africa is a major producer, brought in R4 035 598 (R4 383 653).

Sales of asbestos, a significant earner this year, were slightly down at R10 328 310 compared with R11 042 882.

Sales under the category miscellaneous, which includes platinum and uranium, were R41 165 802 against R42 563 813.

27. "The ... ll reduced
the ... kpile
whea... hat would
occ... says that
the price rise was due to

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

28. "Price adjustments serve to keep the quantities supplied and demanded equal. If at the initial price there is excess demand, the price will rise. The price increase has two effects : it tends to shift the demand curve down because people are willing to buy a smaller quantity at a higher price, and it tends to shift the supply curve up because producers find it profitable to produce a greater output at a higher price. The price will adjust until there is no excess demand".

18. We define an inferior good as one with

1. An inelastic supply curve.
2. A negativ ... elasticity of demand.
3. A positiv
4. An elast
5. None of

19. Income rises ... income inelastic.

1. A fall i
2. A fall i
3. A rise i
4. A rise i
5. A fall i

20. If the price ... , would a rise in outp ... cause farmers to

1. Make mor ... done.
2. Make les ... done.
3. Plant di
4. Demand a
5. None of

21. Assume that ... ze is perfectly elastic. A decrease (s ... in demand will

1. Cause t ... to rise.
2. Cause f ... fall.
3. Cause f ... rise.
4. Lead t ... e supply of wheat.
5. None o

Copper falls

RDM 30/6/77. (220)

By NEIL BEHRMANN

LONDON — The copper price has fallen sharply following declines in New York. Sharpest falls were experienced on Tuesday, but yesterday the market was barely steady.

The drop affected zinc and lead in a market which is dominated by speculative sentiment rather than interest from the trade

The copper price dropped in spite of the United States copper workers' unions rejection of the industry's new labour contract proposals A London Metal Exchange dealer said Anaconda offered 70c an hour increase, but the workers are looking for 95c

Labour contracts expire tonight

London dealers say that if a strike does take place, it will last for only a few weeks

It is held that the price will remain weak for some time Price rise sharply in short-term fluctuations, but there is too much copper around

With the Organisation for Economic Co operation and Devvelopment and various American economic services talking about lower growth next year, it appears there will be insufficient demand to bring stocks

Amalgamated Metal Trading estimates that the West's refined copper inventory will rise from 2 700 000 tons in 1976 to 4-million tons by 1980

Crue Metal Monitor says there has been sufficient refined copper this year to satisfy current consumption even after an 18% increase in consumption last year and a further 3,7% rise in the first five months of this year

Crue estimates that world stocks are a little higher than at the end of 1976

Apart from Britain and Belgium there was no growth in European consumption this year Crue estimates the United States consumption is 9% higher than in 1976 and Japanese consumption is 13% up

22. Consider the following statements :

(A) The cobweb model is based on the assumption that price in year t determines quantity supplied in year t+1.

(B) The supply curve of agricultural products is likely to be elastic in the short run.

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

23. One reason why the quantity demanded of a good tends to fall as its price rises is

1. The increase in price shifts the supply curve upwards.
2. The increase in price shifts the demand curve downwards.
3. At higher prices suppliers are willing to supply less.
4. People feel poorer and cut down on their use of the good.
5. Demand has to fall to restore equilibrium after a price rise.

MINING – OTHER GENERAL

JULY 1977 –

DEC 1977

6. The law of increasing (relative) cost is <u>incompatible</u> with

1. A p.p. frontier going from NW to SE.
2. A p.p. frontier being a "bowed-out" curve.
3. The law of Dimir s.
4. A p.p. frontier
5. A p.p. frontier

7. Choose the statemen

Specialisation and t.

1. Lead to econom
2. Are limited by
3. Lead to more ec
4. Cannot exist in here the price system does not opera
5. Would still be yone were exactly alike.

8. Which one of the fo nstant in drawing up a production-possib

1. Total resources
2. Quanity of mone
3. Money income.
4. Prices.
5. Allocation of r te uses.

9. The law of diminish monstrates that, as more and more of a o work with a fixed amount of another i

1. Total product v e extra units of the variable input producing that commodity.
2. A diminishing nput will be needed in order to produ tal product.
3. Increases in t so great, because the extra units o ll cost more.
4. The relative s ut will cause increases the total pro ively smaller.
5. Increasing cos of increase to diminish.

10. In an economy in w loyment, constant amounts of resources, and

1. To increase th goods requires an increase in t er goods.
2. To decrease th goods necessitates a decrease in p oods.
3. To increase th goods is impossible.
4. To increase th goods a decrease in the production of ed.
5. None of the ab

BP puts R6,25m into coal

(220) RDM 2/1/77

BP SOUTHERN Africa is laying out R6 250 000 in the Middelburg, Transvaal, area on coal-mining projects. It has exercised its option to aquire an undivided 50% interest in Kanhym Investments' coal reserves underlying its farm operations in the Middelburg district.

The consideration payable by BP on registration of cession of this interest was R3 500 000. Together with the advance payment of R500 000, a total consideration of R4-million was due in terms of the agreement, says Kanhym.

BP has also bought the farm Hartebeesfontein, 20 km from Middelburg, from Mr A H Heyns for R2 250 000. The farm covers 2 570 ha, has rich coal deposits and is close to the new railway line to Richards Bay.

Over the next six months BP and Kanhym will study the feasibility of profitable exploitation of their joint reserves.

BP also has an interest in a R[illegible]-million coal-mining project in the Ermelo district, together with Total and Trans-Natal, says a General Mining spokesman.

Kanhym intends to maintain its participation in the joint Middelburg project at the maximum level allowed by its ability to find finance from existing resources or such new funds it can raise on the investment merit and profit potential of the project, says an announcement.

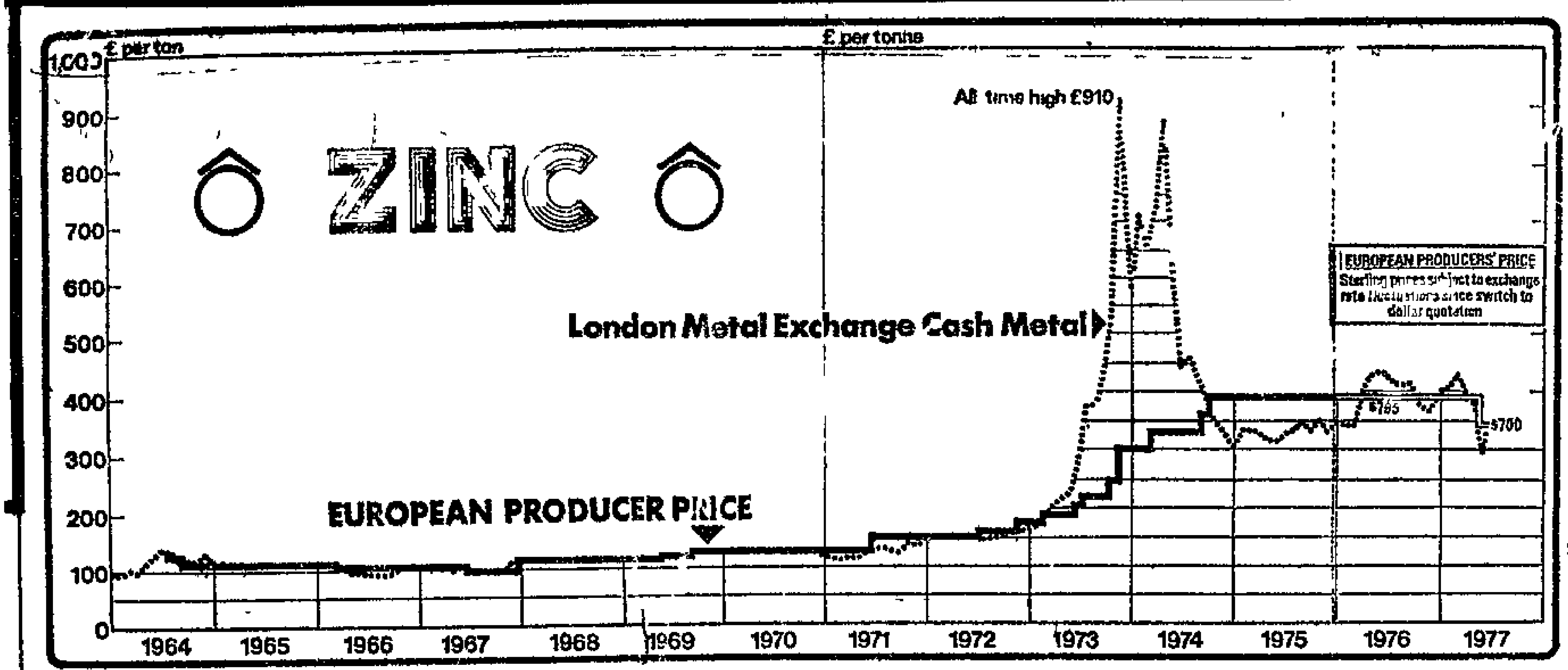
Kanhym, however, retains the right to dispose of part of its remaining undivided interest in the coal rights of BP should it consider its participation in the project not sufficiently attractive in relation to the new investment required, or that such investment would place an undue financing burden on the company.

Union Corp Ltd has a 28,5% holding in Kanhym. — Sapa

11. Price elasticity of demand is

1. Measured by the slope of the demand curve.
2. A measure of the responsiveness of the quantity demand to changes in price.
3. The ratio of the change in price over the change in income.
4. None of the above.
5. Two of the above.

2/1/77 RDM 220



Cartel or not, zinc club brought price stability to markets

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

The documents leaked concern mainly an internal political row in the Australian Trade Practices Commission about how the Australian domestic zinc price is "fixed"

But since this is part of an international zinc pricing agreement, it has important implications elsewhere, notably in the European Economic Community, where there must be concern that the Treaty of Rome provisions under Article 85 banning cartels has been openly flouted with the knowledge of most member governments

The collapse of the zinc club in the past year, while lessening the embarrassment for governments, also has far-reaching implications for future price policies for commodities because of the current international drive for price stabilisation of raw materials as part of the proposed new economic order to help developing countries

The very methods proposed under commodity agreements — control of production and buying up surplus supplies — to sustain an agreed price level are much the same as those used by the group of zinc producers

In fact, the existence of a zinc producer group has been no real secret ever since it started in 1964 Although the producers' meetings were held in secret, and were never officially acknowledged as having taken place, reports of the decisions taken were widespread and any government departments concerned with metal prices must have been fully aware of what was going on

There are similarities between the uranium club and the zinc group But with zinc, membership not only included the Australian and Canadian mining companies but virtually all the zinc producers and smelters in Europe, with the Belgians being particularly enthusiastic supporters

Other non-United States producers such as those in Japan and Peru, while not being members, cooperated in exchanging information and also based their zinc supply contracts on the Eropean producer price

41. Given the diagram shown above
ten year period, if it started

1. The government scheme woul
2. The government would inevi
3. The government's scheme mi
depending on crop fluctua
4. The scheme whilst stabilis
by consumers more unstabl
5. None of the above.

Regular meetings were held in London and in Brussels, with representatives from between 20 and 30 companies, made up of mining firms and custom smelters who process ore concentrates bought from the mines

The purpose of the meetings was to decide the level of the European producer price, according to market developments and production costs At the end of 1975 also it was decided to switch from a sterling to a dollar quotation because of the uncertainty surrounding sterling

Decisions were also taken on whether production cutbacks were needed to avoid a surplus supply building up and undermining the agreed price In addition, support buying operations were organised to control values on the London Metal Exchange zinc market to avoid its undermining the producer price too

The LME is the main alternative source of zinc supplies, relying since 1964 almost entirely on shipments from communist countries, notably North Korea, which were often prepared to sell cheaply to merchants to obtain much-needed hard foreign currency rather than bother too much about costs of production

To avoid these supplies disrupting the producer price system, the producers set up a support buying company in Switzerland, provided with funds by member companies

A similar company was set up to organise lead support buying operations as well Subsequently, it was decided to abandon the Swiss company in favour of each company operating on the LME separately, but coordinated through a special committee of the producer group This was not as effective, but was considered to be less dangerous

At one stage the Australians left the producer group after the introduction of the Australian Trade Practices Act in 1974 But they returned unofficially, behaving in such a cautious way at meetings, even though the Australian Government had allowed a zinc metal export cartel, that they were known as the "ghosts"

One of the Canadian companies also pulled out several years ago However, the big break-up of the whole group came in mid-1976, when the United States Justice Department announced that it was proposing to investigate the European zinc cartel and starting to seek information from all available sources

Although the United States Justice Department does not have jurisdiction outside the United States, many companies with United States subsidiaries, investments and other interests were quickly frightened by the possible consequences of remaining in the producer group.

Even those without any United States connections were apprehensive that the moves by the Justice Department would force the EEC Commission anti-cartel section to stop ignoring the existence of the cartel and take some action under the Treaty of Rome

At one stage a plan was considered to register the arrangement, under the second part of Article 85 of the Treaty which permits the existence of cartels basically beneficial for the community

But legal advice was that it would stand little chance of being approved, without some participation by both consumers and representatives of labour employed

The club has been disbanded since May, 1976 But the European producer price still exists, although it has been a nominal quotation for some time, with producers giving big discounts in a battle to keep up their sales in a market depressed by lack of demand

The price was lowered from $795 to $700 a metric ton in May this year This was, however, the result of individual action taken by one producer, which was quickly followed by the others bringing their prices down to the same level where discounting continues

The very lack of joint action has in some ways prevented the European producer price from being dismantled

Another powerful incentive for its continuation is that it is used as the basis for the existing ore concentrates supply contracts If it were to disappear, therefore, chaos would result, with all these contracts having to be renegotiated

An even greater problem is what alternative pricing method for zinc can be used The reason for the introduction of a producer price for zinc in 1964 was general dissatisfaction with being prices on the volatile LME Quotations which often change sharply from day to day, making forward planning a nightmare

At the International Lead and Zinc conference in London both producers and consumers made it clear that they did not want to return to relying on the LME quotations They preferred the stability the producer price system provided for many years, but which would be difficult to maintain without some way of preventing it from being undermined by cheap-price supplies from, for example, North Korea

Zinc is not among the 18 "core" commodities picked out by UNCTAD for its integrated commodities programme, under which a multi-buffer stock will be used to stabilise prices at "reasonable" levels because it is mainly produced in the developed world

It is, however, the third most used base metal, after aluminium and copper, with an annual Western world production of 5-million metric tons

It is used in a wide range of products, either as a protective coating on galvanised steel, or in diecasted units To break up the producer price for zinc would, therefore, set an unfortunate precedent for the overall attempts to bring more stability into the commodity markets

However, there are signs that the urge among zinc producers to cooperate is not dead At the same time, both the Australian and Canadian governments have made it plain they do not object to export cartels, they just do not like them applying to their domestic markets. — Financial Times

Copper depressed

RDM 5/7/77

(220)

LONDON. — London Metal Exchange copper prices fell yesterday on news of copper workers' wage agreements in the United States.

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

Dealers in London reported tired liquidation with three-month wirebars traded from £745 down to £732,50 in early trading before steadying a little

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

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

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

FARM LABOUR IN THE CITRUSDAL VALLEY

Jan Theron

FIN MAIL 8/7/77 (220)

URANIUM CARTEL

SA cold-shouldered

Malcolm Fraser . a cosy chat with Carter

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

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

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

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

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

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

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ome farms employ less than 5 permanent
1 50. Yet the living and working conditions
they vary significantly, are the outcome of
the same farm structure - everywhere there are
the symptoms of poverty and deprivation - illiteracy, high infant mortality, inadequate clothing, poor nutrition, endemic alcoholism.

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

(220)

SUNDAY TIMES, Business Times, July 10, 1977.

It'll be a stampede for Ergo issue

A MASSIVE oversubscription is expected for the 3,75-million shares being offered to the public tomorrow at R3,50 each in Anglo's Ergo project — the extraction of gold and uranium from mine dumps. The offer is aimed at raising R12,5-million from the public.

By NIGEL BRUCE

Demand for the limited number of shares is bound to exceed supply substantially as long-term institutional investors and short-term profiteering stags scramble for stock

Both are assured of substantial profits and returns in a unique gold venture that has attracted wide interest here and abroad

Until the shares are listed, foreigners will not be able to take advantage of the rand securities discount to invest in them

Psychological

So a strong tail of foreign demand for the stock is likely to persist for some weeks after the offer closes on July 29 Foreigners will be able to buy the listed shares at a discount on the market price of about 35 per cent by using securities rands

The issue — the first domestic equity issue this year — is expected also to be a strong psychological shot-in-the-arm for the long depressed stock market in rather the same way as the massive BP issue has been in London

By netting R12,5-million from the public, the issue will bring net equity capital in the R140-million project to R114,5-million as Anglo Group companies, its partner Unicorp, as well as Old Mutual, Sanlam and Guardian have already indicated they will together subscribe for 12,25-million of the company's 16-million shares

The balance of R25,5-million capital needed will be made up mainly by import credits and from the project's own cash flow

Capital expenditure on the project so far exceeds R70-million, financed mainly from interest-free Anglo loans, which will now be repaid and a small proportion from import and other credits

Seldom is a mining venture brought to the market with the exceptional advantages of this one

- Even with uranium and sulphuric acid sales at contractual base prices, the project's gold price break-even is only about $30 an ounce in 1977 terms
- With the gold price in the $120-to-$150-an-ounce range, and with the contractual prices for uranium and acid production, Ergo will make a substantial profit in its first full year of operation, which is to March 1979
- The R140-million capital expenditure will be recovered within five years thereafter
- These calculations are based on a life of 20 years, but with other slimes dams being acquired its life could be much longer
- The directors forecast a dividend of 25 cents a share in the first year of production and that this will be increased to 50c in the following year, which will give a projected yield on the issue price of 14 per cent
- The project is in most respects devoid of normal mining risks as the ore is entirely above ground.
- The mining and extraction process is highly automated requiring only a small work force, hence wage pressures and other individual problems are minimal
- The company has been classified as a post-1973 gold mine for tax purposes The net effect of this and other tax arrangements is that it will pay no tax for the first six or seven years
- Unlike other mining projects, on-going capital expenditure will be minimal This is important when bearing in mind that West Reef has consumed something like R20-million a year in a capital expenditure over the past five years

Cash flow

Seldom — if ever — is a mining project brought to the market that is able to show a cash flow after only two years of development

It is a triumph for Anglo's initiative and skills and is a project that this massive corporation has undoubtedly taken to heart

Anglo's chairman Harry Oppenheimer is also chairman of Ergo Its managing director is Mike McCrum and the other directors are as fine a body of Anglo men as will be found on any of the boards of its star projects

220

Natal Mercury 20/7/77

BAUXITE SOUGHT IN NATAL

Financial Reporter

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

Five applications to search for bauxite were made by Helmuth Redinger Exploration and Development for an area of 32 509 hectare in Lions River, Polela, Ngotshe and Alfred.

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

In the north-eastern area of Natal considerable prospecting is under way for coal because of the expectel demand for coal and coking coal at the Iscor steel plant at Newcastle

Rooiberg sales soar 175 pc on high-riding tin

220

Business Mail

RDM 22/7/77

By Elizabeth Rouse

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

Sales revenue in the June quarter is up 175% and the mine's performance has improved, in particular C mine where good values are being exposed

Rooiberg's sales jumped to R7 482 000 in the June quarter from R4 277 000 in the March quarter on an average price of R7 212 a ton compared with the March quarter's R6 678

Taxed profit is up 130,8% to R2 419 000 from R1 048 000, which accounts for the lift in the interim dividend to 45c from 20c

The expansion project at C mine is paying off The mine was able to deliver 110 566 tons to the crusher (94 976 tons in the March quarter) at a milling grade of 2,17% (1,97%)

Better grade ore was available to the A mine as a result of working some high-grade pillars in the 19N area and better-grade ore from B mine

At a recovery of 55,6% tin, Rooiberg's tin concentrate output for the quarter was up at 1 074 tons (927,8) and sales rose to 1 037 tons (902,8)

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

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

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

Vellefontein continues to encounter problems Shaft sinking has been slow because of the intersection of water-bearing fissures and decomposed ground

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

The company's capital spending is declining — R335 000 in the past quarter against R453 000 in the March quarter

Total expenditure for the year was estimated at R1 500 000 With earnings at 167c for the half-year, it is a big lift and the final is almost certain

Analysts expect a final of between 70c and 90c if the tin price continues to rise A price of £7 000 is foreseen the way the tin market is going

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

Ore grade was also down, although mining was concentrated in known better-grade blocks in the western section of the mine Tin concentrates recovered dropped to 193,7 tons from 261,7 tons and sales declined to 2 214,4 tons from 264,1 tons

Taxed profit is up slightly at R262 000 from the previous quarter's R256 000 because of the high tin price, which lifted sales to R1 303 000 (R1 083 000)

A small block of ground has been developed for mining on No 9 lode and recently a promising fracture in the footwall of the N3 lode has been discovered, says Union

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

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

220

N. Merc. 22/7/77

Tin mines make more

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

Rooiberg improved its tin grade all round and recovered 1 074,3t tin concentrates compared to 927,8t in the first six months last year Tin concentrates sold increased from 902,8 to 1 037,5t

Taxed profit moved up from R1 048 000 to R2 419 000 and the dividend declared also more than doubled from 20c to 45c per share

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

Ore to crusher increased from 38 819t to 43 369t and ore milled from 15 621t to 16 268t Concentrates recovered dropped to 193,7t and sold from 261,1t to 214,4t. Taxed profit improved from R256 000 to R262 000 — (Sapa.)

N. Mercury 30/7/77

Coppers easier

220

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

Hollard Street report

The Reuters S A golds average was down to 163,4 (165,6) and of 34 trades on the gold board shortly before the close 24 were marked easier and the rest unchanged

In heavyweights, P Brand shed 70 cents to 1 380 and Randfontein lost 75 cents to 4 675. Vaal Reefs was 50 cents off at 1 900. Lighter weights lost up to 20 cents.

Financial minings were very quiet and generally unchanged, although easier in places. GFSA shed 30 cents to 1 750 and Unicorp was 10 cents off at 400 Elsewhere, De Beers retreated further, to trade four cents off at 464

Coppers were easier and lost up to 15 cents. Palamin was 15 cents off at 860 while Messina lost five cents to 200.—(Sapa.)

Sugar

~~LONDON — The London daily sugar price per long c i f UK basis £109,00 white £117,50~~

~~Average price last month (June, 1977) £115½, average price in the same month last year (July, 1976) £179½~~

US production cutback, currency jitters boost copper prices

220

RDM 2/8/77

By NEIL BEHRMANN

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

Commodity Analysis Research feels that copper could rise to about £750 by the year end, the price helped by further mine closures and some improvement in consumption.

It estimates that refined production and other supplies will rise from 6,7-million tonnes in 1976 to just over 7-million tonnes this year.

The firm believes that further closure announcements of North American companies could herald the low point of copper prices. Renewed currency instability and rising metal prices would instill confidence in the market, so that prices could rise to £750-800 a tonne.

Cash copper yesterday £681, already well up on the recent lows of £640-£650.

Recent announcements of intended production cuts have been made by US copper producers Duval, Cities Service and Phelps Dodge, while the biggest US producer, Kennecott Copper, said it would reduce mining and milling at some of its operations.

Analysts at Commodities Research Unit are cautious whether US production cuts will reduce the 2-million tonne world copper stocks significantly.

They note that this inventory is about double normal world stock levels.

Despite US production cuts, Cipec countries Chile, Zambia, Peru and Zaire, all desperately short of foreign exchange have been selling copper at uneconomic prices.

Latest figures issued by the World Bureau of Metal Statistics indicate that copper mine production is running at higher levels than in 1972 and 1973 — boom years in the copper industry.

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

Since this is unlikely, world stocks are unlikely to fall to the normal level of 900 000 to one million tonnes. This indicates that any rally is unlikely to be sustained.

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

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

According to the Financial Times the process involves leaching of copper concentrates in a ferrichloride solution to produce copper chloride in solution form.

Through precipitation, copper chloride crystals are created and then reduced in a fluid-bed reactor with hydrogen to almost pure copper pellets.

The final step is chemical removal of remaining impurities and conventional smelting of the fluid-bed reaction product before pouring pure copper wire bar.

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

The general dominant grass species are Eragrostis chloromelas, Elionurus argenteus, Heteropogon contortus, Brachiaria serrata and Eragrostis capensis. Specific to mesa surfaces is Eragrostis sclerantha, a species found only on sandy soils at higher altitudes in this area. Digitaria monodactyla, although occurring in the deeper sandy soils elsewhere, is more common in this situation.

5.2.1 (i) The Eragrostis chloromelas - Elionurus argenteus - Heteropogon contortus - Setaria flabellata co-dominant grassland community.

This group has representative sample sites in plot numbers 207, 149, 144, 143, 146, 178, 179, 216 and 148.

Physiognomically this is medium high grass (Fosberg, 1961) and grassland according to the annotation classification has a graminoid basal cover of more than one per cent and a dwarf shrub aerial cover of less than two per cent. Basal cover for this type is generally abovefour per cent. This grass complex has a photo colour of Brown (Br) with accompanying colours of light yellowy-

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TAVISTOCK COLLIERIES LIMITED (220)

(Incorporated in the Republic of South Africa)

FINANCIAL RESULTS FOR THE YEAR ENDED 30th JUNE, 1977

The Directors announce that the unaudited Group results for the year ended 30th June 1977 and the comparative figures for the previous period of 15 months are as follows

	Year Ended 30th June, 1977 R000	15 Months Ended 30th June 1976 R000
TURNOVER	45 854	42 497
Mining	23 818	16 708
Trading	22 036	25 789
PROFIT BEFORE TAXATION	14 320	9 702
TAXATION	4 682	3 328
	9 638	6 374
Less Interest of Outside Shareholders		84
Profit after Taxation attributable to Shareholders	9 638	6 290
DIVIDENDS AND APPROPRIATIONS	6 700	2 895
Dividend No 61 of 50 cents per share declared 1st Feb 1977	1 005	402
Dividend No 62 of 100 cents per share declared 2nd Aug 1977	2 010	1 005
Appropriations for Capital Expenditure	3 685	1 488
RETAINED PROFITS	2 938	3 395
Number of 50 cent shares in issue	2 009 854	2 009 854
Taxed earnings per share	479,5 cents	312 9c
Dividends per share	150 cents	70c
Dividend Times covered	3 20	4 47
Tons sold	3 659 193	4 132 342

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per J M O'LEARY

Consolidated Building
Fox Street
Johannesburg
2nd August 1977

Financial Mail August 5 1977

Armco moves into Marico

(220)

Mercury Correspondent 5/8/77

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

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

Sanctioned by the Supreme Court, the sale of the rights on six farms or portions of these farms had reserve price of R51 355. The major purchase, however, was of half the rights of the farm Strydfontein, for which Armco bid R500 000 after an opening bid of only R50 000.

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

Armco, based in Middletown, Ohio, is one of America's largest basic steel producers The purchase was made through its South African-based wholly-owned subsidiary Armco Bronne (Pty.) Ltd.

Strydfontein

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

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

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

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

Heunis ends battle of mining giants

220

RDM 6/8/77

By HAMISH FRASER
Deputy Finance Editor

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

The struggle for Iscor's 45% holding in Samancor — South Africa's largest producers of manganese — which started in July, was being contested by three giants of South African mining and business — Anglo American, General Mining and Barlow Rand

Bids for Iscor's stake, estimated to be worth about R120-million, were made by the three groups at prices ranging upwards from R9 a share. The shares were suspended on the Johannesburg Stock Exchange at 780c, when discussions started in July

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

'REQUEST'

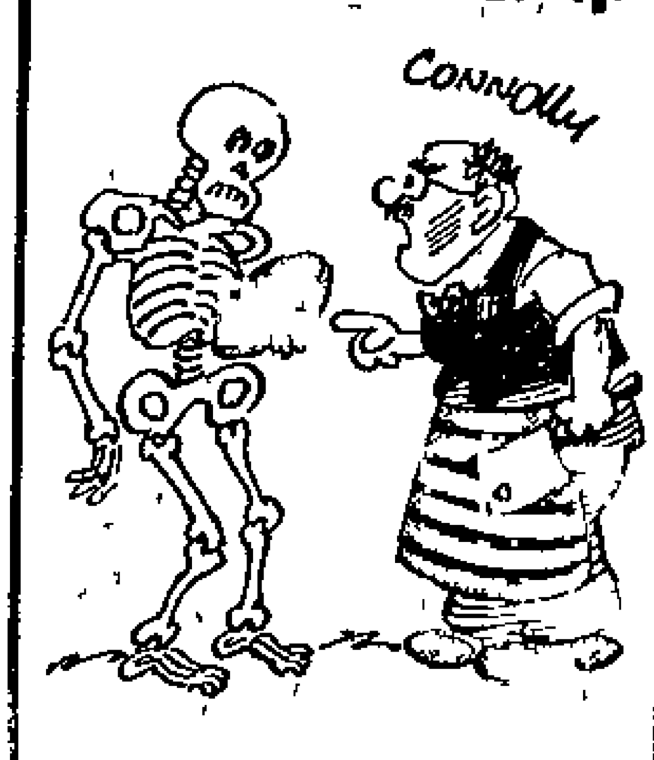
"The Government after consideration of all the factors bearing on the matter, decided to request Iscor not to accept any of the offers"

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

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

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

Breakfast Quip



"You sportsmen are getting puny because you are not eating

Business Mail

WM 6/8/77

Govt changes its tune with 'hands off Samancor'

220

By ADAM PAYNE

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

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

Anglo American's bid, I am told, was the highest and significantly higher than a figure of about R9 a share from the Genmin stable Since Genmin is strapped for cash of the magnitude of this bid, it will presumably have been backed by Sanlam and possibly Rembrandt If it had succeeded, it would have managed the Samancor mines and plant while the others financed the deal.

Anglo would have tied it in with its own mining division and with the giant Highveld Steel and Transalloys plants

Samancor's shares were suspended at 780c on July 12 and assuming a bid price of about R10 the offer for the 27-million shares — to cover minorities — would have been R270-million, of which R121 500 000 would have gone to Iscor.

Iscor, which lost about R50-million in the year to June, is crying out for capital to open its Ellisras coal mine and get itself on a more even keel

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

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

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

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

"We never approached anybody," he said

"Possibly the offers arose from statements I made from time to time that we might part with some of our interests

"When headlines appeared that Iscor was up for sale, the Minister explained in Parliament that possibly some of its outside interests — not steel making — might be offered for sale

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

Mr Heunis issued a statement yesterday saying that the Government wanted Samancor to continue to maintain its present position in Iscor.

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

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

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

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

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

Here was a chance to help Iscor and at the same time to free Samancor from State shackles, which were applied to it in 1975 when SA Manganese took over some of Amcor's assets in exchange for SA Manganese shares This deal built up Iscor's interest to 45%. That was the end of SA Manganese as a private company, which over the previous years was a model of good management and progress

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

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

Rate cut

LONDON — The Bank of England cut a half per cent from its minimum lending rate yesterday, bringing it down to 7,5% The cut, anticipated for some days, was the first since mid-May and brought the rate down to its lowest in four years — Sapa-Reuter.

Sunday Times

BUSINESS TIMES

220

AUGUST 7, 1977.

At a glance

Hollard Street

LOCAL buyers are coming back into the equity market, stirred by the forthcoming Ergo issue and by the decline of the dollar

Page 2

The genius Behind Ergo

INVESTMENT editor Jeremy Woods looks at Eddie van Vuuren, the guiding genius behind Anglo American's Ergo mines treatment project

Page 3

Britain rallies, but . . .

BRITAIN'S economy seems set to improve, but this will depend on a number of factors including wage settlements and how it copes with its inflation problem

Page 4

Anglo bid behind shock Iscor move?

Harry Oppenheimer . . . was in the market.

THE INSIDE story behind Friday's announcement that Iscor is not going to sell its stake in SA Manganese appears to be that Anglo American stepped in with a bid that General Mining could not or would not match.

By JEREMY WOODS

Apparently General Mining was negotiating with Iscor to take over the fast-growing and strategic manganese and chrome producer by acquiring Iscor's 45 per cent stake in SA Manganese

Then in stepped the giant of Main Street, with a bid, which I understand, was well above market price and for 100 per cent of S A Manganese.

A bid, even at market related prices, would put a price of well over R200-million on SA Manganese.

The failure of both these mining groups to wrest control of SA Manganese from each other is unlikely to enhance relationships between Anglo and General Mining.

For years both houses have been unofficial partners in a business marriage of English and Afrikaans mining interests

When I put it to General Mining's finance director, Jan van Den Berg, that the failure of General Mining to buy SA Manganese had resulted in a clash between the two mining houses, he replied: "I cannot tell you anything at all — particularly about SA Manganese "

Mr Gordon Waddell, an executive director of Anglo American said: "The relationship between Anglo and General Mining is, so far as I understand, what it has always been — namely friendly and constructive You must remember that we are both mining houses and as such are likely to face each other in fierce competition on occasions over the same piece of business."

But perhaps the people who received the worst deal throughout the SA Manganese saga are the minority shareholders.

They have seen their shares suspended for four weeks and have not had disclosed to them the nature of the bids for their company — nor the price.

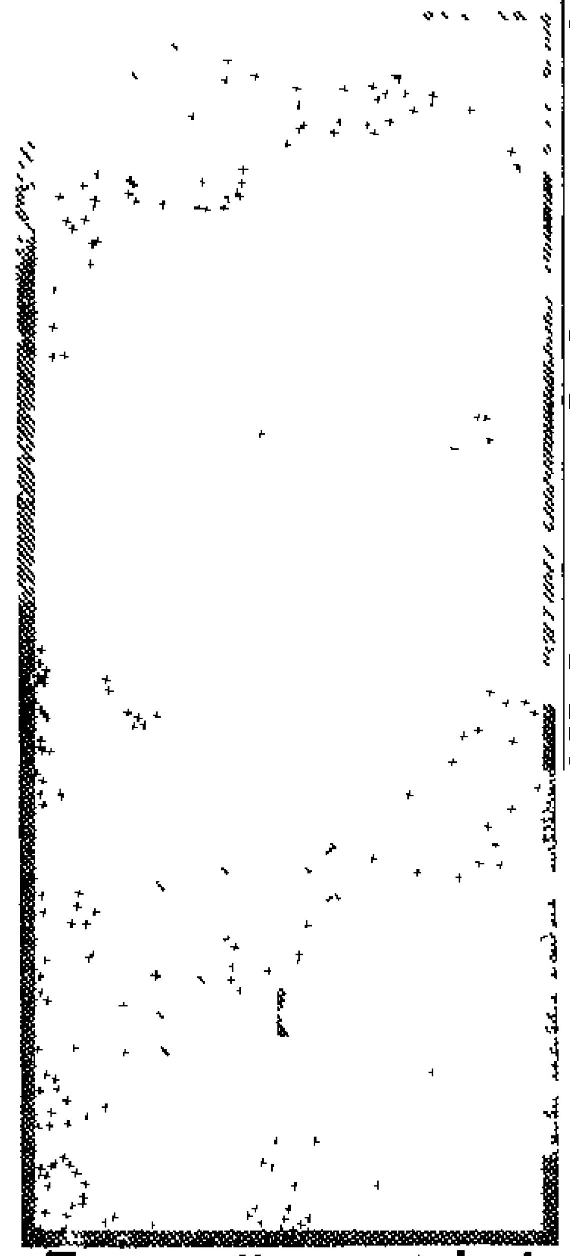
But more importantly, it has not been explained to them why Iscor, a State corporation selling the assets of SA Manganese, turned down at least one bid substantially over the market price.

Dr Tom Muller has stated that it might be in the interest of Iscor to sell off some of its holdings to raise some much needed cash. Last year Iscor lost R30-million. It is estimated that this year it will lose R50-million .

The Press announcement about SA Manganese by Mr J C. Heunis, Minister of Economic Affairs, states: "Iscor was recently approached by various parties, independent of each other, with a request whether the corporation would consider offers for its interest in the Samancor Company Iscor agreed to receive and to consider such offers, without commitment to itself It was accordingly arranged for offers to be submitted simultaneously at a predetermined date and time

"After receipt thereof, the Iscor board carefully studied the offers, as well as the implications In view of the magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final decision to the Government, as representative of the State, which is the only shareholder of Iscor

"After consideration of all factors having a bearing on the matter, the Government has decided to request Iscor not to accept any of the offers and to continue maintaining its present position in Samancor "



Tom Muller . . . asked by State not to sell.

STEPHEN MULHOLLAND

THAT South African evil known as the black-white wage gap is an emotive topic. It is also an intellectual quicksand for those who advocate steps such as minimum wage laws, concepts such as equal pay for equal work and who sprout on about the "moral duty" of business men to "*provide* a living wage."

The italics above are mine. My colleague on another paper who made the comment appears to believe that business men have "duties" to "provide" social needs. This is a strange notion which, if generally accepted, would make redundant the system of free enterprise and its cornerstone, the concept of private property.

Unless business men set out to serve their own interests and not those of society in general, the whole thrust of the job and wealth-creating capacity of business will be destroyed. Business men best serve society as a whole when they seek, within a framework of reasonable law, their own ends. No good is served when businesses go broke as, for example, Henry Ford or Sir Ernest Oppenheimer would have done had they set out to serve society instead of their own selfish ends. There are many who have dedicated their lives to serving society — and society is the better for them. But society is also the better for the contributions in jobs, taxes, mass transport, medicines, clothing and the vast multitude of other goods and services provided by business men who have succeeded in seeking to satisfy their personal desires Minimum wase laws *create* unemployment as do rate-for-the-job rules.

In South Africa there are doubtless many business men who hide behind what they say is official policy to justify black-white wage gaps. They should be condemned, not for the wages they pay, but for their dishonesty.

The guilt for our black-white wage gap lies four-square at the door of the Government and the trade unions. They, and in particular the State, which has institutionalised the evil of apartheid, thus aiding and abetting the growth of the wage gap, and not the business community, are the culprits.

Business men are rather dull pragmatists They get things done and, if it suits them in terms of, for example, a stable labour force, they look after their people.

It is the job of politicians, and not business men, to run society and ensure that its structure serves the needs of its people And it is here that we have been failed, and miserably so. Our political leadership has made a mockery of its commitment to free enterprise by destroying a basic platform of that philosophy which is that there should be no barrier to the entry of work-seekers into the labour force.

Among the terms of reference of the Mouton Commission of Inquiry (into monopoly tendencies) was the directive to report on "the legislation which is considered necessary to eliminate .. any restrictions of competition not justified in the public interest."

In its report the commission states, inter alia, that "in order to retain overseas confidence (we) believe it imperative that the country adheres to a free enterprise system in its economy " One could not agree more, but the commission failed totally to address itself to the single greatest monopoly in our system, that of whites over the right to do whatever work one is equipped for, wherever it might be available and for whatever price one is willing to sell one's labour

It is against the racial barriers to entry into the labour force that argument must be brought. Before those barriers are removed all the good intentions of business men, and others, will be of no avail. The solution lies in political change, not in berating the business community.

7/8/77

Sunday Times

Discount house takes knock

By NIGEL BRUCE

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

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

Interbank, the youngest of the three discount houses, saw its profits tumble in the financial year to June by 17,5 per cent to R505 090.

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

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

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

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

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

Bank charges probe may benefit man in the street

By NIGEL BRUCE

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

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

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

Broadly speaking, however, they agreed that the inequities and irregularities of a system under which the small customer in in effect subsidises the larger one should be removed.

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

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

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

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

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

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

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

The threat of a Post Office-influenced giro clearing system and competition from building societies payments clearing systems has highlighted the need for the commercial banks to look to their laurels.

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

In view of this and the divergence of disciplines represented on some banks boards, this confusion is understandable even if unacceptable

Sunday Times 7/8/77

Gold's brighter future

By NEIL BEHRMANN

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

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

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

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

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

Some of the Middle Eastern buying is rerouted to the Far East where gold jewellery sales are going well

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

A dogfight over the North Atlantic

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

Exercising all its muscle, Pan Am proposes to offer, beginning September 15, an enticing package For $256 round-trip, passengers between New York and London would get: passage by jumbo jet, free meals, a reservation system assuring them of a seat on a particular day, and the possibility of gettng on a scheduled Pan Am flight if they are on stand-by and landing at London's Heathrow airport.

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

Gold and the dollar

THE WEAKENING US dollar is strengthening the price of gold, but this could change if the US Government decides to intervene, say American experts.

Page 5

Uranium outlook good

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

In its most recent report, the Nuclear Exchange Corporation of Menlo Park, California, a well-respected uranium broker, says the year-end spot price for uranium in 1975 was $35 a pound The estimated price that buyers were willing to pay for 1980 delivery was $47,45 a pound.

But, says the report, at the end of 1976, the spot price for uranium was $41 a pound, while contracts made in that year for delivery in 1980 were priced at $53,68

The price for uranium at the end of last month was $42,25.

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

Phosphate mine likely to close

220

RDM 9/8/77

LANGEBAAN — The Chemfos phosphate mine and beneficiation plant in South Western Cape, may close soon for up to a year, the works manager, Mr P R B Haymann, said yesterday.

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

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

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

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

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

A Sentramark spokesman said the company has stocks to supply farmers until the end of 1978. Chemfos is the sole supplier.

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

Samancor chief surprised

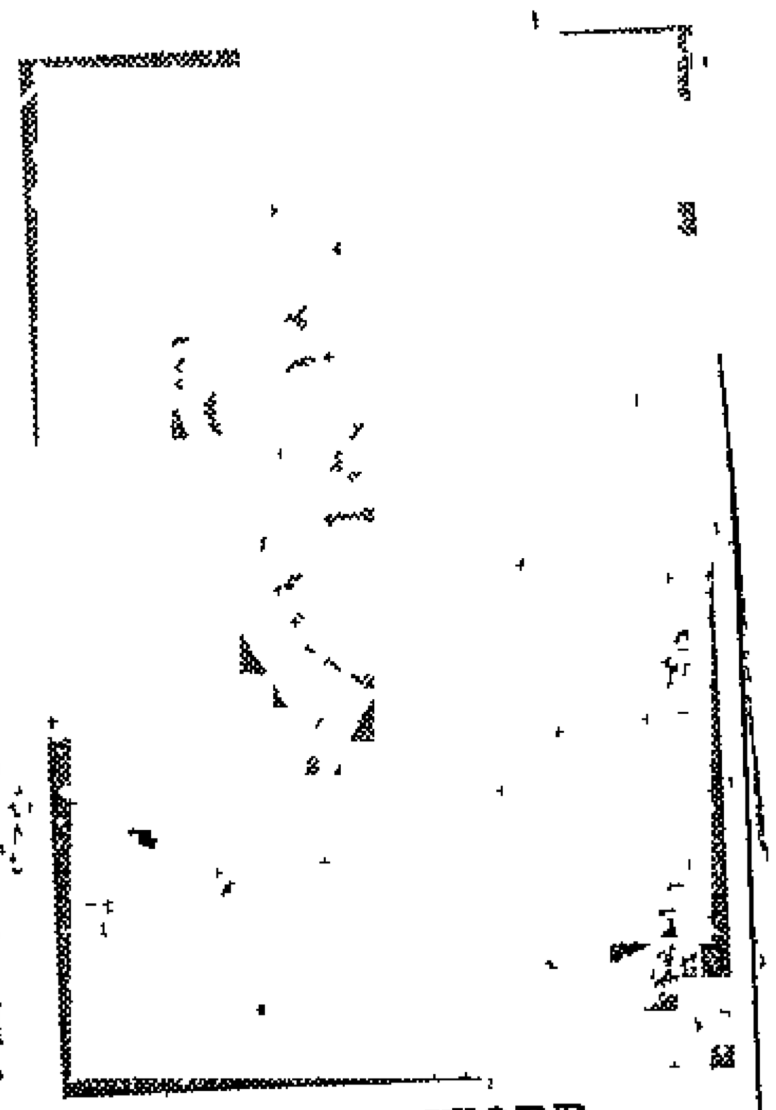
220
RDM 9/8/77

By ADAM PAYNE

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

This bid, at a reported R10,80 a share by Anglo American, was worth R291 600 000 for all 27-million shares, thus making an offer to minorities equivalent to that made to Iscor

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



MR BAMFORD . . back to square one

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

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

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

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

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

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

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

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

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

He said the Minister's reasoning could not be followed

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

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

"This was one method of achieving it Now the taxpayer will have to pay, either through an increase in the price of steel or by a further injection of cash into Iscor by the Government "

RDM 11/8/77 (220)

Business Mail

South Africa and Australia surge ahead as exports by the once dominant developing countries continue their long decline

Manganese, the muscle we have in plenty

By KEN LAIDLAW

MANGANESE is well down the list on Unctad's proposed Integrated Programme for Commodities, in terms of export value to developing countries.

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

But manganese is one of the most important metals exported to developed market economy countries and is extremely important to the industrialisation ambitions of developing nations

Manganese is an essential additive to iron and steel production, providing strength and toughness to the working properties of steel

About 15 kg of manganese is needed for the production of every ton of steel Manganese is also used to make glass

Although it is possible to use substitutes for the same purpose, the high degree of technology and cost make this alternative impracticable

Thus for the industrialised nations of the Western world manganese is indispensable to their steel production, which is often used as a guage for their industrial growth

The series of commodity discussions set up last May at Unctad IV has now, therefore, continued with an intergovernmental meeting of manganese producers and consumers

This was only the third time that manganese producers and consumers have met at an intergovernmental level — the first being in February 1972

Like the other commodity meetings of the series there was an inability to reach concrete proposals

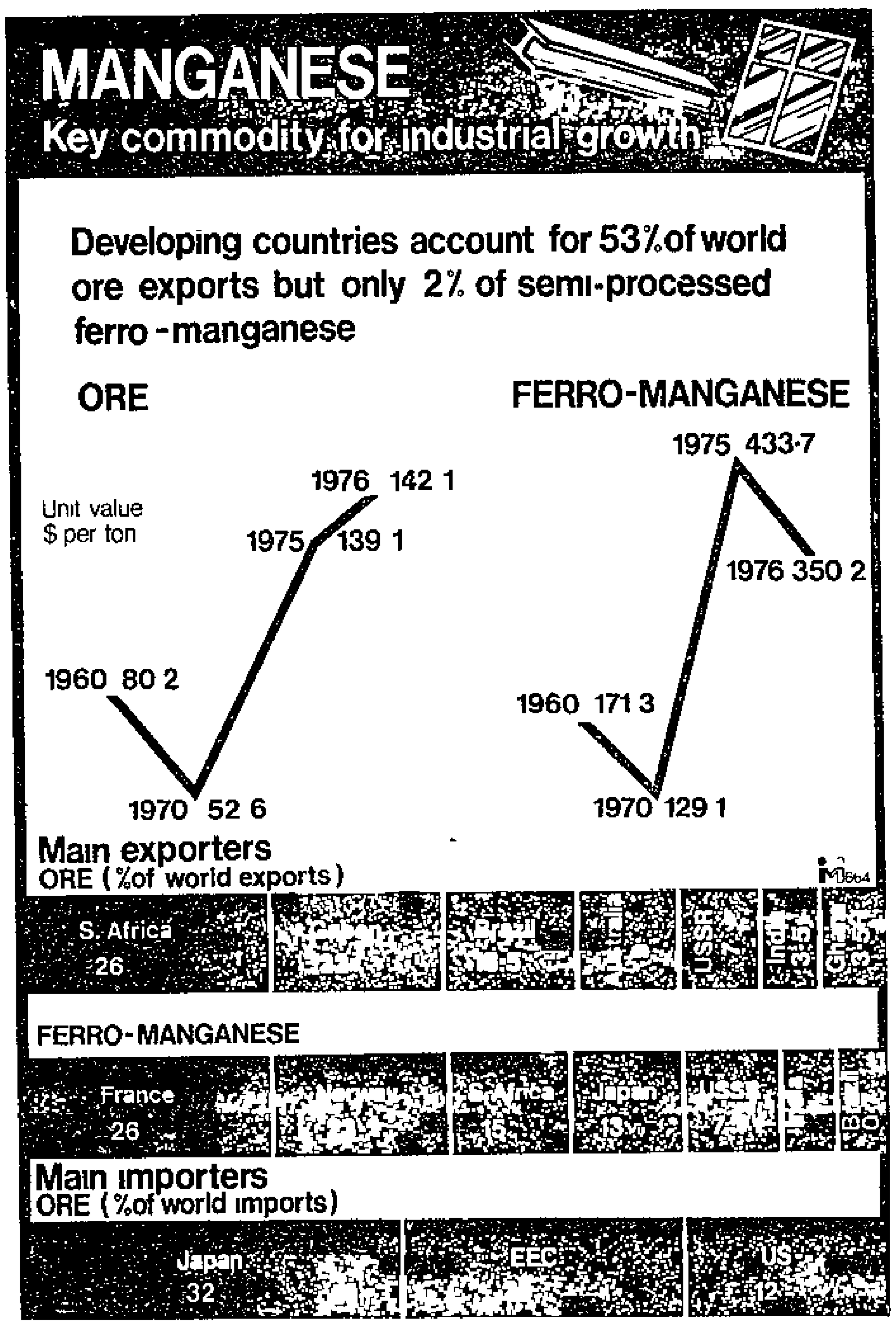
Instead the preparatory meeting recommended the need for further studies to identify "problems relating to the production and marketing of manganese as a preliminary step to a future meeting of both producers and consumers"

It had been hoped that the governments would be able to identify and arrive at a consensus on the problems within the international trade of manganese and put some tentative proposals on the type of action that could be taken

But it was clear from the beginning that even these limited objectives would be difficult to reach The developing nations were poorly represented, with Gabon not bothering to send a representative other than its permanent representative in Geneva

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

Since Eastern Europe receives all its supplies from the USSR it is the industrialised nations of North America, Western Europe and Japan which account for over 85% of world manganese imports



The sources of supply of these imports is divided almost equally between developing country exporters and the two surplus developed market economy nations — South Africa and Australia

The developing nations with such a small share in world industrialisation, and consequently iron and steel production, account for only 5% of world manganese consumption

This small share is largely concentrated within Brazil, Mexico and India

It is not surprising, considering the important role of manganese to the base industry of Western industrialisation, that the developing nations' role as supplier has diminished over the past 20 years with an increasing share going to Australia and South Africa

In 1950 developing nations accounted for 70% of world manganese exports By 1975 their share had been reduced to 46%, with only Brazil and Gabon increasing their share

During the same period South African and Australian contributions to world exports rose from 21% to 42%

In addition to the geographical change in sources of supply, the developing nations are also concerned about the substantial resources which private companies are investing in the exploration of the potential source of supply from the seabed

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

More than 90% of international trade is done through annual and long-term contracts The absence of a terminal market makes price information difficult to obtain since prices within the contracts are often confidential

The Unctad Secretariat has done extensive price listings from 1950 to the present It says that although prices have risen sharply since 1970, "if account is taken for inflation over the longer term, manganese ore prices were still much lower in early 1977 than in 1957"

Besides loss of export earnings in real terms and diminished market shares, the other major issue of developing country exporters is the need for greater processing of manganese into ferro-manganese

From the developing countries producing and exporting manganese, only Brazil and India have a processing capacity, and this is limited for use in their domestic steel production

Tariff barriers by developed nations and a need for electric power, technology, skilled manpower, capital and infrastructure have been limiting factors in processing ferro-manganese for export

The lack of ferro-manganese exports from developing countries has meant a substantial loss of potential export revenue One ton of exported ferro-manganese earns more than four times as much as manganese ore

It is the developed nations which take on the role as exporters of ferro-manganese, mainly concentrated among France, Norway and South Africa

The irony of the situation as pointed out in the Unctad papers is that the "two traditional major net exporters of ferro-manganese among manganese importing countries — France and Norway — together earned more from these exports in both 1973 and 1974 than did all the developing countries from their exports of the raw material"

At the moment developing nations play almost no role in world exports of ferro-manganese They could make substantial gains in their export earnings if measures such as greater access to markets of industrialised nations through preferential treatment for developing nations were agreed

These, then, were the type of issues on which the preparatory meeting hoped to gain some consensus To defend prices it was recommended that a quota mechanism supplemented by buffer stocks could maintain a target price range within manganese exports

The loss of market export shares by developing countries could be stabilised through a purchase and supply agreement The processing issue would be improved by the extension of preferential treatment under the GSP and the removal of quantitive restrictions by industrialised nations

This, it was felt by Unctad, should be done through the establishment of an international commodity agreement for manganese

In the end the recurring solution which has been adopted by developed and developing nations in international discussions over the past two years was accepted

The meeting decided to postpone any decisions until further studies could be carried out — Gemini News Service

17-month low for copper

22/8/77

By ADAM PAYNE

COPPER hit a 17-month low of £682,50 a ton for three months delivery on the London Metal Exchange yesterday — the lowest price since March 9 last year.

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

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

O'oKiep copper mine in the north-west Cape sustained a loss of R646 000 in the June quarter compared with a profit of R2-million in the same quarter last year

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

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

Other smaller producers in the US are cutting production

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

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

Copper production was raised in the year to March 31 to 427 810 tons, but net profit was a miserable K2 470 000 — peanuts for a mine of this size.

Forecasters who believe the copper price has bottomed or nearly bottomed see downside potential at no more than £10 or £20 a ton, but they see little upside potential in the short term because of the 600 000 tons world surplus

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

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

Costs in the US range from 61c a lb to 78c a lb The current New York spot price is 53c

But the problem is that the reopening of a mine that is closed will cost as much as $1,00 a lb. So producers are hanging on

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

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

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

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

1 Sun Trib. 14/8/77 B

220

TIN TAKES OFF

The 'humble' metal that's getting a golden look

THE way the tin price is [illegible]rforming — in contrast [illegible] that of other industrial metals — the [illegible] may not [illegible] the height [illegible] could be [illegible] in tin mines.

[illegible] behaviour [illegible] worldwide recession [illegible] roots in the fact [illegible] cannot match [illegible] and long-term [illegible] resources [illegible] but bright.

[illegible] case of actual [illegible] is very much a [illegible] of being where you [illegible] as mineralisation is [illegible]

South Africa is a small [illegible] of tin on balance, [illegible] concentrates worth about R16 million and [illegible] metal to the extent [illegible] some R5 million. This [illegible] of affairs [illegible] from [illegible] of domestic refining capacity.

Like several other strategic metals, our tin is derived from the famous bu-hveld igneous complex of the central Transvaal. The known economic occurences are exploited by Gold Fields' Rooiberg Minerals and Union Tin Mines and an independent operator, Zaaiplaats Tin.

Chief of these is Rooiberg, not only in output terms but also having the most [illegible] prospects of life and ability to expand production.

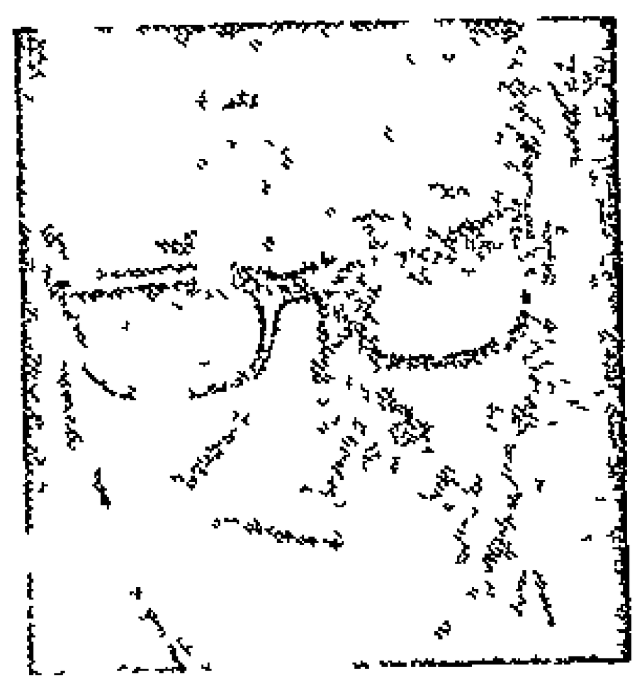
For the historically-minded [illegible] back a long way, for the area was mined by [illegible] blacks around [illegible] years ago. Ingots [illegible] were bartered [illegible] Arab traders somewhere in the lower reaches of the Limpopo when the Zimbabwe gold trade was in full flower. Their workings, which survive today, are a model of mining practice.

The present company came into existence in 1908 and went through many ups and downs — the trials and tribulations of Village Reef on the box, are kidstakes by comparison.

The long-drawn-out and uncontrollable factor was the highly unstable tin market with its [illegible] booms and slumps which rust about [illegible] the world industry to its knees. It was not till the International Tin Council was formed that some order came about.

It has had its difficulties, but has proved the only [illegible] body in the commodity field to smooth out supplies and price.

The second problem Rooiberg had to contend with was [illegible] of its occurence. Tin mineralisation is in the form of non-continuous lodes, very similar to antimony at Cons Murchison and gold in the Barberton area. No pattern seemed to exist on which advance development could be based, which made mine plannings a fearful headache.



TAKING STOCK: Mac Thain

However, during the '60s a basic study of the methods of mineralisation was undertaken [illegible]

[illegible]

The main new source [illegible]

[illegible] net profit was R3 [illegible] Capital expenditure was heavy [illegible] some R1 [illegible] million and [illegible] remain [illegible] product [illegible] year. It will [illegible] but the company's policy has been to increase capital reserves so that, should there be any deterioration in financial results, funds will be available for the completion of the planned expansion programme.

Net profit for the first half of the year was R2 [illegible] million and indications are that, [illegible] unforeseen occurs, the year's final dividend could prove to be at least [illegible], compared with last year's [illegible].

Union Tin is Gold Fields' other mine but its outlook [illegible] for reserves are running down with no signs of new ore being found.

Zaaiplaats — the independent operator — is not a large producer and relies for a lot of its income on smelting on tattens. Its life is reputed to be fair but company reports are not all that informative. The shares are tightly held and thus not easily marketable.

Modest rise by Impala

RDM 16/8/77

(220)

By DON ROBERTSON
Mining Editor

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

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

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

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

Group operating profit rose to R33 110 000 from R32 809 000 in 1976, a figure which included a provision of R6 599 000 against R8 194 000 for interest

Also included in profits is a provision of R1 883 000 for damages awarded against the company in a dispute with Colonial Metals This award is being contested

The 1976 figures also included provisions of R7 125 000 for currency adjustments and R692 000 for doubtful debts

Tax was substantially lower in the past year at R992 000 compared with R2 012 000, partly as a result of an increase in capital expenditure to R8 981 000 from R6 350 000 Expenditure in the current year is expected to be higher at around R15-million

After the provision of R7-million against R35 000 for minorities, attributable profits were still higher at R32 111 000 compared with R30 762 000

This profit improvement left earnings slightly higher at 268c a share compared with 256c Out of this dividends of 70c have been declared via a final of 20c (22c).

The dividend is covered a hefty 3,8 times, leaving a substantial amount available for retentions In the past year a total of R24 752 000 compared with R32 284 000 was transferred to reserves for expenditure on mining assets, which must push this reserve to around R130-million after deducting capital expenditure during the year

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

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

The producer price, set by Impala and Rustenburg, is now $162 an oz compared with the free market price of $145,25 The Impala chairman, Mr I T Greig, has said in the past that it would not be possible to hold the producer level if the free market price was well below it for some time

Either that, or a cut in production

Bishopsgate Platinum, which has as its major asset a 21,6% stake in Impala, has declared a final dividend of 2,1c a share compared with 2,2c last year, making a total of 7,1c (8,7c)

Iscor to hit new high in iron ore shipments

Business Mercury Correspondent 18/8/77 (220)

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

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

The iron ore exported through Saldanha is mined in the Sishen area of the north-west Cape where Iscor confirmed this week that its reserves for open cast mining of high grade haematite total 1 188 million metric tons.

Since ore of this grade is worth R15 a ton on world markets the value of the deposit can be estimated at amount R17 800-million.

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

Ore reserves are considered to be proven only when the spacing of the bore holes is on a grid of at least 100m by 100m. The high-grade haematite deposits in the Northern Cape occur intermittently. On the Gamagara hills and to the west, over a strike length of about 60km and 5 to 8km wide Sishen and Postmasburg are at the northern and southern extremities of these hills and the total in situ reserves on Iscor property in this area are estimated to amount to 3 888-million tons.

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

With the additional bore hole information a provisional computerised estimate of the potentially in situ open cast ore reserves was made.

This indicated the open cast reserves of 1 188-million tons out of a total in situ reserves of about 2 630-million tons.

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

R1,6m contract

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

Two other school contracts were awarded to McCarthy recently. — (Sapa.)

Ferroalloys in the doldrums

RDM 23/8/77

(220)

By ADAM PAYNE

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

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

Associated Manganese's figures are similar percentagewise to those returned by its competitor Samancor, whose pre-tax profit for the same six months was down R8-million to R40-million, with taxed profit down nearly R5-million from R27 024 000 to R22 474 000.

Associated Manganese's taxed profit held at R8 401 000 (R8 314 000) because taxation was reduced with allowances for new plant. Taxation dropped from R5 612 000 to R1 725 000.

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

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

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

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

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

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

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

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

The charge chrome price has been as high as 74c a lb and as low as 16c.

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

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

Platinum at discount

RDM 23/8/77

220

By NEIL BEHRMANN

LONDON. — South African producers are selling platinum to Japanese customers at a discount to their producer price

According to London dealers the free market price of platinum is currently around $145 dollars, a discount of more than 10% to the producer price of $162. Both Rustenburg and Impala sell platinum at this price

In the past few weeks the Japanese have been buying platinum at a discount on the free market from both Russian and South African producers.

But the South African producers have apparently limited their sales to the Japanese

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

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

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

Japanese customers have also taken advantage of the lower Russian prices and these sales are still the main imponderable in the market

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

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

For these two months Japanese imports were 5,7 tons, compared with 5,6 tons in the same months of 1976

The jewellery trade will soon be buying for end of the year business while oil refinery and glass industry platinum inventories are beginning to run down.

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

Platinum is needed for petroleum refinery and for glass and glass fibre manufacturing

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

This would give Rustenburg and Impala the opportunity to hold the producer price at $162.

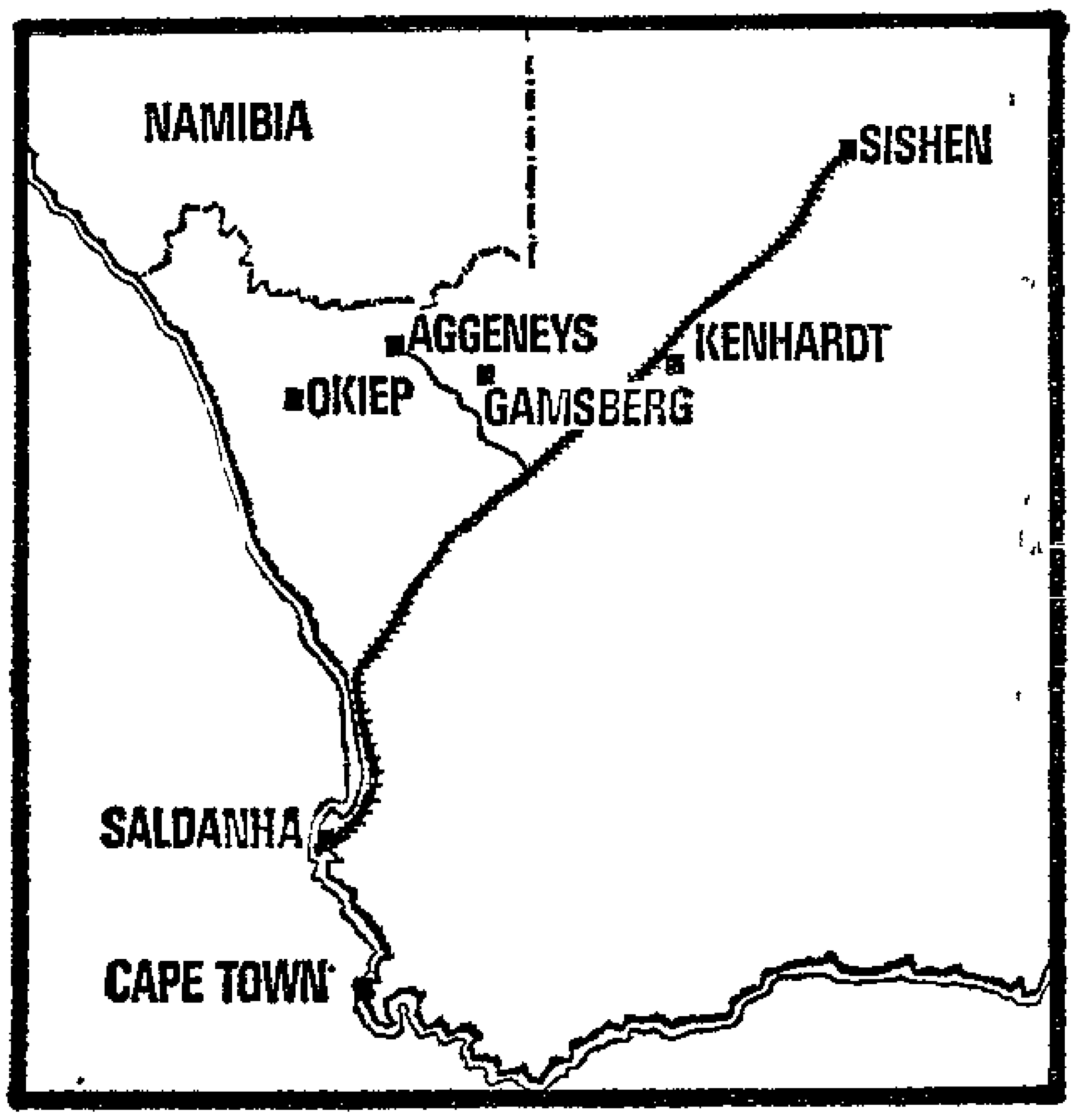
With rising production costs it is felt that the producers will do their utmost to maintain their price at the $162 level.

New road to open up R8 000-m deposits

W/E ARGUS (BUS ARGUS) 3/9/77

220

R185-m mine a boost to NW Cape



Financial Editor

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

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

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

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

FINAL DETAILS

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

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

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

MECHANISED

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

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

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

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

Gamsberg project is owned 45 percent by Anglo American Corporation, 27,5 percent by Newmont Mining, an American company, and 27,5 percent by O'Okiep Copper O'Okiep will also manage the company.

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

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

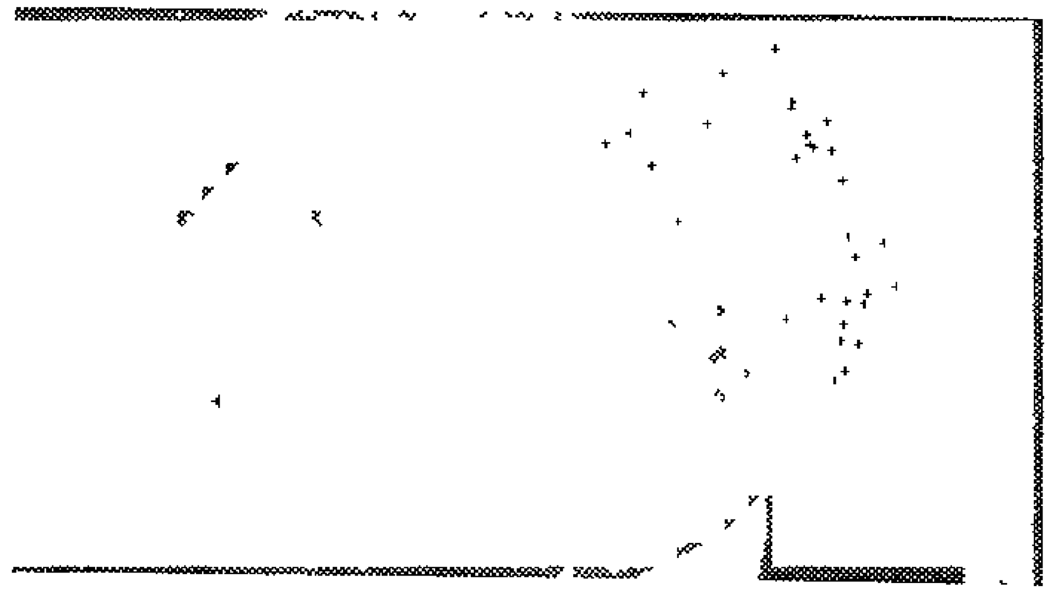
The Gamsberg project is expected to cost R170-million and will have an output of 350 000 tons of zinc concentrates a year

Delineated reserves are estimated at 143-million tons averaging seven percent zinc and 0,5 percent lead, with significant other reserves indicated.

Middelburg steel pulls in millions for S Africa

Business Times 18/09/77

You just can't lose with chrome



John Hall . . . "a unique position."

ANY CHROME-BASED industry in South Africa must have a bright future in the medium to long term, says says Barlow Rand director John Hall, who is also managing director of one of the company's bigger subsidiaries, Middelburg Steel and Alloys.

Middelburg Steel and Alloys has three operating divisions, two of which are ferrochrome producers — RMB Alloys, based in Middelburg, and Palmiet Chrome Corporation at Krugersdorp — and Southern Cross Steel Company, which is South Africa's only stainless steel producer

"Southern Africa is in a unique position as far as known reserves of chrome ore are concerned," he said "On its own, South Africa has 80 per cent of those reserves and, with Rhodesia, Southern Africa has 98 per cent of the world's reserves

"Chrome-ore producers in Europe and the United States, in an attempt to be more competitive, are imposing all kinds of stumbling blocks designed to increase the landed cost of South African chrome ore and ferrochrome

"However, a number of producers in the United States, Japan and Europe, realise these efforts are futile and have either established plants here or have taken interest in plants

"An example is Union Carbide — one of the world leaders in ferrochrome technology — which is in partnership with General Mining in the Tubatsi plant Another is CMI, a subsidiary of JCI, which has a number of shareholders who are representative of the world's specialist steel industry

"South Africa is already the world's biggest exporter of chrome ore and the potential for growth in the manufacture of stainless steel in particular, is tremendous"

Mr Hall said world production of stainless steel was about 1 per cent of the production of carbon, or mild steel

"But stainless steel has an increasingly important part to play, and production must increase

"Although it costs five times more than mild steel, it lasts five times longer

"We see stainless steel substituting carbon steel more and more The growth of stainless steel, worldwide, is exceeding that of mild steel, which would indicate that substitution is already taking place

"Use of stainless steel in South Africa has quadrupled in the last decade It is now, for example, finding increasing use in the wine, sugar and mining industries"

Mr Hall says that the total use of stainless steel in South Africa stands at 20 000 tons a year, but by 1985, he expects it to increase to about 35 000 tons Southern Cross Steel's vigorous market promotion programme should ensure this increase

... like bazaar trinkets when compared with those of the Barlow subsidiary Middelburg Steel and Alloys.

The two ferrochrome producers of Middelburg Steel, RMB Alloys and Palmiet Chrome Corporation, export 98 per cent of their production This amounts to about 160 000 tons a year and has an export value fo R70-million

It's stainless steel-producing facility, Southern Cross Steel, which went into production in 1966, is the only stainless steel producer in Southern Africa

It supplies all the heavy-gauge stainless steel needed in South Africa and exports about 50 per cent of its production, which brings in about R15-million in foreign currency

Impressive as these figures are, they pale into insignificance when compared with the potential foreign-exchange earnings of stainless steel alone

According to John Hall, managing director of Middelburg Steel "The potential of our export earnings in the long term, once all our plans are completed, is about R500-million a year"

Elaborating on this, he said "The position, very simply is no chrome, no stainless steel And we export to all the main industrialised countries of the world

"At present, world consumption of ferrochrome is 1,3-million tons a year and South Africa's present production capacity is about 400 000 tons a year This will increase to 600 000 tons by the end of next year

"Part of the new capacity will come from our 25 MVA furnace which will be commissioned by the end of this year and will have an yearly capacity of 40 000 tons of ferrochrome

"South Africa has a 23 per cent share of the world ferrochrome market and, with the new production, will have the ability to capture about 50 per cent of the market

"We, at Middelburg Steel, will be sitting pretty when South Africa gets that share, but it won't be easy

"When we go for our increased share of the market we can expect hellish marketing competition I expect that to last for the next three to four years, during which there will ... on which, in turn, will guarantee competitive conditions

Once we have overcome those problems, production and export of ferrochrome from South Africa should take off Bear in mind that it is not possible to make stainless steel without chrome, and that South Africa has 80 per cent of the world's chrome reserves If one includes Rhodesia, Southern Africa has 98 per cent of world reserves

"Local consumption of ferrochrome is negligible It is only about 10 000 tons a year, but will grow"

Looking back, Mr Hall said "Middelburg Steel started in 1963 and the motivation was the metallurgical beneficiation of Transvaal fine chrome ores which, up to then, were considered suitable only for refractory and chemical applications, because their grades were so low

"So it was a major breakthrough when we rolled our first stainless steel plate at Middelburg in 1966

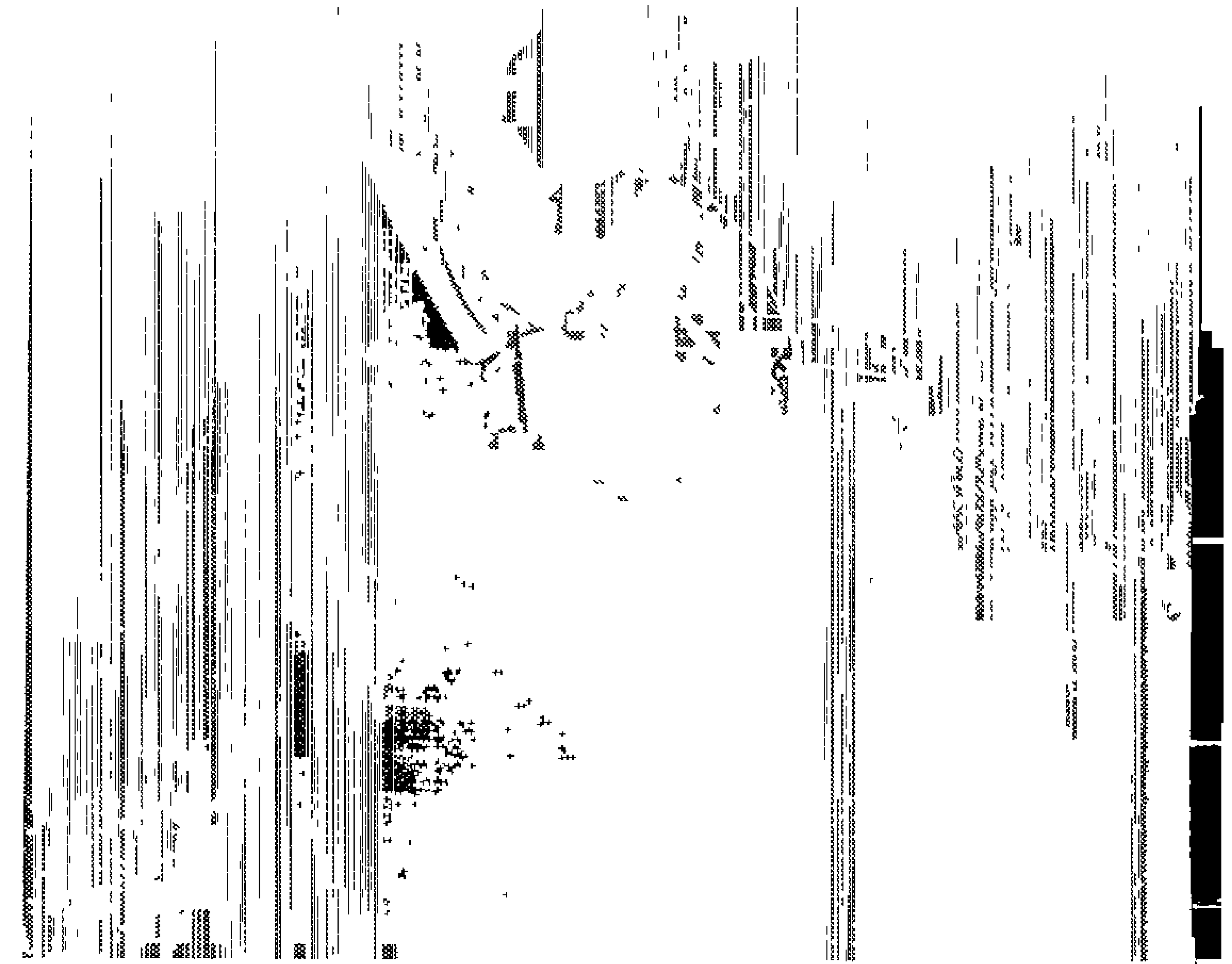
"We are today supplying the stainless steel plate and heavy-gauge sheet requirements of South Africa and are exporting about 50 per cent of our production It goes to 22 countries

"South Africa is still importing its light-gauge stainless steel requirements, but we at Middelburg Steel are at the planning stage for an integrated strip mill which will supply all South Africa's requirements and give us the potential to substantially increase our exports of semi-finished products, such as ingots, slabs, and hotbands, which are supplied to rolling mills for final processing

"In the long term, our export potential for stainless steel, at present-day values, will be about R500-million a year"

"We are fighting an anti-dumping case in Canada, another one in Europe and the US has imposed quotas on us," he said

"Under Gatt regulations, there are provisions for countervailing duties, which provide for the imposition of a duty which will counteract any government subsidies of a duty which will counteract any government subsidies or bounty available to the exporter That is why we are involved in litigation in the US, where, in addition, we are faced with an injury petition by the US ferrochrome industry"



A ferrochrome melt from enriched slag is poured at Middelburg Steel.

BARLOW RAND 75 1902–1977

Equal pay for equal work is aim

"WE DO NOT yet have equal pay for equal work, nor does anyone else," said Reinald Hofmeyr, Barlow Rand's group personnel manager

"We do, however, ensure that the earnings of our least-privileged workers increase at a rate that is materially higher than their living costs," he added

In the past four years, increases to Barlow Rand's black employees had been more than twice the escalation in the consumer price index

"What we are doing is moving towards equal pay for equal work and performance," said Mr Hofmeyr

"This is our objective, but in my opinion we will not achieve it until all barriers to black advancement have been removed, both legislative as well as those imposed by registered trade unions, which have tremendous bargaining power

"Only when Africans can compete with other race groups and acquire higher levels of skills can the wage gap be eliminated"

Blacks had made their greatest progress in positions in which there were no restrictions, such as in the personnel field and where they could be employed as parts supervisors, as accounting staff, laboratory technicians and computer operators

"There you can still fill posts strictly on merit," said Mr Hofmeyr "But on the factory floor, conditions are stringent

Uranium outlook still good

THE DECISION by Australia to mine and market it's vast store of uranium will bring down the price of the metal, but not drastically, says Tony Petersen, chairman of Rand Mines

"The price will be substantially higher than when uranium was in the doldrums three years ago Today uranium is a basic requirement needed to solve the energy crisis — and its price will stay high," says Mr Petersen

"The old contracts, which were negotiated in a depressed market, are slowly running out and new contracts are being entered into at more profitable prices"

This development will be of immense benefit to the Harmony mine, which is administered by Rand Mines, which is, in turn, a subsidiary of Barlow Rand

Harmony is today a super mine which includes Merriespruit, which flooded and was closed, and Virginia, a small mine

Capacity

Harmony producing 550 000 tons of gold and uranium ore a month This production should rise to 600 000 tons a month, which is three times the production of what is normally considered to be a big mine

There is only one other mine with that capacity in South Africa — the merged Vaal Reefs and South Vaal, being mined by the Anglo American Corporation.

"We have expanded uranium production at Harmony and will be able to capitalise on the higher prices," says Mr Petersen

"We will also be at an advantage as far as our Blyvooruitzicht mine is concerned

"Gold production there has not been increasing, but we have expanded the uranium plant We are phasing back all the slime in our dams which has been treated to extract gold, but not uranium This will enable Blyvooruitzicht to climb on the bandwagon"

Mr Petersen has good news on Rand Mines' other energy producers — its coal mines, the fortunes of which are linked to the revival of Western economies, including that of South Africa

"Rand Mines holds about 60 per cent of Transvaal Consolidated Land and Exploration (TC Lands), which owns all our coal and chrome operations as well as most of our mineral rights

"It has about a third of the total coal exports of the Transvaal Coal Owners' Association, through Richards Bay"

Share

He explains that through TC Lands, Rand Mines has three coal operating organisations

They are

- Witbank Colliery, a 70 per cent TC Lands subsidiary, which has five operating collieries which, between them, cater for a large share of the Transvaal market and supply about 30 per cent of all coal export through Richards Bay by the TCOA

Witbank Colliery will have six mines when the Duvha Colliery, an open-cast mine being developed to eventually supply 9-million tons of coal to the mammoth Duvha power station, comes on stream

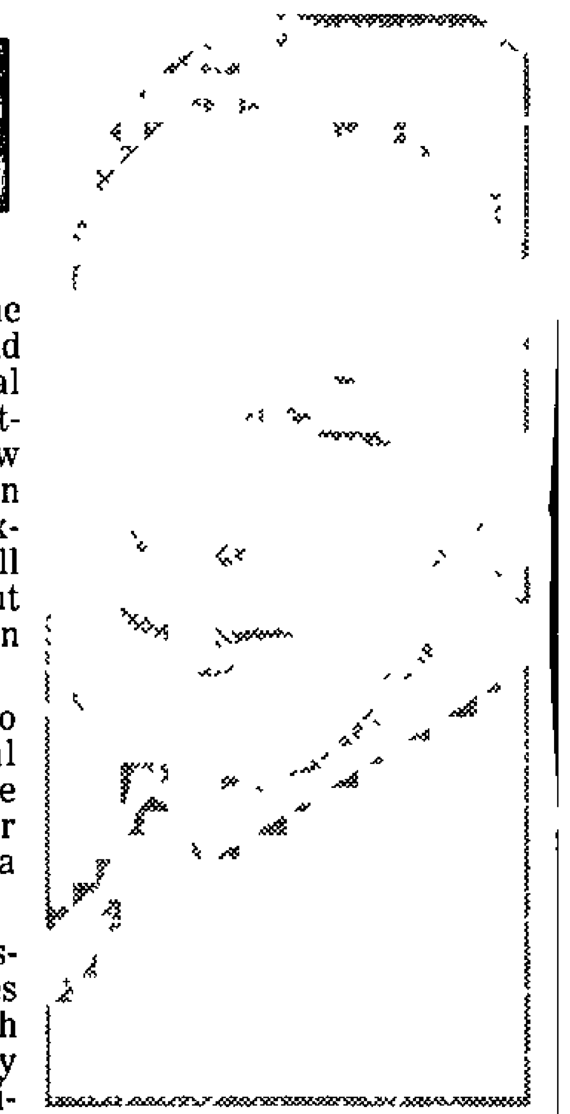
- Welgedacht Exploration Company, also a 70 per cent subsidiary of TC Lands, which has three operating collieries with the lion's share of the coal market in Natal

- Rietspruit, a 5-million-ton a year open-cast colliery being developed on a 50-50 basis with Shell Coal SA to service the export market Shell will do the transport and marketing of the coal.

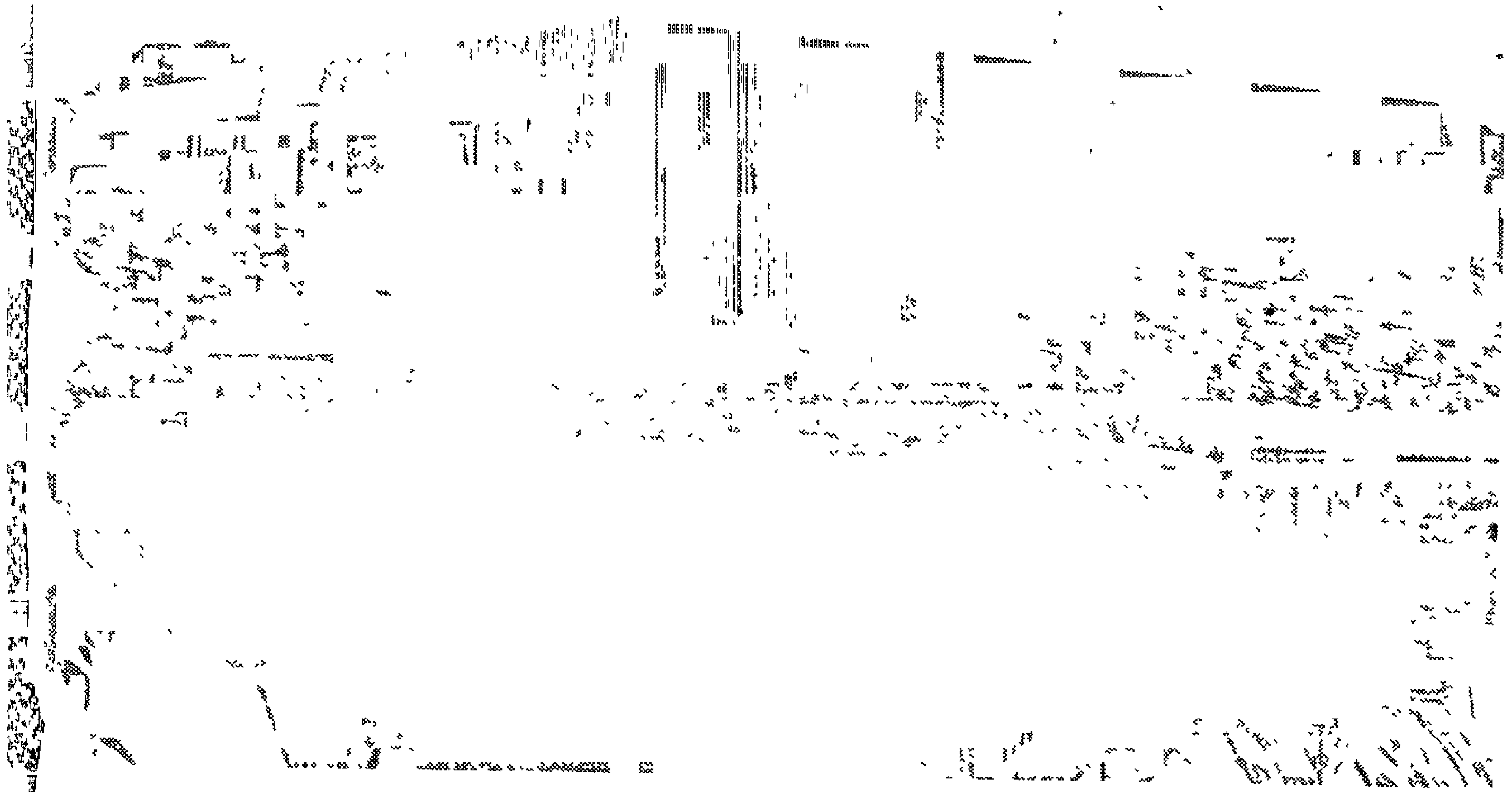
Rietspruit will come on stream at full capacity in the last half of next year and Duvha becomes operational early in 1979 The mine's output will be stepped up as new sections of the power station are commissioned It is expected that Rietspruit will be on full production about five years after it comes on stream

The effect of this will be to increase TC Lands' coal production sales from the present 8-million tons a year to about 25-million tons a year in about five years

Mr Petersen said "Assuming that the economies of the US, Europe and South Africa are back to normal by 1979, and that those conditions last through till 1981, our earnings from coal should be four times what they are now"



Tony Petersen . . . "Price will stay high."



Headquarters gets away from it all

Business Times 18/Oct/77

BARLOW RAND's corporate headquarters are to be moved to Barlow Park, a new R5-million, three-building complex in Sandton, later this year

The complex has a number of unusual architectural features, apart from its modern exterior, shown in this view of the main administration block

Every office looks on to an attractive garden For security reasons, entrance to the buildings is possible through only two doors and, with the exception of the data-processing block, there is no air-conditioning

John Maree, a director of Barlow Rand and chairman of its property division, explained the reason for moving headquarters to Sandton from its present site in De Beer Street, Braamfontein, Johannesburg

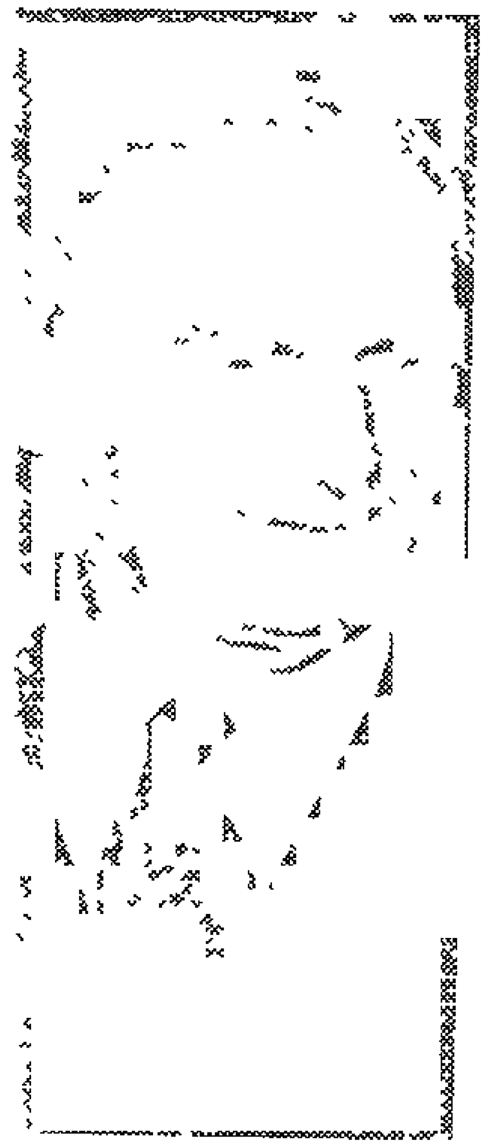
"We don't believe that head office should be in the centre of town

"Our policy is to have small corporate headquarters to house only activities such as group data processing, group personnel and group management and that all activities which do not concern those functions should be pushed on to the operating companies

"That is where they should be and in that way we land up with only a small team of executive directors

"We are a low profile company and do not need our headquarters to be in the centre of town "

Suddenly there was a slump— and they sounded action stations



Punch Barlow "more serious than we anticipated."

NOBODY AT Barlow Rand foresaw the severity of the present recession, according to Punch Barlow, chairman, and Mike Rosholt, chief executive director.

However, once top management saw the writing on the wall, they took swift and effective action to counter the effects of the slump. As a result, the company claims it is now in an excellent position to capitalise on the good times, when they return

Mr Barlow said "The recession turned out to be much more serious than we expected

"We did not, for example, expect the Government to cancel as many contracts as it did, or that the recession would affect the consumer as badly as it has "

Mr Rosholt said the recession prompted the company to increase its export business

"We had to do this to keep our plants going," he said

Both Mr Barlow and Mr Rosholt said they saw a faint glimmer of hope on the economic horizon The recession, as they see it, appears to be levelling off

"There may be a minor improvement It appears the Government is about to do something reflationary, but until there are significant social and political concessions, I do not see any major economic breakthroughs ," said Mr Barlow

"However, the group has now been structured to take advantage of any situation, ranging from recession to a major upturn in the economy "

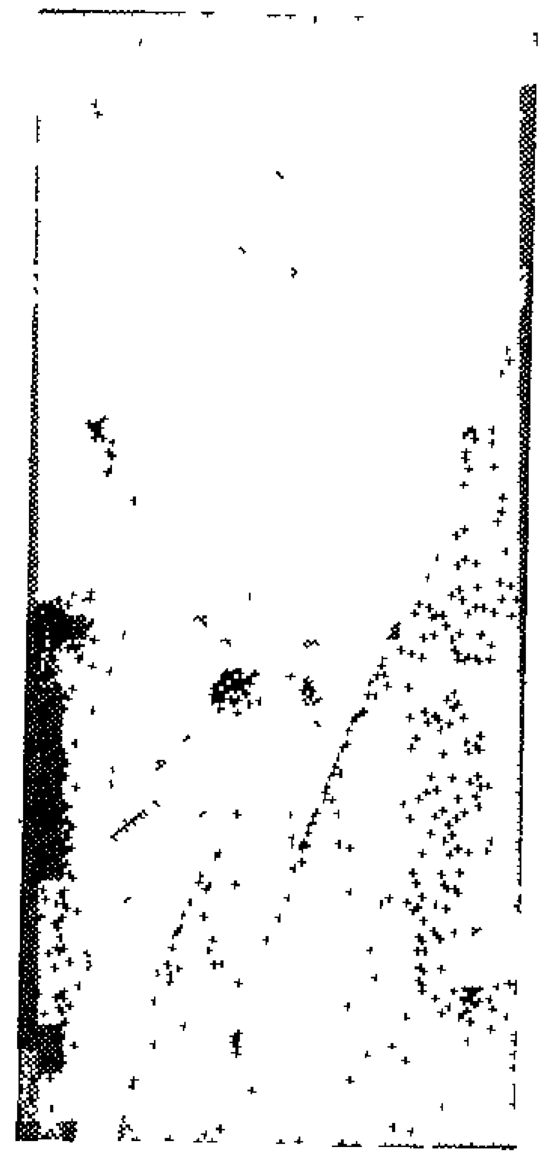
Mr Rosholt explained "We are hardly in the consumer market Only 10 per cent of our profits come from that field, so we have not been badly affected by the downturn in consumer spending

"The benefits of our heavy capital expenditure on coal resources should come through strongly in 1978 and 1979, and our chrome interests should really take off when the economies of overseas countries improve

"When spending on the infrastructure of this country starts again, our tractor division, for example, will take full advantage of it

"Federated Timbers, one of our subsidiaries, though still showing a profit, has suffered like all similar industries because of the downturn in building

"It is being restructured to fit in with present levels of business and that will put it in a competitive position when the good times are back again We are reducing stocks and debtors and not replacing staff when they retire "



Mike Rosholt ... "ready for the good times."

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Palamin mill resumption gives hope

RDM 22/9/77

By DON ROBERTSON
Mining Editor

PALABORA Mining Company has one of its two new autogenous mills back in full production and hopes to have the second in operation in the first week of October.

The mills, which formed the basis of the R85-million expansion programme, were commissioned in March this year, but were taken out of service in July because of design and manufacturing problems which caused the outer shells to split

These difficulties resulted in lost production of about 5 000 tons of copper worth more than R5-million at current prices

Modifications to the mills were undertaken in consultation with the American manufacturers. Daily mill throughput for the mine has risen to 65 000 tons compared with the previous peak capacity of 54 000 tons

When the second mill is back in operation, daily tonnage will rise to 74 000, giving an additional copper production of 30 000 tons a year

The success of the modifications to the mills will not be confirmed until the end of the year, but should it be found that they are not holding up, replacement units will be sent from America

Palamin recorded a 10% profit drop in the six months to June and the second interim dividend was cut to 7,5c a share from 15c However, the general manager, Mr C A Macaulay, is optimistic about the future in spite of the poor state of the copper market.

He says that South Africa, which takes about a third of production, is not good, but he expects it to hold at around present levels next year

He sees no problem in getting rid of additional production on the export market as Palamin copper is of a particularly high quality and contains none of the impurities which affect the product of other producers This factor allows Palamin to enjoy a particularly good overseas market in spite of the current over-supply position

Cost increases are beginning to cause serious problems as most of the group's overseas sales are based on London Metal Exchange prices which are low

However, the mine, which is one of the lowest cost producers in the world, still has some leeway to go before costs reach the revenue level

Mr Macaulay says net costs a ton milled are about R745, compared with the average price received in the first half of this year of R1 180 a ton

Magnetite sales, which were well down in the first half of the year because of handling problems at Maputo and a shortage of rail trucks, are back to peak levels

Mr Macaulay, recently appointed general manager, has started tentative investigations into underground operations at the mine. The open-pit is at a depth of 258 m and will be excavated to a final depth in 1992 of 563 m Thereafter, underground mining operations will be required

Drilling proved that the orebody goes down to at least 1 220 m with grades unchanged. Plans for what will be a large underground operation, envisage a daily tonnage of between 50 000 and 70 000 which would give the underground operation a life of about 20 years This could be extended by following the orebody further

Costs for such an operation will be considerable, but as the waste rock content — currently 2,5 to 1 — will be virtually nil, costs to production would be favourable

Rio Tinto-Zinc, which controls Palamin, has reported a taxed profit for the six months to June of £42 300 000 compared with £32 800 000 from sales of £890 400 000 against £782 800 000 An interim dividend of 3,5p net has been declared compared with 3,18p last year

• The autogenous mills, which are among the largest in the world, perform a unique function at Palamin Because of their design, they are able to crush the ore to a fine powder suitable for feeding straight to the flotation plant This does away with the need for tertiary and secondary crushing thus reducing costs and time

Vitro tr[...] for Culli[...]

By ELIZABETH ROUSE

CULLINAN Holdings chairman, Mr Fred Bamford, is confident that the group's divisions will maintain profits this year, but he says the associate company, Vitro Clay Pipes, is in trouble

Vitro caused losses of R581 000 to Cullinan in the past year The group and its co-shareholder in Vitro, Vereeniging Refractories, are taking steps to minimise the losses

Mr Bamford does not refer to dividend prospects and the directors' report is noncommittal It says policy is to maintain the dividend at a level which can be justified by profits and liquidity

The aim in the longer term is to increase the dividend cover (2,2 times) to allow fully for replacement depreciation and provide for internal growth

A further objective is a return before tax and interest, after charging replacement depreciation, of at least 15% on total group assets

The return stands at 7,2% against 15,7% shown in the annual report where fixed assets are taken at depreciated historical costs

The directors believe this goal can be attained in the medium

Carlton beats sl[...]

Financial Reporter

THE CARLTON Centre has retained its attraction as a trading and business area in spite of the recession

Turnover increased to R19 297 000 in the year to June, 1977, from last year's R18 668 000 Both the office tower and the shopping centre are 96% let, and the hotel brought in more income

On the other hand, revenue from the parking garages, the Panorama Lookout and the Skyrink were down

A taxed profit of R878 000, up from last year's R782 000, has brought down the accumulated losses to R6 127 000

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Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Preliminary unaudited consolidated report

Changes in the basis of accounting

The Board of directors has made two changes in accounting procedures in order that declared profits may realistically reflect the effect of inflation on the current costs of production and also the present high level of expenditure required on the mines in order to maintain production capacity

(a) **Stock Valuation**

The valuation of stocks of refined and unrefined metal has been changed to the last-in-first-out (LIFO) method in place of the "averaging" method As a consequence the cost of sales is now wholly, or largely, related to current costs of production In an inflationary climate the cost of sales charged against revenue is higher than on the "averaging" method and declared profits are correspondingly lower, reflecting the true position Cash flow is not affected by the changed accounting procedure except that the lower declared profits can result in a commensurate reduction in the tax charge

(b) **Provision for Renewals and Replacements**

In the past, in common with the practice generally adopted by the South African mining industry, expenditure required for the maintenance of existing production capacity (except for certain minor items) has been capitalised together with expenditure on the expansion of capacity

However, the cost of maintenance of production capacity, even though it may include major items of a capital nature, should correctly be regarded as a part of the cost of production In order that the income statement should realistically reflect current profitability, with effect from 1st September, 1976, a provision will be made equal to the annual average of estimated future expenditure for this purpose

Financial Results for the Year

The following tabulation shows the results for the past year using the changed basis of accounting, and also, for the purpose of comparison with the preceding year, the results for the years ended 31st August, 1976 and 1977 using the previous accounting procedures

In the year to 31st August 1977, the company's total sales of platinum were slightly higher and the average gross price of platinum realised was about 7% higher than in the previous year The volume of sales of the company's other metals, with the exception of palladium, which was 30% down, were comparable with the levels achieved in 1976. The prices received for all these metals including palladium were in excess of the prices received in 1976

However the cost of production per ounce of platinum increased by some 29% with a considerable reduction in the profit margin and, on the previous basis of accounting, net operating profit fell from R53,2 millions in 1976 to R42,0 millions in 1977

The changes in the accounting procedures have had a material effect on the declared profits The adoption of LIFO reduces the latter figure by R13,9 millions to the declared profit of R29,1 millions, the provision of R16 0 millions for replacements and renewals brings this down to R13,1 millions

This net amount was reduced further by interest paid and the provision for possible losses on foreign loans

1976 Previous accounting basis R000	Year ended 31st August	1977 R000	1977 Previous accounting basis R000
53 200	Net operating profit from sales of metal including dividends from the Matthey Rustenburg Refiners' group before provision for renewals and replacements	29 100	42 000
—	Deduct Provision for renewals and replacements	16 000	—
53 200	Operating profit after provision for renewals and replacements	13 100	42 000
9 100	**Deduct**	8 400	8 400
3 300	Provision for possible losses on foreign loans	3 200	3 200
5 800	Net interest paid	5 200	5 200
44 100	Profit before taxation	4 700	33 600
7 300	Deduct Taxation and State's share of profits	300	900
36 900	**Profit after taxation**	4 400	32 700
12 300	**Deduct Dividends**	3 100	3 100
3 000	Interim	3 100	3 100
9 300	Final	—	—
24 600	Net transfers to reserves	1 300	29 600

Dividend

In view of the low level of profitability in the past year, and the unpromising outlook for metal prices the Board has decided that no final dividend will be paid in respect of the past year

An interim dividend of 2,5 cents per share was declared on 29th March, 1977.

Source and Application of Funds

	Year ended 31 August 1977 R000
Profit after tax	4 400
Provision for possible losses on foreign loans	3 200
Provision for replacements and renewals	16 000
MRR loan repayment	800
Acceptance Credits raised	19 100
Decrease in stores	800
Decrease in loan levy	200
	44 500
Application	
Dividend	3 100
Loans repaid	5 100
Mining assets	
For expansion	12 300
Replacements and renewals to maintain production capacity	9 700
Increase in working capital	14 300
	44 500
Changes in working capital	
Increase in stocks	4 400
Increase in debtors	6 700
Decrease in creditors	11 900
Decrease in cash	(8 700)
Increase in working capital	14 300

(a) Capital Expenditure

Capital expenditure of R12,3 millions shown above includes expenditure to complete the first stage of the Amandelbult Section

Of the provision of R16,0 millions for replacements and renewals R9,7 millions was expended during the year, leaving a balance carried forward of R6,3 millions

It is estimated that capital expenditure of an expansionary nature will be R1,3 millions during the year ending 31st August, 1978, and that actual expenditure on renewals and replacements to maintain production will be R21,2 millions, most of which will be in the form of the provision of the next generation of shaft systems and related development.

(b) Loans

During the year ended 31st August, 1977, the group drew down $23,0 millions (R19,1 millions) acceptance credits chiefly in order to finance working capital An amount of $5,8 millions (R5,1 millions) was repaid during the year on one of the Euro-currency loans. At 31st August, 1977, the loan facilities of the group, at the rates of exchange then ruling, amounted to R125 millions of which R85 millions had been utilised A further provision of R3,2 millions has been charged to the Income Statement in respect of a possible loss on currency realignments on the Euro-currency loans

Market

The Free World demand for platinum, which weakened in the early part of calendar year 1975, has remained weak throughout 1976 and 1977 up to the present date Although there has been some improvement in economic conditions in the Western world this has not materially affected demand for platinum The programme for a gradual expansion in production that was embarked upon early in 1976 in anticipation of an improvement in demand was slowed down during the early part of calendar year 1977 as a result of the continued weakness in the market

In Japan the demand for platinum, which is used mainly for jewellery manufacture, was nearly 30% lower in the twelve-month period ending June, 1977, than in the previous twelve-month period However, the rate of decline in demand has recently slowed down and in the first six months of calendar year 1977 demand was only marginally below that for the last six months of 1976 Rustenburg's sales of platinum and palladium in financial year 1977 for use by the automobile industry were lower than the volume achieved in 1976 Despite the general market weakness the company achieved higher sales in sectors other than the automobile and the jewellery industries

The company's published price of platinum, which was reduced from $180 per ounce to $162 per ounce at the beginning of November 1976, was above the level of prices prevailing in the Free Market for the whole of the 1977 financial year apart from a short period in February and March 1977 On the 21st September, 1977, the Free Market price was in the range $147/$157 per ounce

In January, 1977, Rustenburg increased its published price of palladium from $55 per ounce to $60 per ounce The published price of rhodium was increased from $400 per ounce to $450 per ounce in March However, in the last few months of the 1977 financial year the Free Market prices of these metals declined markedly

Atok

Subject to the approval of members of Rustenburg Platinum Holdings Limited at the general meeting on 19th October, 1977, and with effect from 1st September, 1977, this company will acquire the entire issued share capital of Atok Platinum Mines (Proprietary) Limited Atok's principal activity is to exploit the platinum-bearing ores of the farm Middelpunt on the eastern limb of the Merensky Reef in the Bushveld Igneous Complex The consideration for this acquisition is R2,2 millions which will be satisfied by the issue of 1 9 million deferred shares in this company to the existing shareholders in Atok These deferred shares will not rank for dividends until they are converted to ordinary shares on 1st September, 1979

As the RPH group holds the mineral rights over the farms immediately bordering the Atok property, it will be possible, subject to mining leases being granted, to extend Atok's mining operations along the strike This will enable Atok under the control of RPH to mine these areas without the cost of sinking deep vertical shafts

Use will be made of the fully integrated smelting and refining facilities of the RPH group so that economies of scale will reduce the level of costs to which Atok has previously been subject The metal available for sale from the Atok mine will be marketed through the channels presently available to the RPH group

By order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED
Secretaries
per A C Alborough

Head Office and Registered Office
Consolidated Building
Corner Fox and Harrison Streets
(P O Box 590, Johannesburg, 2000)
Johannesburg
2001

27th September, 1977

Rustenburg Platinum Holdings Limited

("RPH")

(Incorporated in the Republic of South Africa)

Directors

Sir Albert Robinson (British) (Alt D A C Purser (British)), J N Clarke (British) (Alt M W King) Z J de Beer, (Alt R M Crawford), Z Fencelson, G Langton, (Alt M C O'Dowd), R S Lawrence (Alt A A Seiler), K W Maxwell (British) (Alt G S Smollas) N F Oppenheimer, (Alt A W Lea) A C Petersen, (Alt D T Watt) P F Retief, (Alt V G Bray) E A Smith (Alt H Scott-Russell), D H Stevenson, (Alt B J Jackson (British))

Circular to Shareholders and Notice of General Meeting

Acquisition of Atok Platinum Mines (Proprietary) Limited ("Atok")

As announced in the Press on 18 August, 1977, this company has offered to acquire Atok's entire issued share capital. The effective date of the transaction will be 1 September 1977, subject to approval by the shareholders of RPH by not later than 31 October 1977.

The consideration for the acquisition of Atok's share capital is R2 161 777 which will be satisfied by the issue of 1 879 806 deferred shares in RPH to the existing shareholders in Atok. These deferred shares will not rank for dividends until they are converted to ordinary shares on 1 September 1979. It has been agreed that the loans to Atok by the existing shareholders which presently amount to some R600 000 will only become repayable, with interest, on 1 July 1980.

Background to Atok

Atok's principal activity is to exploit the platinum-bearing ores of the farm Middelpunt on the eastern limb of the Merensky Reef in the Bushveld Igneous Complex. The shareholders of Atok were:

	Percentage holding
Anglo-Transvaal Consolidated Investment Company Limited	46,7
Middle Witwatersrand (Western Areas) Limited	23,3
United States Steel Corporation	30,0
	100,0%

At present the concentrate produced by the mine is transported to the Rustenburg district for smelting by Western Platinum Limited. The smelter matte is shipped to Falconbridge Nikkelverk Aktieselskap, Cristiansand South in Norway for final refining. The copper and nickel recovered by Falconbridge is purchased by that company. All of the refined platinum group metals are returned to Atok for sale.

The present planned productive capacity of Atok is some 45 000 ounces of platinum group metals containing 25 000 ounces of platinum per annum. Actual capacity is less than this because in recent months due to a lack of funds, the company has curtailed development essential to replace ore reserves. Certain development necessary to re-establish these reserves will be necessary before this level of production can be attained.

Interests of directors and shareholders

No director of RPH is interested directly or indirectly in the acquisition of Atok. Their interests in RPH are set out in Annexure I. To the best of the knowledge of your directors and save by virtue of this transaction no shareholder in Atok is interested, directly or indirectly in RPH.

Stock Exchange Listings

Application has been made to The Johannesburg Stock Exchange for a primary listing and to the Council of The Stock Exchange, London, for admission to the official list in respect of the deferred shares to be issued by RPH. If successful, dealings in the shares are expected to commence on 24 October, 1977.

Effect of the acquisition

As the RPH group holds the mineral rights over the farms immediately bordering the Atok property (see Annexure II), it will be possible, subject to mining leases being granted, to extend Atok's mining operations along strike. This will enable Atok under the control of RPH to mine these areas without the cost of sinking deep vertical shafts.

Use will be made of the fully integrated smelting and refining facilities of the RPH group so that economies of scale will reduce the level of costs to which Atok has previously been subject.

To this end notice has been given in terms of existing agreements to the present smelters and refiners that these operations will be carried out by the RPH group as from 1 October, 1977.

The metal available for sale from the Atok mine will be marketed through the channels presently available to the RPH group. The incremental quantity will represent approximately 2½% of the group's present level of sales.

The acquisition of Atok has a minimal effect on the earnings per share and the assets per share of RPH.

Annexure I

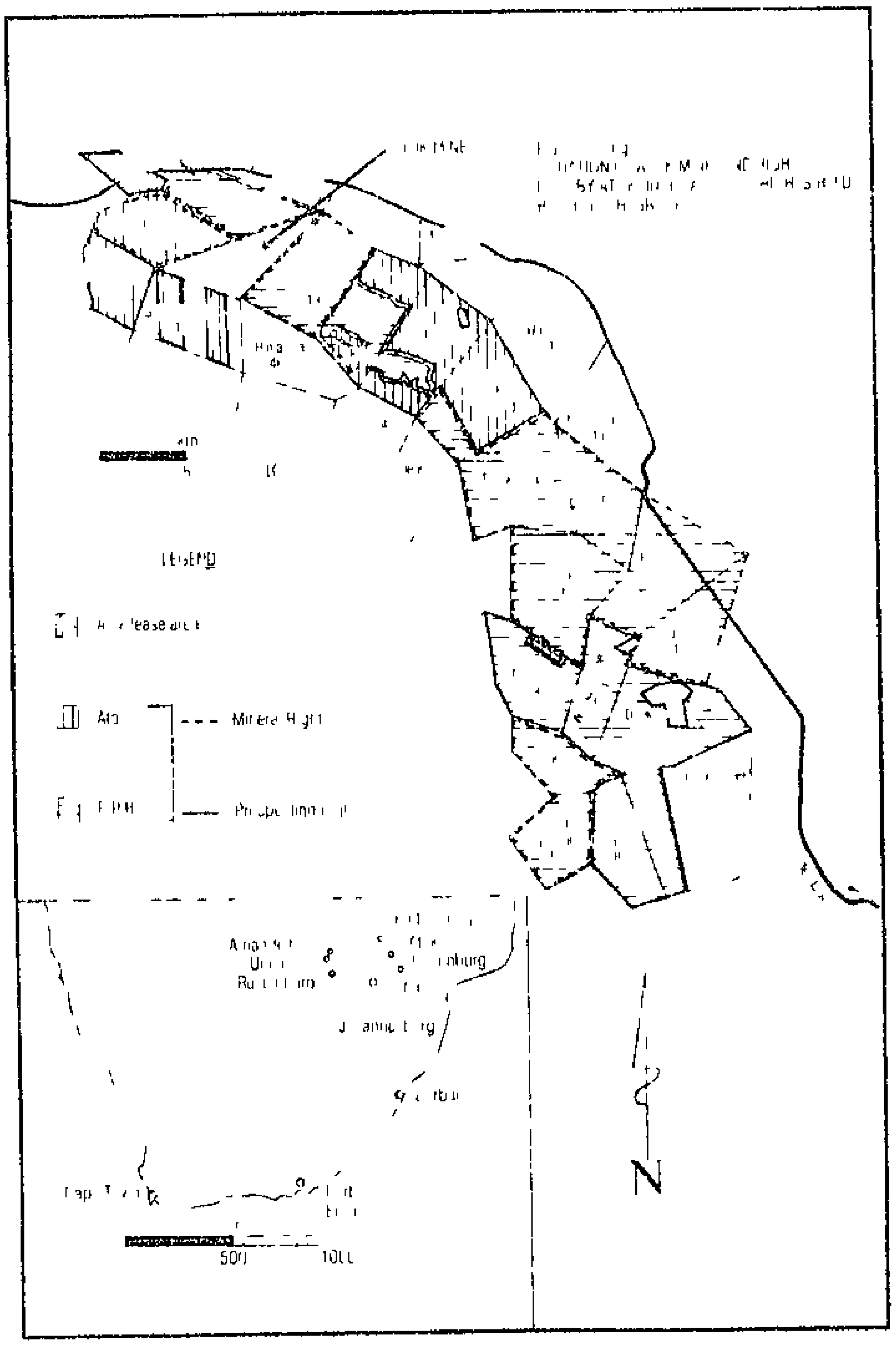
Disclosure of Directors' Interests in RPH

Name	Status	Shares held
SIR ALBERT ROBINSON	CHAIRMAN	10 707
J. N. CLARKE	DIRECTOR	2 000
DR Z. J. DE BEER	DIRECTOR	2 000
DR Z. FEITELSON	DIRECTOR	573 665*
C. LANGTON	DIRECTOR	2 000
LAWRENCE	DIRECTOR	2 000
K. W. MAXWELL	DIRECTOR	2 322
H. F. OPPENHEIMER	DIRECTOR	2 000
A. C. PETERSEN	DIRECTOR	2 000
B. F. RETIEF	DIRECTOR	2 322
I. A. SMITH	DIRECTOR	2 000*
D. H. STEVENSON	DIRECTOR	10 707
M. CRAWFORD	ALT DIRECTOR	2 000
M. W. KING	ALT DIRECTOR	2 000
A. W. LEA	ALT DIRECTOR	2 000
D. A. C. PURSER	ALT DIRECTOR	2 860+
G. S. SNOLTAS	ALT DIRECTOR	322

*Beneficial +860 Beneficial

Note. All the shares listed in this Annexure are held in a nominee capacity except where otherwise stated.

Annexure II



Notice to Shareholders of General Meeting

NOTICE is hereby given that a General Meeting of shareholders of the above Company will be held in the Board Room, Consolidated Building, Cnr Fox and Harrison Streets, Johannesburg, on Wednesday, 19 October, 1977, at 09h30 for the purpose of considering and if thought fit passing the following resolutions.

1. Special Resolution

THAT the share capital of the Company be and is hereby increased by the creation of 1 879 806 deferred shares of a nominal value of 10c each which when issued will rank pari passu with the existing issued shares except that such deferred shares shall not carry the right to a dividend until 1 September, 1979, at which stage they will no longer be designated "deferred" shares and will rank pari passu with the existing shares in all respects

2. Ordinary Resolution

THAT the directors be and they are hereby authorised to allot and issue the 1 879 806 deferred shares to the shareholders of Atok Platinum Mines (Pty) Limited in consideration for the acquisition by this Company of the entire issued share capital of Atok Platinum Mines (Pty) Limited

The effect of this special resolution will be that the authorised share capital of this company will be increased by R187 980,60 from R12 345 000,00 to R12 532 980,60

The reasons for the resolution are set out in the accompanying circular to members

Any member of the company is entitled to appoint a proxy to attend and to speak and to vote in his stead. A proxy need not be a member of the company

By order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per A C Alborough

Head Office and Registered Office
Consolidated Building
Corner Fox and Harrison Streets
(P O Box 590, Johannesburg 2000)
Johannesburg 2001

26 September, 1977

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Lydenburg Platinum Limited

(Incorporated in the Republic of South Africa)

DIVIDEND DECLARATION

The estimated financial results of the company for the year ending 31 October 1977 are as follows

	Year ending 31 October 1977	1976
Net income before and after tax	R390 000	R1 046 000
Earnings — per share	2,70c	7,26c
Dividends — per share — interim	1,75c	1,4c
— final	0,95c	5,8c
— total	2,70c	7,2c
— amount	R389 000	R1 037 000
Number of Shares	14 400 000	14 400 000

NOTICE IS HEREBY GIVEN that a final dividend No 48 of 0,95 cents per share has been declared payable to ordinary share holders registered in the books of the company at the close of business on 14 October 1977

No instructions involving a change of the office of payment will be accepted after 14 October 1977

The register of members of the company will be closed from 15 October 1977 to 23 October 1977, both days inclusive

The dividend is declared in the currency of the Republic of South Africa Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 31 October 1977 or the first day thereafter on which a rate of exchange is obtainable

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

Payment will be made by the transfer secretaries mentioned below on or about 11 November 1977

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

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

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

London office
Princes House
95 Gresham Street
London
EC2V 7BS

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

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

27 September 1977

Excess of copper, says ZCI chief

N. Mercury

(220)

JOHANNESBURG — Recessionary conditions in the industrial world which have depressed the demand for copper, and the higher output by producing countries to provide employment and earn foreign exchange, have together resulted in an excess of copper stocks, says Dr. Z. J. de Beer, president of the Bermuda-based Zambia Copper Investments (ZCI) in his review for the year ended June 30.

"Under these circumstances, it is difficult to foresee a material recovery in the copper price until world economics show real sustained improvement."

ZCI holds investments in the two major Zambian copper mining companies, Nchanga Consolidated Copper Mines and Roan Consolidated Mines but in spite of improved results, neither was in a position to declare any dividends during the financial year.

ZCI recorded an after-tax profit, before extraordinary items, of 1,18 million U.S. dollars compared with 0,15 million in 1976.

There was a deficit on extraordinary items of 23,96 million dollars, comprising a provision of 20 million dollars against a possible decline in the value of the investment in, and loans to, Botswana RST and 3,96 million dollars relating to the July 1976 devaluation of the Zambian kwacha

No dividends

However, the deficit was covered by unappropriated profit brought forward of 20,66 million dollars and transfers from currency and capital reserves

Unappropriated profit at the year-end amounted to 1,12 million dollars. No dividends were declared during the year

In terms of both output and financial results, the performance of the Zambian mining industry over the past 12 months has been creditable, given the considerable difficulties that have been experienced

"Althouth the kwacha devaluation substantially boosted sales proceeds in kwacha terms, it also contributed significantly to the sharp rise in production costs which occurred during the year." — (Sapa.)

Business Mercury

27/9/77

(220)

Record profit for Prieska Mines

JOHANNESBURG — Mr. R. T. Swemmer chairman of the Anglovaal group's copper/zinc producer, Prieska Copper Mines, reports record profits during the year ended June 30.

But he warns in his annual review that these must be viewed against downward-trending copper and zinc prices, while the company's liquidity could be depleted rapidly by capital expenditure and debenture repayments.

Turnover during the year rose to R61,372m (1976: R47,336m), leading to a record profit of R13,667m (R8,133m).

At the year-end, the company's liquidity position was stronger with funds totalling almost R9m (R1,8m).

The directors note the increased profit was mainly brought about by a 45 percent increase in copper concentrates despatched. These increased to 119 994 (82 600) tons, while zinc despatches were virtually unchanged at 144 190 tons.

Lead despatches

Lead despatches decreased to 1 418 (5 600) tons, but pyrite increased to 211 615 (133 740) tons. Unit costs were 11,36 percent higher.

A change in the copper/zinc grade of ore mined resulted in copper concentrate production increasing by 24 percent and zinc concentrate production decreasing by 17 percent.

Commenting on the financial results, Mr. Swemmer says these "must be viewed against downward-trending prices for copper and zinc."

The price of zinc, which until recently provided a stabilising influence on revenue, has also undergone an abrupt downturn. — (Sapa.)

Prieska cash problem

RDM 27/9/77.

220

By DON ROBERTSON
Mining Editor

ESSENTIAL capital expenditure, the redemption of debentures and low metal prices could result in a rapid depletion of Prieska Copper Mines' cash resources, Mr R T Swemmer warns in his review for the year to June.

At June 30, which was a record year for the company with profits of R13 667 000 against R8 133 000, cash on hand was R8 977 000 compared with R1 753 000 a year earlier

Capital expenditure for the current year is estimated at R5 500 000, but Mr Swemmer says that although shareholders were told last year that capital expenditure would be high as preparations were made to mine the deeper levels of the mine, it now seems possible for access to be gained at a lower cost than had been expected

Looking at metal prices, Mr Swemmer says that last year's record profit must be viewed against the downward trend for copper and zinc

The average price received for copper last year was £819 a ton, but has since fallen to £671 The price of zinc, which until recently acted as a stabilising influence on revenue, has also turned down abruptly

Against this background, the company reports that costs have risen, particularly rail and power costs

Every facet of the company's operations continues to be critically examined in an effort to maintain its competitive position in a time of oversupply

Underground prospect drilling has not yet been completed, but it has been found that at about 1 000 m, the ore body folds back and swings upwards at a shallow dip It is poorly mineralised, but investigations are continuing to prove wether it develops into payable ore

Rusplat opens the Atok way

RDM 27|9|77

220

By DON BOBERTSON
Mining Editor

RUSTENBURG Platinum will be in a position to extend the mining operations of Atok Platinum when the bid for Atok receives shareholder approval.

A circular to Rustenburg shareholders convening a meeting for October 19 says that conclusion of the deal will make it possible for Rustenburg to extend Atok's mining operations along strike without the cost of sinking deep vertical shafts.

Rustenburg holds the mineral rights over farms bordering the Atok property

It was announced last month that Rustenburg had offered to acquire the entire issued share capital of Atok in exchange for 1 879 806 deferred shares in Rustenburg worth R2 161 777 The deferred shares will not rank for dividends until they are converted into ordinary shares on September 1, 1979

The shares will be bought from Anglovaal, which owns 46,7% of Atok, Middle Witwatersrand, which owns 23,3%, and United States Steel, which owns 30,0% The alternative to the sale of the mine would be its closure at additional cost to the shareholders

Atok's annual production, which amounts to 45 000 oz of platinum group metals (25 000 oz of platinum) will be refined and marketed through Rustenburg and will represent about 2,5% of the company's present sales

The acquisition of Atok will have a minimal effect on the earnings and assets of Rustenburg

Bad for now, but better later on for platinum

(220) RDM 27/9/77

By ADAM PAYNE

IMPALA Platinum's chairman, Mr Ian Greig, sees little prospect in the short term of increasing platinum sales or obtaining better prices until there is a further reduction in inventories and dealer stocks

But he expects a gradual improvement in general market conditions in the second half of the financial year to June 30 next Impala will hold production at 700 000 oz a year

His annual review of the platinum market in the year to June 30 last is depressing, in spite of the small improvement achieved by Impala in attributable profits Features of his statement are

• The Japanese jewellery demand slackened in the year as gold became more attractive because of its cheapness relative to platinum (This situation could now change again with the increase in the gold price)

• Industrial demand for platinum and platinum group metals remained at a low level

• Nickel, as the second largest source of income for the company, was in the doldrums with the price falling from the $2,20 a lb set by producers, to a freely offered price of $1,80 a lb

He says the results for the year to June must be reviewed against the background of the slow and hesitant recovery from the 1974-1975 worldwide recession, the excess supplies of platinum group metals and of nickel in the Free World and the disturbing increases in capital and working costs in South Africa

He recalls that at the beginning of 1976, it seemed that the long-awaited recovery in the platinum market was under way The free market price rose steadily from $155 to $183 an oz The inevitable downturn started in the middle of July and the producer price was lowered to $162 an oz in October reflecting the over-supply position

Fortunately, the demand for platinum by the United States motor car industry was markedly higher than in the previous year; but this was offset by the decline in demand from Japan which in recent years has been the main strength of the platinum market

Net imports of platinum into Japan in the year to June 30, 1977, at about 1 046 000 oz were about 340 000 oz less than in the previous year

To a large extent this resulted from excessive inventories built up by the jewellery industry in the spring of 1976, but it also reflected the reduced demand for platinum jewellery in the latter part of 1976

Mr Greig says that Impala produced 50 000 oz less than the planned output of 700 000 oz of platinum, because of a shortage in labour and the disruption caused by tribal fighting in November

Reporting on the rises in costs, he says that the price of steel increased by about 25%, electric power by 52% and black labour which counts for about 50% of total working costs, by about 12%

"All efforts to improve the productivity of black labour and thus cushion the increase in the costs of this labour have so far failed to produce any significant results Thus w improvement in the realisable value of metal sales there was inevitably a contraction in the company's operating margins "

The operating profit for the year ended June 30 was about R5-million lower than in the previous year, although after-tax profit was marginally higher

Discussing the prospects for sales to the United States motor car industry, he says there should be no reduction in the loading of platinum group metals for the 1978 and 1979 model year cars and that higher loadings will be needed for part of the 1980 model year and for the 1981 and subsequent model years

"The technology of the catalyst, using platinum group metals for the control of motor car exhaust gases in the United States and Japan, now seems to be firmly established," he says

Zambian copper producers can't pay their way

RDM 30/9/77 (220)

By DON ROBERTSON
Mining Editor

AT THE present copper price, Nchanga Consolidated Copper Mines and Roan Consolidated, the main operating companies of Zambia Copper Investments, will be unable to finance operations and capital expenditure except through further substantial borrowings.

In his report for the year to June, the president of ZCI, Dr Z J de Beer, says the slack world economy and high copper production caused excessively large world copper stocks. He does not expect to see any material improvement in the copper ... sustai... econ...

More loans for Selibi

Mining Editor

THE PRINCIPAL shareholders of Bamagwato Concessions which operates the ailing Selibi-Pikwe copper-nickel mine in Botswana have agreed to provide "very considerable further loan finance", to the company as part of the reorganisation proposals.

Dr De Beer says that discussions regarding the restructuring of the group between the principal ...ders (Anglo, Charter ...max), the Botswana ...ment and the project ...me (World Bank, the IDC ...editanstalt) have reached ...vanced stage and broad ...ment in principle has been ...ed

...the six months to June, the ...mulated loss rose to ...500 000 and total loan ...btedness was R275-million.

...57 000, has had the effect of ...ning a taxed profit of ...178 000 ($151 000) into a loss ...$22 779 000 for the year to ...ne

In the year, permission was ...anted for the externalisation ...$3 524 000 in dividends from ...e Zambian operations This ...as used to repay loans from ...inorco which has made ...vailable a further loan facility ...f $6 000 000

17-race Grand Prix programme

Lauda, 1975 champion and edged out of the championship last year by James Hunt's late run, leads the pack with 69 points going into Sunday's Toyota United States Grand Prix race at Watkins Glen, New York. Scheckter is second with 42 points and Andretti a point back with 41

"We're doing better than expected this year," said Scheckter, who amassed 32 points at mid-point of the season and only 10 since then "Remember, it's a new team with a new car We didn't expect to be in the running and even leading near the halfway mark.

"The second half has been a disappointment, but I'm still happy" Scheckter, a South African driver who made his Formula One debut four years ago, won the Argentine and Monaco GP's early this year A second place finish in Germany and a third in Holland were his only finishes among the top six in the second half.

"I'm 27 points behind Niki and he's too far to catch," remonstrates Scheckter. "All I can do is try to win at Watkins Glen, and later in Canada and Japan

"I think it's going to be close at the Glen The way our car handled at Monza and the way Mario's been going lately, and James Hunt, too, you can expect an extremely close race"

Carlos Reutemann Argentina, number two on the Ferrari team

Golds and copper firm as coals liven up

D.D. 5/10/77 (220)

JOHANNESBURG — Gold shares turned mixed in Hollard Street yesterday as profit taking took place in the recent high flyers.

Basically the gold sector remains firm. The slip in the gold price to below $155 is partly attributable to the slight hesitancy which develops ahead of an International Monetary Fund auction.

Mining financials were firm, the feature being Sentrust which continued to advance rapidly on speculation of a merger with Unicorp's UCI.

De Beers fluctuated within a narrow range, coppers were a trifle firmer, as were tins. Coals showed a little more life.

The other metals sector was weak.

Except for Barlows and Prem Mill, industrial leaders were firm. Furnitures are creeping up, stores are advancing steadily and the Rembrandt Tobaccos have shown better than usual improvements.

De Beers came off a high of 505c to close at [illegible], up 1c, but Anamint shed 25c. Palamin gained 25c while Messina and Mangula were a few cents better.

In London, gold shares drifted lower with the bullion price.

Among heavyweight producers falls of up to ½ point were registered. Randfontein and Amgold both lost 50c while others like FSG, President Brand, St Helena, Vaal Reefs and Western Holdings all shed between 1/16 and 3/16 point. West Dries lost 1/4 point on the day after a 1/8 higher at the opening while Western Deep Levels had a net loss of 3/16.

In Salisbury, prices were again firmer yesterday in fairly active trading conditions.

Falcon were 12c better at 375 ex div. Coro Syndicate rose 3c to 110 — DDC-SAPA-RNS.

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taken place as they were ... d had

contortus and Aristida cor ... opogon

Elionurus argenteus, Hete ... were

thrix , Trichoneura granc ... leuco- ... niana.

Sheep were grazing on the ... s were being taken and they

would appear to be a caus ... ituation. Photo image

recognition is primarily o ... Aster filifolius and the site

position on the landscape ... on was derived from the

ground layer component a ... canopy.

5.2.3 (x) Eragrostis chl ... nd community

This community is represen ... 141 and would appear to be

the lowest stage in the suc ... alon soil forms prior to a

major change to pioneer s ... ngesta. Cover, itself,

is not reduced, only a spe ... is chloromelas, Elionurus

argenteus and Themeda tri ... melas. This is a grazing

induced factor.

The photo image fo ... grey (lolgy) hue. Generally this

type occurs on a north-fa ... of hillocks often where

Mispah soil forms occur.

5.2.3 (xi) Eragrostis chloromelas – Eragrostis lehmanniana co-dominant grassland community

This community is represented by plots 206, 198, 199, 175 and 210 and is associated with major habitat disturbance. Eragrostis chloromelas and Eragrostis lehmanniana, both very hardy species, are able to survive while virtually all other species are excluded.

(220) FH 7/10/77

PRIESKA

A question of zinc

Activities: *Unquoted mining company producing copper, zinc and pyrite concentrates, owned as follows Anglovaal 25,1%, Middle Wits 24,1%, US Steel 45,2%*

Chairman: *R T Swemmer.*

Capital structure: *54m ordinaries of 50c*

Financial: *Year to June 30 1977 Borrowings long and medium term, R17,5m. Net short term, R2,6m Current ratio 1,3 Capital commitments: R5,6m*

	'74	'75	'76	'77
Mill throughput (000t)	2 000	2 490	2 620	2 744
Copper in concentrates (t)	*19 780	25 033	25 073	31 573
Zinc in concentrates (t)	*27 900	43 882	82 049	66 618
Turnover (Rm)†	34,5	29,6	47,3	61,4
Operating profit (Rm)	11,8	1,3	12,2	16,1
Net profit (Rm)	9,0	(1,7)	8,1	13,7

**Estimate*
†Net figure (see text)

It is ironic that following a year of record sales and profits, the mine seems to be heading rapidly towards a major cash crunch. Operations are highly geared to metal prices and though this will lead to a substantial profit drop unless zinc and copper prices take off, at least there is something of a cushion in the cash position

During the year, concentrate sales were based on an average copper price of £819 (R1 229) and zinc at $784 (R682) Average grade of concentrate produced was 27,6% copper and 51,3% zinc With the addition of pyrite sales, net revenue at the mine was R61,4m, while copper worth about R40,7m and zinc worth R50,4m in concentrates, for a total of R91,1m, was despatched

On these figures, off-mine costs (smelting, and so on) were R29,7m and direct costs R45,3m, of which working costs, at R12,06/t, were R33,1m, with R12,2m of charges such as transport. So total costs were R75m

Prieska's Swemmer . . . how much more ore?

If mining operations are maintained at the same level this year, no sales made from stock and cost increases held to 10% — then at an average copper price of £700, and a European Producer Price for GOB zinc of $700, Prieska looks set for an operating deficit of about R2,5m. Additional pressure on cash resources will be planned capex of R5,5m, debenture redemptions of R2,5m and loan repayments (which could be deferred) of R2,9m to US Steel.

At June 30, R9m was available as cash balances, so, with my scenario, short-term borrowings of R4,4m look like being necessary. To avoid additional borrowings copper and zinc prices will have to average just over £740 and $740 respectively.

Ore reserves were originally estimated at 47 Mt after drilling down to around 900 m and the orebody thought to be open-ended at depth. Drilling has now indicated that at about 1 000 m the orebody folds back and swings upwards at a shallow dip below the Hutchings shaft. However, this zone is poorly mineralised and further prospecting is needed to determine whether payable ore develops. If not it looks as though remaining life is about 20 years.

Any possible public flotation will have to be preceded by at least a couple of years of solid distributable profits. The time is certainly not appropriate now.

Loan repayments and capex to develop the mine's lower levels over the next few years are going to be a further delaying factor

Jim Jones

(220) FM 7/10/77

THE ASSOCIATED ORE & METAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

FINANCIAL YEAR ENDED 30 JUNE, 1977

CHAIRMAN'S STATEMENT

Good progress has been maintained by the Group during the past year as is evidenced by the financial results The consolidated income before taxation rose from R4 432 000 for the year ended 30 June 1976 to R6 204 000 for the current year and after deducting taxation and income attributable to outside shareholders Group profit rose by R1 089 000 to R3 762 000 due to increased dividends from investments and improved profits from subsidiary companies In addition there was a profit on realisation of a certain investment of R540 000

The Associated Manganese Mines of South Africa Limited has shown substantially increased profits in its Consolidated Accounts for the year ended 31 December 1976 The continued recession in the Steel industries overseas did not materially affect the operation of the Associated Manganese Company during the first half of 1977 but sales of Feralloys Limited products dropped substantially

The Rustenburg Minerals Development Company s extent of mining operations will largely depend on the chrome market and on the availability of the necessary transport and shipping facilities

There has been as yet, no improvement in the situation overseas but we are well placed and this is an important factor for the future of this Group

In conclusion I wish to thank my co-Directors, the Managers Officials and Employees throughout the Group for their loyal and efficient services during the year

G SACCO Chairman

Extracts from the Directors' Report concerning Companies in which The Associated Ore & Metal Corporation Limited is interested

HOLDINGS

The Company is a Financial Mining Company with main interests in base minerals and metals Its direct and indirect interests in subsidiaries are reflected in the financial statements from which it will be noted that African Mining and Trust Company Limited is the principal subsidiary

The Company is a major shareholder of THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA LIMITED

OPERATIONS

African Mining and Trust Company Limited This Company is technical adviser to THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA LIMITED and its subsidiary FERALLOYS LIMITED It is the sole shareholder of ORE & METAL COMPANY LIMITED and is responsible for the technical and administrative management of its other subsidiary companies the principal of which are ZEERUST CHROME MINES LIMITED INYALA CHROME COMPANY (PRIVATE) LIMITED, TRANSVAAL CORUNDUM COMPANY LIMITED, ASSOCIATED ASBESTOS LIMITED WONDERSTONE 1937 LIMITED and RUSTENBURG MINERALS DEVELOPMENT COMPANY (PROPRIETARY) LIMITED During the year under review this Company disposed of its minority shareholding in CHROME MINES OF SOUTH AFRICA LIMITED

The Associated Manganese Mines of South Africa Limited This Company conducts mining operations for Manganese and Iron Ores in the Beeshoek/Blackrock area of Northern Cape During 1976 it despatched 1 696 000 metric tons of Manganese Ore and 754 000 metric tons of Iron Ore The Consolidated Financial Statements for the year ended 31 December 1976 showed a taxed profit of R17 576 000 (1975 R9 908 000) For 1976 ordinary dividends at 120 cents per share (1975 90 cents) absorbed R4 258 000 (1975 R2 989 000) while dividends on preference shares totalled R2 000 (1975 R2 000) These preference shares were redeemed on 30 September 1976 at par An interim dividend of 30 cents per ordinary share was declared in June 1977 (June 1976 30 cents) During 1976 the capital expenditure of the company amounted to R4 268 000 (1975 R3 460 000) The expansion programme at its Beeshoek Iron Ore mine is in progress Negotiations with the South African Railways for rail and port facilities at Saldanha Bay are well advanced

Feralloys Limited. This Company s Ferro-Manganese Plant at Cato Ridge Natal and its Ferro-Chrome Plant at Fairview, near Machadodorp, Eastern Transvaal draw their Manganese and Chrome Ore requirements from The Associated Manganese Mines of South Africa Limited and Zeerust Chrome Mines Limited respectively Capital expenditure during the year ended 31 December 1976 totalled R10 246 000 (1975 R1 966 000) of which R8 525 000 was spent on the expansion programme

SUBSIDIARY COMPANIES

Zeerust Chrome Mines Limited. This Company owns rights to base minerals over approximately 5 080 hectares on the farm Turfbult No 10 J P in the Zeerust area district Marico Transvaal It holds mining leases for Chrome Ore over the major portion of this property granted by the State in perpetuity Operations continued satisfactorily Lumpy Ore and Concentrates were produced at an increased rate to counteract the shortfall on despatches from Inyala Chrome Company (Private) Limited Capital expenditure for the expansion programme of the mine for the year under review totalled R982 000

Inyala Chrome Company (Private) Limited: This Company holds 142 Chrome claims and a plant site situated in the Belingwe area Owing to the prevailing situation in Rhodesia this mine was placed virtually on a caretaking basis and all Ore despatches have been discontinued

Transvaal Corundum Company Limited: Due to the general economic situation decreased sales were recorded during the year and were insufficient to make this company a profitable enterprise

Associated Asbestos Limited This Company holds the freehold title to approximately 1 370 hectares and owns 7 093 base metal claims in the Asbestos fields near Pietersburg Transvaal These holdings remain on a caretaking basis

Wonderstone 1937 Limited This Company holds freehold title, mining rights and options over an area totalling approximately 4 800 hectares near Ottosdal in the Lichtenburg district Quarry operations continued satisfactorily throughout the year

Rustenburg Minerals Development Company (Proprietary) Limited: This Company owns surface and mineral rights over 1 174 hectares, mineral rights on 1 919 hectares and freehold rights of 128 hectares in the Rustenburg district Prospecting operations were completed and steps have been taken to establish a new Chrome mine on this company s property

Ore & Metal Company Limited. This Company sells and ships the products of the companies mentioned above

OTHER BASE MINERAL PROPERTIES

These comprise the surface and certain mineral rights of the farm Mutue Fides No 422 in extent 1 472 hectares, the surface and certain mineral rights of a portion of the farm Vlakfontein No 409 measuring 404 hectares as well as the rights to tin on another portion of the farm Vlakfontein No 409 measuring 839 hectares, all in the Potgietersrus district Transvaal 430 claims are held in Rhodesia No prospecting or mining activities have been carried out on these properties.

Prospecting operations on properties held under option were undertaken during the year

FREEHOLD LAND

This includes approximately 206 hectares of the farm Klaarwater in the Borough of Pinetown near Durban most of which has been zoned for heavy and light industry Approval for a Township by the Private Townships Board of Natal has not yet been granted, but negotiations are still in progress

A.M.T. INVESTMENTS (PROPRIETARY) LIMITED

During the year, this Company acquired a building site in Parktown, Johannesburg

STAINLESS STEEL 220 FM 7/10/77

Gleaming in the gloom

In spite of the tarnished state of the economy, stainless steel has lost little of its shine.

Local consumption in 1977 is expected to rise by about 12% to 26 300 t — of which about 23 300 t are flat products. It is anticipated that consumption in the five-year period from 1976 to 1980 will increase by 57%.

There are a number of reasons for this favourable outlook:

- SA has lagged behind other countries with *per capita* consumption increasing from 0,5 kg in 1964 to 2,1 kg in 1976 Consumption in Sweden, by comparison, is 21 kg, the UK 4,8 kg, and the US 8 kg;
- Capital intensive projects, such as Sasol II, Koeberg, and various uranium plants which have come on stream, or are about to come on stream;
- Increased recognition of the advantages and uses of stainless steel;
- Increased beneficiation of chrome and ferro-chrome.

Southern Cross, a subsidiary of Middelburg Steel & Alloys, which is controlled by Barlows, is SA's only manufacturer. Its stainless steel is either further processed or exported.

SA still imports light-gauge stainless steel which Southern Cross does not manufacture, but Middelburg Steel is about to embark on an expansion programme which will supply all SA's needs and still allow for exports. The programme will take about five years to complete

The unique advantage of the local stainless steel industry is the fact that SA has about 70% of the free world's known chrome reserves — and chrome is one of the major components of stainless steel.

David Rowlands, executive director of the stainless steel Heavy Fabricators Association (HFA) points to the need for increased beneficiation of chrome: "From the Fifties SA became more and more involved in the beneficiation of chromite ore, firstly to ferro-chromium, and later in 1967 as stainless steel. These products are respectively worth R400 and R5 000/t of contained chromium

Discouraging

"Export of ferro-chromium started in the early Sixties and the Republic now satisfies some 15% of world demand. Further, the local producer of stainless steel, Southern Cross, currently exports approximately 60% of its production."

Rowlands says the recently-formed HFA is attempting to increase the usage of stainless steel in heavy fabrication, but he notes the following problems:

- That completed or partially fabricated plant can be imported duty free, thereby discouraging import replacement,
- It is impossible to assess accurately how much is being imported in its complete or partially fabricated form, as there is no explicit category covering these items in the schedule of customs tariffs.

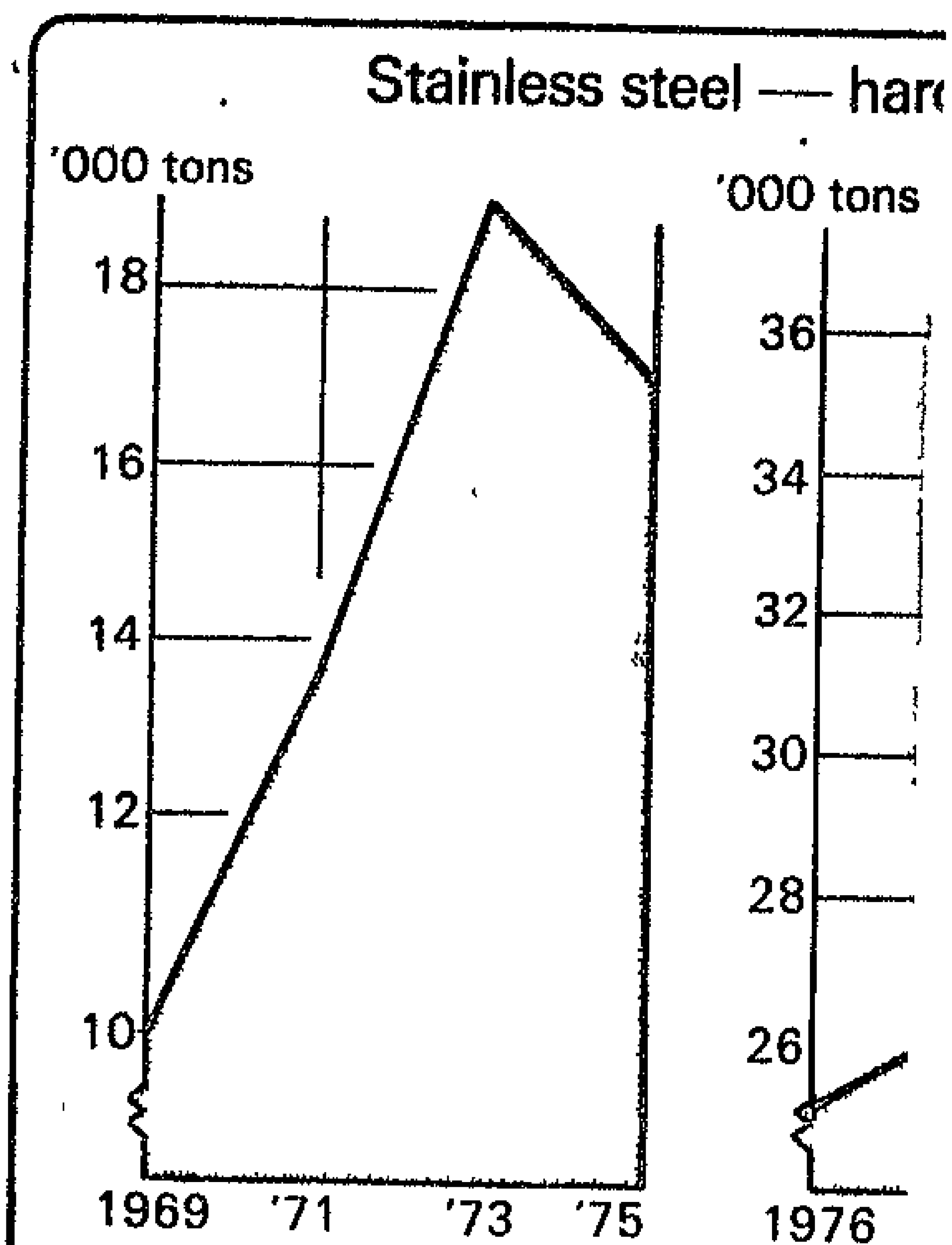
Michael Prior, marketing consultant to the Stainless Steel Development Association (SASSDA), says stainless steel is more than holding its own because of, among other things, the increasing number of uses, particularly in mining

He highlights experiments undertaken on ore cars used in mines, which show that although the cost of the stainless steel ore cars are 20%-30% higher than standard mild steel ore cars, stainless steel cars last at least five times longer with minimal maintenance

A breakdown of users of stainless steel shows that 28% are in the mining, chemical, oil and power industries, 20% in building and construction, 8% from consumer goods, 8% from transport, about 7% in the wine industry and 29% from various other industries.

Prior says that the increasing acceptance of stainless steel is reflected in the rise in SASSDA members — from 60 in 1972 to 150 in 1977

With the peculiar advantages of the local stainless steel industry there is clearly a need to maximise local fabrication and, considering the expansion plans of Middelburg Steel and the increasing uses of stainless steel, the industry's future appears to be bright



Stainless steel consumption in SA — flat products only

Proje cons

BAUXITE DEPOSITS (220) FM 7/10/77

Exploiting for export

Enough is now known about the bauxite deposits discovered in Natal over a year ago to confirm that they are of an exploitable grade

Martin Fey, a soil expert at the University of Natal in Pietermaritzburg who is acting as technical adviser to the developers, says there are potential reserves of at least 50 Mt in the Natal midlands while a further 15 to 20 Mt are to be found near Weza in southern Natal

Fey tells the *FM* that the grade runs at 6 t of buaxite to yield 2 t of alumina (aluminium oxide), which would in turn yield 1 t of aluminium metal The better grades currently being exploited in western Australia yield metal in a ratio of four to one Alusaf imports about 150 000 t of alumina from Australia each year

There are no other known reserves of bauxite in SA, but alumina can be derived from coal shales, clays and fly ash from power stations

Theron Burger, a director of the developing company, SA Bauxite (Pty), says the intention is to mine bauxite simply for export as the cost of an alumina plant would be astronomical

"It will be open cast mining Some of the stuff has only a few centimetres of soil on top, so it's easy to mine There are quite large deposits on Greytown's town lands and we're busy negotiating with the town council There are also some deposits on State lands" He feels deposits could amount to as much as 100 000 Mt

"We are in the process of converting to a public company and a prospectus should be available before the end of the year We have done our homework and we think we will need about R1,2m Shares will probably be offered to the public"

Burger feels that there may be a market in secondary industry — "in paints and that sort of thing" — and points to the strategic value of being independent, if necessary, of foreign supplies

FM 7/10/77

220

BAUXITE DEPOSITS

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R.D.M. 3/11/77 (920)

Tin features on a rather dull Street

JOHANNESBURG. — The [illegible] featured [illegible] dull [illegible] day.

The [illegible] tone of the market [illegible] firm and [illegible] reaction [illegible] the high level [illegible] the past [illegible].

[illegible] were mixed [illegible] falls are [illegible] to the [illegible] gold [illegible] were [illegible] and [illegible].

[illegible] were a little [illegible] over the week. The main [illegible] counters [illegible] were [illegible] firmer.

[illegible] 150 [illegible] the week [illegible] to 95c [illegible] Zaaiplaats moved up [illegible] to 140c.

The Witwatersrand marginals shaped well over the week. ERPM [illegible], Sallies put on [illegible] Falcon put on 44c and Little [illegible] moved up 12c to [illegible].

The Klerksdorp sector was the strongest with Buffel up 20c, Hartie up 100c and Vaal Reefs unchanged, besides the brilliant performance of Southvaal and Stilfontein.

In London, the market was [illegible] on balance in light trading.

The strength of sterling and rising interest rates moderated the decline.

Government bonds were active and a heavy bout of profit taking followed last week's eight point gain. They ended about a point down on the week having been lower.

In Salisbury, the market was again generally firmer.

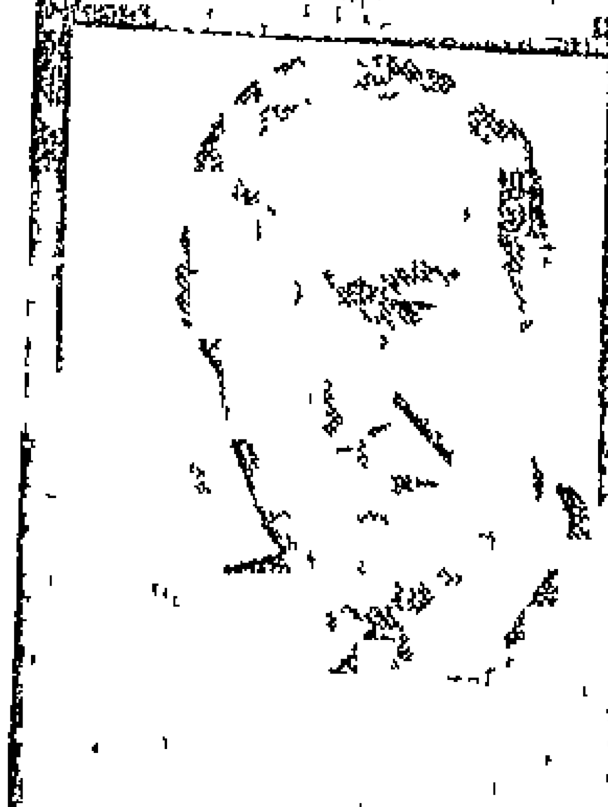
TA Holdings featured in the industrial section with a gain of 7 cents to 110 while Tobacco [illegible] at 170, and Rhodesian Breweries at 90 were up 3 cents. Rhodesia Cement [illegible] 3 cents to 53 cents buyers, and Edgars were up a like amount at 165. Murray and Roberts at 92 and Freecor at 22 were [illegible] cents better. — DDC SAPA RNS

4 (220) B SUNDAY TRIBUNE, OCTOBER 9, 1977

WN

Pickings exist in slower minerals

Taking Stock



With Michael Chester

MOST investors have come down to earth over the mineral export bonanza. The tremendous pace clocked by the speedometer cannot be sustained indefinitely and it now appears that a slower rate must be expected over the next few months and into 1978.

The root problem, of course, is the relatively slack demand for industrial minerals in the main overseas economies as most engines splutter when efforts are made to press down the reflation pedal.

Cost pressures are an increasing worry for the South African mines too, made all the more acute by the merciless climb of Escom power tariffs. The gold mines and collieries estimate their power bill soared to R121 million last year and accounted for over 15 percent of higher working costs. Now it is worse.

Even so, it would be a foolish investor who turned tail on the mining sector. A few tips on where to linger longer came a few days ago from Dennis Etheredge, vice president of the Chamber of Mines, when he addressed the annual Business Outlook of the National Development and Management Foundation in Johannesburg.

Despite the expectation of slower growth in exports of many base minerals, he said, there were still a number with good prospects yet. Among them:

Coal: Producers achieved their projected monthly export target for the first time in July by shipping one million tons out of Richards Bay.

On existing contracts the volume and value of coal exports should continue to increase until contracts amounting to over 26 million tons a year are fulfilled by late 1978.

Iron ore: Here exports have been boosted astronomically by the launch of the Sishen-Saldanha project, of course. Now ore exports are expected to top 12 million tons — earning R200 million in foreign exchange — in 1977.

And so far, contracts have been secured to export more than 17 million tons a year through Saldanha Bay.

Uranium: Gold mines belonging to the Chamber of Mines produced 1 766 tons of uranium oxide in the first half of this year, compared with 1 466 tons in the first six months of 1976 — a 20 percent increase.

The world market price continues to improve and sales contracts by South African mines are being well negotiated. A significant boost in revenue from uranium sales is forecast for the coming year.

Gold. The metal is back among the star performers. Production last year was around 713 tons, which reaped in about R2,3 thousand million.

Etheredge now estimates 1977 sales revenue will yield about R2,8 thousand million, even though output may be whittled down to 700 tons. All because of the better bullion price.

The average gold price on the London market in the first eight months of this year, at 142,70 dollars an ounce, was a handsome 14 percent higher than a year earlier. (A two-minute prayer, please, in memory of that moment only a little more than a year ago when the price all but sank under the 100-dollar level. I imagine that even if many investors did not actually fling themselves from 12th storey windows at least they fumbled with the catch).

What encourages Etheredge is the well balanced supply and demand position of bullion at the moment. Russian sales which were fairly heavy in the first quarter, have since slackened off.

Also, supplies from the IMF auction have been absorbed by the market with little disruption to price level. Industrial demand has stayed firm, even at the higher prices, and Far East demand has picked up again.

Now it seems Russia has a good grain harvest, usually an indicator that it will hold down sales. The dollar remains weak.

And so Etheredge sees an average gold price of between 150 and 170 dollars in the year ahead.

Diamonds. The demand for smaller sizes has been strong in recent months and there has been an improvement in demand for better quality larger diamonds too — despite the March price increase of 15 percent by the Central Selling Organisation.

There are still good pickings for the investor who steps around the mining sector with a little care.

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SA is in line for a nuclear bonanza

By PAUL DIAMOND

SOUTH AFRICA is acknowledged to be firmly aboard the nuclear band wagon and is said to be heading for a uranium mining bonanza.

The Republic's uranium oxide production will, asserts this month's Nuclear Engineering International, double over the next two or three years, spurred on by demand and rising prices and there is no doubt that the country has been picking up many of the more lucrative contracts while Australia has occupied itself with the great export debate.

"South Africa now announces itself," says the journal in an in-depth look at the South African uranium scene, "ready to discuss contracts for enrichment services with interested customers.

"It points out that with uranium being produced by its mining houses and plans by the Atomic Energy Board to build a UF6 conversion plant, it will be in a position to provide a complete service for the power reactor operators of the future foom the supply U3O8 concentrates through UF6 conversion to enrichment".

Furthermore contracts signed and sealed for delivery of uranium from the mid-1980s are to provide, in certain cases, for enrichment in the Republic.

On to the Valindaba enrichment plant and South Africa's willingness to build the plant on "an international collaboration basis", Nuclear Engineering comments that although there have been discussions with interested parties "they have so far been unable to come to 'satisfactory terms' in this area".

On the production side the journal estimates that this year's uranium output will be 4 500 tons compared with 3 111 in 1976.

With Ergo, its Free State equivalent, Stilfontein and Afrikander Lease coming on stream in the meantime, it predicts a 1985 production figure of 7 500 - 8 000 tons.

And if the price and market are favourable the latter figure could be increased by 1 000 tons with boosts from the two Ergos, Randfontein and uranium production generally.

Shangani thinks of cutting production

(220)

RDM 10/10/77

By ADAM PAYNE

THE management of Shangani nickel mine in Rhodesia, which is operated by Johnnies and in which Anglo American Corporation has a large interest, is considering a reduction in output or even a suspension of operations because of losses

This is said by Mr H Dalton-Brown, the chairman, in his annual review in which he reports a net loss for the year to June 30 last of $Rh1 897 000, with an accumulated loss brought forward of $Rh1 546 000.

Mr Dalton-Brown is also chairman of Otjihase copper mine, near Windhoek, where similar steps are being considered

Both mines are suffering from low metal prices and are crippled by the interest charges on loan finance.

Shangani achieved a "more or less break-even" position in its first full year on operating account, but interest charges and fees absorbed a further $Rh1 80-0 000

In addition, it was necessary to finance the stock of unsold production

Capital spending in the year totalled $Rh2 200 000 The target of tones of nickel-in-concentrate was achieved.

Mr Dalton-Brown says the group is investigating what steps can be taken to limit further expenditure and losses arising from low nickel prices

A further statement will be made to shareholders when the investigation is complete, and when discussions have been held with the parties involved in the company's operations

Nickel-mining groups in Rhodesia face a threefold problem — falling prices, rising costs and a restricted market, says Mr Dalton-Brown.

It is not expected the nickel price will recover until the Western economies show a real improvement

"Meanwhile, inventories are increasing substantially, thereby delaying the time when a reasonable price can be realised for nickel"

"Nickel producers throughout the world are now receiving less per unit than was the case a year ago or even two years ago."

Sales for the year to June 30 were poor because it was necessary to build up stocks in the first nine months and more recently due to the continuing fall in nickel demand

SHANGANI (220)

Closing soon? FM 14|10|77

With worldwide nickel over-production, negotiable price discounts from all major producers, and consumer reluctance to source material from Rhodesia, Shangani more or less broke even at the operational level in its first full year

But with R$1,8m interest, R$2,2m capex and cash requirements to finance stocks of unsold material, the company is suffering from severe cash flow problems. In the near term there is little relief in sight World nickel stocks will probably restrain prices even after demand improves, while capex for development of underground operations continues

Following the raising of R$9m of short-term loan facilities in January to finance the larger stockpile, lenders appear to have taken the view that the company has sufficient borrowings and that no more are acceptable The only alternatives are direct funding by Johnnies or its guarantee for additional funds.

Clearly the risks are too much for Johnnies to take It is faced with the problem of writing about R30m off its investment in Otjihase and any additional losses arising from Shangani would be another strain on its liquidity

Earlier in the year discussions were held between Johnnies and Anglo subsidiary Rhodesian Nickel which operates the Bindura refinery where Shangani's concentrates are treated Johnnies' object was to merge the two companies and allow production to be rationalised between Rhonick's three mines and Shangani Effectively, with Shangani as the highest cost producer, it would have led to its closure In the event, Rhonick turned down Johnnies' proposals

The only alternative now is to stem the outflow of funds as quickly as possible. Investigations are under way to cut losses involving either a production cutback or suspension of operations at the mine. Whatever happens, it is inevitable that Johnnies will have to make a further provision against its investment this year while guaranteed loans will be repaid from group cash flow

Hard lessons are being learned and big brother's view of the situation must be pretty critical *Jim Jones*

Financial Mail October 14 1977

Nationalisation fear hovers over [illegible] reserves

Platinum panic

Sun. Trib. 16/10/77

(220)

By Finance Editor ALAN PEAT in Durban and JOHN CAVILL in London

MORE THAN R28 000 million worth of the rare mineral, platinum, is at stake after reports that Chief Lucas Mangope intends a partial nationalisation of "foreign owned" interests after the independence of the Bophuthatswana homeland on December 6. Bophuthatswana contains the platinum rich Merensky Reef, which holds most of the free world's potential supply of the metal.

Origin of the latest furore is a report, highlighted in last week's British Sunday Times, that sources close to Bophuthatswana leaders have indicated that Chief Mangope plans to take 50 percent of all foreign-owned enterprises, and eventually existing ones, after the independence of his 1,5 million population territory.

While Mangope said in London on Friday that he did not intend to "nationalise" the platinum industry, he has not made it clear whether he intends to take a stake in the operations or not.

Concern over the implications of any form of nationalisation of platinum interests is running high both in Britain and in South Africa, and urgent discussions are in progress with the South African Government to try to find a means of guaranteeing the rights of the present lessees of the ore load in Bophuthatswana.

The three South African producers, Johannesburg Consolidated's Rustenburg Platinum (with the largest stake in the homeland), Unicorp's Impala Platinum (the number two and most profitable) and Lonrho's Western Platinum are all deep in negotiations over the future of their most important asset.

Of the three, only Western Platinum has no immediate need for guaranteed access to the Bophuthatswana deposits. While about 50 percent of Wesplat's reserves are in the homeland area these will not be exploited for about 20 years, according to Kevin Wilkinson, administration general manager of Lonrho

Local spokesmen for the three mining houses are extremely tight lipped about the issue, which they describe as "extremely delicate", but all have indicated their worry over the fate of the 200 million ounce Bophuthatswana platinum reserves.

While the nationalisation debate rages over more than the platinum interests (some R1 050 million of foreign investment has been made in the unconsolidated, six-part homeland), the free world's concern is centred on the platinum issue

Without the few thousand tons of platinum mined within South African borders each year the free world's oil and chemical transformation industries would grind to a halt

There would also be an almost crippling blow dealt to motor car, electrical and electronic interests should the West lose access to this supply.

And, say local political commentators, this massive instrument of power will be an acid test for the Government's credibility over true homeland independence. Should Mangope succeed in gaining control of Bophuthatswana foreign-owned industry, he will have an undeniable lever in negotiations with the Western powers.

John Cavill reports from London that Hambros Ltd, one of London's leading merchant banks, has sold a large part of its stake in Bishopsgate Platinum, which owns 21,6 percent of Impala Platinum

R. A. Wheeler, a director of Hambros and of Bishopsgate, said this week his group's holding in Bishopsgate was now "considerably less" than the 17,52 percent it held a year ago.

Wheeler said: "The decision to sell was taken on investment grounds — taking into account the outlook for platinum, investment in South Africa, the pound and British investments We got very much higher prices than those now.

"We don't intend to lessen our holding further Impala is still a very good company and we are proud to be associated with it"

Mr Wheeler disclosed the sale of Bishopsgate shares when he was asked whether Hambros were concerned at a report in the London Sunday Times that Bophuthatswana might ultimately take over a 50 percent stake in the platinum mines in the homeland

The Sunday Times report has had no effect on platinum share prices — "they are already so bombed out it makes little difference," said a leading London broker.

Wheeler, however, said "If I were a man on the Clapham omnibus I think I would be concerned about what is happening generally in South Africa

"I personally don't believe Chief Lucas Mangope will do anything silly.

"But the South African Government policy on the homelands is a bit murky.

"I don't know, for example, what effect the homelands independence policy will have on tax and leases and what this will mean to Impala.

"The mine already pays a high royalty to the people of the homeland but one doesn't know that they won't want more for development

"At the moment, however, I am not worried about it It is no worse than the central government putting up taxes," he said

Another London stockbroker said. "We are not really worried As we understand it Chief Mangope has given assurances both to Impala and JCI (Johannesburg Consolidated Investments) that production will go on as normal after independence."

RDM 19/10/77

JOHANNESBURG CONSOLIDATED INVESTMENT

Otjihase

(220)

Otjihase Mining Company (Proprietary) Limited
Issued Capital: R5 763 452
(Divided into 5 763 452 shares of R1 each)

OPERATING RESULTS

	Quarter ended 30 9 77	*Quarter ended 30 6 77 (Adjusted)*
Ore milled — tons	212 000	235 000
Production (Based on mine assays):		
Copper in concentrates — tons	3 589	4 065
Sulphur in concentrates — tons	16 539	9 587
Working cost — per ton milled	R18,38	R16,64
Development advanced — metres	1 391	1 075
Blister copper produced — tons	3 802	5 110
Blister copper shipped and sold — tons	4 260	4 846

FINANCIAL RESULTS (R000's)

	Quarter ended 30.9 77	*Quarter ended 30 6 77 (Adjusted)*
Operating loss	1 391	688
Adjustment of stock values	Dr. 1 352	Dr. 1 486
	2 743	2 174
Less Sundry revenue	9	67
Net operating loss	R2 734	R2 107

Notes:

1. Revenue is subject to adjustment on final determination of proceeds from sales
2. Copper stocks are valued at estimated net realisable value.
3. The adjustment to the operating loss for the June quarter results from year-end entries arising mainly from the subsequent fall in the copper price, the writing down of stores items and the accrual of additional expenditure.

OPERATIONS AND FUTURE OUTLOOK

The company is currently operating at a substantial loss and in the present state of the copper market there is little indication that it can be restored to profitability in the shorter term. The directors are, therefore, engaged upon a complete review of the company's position, taking into account the company's contractual obligations and present mining and processing costs viewed in the light of an uneconomic copper price with little chance of recovery in the short or medium term A decision was taken to curtail operations to 70 000 tons milled per month, employing a modified mining method The cessation of operations is under consideration.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R249 000.

For and on behalf of the board,
H DALTON-BROWN
R B SUTHERLAND *Directors*

18th October, 1977

Johannesburg Consolidated Investment Company, Limited,
Consolidated Building, Fox and Harrison Streets,
Johannesburg 2001
P O. Box 590, Johannesburg 2000
or
Barnato Brothers Limited,
99 Bishopsgate, London EC2M 3XE,
England.

Copies of the above reports are obtainable from the London Secretaries

Conmurch hit, Prieska in red

(220)

RDM 19/10/77

By DON ROBERTSON

ANGLOVAAL'S two non-gold mining operations, Prieska and Consolidated Murchison, mirrored the virtual collapse in their respective markets and both reported disastrous results in the September quarter.

Taxed profits of Cons Murch were more than halved at R626 000 compared with R1 813 000 The board warns that because of the deteriorating antimony market, sales in the fourth quarter will be significantly lower.

This steadily worsening position suggests that the final dividend will be substantially reduced, if not passed

Output continued apace and a total of 6 110 tons (4 867 tons) of concentrates and cobbed ore were produced. Shipments, however, dropped to 4 765 tons (5 012 tons) worth R4 733 000 (R5 492 000) Costs absorbed R3 836 000 (R3 589 000), leaving a working profit of R897 000 (R1 903 000).

Prieska moved into the red in the September quarter with a loss of R363 000 compared with a profit in the June period of R1 730 000

With loan repayments and capital expenditure consistently exceeding earnings, the current loss position emphasises the recent warning that cash resources will be rapidly depleted unless there is a substantial improvement in metal prices

A record tonnage of 783 000 (689 000) milled during the quarter produced 29 425 tons (28 993 tons) of copper concentrates and 34 857 tons (30 169 tons) of zinc concentrates. But this was overshadowed by lower shipments

Despatches amounted to 21 444 tons (24 341 tons) of copper and 28 645 tons (40 035 tons) of zinc This resulted in an operating profit of only R183 000 against R2 407 000.

Palamin lower

(220) RDM 20/10/77

COPPER production at Palabora was down in the September quarter largely because of problems with the two new autogenous mills.

The mills, which were part of the R85-million expansion programme, were commissioned in March but were taken out of production in July. Since then, repairs have been made and the first was re-commissioned in September and the second this month.

Production was down to 26 057 tons in the September period compared with 29 004 tons in the June quarter. Similarly, sales were lower at 26 035 tons (27 323). Grade was unchanged at 0,54%.

Magnetite sales were lower at 112 875 tons (216 933) because of the shortage of ships available for transport. Vermiculite sales fell to 28 954 tons from 43 624 because of the building slump.

Outlook bullish for tin, copper

RDM 20/10/77

(220)

Financial Reporter

HIGHER prices for both copper and tin were forecast yesterday by international metal market experts.

Mr George Fitch, commodities specialist in the materials division of the US Department of Commerce, said the most important market development of 1977 would be the US decision on whether to release 30 000 long tons of tin from the strategic stockpile.

If the US congress decided against, or postponed a decision, tin prices should continue to show an upward trend through 1978.

Mr Fitch, writing in Tin International, said that although the market could turn to commercial stocks to meet this year's projected supply shortfall of 22 000 tons, these stocks are low.

Therefore only large exports by China, which were unlikely, or a US stockpile release could significantly check an upward price spiral.

With world production expected to fall short of consumption for the next five years at a cumulative rate of an estimated 75 000 tons, a US stockpile release of 30 000 tons would at best only dampen the upward spiral.

Amalgamated Metal Trading says copper prices could rise by more than £120 a ton during the next six months as supply and demand come into balance and precious metal prices improve.

It predicted that the price for copper wire bars may rise to about £819 a ton compared with yesterday's three months price in London of £697.

However, the price increase would be constrained by the large overhang in stocks, the need by some producers to reduce stocks and the necessity to increase capacity utilisation. — Reuter.

(226) RDM. 21/10/77

Copper mines riding for a fall

LONDON. — The head of a major Zambian mining company says the operation of many copper mines, as well as the viability of new mines, will be imperilled unless copper prices recover.

Addressing the same forum, the head of one of Japan's biggest mining companies, Sumitomo, recommended the establishment of an advisory committee to study ways of tackling the current price of copper He said it was unreasonably low It should also look at the imbalance between supply and demand

Mr David Phiri, managing director of Roan Consolidated Mines, told the American Metals Market forum in London that producers and consumers agreed the present price could only harm the industry

It was clear that long-term stable conditions would only result from a negotiated international copper agreement Such a negotiation would be difficult and protracted, but a solution could be found.

Mr Akira Fujisaki, president of Sumitomo Metal Mining Company, said an advisory committee should be formed to include the major world producers, smelters and fabricators After this, an intergovernmental permament consultative body should be established to study a possible international commodity agreement on copper

Mr Phiri said a negotiated international copper agreement should aim to achieve stable prices

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FM 21/10/77

PALABORA MINING COMPANY LIMITED

Report for the nine months ended 30 September 1977

To the shareholders,

The directors present the following report for the nine months ended 30 September 1977

PRODUCTION AND SALES
(Metric tons)

	Quarter ended 30 September 1977	1976	Nine months ended 30 September 1977	1976
Copper				
Production (Note 1)	**26 057**	31 162	**78 961**	73 902
Sales	**26 035**	22 622	**74 954**	66 248
Ore milled	**5 585 396**	4 902 572	**18 097 270**	14 754 020
Average copper grade	**0,54%**	0,54%	**0,51%**	0,57%
Concentrate produced	**70 908**	65 377	**220 526**	199 764
Sales of other products				
Magnetite (Note 2)	**112 875**	216 933	**276 549**	478 478
Sulphuric acid	**31 392**	35 604	**88 607**	84 720
Vermiculite (Note 3)	**28 954**	13 624	**116 583**	145 972

NOTES

1 Copper production for the nine months ended 30 September 1977 includes 1 911 metric tons (*1976 — 1 673 metric tons*) purchased from outside sources and for the quarter ended 30 September 1977 — 612 metric tons, compared with 549 metric tons in the same period in 1976

There were two reasons for the difference in the quantity of copper produced in the third quarter of 1977 compared with that of 1976 The first was that a planned smelter shut-down for 23 days in May and June 1976 resulted in a build-up of concentrate stocks which were smelted at an accelerated rate in the third quarter to reduce the stockpile to normal levels Thus copper production was exceptionally high in this period in 1976

The second was that, as shareholders were informed in the 1977 half-yearly report, the two autogenous mills which form part of the expanded facilities to produce an extra 30 000 tons of copper a year were taken out of service in mid-July for repair following the discovery of design and manufacturing defects After completion of repairs and modifications, one mill was restarted at the beginning of September and the other early in October Consequently copper production in the third quarter of 1977 was not as high as planned

2 The reduction in sales of magnetite was due to a shortage of ships to transport this material to the buyer in Japan

3 There was a lack of demand for vermiculite mainly as a result of the world-wide recession in the building industry

By order of the Board
Rio Tinto Management Services
South Africa (Pty) Limited

Secretaries
per G H Edwards

P O Box 61140
Marshalltown 2107
Transvaal

20 October 1977

RDM 21/10/77

220

Platinum price moving up

By NEIL BEHRMANN

LONDON. — Encouraged by the favourable developments in the gold and silver markets, the platinum price has risen from $152 a month ago to $158 yesterday.

Last week dealers were disappointed with platinum Its performance did not match the buoyancy of other precious metals The main reason was continued selling by the Russians at discount prices in New York

London platinum dealers say, however, that these contracts are running out, so Russian selling is beginning to dry up

They also report a big improvement in Japanese demand following disappointing sales to the main platinum consumer in the first six months of the year

A dealer says the platinum inventories of consumers are low and once these buyers are drawn into the market, there could be a swift improvement in price. The South African producers were not anxious to sell at $162 because of these hopes, he says

The South African producer price is $162, but when platinum was weak in the past few months, dealers reported that the South African producers were selling at a discount to the producer price

Platinum is now $12 higher than the August low Even though Japanese and United States motor manufacturers are buying more platinum, the trade is wary that there will be a marked rise in prices But short-term appreciation is possible if gold and silver continue to surge

In this event, speculative and investment interest could spill over into platinum

Jewellers may also be attracted to platinum because the price is lower than gold

The New York Times reports that the latest American vehicle for investing in gold is the deposit certificate, a sort of warehouse receipt for metal in Swiss bank vaults. These instruments represent ownership of gold bullion bars of up to 400 oz which are stored in a Zurich bank.

The certificate has been available from Deak & Co, Washington, a member of Deak-Perera international bankers, foreign exchange dealers and precious metals brokers

The gold deposit certificates should be soon available from Shearson Hayden Stone Inc, the Wall Street investment and brokerage house The brokers say that there is no sales tax on bullion and coins for Americans. But the receipts are not negotiable and must be resold to the broker

Henry Jarecki, of Mocatta Metals Corp, said recently that if American institutional investors and private individuals followed the European practice of putting 8% to 15% of their capital into gold, prices would soar

But he warned that if economic, political or social conditions led to a mass move into gold ownership, Washington could again ban ownership of bullion He said Washington had done it before, and could do it again.

Black Mountain mine gets R180m go-ahead

(220)
RDM 22/10/77

By DON ROBERTSON
Mining Editor

THE OFFICIAL go-ahead for the development of the Black Mountain mineral deposit in Namaqualand by Gold Fields and the American-based Phelps Dodge group heralds a new phase in South Africa's mineral development.

The project, which will win copper, lead, zinc and silver from the arid area, will earn more than R50-million a year at current selling prices in foreign exchange when Black Mountain comes to production in 1980

Agreements for the R180-million project were signed in Johannesburg yesterday, and along with other mining projects planned, including the Anglo American/Newmont zinc mine, will boost South Africa's base-mineral production potential to a figure which will soon beat that of gold revenue.

The Black Mountain project, which involves at least 200-million tons of mineralised ore, will require the development of infrastructure facilities which should open up this vast area to further development

Development of the Black Mountain and nearby Broken Hill deposits has been discussed for some time, but it has now been disclosed that 38-million tons of ore are immediately and economically available. On this basis the project will go ahead.

The deposit holds copper at a grade of 0,45%, lead at 0,635%, zinc at 0,287% and silver at 0,08%.

When in production in 1980, the mine is expected to mill 1 125 000 tons a year and produce 132 000 tons of lead concentrates, 22 000 tons of copper concentrates and 35 000 tons of zinc concentrates A total of 113 000 kg of silver will be produced as a by-product.

Financing of the operation is almost unique in South African mining and says a lot for Gold Fields' ability in that only R13-million of the total has been raised overseas

South Africa's low credit rating plays a big part in this and it is surprising that the overseas content of the loans bears an interest rate which is lower than the local participation

Equity finance is provided by Gold Fields and Phelps Dodge as to R15-million each, but Gold Fields, through a small participation by Vogelstruisbult ends up with 51% of the equity The rest comes from loans

In setting up perhaps one of the most highly geared mining operations yet, the group has borrowed the balance of R150-million

An amount of R35-million will come from the GFSA-Vogels stable in a deferred shareholders' loan

A further R103-million will come from banks A consortium comprising Barclays, Standard and Nedbank will put up R90-million Standard, on its own, will put up another R13-million

These loans will bear an interest rate which is 1,5% above the prime rate, which suggests that in current terms, it will be 14% The first loan is due to be repaid by March, 1985, with the second by March, 1982

The National Finance Corporation is in for R5-million carrying an interest rate of 4% above the five-year Government stock rate

Suppliers credits and short-term loans will make up the rest

Gold Fields is funding its portion through a R13-million overseas, medium-term loan with the other R22-million coming from South African sources

The overseas part of this loan carries a rate of 9,5% and is repayable by 1982 in similar terms to the Standard Bank advance, which carries a rate of 14%

This is indicative of the difficult situation that companies find themselves in with regard to overseas borrowings Small amounts are obviously available at the going rate On the terms available, it is obvious that Gold Fields / Phelps Dodge would have preffered to raise a larger proportion overseas

That large sums for this "risk" operation were not available is evident, while South African institutions with plenty of cash can command high coupons

The R22-million which Gold Fields is raising in South Africa can be increased to R35-million, but it is expected that this will only be done if cash flow in the early stages of operations is not sufficient to service the heavy loans

Mercury

Gough Cooper's profit halved

22/10/77 220

JOHANNESBURG — Gough Cooper's taxed group profit was halved in the first half of this year compared to that in the first six months to June 30 last year. It dropped from R652 000 to R318 000 and earnings per share decreased from 1,52c to 7,57c.

In his statement dated 7 March last, reviewing the company's activities for the year ended 31 December, 1976, the chairman anticipated that the current year would be a more difficult one for the building industry than was the previous year and indicated that profits would not be maintained at the 1976 level.

In the event, working results for the six-monthly period to 30 June proved to be more adverse than was anticipated.

For the entire period under review, a lack of confidence among the buying public in the home-ownership sector was patently manifest and sales have been adversely affected.

Building costs

Building and holding costs generally have continued to rise, although every effort has been made by the company to contain these costs and to effect all-round economies both administratively and on site.

Tendering in the area of building projects has been particularly keen and it would appear that in a depressed market some tenderers are mainly seeking to recover expenses only, with little or no margin of profit to the contractor.

On a more optimistic note current inquiries are showing signs of improvement. — (Sapa.)

(220) 23/10/77

PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die nege maande geëindig 30 September 1977

Aan die aandeelhouers,

Die direkteure lê die volgende verslag vir die nege maande geëindig 30 September 1977 voor:

PRODUKSIE EN VERKOPE
(Metrieke ton)

	Kwartaal geëindig 30 September 1977	1976	Nege maande geëindig 30 September 1977	1976
Koper				
Produksie (Aantekening 1) . . .	**26 057**	31 162	**78 961**	73 902
Verkope	**26 035**	22 622	**74 954**	66 248
Erts gemaal	**5 585 396**	4 902 572	**18 097 270**	14 754 020
Gemiddelde kopergraad	**0,54%**	0,54%	**0,51%**	0,57%
Konsentraat geproduseer	**70 908**	65 377	**220 526**	199 764
Verkope van ander produkte				
Magnetiet (Aantekening 2) . . .	**112 875**	216 933	**276 549**	478 478
Swawelsuur	**31 392**	35 604	**88 607**	84 730
Vermikuliet (Aantekening 3) . .	**28 954**	43 624	**116 583**	145 972

AANTEKENINGE:

1. Koperproduksie vir die nege maande geëindig 30 September 1977 sluit 1 911 metrieke ton in (*1976 — 1 673 metrieke ton*) wat by buitebronne gekoop is en 612 metrieke ton vir die kwartaal geëindig 30 September 1977, vergeleke met 549 metrieke ton vir die ooreenstemmende tydperk in 1976.
   Daar was twee redes waarom die hoeveelheid koper wat in die derde kwartaal van 1977 geproduseer is van dié van 1976 verskil het. Die eerste was dat 'n beplande sluiting van die smelter vir 23 dae lank in Mei en Junie 'n opeenhoping van konsentraat-voorrade veroorsaak het wat teen 'n versnelde tempo in die derde kwartaal gesmelt is om sodoende die voorraadstapel tot normale vlak te verminder. Dus was koper-produksie besonder hoog gedurende hierdie tydperk in 1976
   Die tweede rede was, soos aandeelhouers in die 1977 Tussentydse Verslag ingelig is, dat die twee outogene slypmeulens wat deel uitmaak van die uitgebreide aanleg-geriewe om 'n bykomende 30 000 ton koper per jaar te produseer, in die middel van Julie uit diens geneem is vir herstelwerk ná die ontdekking van ontwerp- en vervaar-digingsgebreke.
   Ná voltooiing van die herstelwerk en modifiserings is een meule aan die begin van September weer in bedryf gestel en die ander vroeg in Oktober. Gevolglik was koperproduksie in die derde kwartaal van 1977 nie so hoog as wat beplan is nie
2. Die daling in magnetietverkope was te wyte aan 'n tekort aan skepe om hierdie materiaal na die aankoper in Japan te vervoer.
3. Daar was onvoldoende aanvraag vir vermikuliet, hoofsaaklik as gevolg van die wêreldwye resessie in die boubedryf.

Op las van die Direksie
Rio Tinto-Bestuursdienste
Suid-Afrika (Edms) Beperk

Posbus 61140
Marshalltown 2107
Transvaal

Sekretarisse
per: G. H. Edwards

20 Oktober 1977

AD IN SAKE-RAPPORT 23/10/77

220

Tin still climbing

RDM 26/10/77

220

Financial Reporter

THE cash price of tin rose again in London yesterday closing at £7 060,70 a ton, a rise of £60,70 on Monday's level.

The three 'months' price, which is more important as a market indicator, rose only £10,30 to £6 825,30.

The squeeze on cash or nearby tin has increased to such an extent that dealers are working on plans to fly tin from Malaya to London to take advantage of the price.

The backwardation between the cash and three months' price is £235,40 and some dealers predict it will go to £700 a ton

NEIL BEHRMANN reports from London that metal consultants Rayner Harwill say the price trend continues to be upwards because of the large gap between supply and demand.

The firm believes that when the United States general services administration sells tin, the market will be orderly and will not necessarily be adversely affected

The firm believes the market will be volatile, but movements will fluctuate on an upward trend.

Consumers are low on stocks so the belief is that real demand will push the price

At higher prices, consumers will prefer substitutes, but it will take time to put these policies into effect

The timing of GSA tin sales is still uncertain as a Congress move to sell it and use the proceeds to buy 250 000 tons of copper has been defeated

This has had no effect on the copper price, indicating that it could be near bottom

Speculators push platinum on SA uncertainty

RDM 26/10/77 220

By NEIL BEHRMANN

LONDON — Political events in South Africa have encouraged speculators to take positions in platinum and the free market price has risen above the producer price.

Platinum is quoted at $164 an oz, which is $2 higher than the Rustenburg and Impala producer price

On October 14, the price was $155, and in August the low was around $145 dollars The rise has been even more dramatic than that of gold, especially as there is still surplus of platinum and industrial demand continues to be weak

The marketing director of Johnson Matthey, Mr D Dumenil, said yesterday t[illegible] last week's events in S[illegible] Africa led speculators to be[illegible] there would be an embarg[illegible] trade with South Africa

Speculators have taken p[illegible]tions on possible supply disr[illegible]tions or future stockpili[illegible] policies of governments

The weakness of the dollar and strength of gold and silver took platinum up with them.

The newspaper Nihon Keizai Shimbon said recently that the Japanese Government intended stock piling oil and metals as part of the measures to reduce its huge balance of payments surplus

Chromium, nickel and platinum are included, and the thinking is that 10% of imports, or 128 000 oz of platinum, will be bought

It would take time for the policy to take effect, but it would have a bullish impact

Russian selling has continued at a lower rate, but merchants say they are behind in deliveries. The belief is that they are selling out of current production and not from stocks

If production is curtailed in the winter, Soviet selling could taper off

Consumer stocks of platinum could also run down, and if these buyers enter the market, it would be soundly based

• In Johannesburg yesterday a platinum mining executive said that the two factors pushing up the free market platinum price were the improvement in the gold price and political events in South Africa

The events gave rise to fears overseas that production might be disrupted in South Africa.

He said there had been "suggestions of a small recovery" in demand Whether it was speculative or fundamental was not clear.

"Possibly it is not so much firmer demand as that nobody seems ready to sell," he said.

"Dealers are holding back in the hope of a futher rise in price, but there is no underlying strength in the market."

Natal Mercury
26/10/77

220

The Natal Me

Platinum price soars

Mercury Correspondent

LONDON — Political events in South Africa encouraged speculators to take positions in platinum and the free market price soared above the producer price.

Platinum is currently quoted at 164 dollars, two dollars higher than the Rustenburg and Impala's price.

On 14 October, the price was 155 dollars and in August, the low was around 145 dollars.

So the rise has been even more dramatic than gold, especially since there is still an overall surplus of the metal and industrial demand continues to be weak.

Trade embargo

Marketing director of Johnson Matthey, Mr D. Dumenil, said that last week's events in South Africa led a lot of speculators to believe that there would be an embargo on trade with South Africa.

Speculators have taken positions on possible supply disruptions or future stockpiling policies of Governments

The weakness of the dollar and strength of gold and silver, of course also dragged platinum up with them

It is also likely that an article which appeared in last Friday's Wall Street Journal had an affect on the market.

The article said that South African Government's crackdown had rekindled concern over future supplies of the platinum group and other metals.

(220)

FM 28/10/77

BLACK MOUNTAIN

A gamble on metal prices

On the figures released last week for the GFSA-Phelps Dodge Black Mountain mine, it seems that despite the project's high gearing and current depressed base metal prices, it should be able to retire its R151m debt without undue strain, while if base metal prices revive over 1980-85, profit prospects will be attractive But much depends on production beginning in January 1980, and there is little margin for technical or other delays

The *in situ* grade figures for the 38 Mt of ore which form the initial mining target are 0,45% copper, 6,35% lead, 2,87% zinc and 0,08% silver, an apparently miniscule level which translates to 2,6 oz/t At current metal prices, copper will contribute roughly 7% of revenue, lead 51%, zinc 26% and silver 17%, taking zinc at the European Producer Price (EPP)

Analysis of the project in relation to Prieska throws up some interesting comparisons. Black Mountain's estimated net revenue of R50m at current metal prices translates to R44/t milled, while at Prieska, the comparable figure last year was R22. If anything, this comparison underrates Black Mountain, because its figure is at up-to-date metal prices, while Prieska's reflects the generally higher prices prevailing last year

On capital costs, the comparison shows the extent of inflation since the inception of Prieska, which milled 2,7 Mt last year and showed total capital employed of R67m This is R25 per annual ton of milling capacity, but for Black Mountain, taking estimated capital cost of R181m up to the commencement of production, and the much lower milling rate of 1 125 000t, the figure is R161 per annual ton

Lead prospects

The moral seems to be that in today's financial climate, only highly mineralised deposits such as Black Mountain are capable of being developed, yet prospecting is turning up generally low grade finds

Comparison of Black Mountain with the nearby Gamsberg prospect, where the shareholders are Newmont, O'Okiep and Anglo, is also revealing Current *in situ* value of the Black Mountain ore is about R68/t, but at Gamsberg, taking 7,4% zinc and 0,5% lead, the figure is R48/t, again taking zinc at the EPP With fundamentals for zinc arguably less favourable than for lead Gamsberg does not look as well-placed as Black Mountain at present

Taking Black Mountain's annual net revenue of R50m, I understand from the house that this figure is structured so as to allow for all off-mine costs, "as soon as the concentrates are loaded into a truck" Mining costs are put at R12/t, or R13,5m, so operating profit before interest and capital repayments would be about R36,5m at current metal prices.

Priority has to be given to repayment of the senior debt, which is an R90m consortium bank loan and an R13m Standard Bank loan. Combining interest and capital repayments, these will cost about R26m and R5m respectively a year The consortium loan is repayable in nine half-yearly instalments from March 31 1981 and the Standard Bank loan in six half-yearly instalments from March 15 1980

So the two loans overlap for 18 months from March 31 1981, when capital and interest payments combined will peak at R31m. The schedule works roughly as follows

1980	1981	1982	1983	1984	1985
			Rm		
5	31	31	26	26	26

The R35m deferred shareholders' loan is repayable over a more flexible period, and GFSA's agreement with the banks does not prevent it from retiring part of the loan over 1980-85 if profits permit, after providing working capital and ongoing capex

But no dividend is expected until six years after initial production, which suggests some time in 1986 So the house's cash flow projections apparently indicate, that the deferred shareholders' loan will not be fully repaid until after the consortium loan, as I understand it is unlikely dividends will be paid until all senior debt and the deferred shareholders' loan have been repaid

One problem inherent in the 5·1 debt equity gearing is that the mine's tax shelter will mainly be used to repay debt, rather than to create an initial tax free period of high dividends Depending on the extent of capex after production begins in 1980, Black Mountain may have only one or two good dividends before full incidence of tax

On operating profit of R36,5m, after repayment of all debt, and making other assumptions such as no cost overruns and no change in the shareholding of Phelps Dodge, Black Mountain could be worth about 55c a share to GFSA fully taxed GFSA hopes this will be a minimum figure and, certainly, there will probably be years between now and 1985 when Black Mountain's revenue is well above R50m The main question mark over the project is whether current base metal prices will prove to be some kind of low point, or a mean level from which prices can go down as well as up.

Richard Rolfe

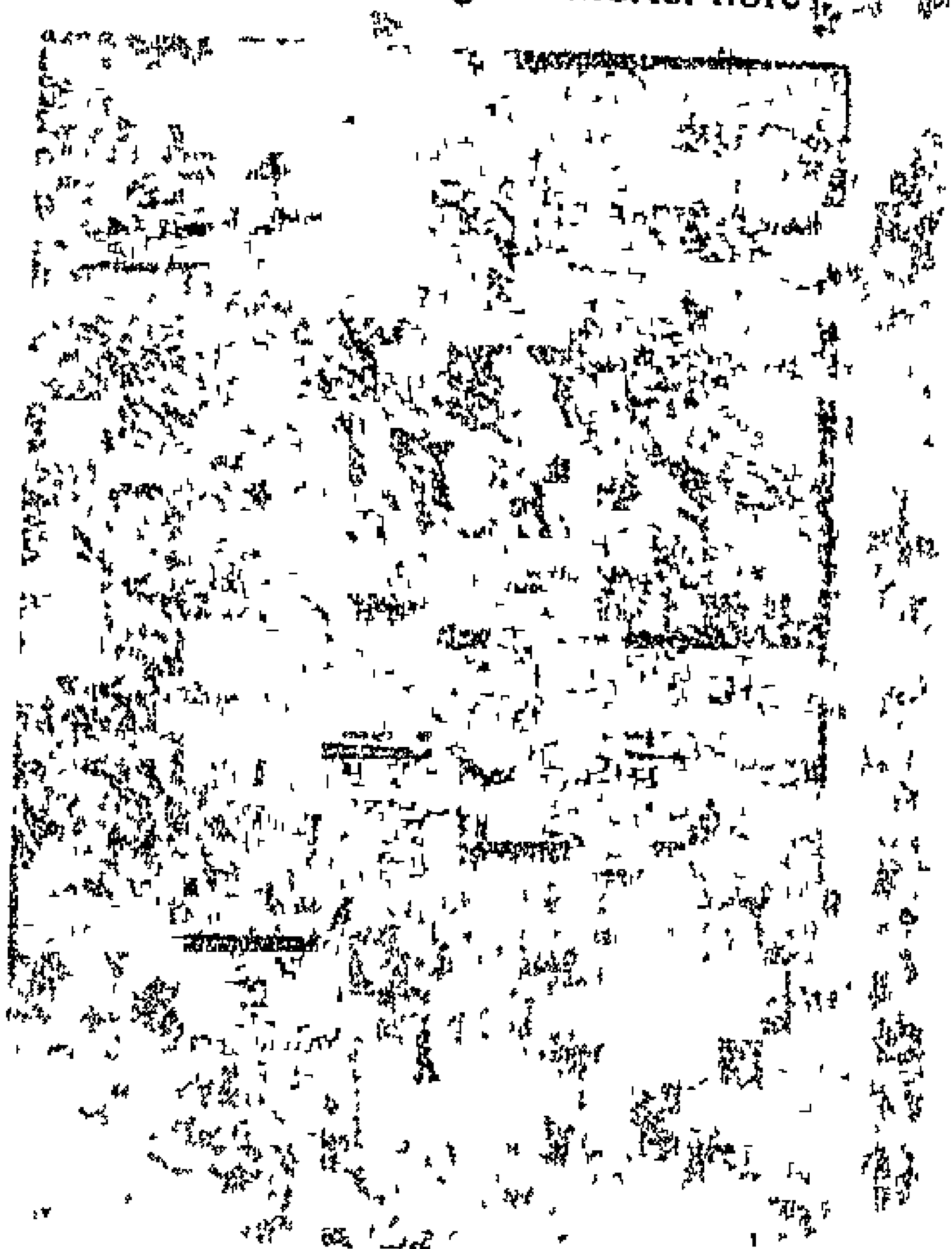
MSAULI/GEFCO

220 FM 28/10/77

Asbestos setbacks

While the market appears to have conceded that the latest quarter's results were not as bad as had been expected, it is still expressing doubts about near-term prospects for asbestos producers Msauli and Gefco.

Following publication of the quarterlies, Msauli has put on 30c to 260c and Gefco 30c to 350c. At **Msauli** the production report is hardly inspiring. Unit costs rose 14% over the quarter to R70,50/t fibre on constant mill throughput. Recovery fell further to 9,6% (9,9%) which could mean that more selective milling is being done periodically to provide batches of longer fibres, with losses of a greater percentage of shorter fibres.



Msauli open pit . . . more short fibres

Msauli reports that revenue per ton is lower at R200,3/t (R221,6/t) because of the higher percentage of short grade fibre shipped in the quarter. If the experience of other producers is anything to go by, there will have been some downward pressure on prices.

The usual pattern is for sales to slacken in the September quarter with lower demand during the northern hemisphere summer. In the December quarter, the general trend is for a rush of sales as consumers stock up in advance of expected January price increases.

This year, some industry sources say that fourth quarter sales may well be relatively poor. Market leader Canada is only expected to announce price increases of 5% or less which means little advantage in carrying stocks before the increase.

Msauli's earnings after capex and loan levy for the first three quarters were 43,9c with a 25c interim. If December merely repeats the September quarter, it will be possible to pay a final of 30c (32,5c). But if the year-end view is that 1978 is going to be difficult for sales, retentions could be stepped up.

At **Gefco**, recovery improved to 10,4% (9,1%) on a marginally lower mill throughput. This could imply that a greater percentage of shorter fibre is being recovered. But sales revenue increased to R532/t (R519/t), so the percentage of longer fibre sold increased. As with other producers, there is increasing difficulty in moving the shorter fibres which must be being stocked.

On a ton produced basis, Gefco's unit costs fell from R235,7/t to R233,9/t. But taken in conjunction with the increased recovery, costs per ton milled seem to have increased by over 13% on the quarter.

Earnings after capex and loan levy for the first three quarters were 38,4c from which a 20c (7c) interim has been declared. The final will depend on the view of next year's market. But anything more than a repeat of the interim does not look likely at this stage.

Jim Jones

ROOIBERG/UNION 220 FM 28/10/77

Dividend prospects

Cash tin has broken through the £7 000 level and a continuing squeeze on supplies should ensure some further near-term increases in the metal price This may mean that there is still steam in Rooiberg and Union. But both the shares now seem to be at a level where profit takers could slow down any further advance.

Both mines also reduced sales during the September quarter, as a result of new agreements which gave rise to a longer pipeline.

At **Union** it is beginning to look as if the mine's obituary in the last annual report was premature. Development results on the new K lode, below the old N3 lode, are encouraging and the area is being opened up on three levels. It is too early to tell what this means to the mine's life but a guess at two to four years is reasonable with the prospect of increased recovery grade

At current tin prices and production, taxed profits during the current quarter should be in the region of R150 000 which means that a 15c final will be possible. At 100c the shares still have speculative appeal and the faithful are reckoning on operations continuing for at least another 10 years.

At **Rooiberg**, grade problems at the "A" mine are being overcome Ore delivered to the crusher graded 0,75% (0,65%) and sorting percentage was reduced. At the "C" mine, sorting was increased to push the mill head grade to 2.49% (2,17%). There seems to be little risk of grades dropping in the near-term At both the "A" and "C" mines development is opening up good grade ore and potential ore reserves look sound

For the current quarter, production of tin in concentrates should be in the region of 650 t, of which all should be sold On this basis taxed profit should be about R2m, making a total of R5,6m for the year. After capex and loan levy, the year's distributable earnings will be about 205c, pointing to a final of over 100c after the 45c interim

At 1 250c the shares are tightly held, mainly by GFSA and Vogels, and it is not likely that shareholders who look on Rooiberg as a long-term investment are going to be shaken out by any downturn But at this level they are only for confirmed tin bulls

Jim Jones

Financial Mail October 28 1977

NICKEL

FM 28/10/77

Depressed scene

220

In the deeply depressed markets that still afflict most base metal producers, the worst setbacks have hit the metals whose prospects looked most promising before the oil crisis. The chaotic state of the nickel market is a fine example of this rule of thumb.

Until 1974, world demand for nickel had grown for many years at an average of 7% per year. Inco in Canada has long dominated the industry, though its share of the world market is less than 50% now. Falconbridge, Le Nickel, Sherritt Gordon, Amax and Western Mining accounted for most of the rest of world production until the early Seventies, when exciting past and forecast rates of growth in demand encouraged heavy new investment in nickel mines in Australia, Latin America, the Phillipines and Indonesia. Most of it is based on lateritic ores which require more energy in the treatment process than the richer sulphide ores which Inco and Falconbridge mine in Canada.

The economics of these mines were badly upset by higher oil prices. They were also unlucky enough to come on stream just when the nickel market was failing to live up to expectations. Nickel is used mainly as an alloy in stainless steel and the long depression in the steel industry has been mirrored in the nickel market. Last year saw some recovery from the deep recession of 1975, but only in consumer industries. Capital goods industries remained depressed and they are still depressed today, while increasing doubts are raised over the ability of consumer goods to maintain recent rates of growth.

The result is a massive over-supply of nickel. The French producer, Le Nickel, estimates that the surplus is about 200 000 t compared to free world consumption of about 500 000 t. The market is increasingly disorganised. Inco's producer price traditionally sets the world price. In October 1976, Inco raised the price of electrolytic nickel to \$2 41 per lb. Other list prices went up in line, but competition was so strong that the price never stuck. Instead, discounting grew more intense.

Late in July this year, Inco astonished its customers and competitors by ceasing to publish a producer price at all. The list price had become meaningless and, in Inco's words "Served only as a target for discounting by our competitors. In future, Inco's prices were to remain confidential to its customers, which meant it would cut prices as necessary to regain its market share. In practice word gets around as fast as ever, and competitive price-cutting continues. Latest quotes are around \$2,14 for electrolytic nickel and \$2 10 for the less pure ferronickel. Demand is poor and no quick recovery is expected.

Producer stocks are at worrying levels. Le Nickel has six months production in stock and has closed two smelters in New Caledonia to prevent stocks rising further. Inco had five to six months' supply in stock at the start of the year, twice its normal level, and has cut back production. Falconbridge and Western Mining have done the same, the latter with four or five months' production on hand.

The high-cost new producers should logically close down first. They have massive debt finance which forces them to produce even at a loss in order to meet interest and capital payments.

Botrest is in this category and Inco is caught in the same trap too. It has invested over \$1 000m in lateritic projects in Guatemala and Indonesia. Both came on stream this year and remain in operation, no doubt at a loss, while Inco is cutting back at its higher grade low-cost Canadian mines.

Optimists argue that the price must rise in time because a price of at least \$3 per lb is needed in today's money to make sense of new investment in a lateritic mine while for Botrest the figure is nearer \$4 per lb. Realists reply that excessive investment in the past is the root of the present problem, and that it will be many years before further capacity is needed. Meanwhile the prospects for existing producers are summed up in Inco's rating on Wall Street. This blue-chip of the industry sells at \$17, the lowest price for at least four years and on an unheard of yield of 9,4%. Metals Exploration, with a half share in the Greenvale lateritic mine in Australia, is down to 11p in London. Poseidon brought its mine to production, but has gone into receivership unable to meet its debt obligations. Recovery still looks a long way off.

salisbury

	Price Oct 27 1976 cents	Price Oct 18 1977 cents	Price Oct 25 1977 cents	Yield %
Rho Accept	279	250	245	5 3
Rho Bank	295	250	265	6,8
Rho Brew	410	400	330	5 9
Rho Cables	750	565	565	10 6
Rho Cem*	58	57	57	8 8
Rho Sugar	77	65	66	9 1
Rho Treads	64	54	54	6 9
Rothmans	140	128	130	6 2
Salis Cem	92	60	60	--
Springmaster	57	30	34	—
TA Hold	109	112	110	9 1
Tanganda	70	95	97	3 1
Tedco	17	20	19	--
Tob Sales	166	195	195	8 2
Whitehead	113	73	67	6 0
Mining and Finance				
Cor Synd	112	130	110 †	1 7
Empress	210	140	135	11 9
Falcon	210	470	465	11 8
MTD (Mangula)*	238	145	135	10 4
Rho Nickel	120	63	60	11 7
Rio Tinto	135	75	75	14 7
Shangani	72	28	33	
Wankie*	100	103	†90	8 3

*Locally registered with foreign listing
†Ex dividend

Industrials	Price Oct 27 1976 cents	Price Oct 18 1977 cents	Price Oct 25 1977 cents	Yield %
Afn Dist	250	253	250	6,0
Art Print	106	65	60	10 0
Bat	163	175	175	5 4
Cairns	93	100	94	6 4
Caps	300	165	140	7 1
C&I Hold	36	22	18	—
Clen Hold	53	30	37	9 5
Edgars	105	112	115	5 5
Everglo	90	50	50	†0 5
Freecor	45	22	20	--
Gat Tex	163	105	105	7 6
Gulliver	57	65	55	7 3
Hippo Vall	80	44	44	—
Maceys	28	23	23	10 9
Mash Hold	77	28	24	--
Merlin	32	30	25	9 0
More Wear	93	20	30	—
M&R Rho	75	90	92	9 2
Nat Food	62	54	52	4 8
Neon Fluor	90	85	88	—
Plate Glass	196	170	182	5 9
Radar	57	27	25	10 0
Repcor	68	35	33	9 1
Rho Abercom	122	93	90	10 0

foreign bourses

MANGULA FM 28/10/77

Pointers for Messina

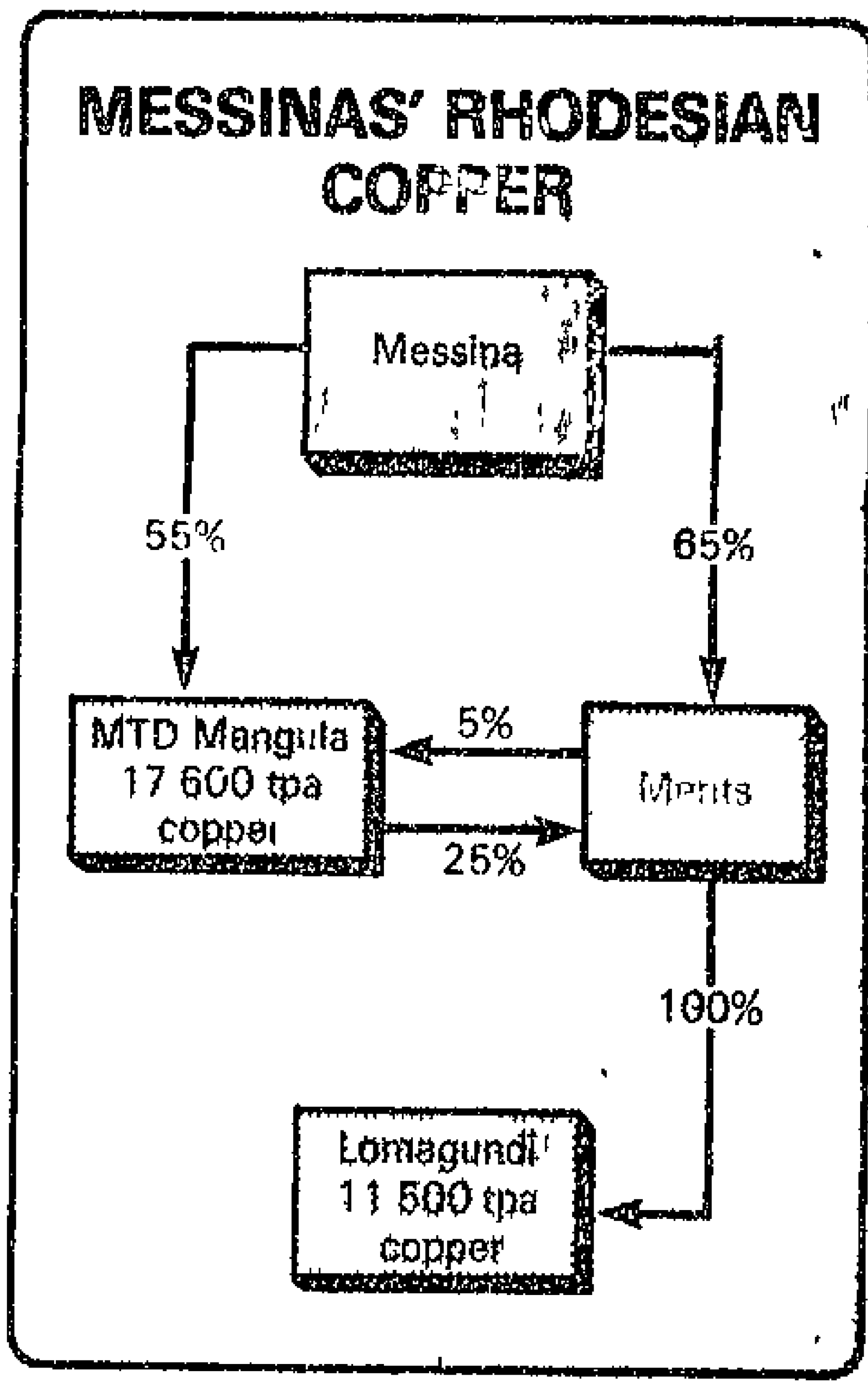
220

The Mangula preliminary and dividend declaration always provides a useful pointer to the final dividend from parent Messina, which will be announced in three weeks time Shareholders should brace themselves for a larger than expected cut

In the first half, Messina earned 30c and paid 20c, while last year's final was 25c A combination of lower copper prices, disappointments in the industrial division and the continuing bleak outlook for copper will dictate an extra cautious attitude to dividend payments

Mangula's taxed profit dropped from R2,9m to below R1,7m from first to second half, mainly due to a lower average copper price received. But the decline would have been more severe if customers had not taken advantage of lower prices and priced substantially more copper than produced The second half saw 3 000 t come out of stocks for this reason, a total of 10 200 t being priced against 7 200 t produced The final dividend, which absorbed almost the entire profit, is a quarter less than the interim and is unlikely to be maintainable at this level without a better copper price

The effect of Mangula's profit decline will be to reduce Messina's second half earnings by about 6c per share.



A similar profit pattern is likely to have occurred at Merits, which makes a smaller contribution to Messina's profits. Together, the Rhodesian copper interests must be responsible for close to a 10c decline in Messina's second half earnings.

The Messina mine, plus smelting bought-in copper, produced R326 000 pre-tax in the first half but it will have struggled to keep profitable in the second half The tactics are to high grade sufficiently to achieve breakeven, but this cannot go on forever, as the mine desperately needs a sustained period of higher prices to develop into new high grade areas One factor that could have helped here is that the 2 300 t of stock, built up in the first half when the smelter was shut down, could have been priced in the second half But it would be unwise to count on a contribution, while the future of the mine must be a cause of concern at current metal prices

This leaves the industrial division. Datsun has been holding its own, judging on vehicle sales but it is probably the only part of the division pulling its weight Steelmobile, which manufacturers containers for Safmarine, was scheduled to be profitable at this stage

But I'm afraid this could turn out a forlorn hope There have been problems with suppliers and I would not be surprised, if instead of contributing, it makes a dent in profits

Premier Metal and Leason-Afmec, the crane hire business that has been separated from Premier, will also be non-contributors. Trading conditions could well have worsened in the second half, so these areas could also drag second half profits lower. Concorde Bank contributed a tiny dividend in the first half and nothing in the second, while the future of this investment is still in the air.

Altogether, this does not paint a very rosy picture. Simply adjusting for the fall in copper profits, second half earnings are unlikely to be above 20c, with a certain one-off element of stock sales included. Earnings of less than that will depend on how nasty the shocks in the industrial division turn out.

What then of the final dividend? I would expect 10c, with a faint chance of 15c. This leaves Messina terribly highly geared to the copper price, a Rhodesian settlement and a local recovery in economic activity. I doubt whether the current 220c is fully discounting the possibility of an even lower annual dividend in the current year

Richard Stuart

Business Times 30/10/77

Two mines to watch

Harm 220

HOLLARD STREET

IF THE price of gold stays above $160 an ounce, investment interest is likely to focus on the big uranium producing counters that have marginal gold mining operations.

Edited by

Jeremy Woods

These uranium producers have low grade, high tonnage gold activities that make losses when the gold price is around the $100 level and big profits when it rises to current levels.

Two names in this category are Harmony Gold Mining and Free State Saaiplaas. Although there are others worthy of consideration, such as Stilfontein and West Rand Consolidated, Harmony and Saaiplaas are the pick of the bunch because they are actually producing and selling uranium and gold and have long-term reserves of both.

Capital outlay

Furthermore, neither share's prices have performed as well as other gold and uranium producers, although if the gold price steadies above $160 or higher, they could start to do so

At Harmony some hefty capital expenditure has restricted the dividend flow until this current financial year, So far, Harmony has announced a 25c interim dividend and forecasted a 25c final if gold stays above $145

But chairman, Tony Petersen, told shareholders at the annual meeting on Friday last week that if gold stays around current levels, or moves higher, Harmony's dividend paying potential must improve

Despite a large uranium contract being in the offing, the company will probably not sell anywhere near the quantity of uranium it did last year when it cut into a healthy stockpile But the shortfall is expected to be made up by higher gold earnings

Harmony currently mills 6-million tons of ore a year and produces 3 000 kg of gold a month At $160 an ounce this brings the company in extra revenue of around R19-million a year.

If a third of this amount is taxed at a marginal rate and 68 per cent of the rest is used as capital expenditure or to pay a full tax bill, the prospects for the final dividend increase from the forecast 25c to nearer 50c

At an average gold price of $165, Harmony has the potential to pay more than this, provided costs do not rise extraordinarily. There is no indication that they should escalate as the mine has recently increased its milling capacity by 30 000 tons to 500 000 tons a month, which lowers unit costs

The effects of a rising gold price on Free State Saaiplaas, which usually shows a loss on gold production, has been seen before. The last time gold came close to $160 an ounce, Saaiplaas shares were actively bought and moved from 165c to 200c.

Political clouds

This time, after the recent accident at the No 3 shaft and the various political clouds that hang over South African gold shares at present, buyers have not been so willing.

For the year ended September 31, when for the most part gold averaged about $125 an ounce, Saaiplaas lost R6,3-million on its gold operation. At current bullion price levels, these losses are almost negated.

Saaiplaas, like Harmony, is one of the top uranium producers with some of the highest grade slimes in the country. This year it plans to treat some 2-million tons of slimes — in much the same way as Ergo will, for gold, uranium and sulphur — having treated 932 000 tons last year. This apparent doubled production should maintain uranium profits at R4,7-million.

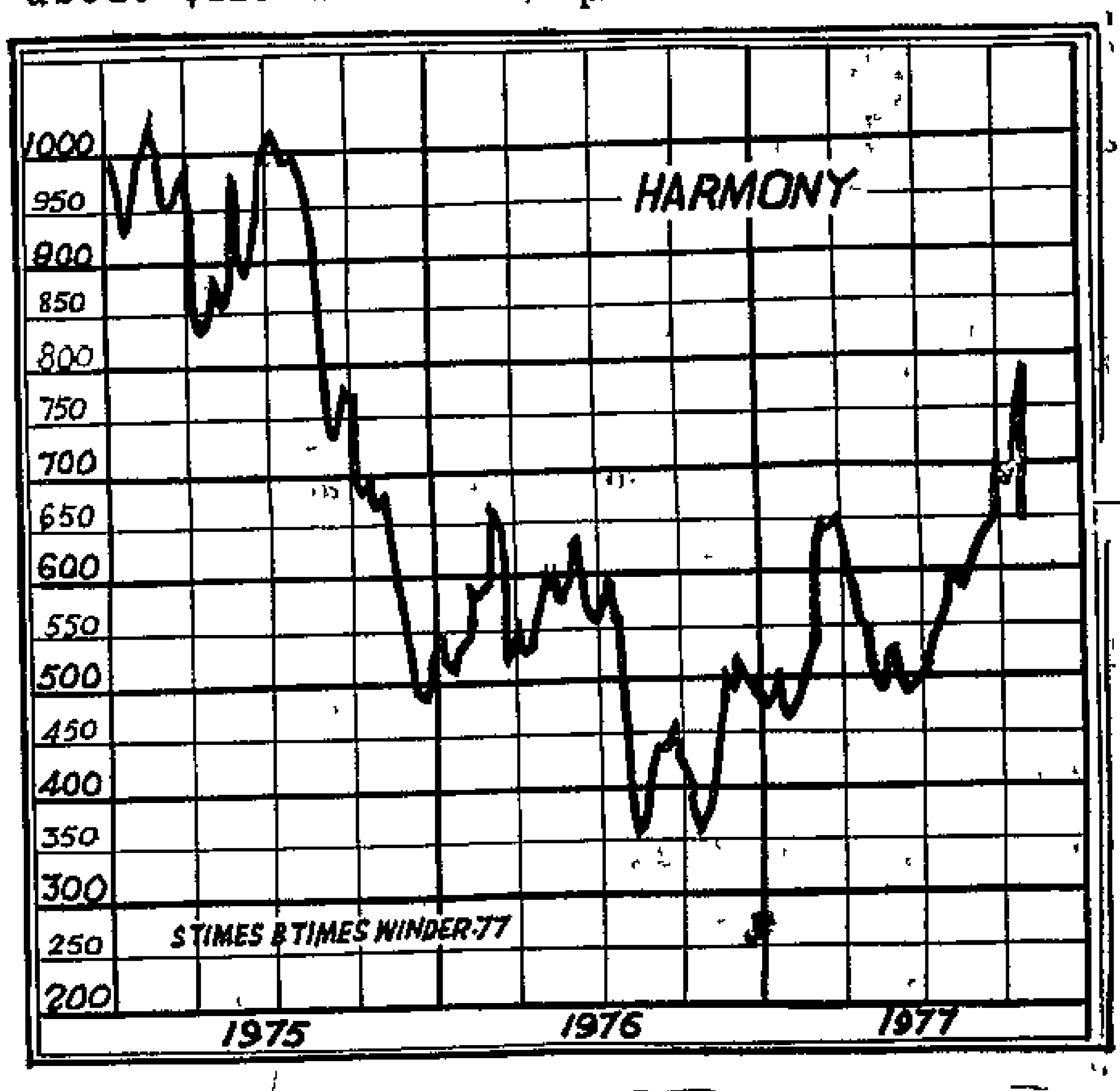
Slimes treatment

So Saaiplaas, on present indications, should maintain profits on its slimes treatment operation and achieve a close to break-even situation on the gold mining side

With net sundry revenue and money on call, at about the same R4,6-million, net profits for the current year could increase to R11-million

Total capital expenditure for the current year of R12-million will probably use R5-million of this amount; the balance could be drawn from its R38,4-million cash on call.

This will leave an estimated R6-million, assuming no tax is paid because of the high capital expenditure, that could be distributed to shareholders in the current year. A 20c dividend payment would amount to only R5,6-million, a modest amount indeed if the gold price continues to firm.



Copper leads the way as metals turn easier

(2 20)

S. Express 30/10/77

Contango

COMMODITIES were mixed in London this week The metals turned easier with copper taking the lead.

Copper moved down to £683(three months) because of stronger sterling and higher stocks accumulating in the LME warehouse There has also been heavier commission house stop-loss selling of copper and this brought the metal down. There is however a support line at £680 but the long term trend is downwards.

Silver had an a erratic week on the conflicting moves of the dollar and bullion It hit 277/78p but was not able to break out above that.

Tin hit a new high this week — £6 900(three months) — but came off to £6 840 on the dampner of the other metals' performance. There has been good buying again in the East and this is expected to accelerate should the tin price fall another £200.

Lead looks interesting and could hit £380(three months) in the near future. At present lead is trading at around £358.

There has been some six month buying of zinc because it looks strong. At £296,50 it could break out in the near future although at present the off-take remains small.

Cocoa had a good rally during the week achieving a price of £2 550(December). This rally was caused by a December squeeze and the brokers are talking about the distant months, May cocoa, being overbought and perhaps coming off

The coffee story is similar with a rally in March coffee. The news here is that the buying has been on behalf of the Brazilians, news that pushed the November price up to £1 810 This is £400 above last week's close and the price reacted about £100 towards the close.

Sugar tried to break through the £100 level but failed and held the £102/104 level for December. The producers are trying to offload this year's sugar supplies so that they are not included in next year's quotas.

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STOCKPILES OF DUFF COME TO AN END

D. Tribune 30/10/77

By Tony Hudson

THE UNEXPECTED bonanza enjoyed by anthracite mines from the sale of what was once thought to be unuseable rubbish is rapidly drawing to a close as stockpiles run out.

One of the by-products of anthracite mining are fines, known in the trade as duff, which until the mid-Sixties were regarded as pure waste and accumulated in hugh dumps on mine property.

However, much to mine managements' delight, a use for duff was discovered in 1966 for both power stations and metallurgical processing.

And duff has now become so important that of the 1,7 million tons of anthracite exported in the 12 months to June this year, 1,2 million tons was duff.

When it was discovered that the trash in the backyard was saleable, management turned to its stockpiles with glee The reclamation operation was, however, not without its problems.

Working out just how much duff was in the dumps was a headache as no-one knew if they had been put on a hill or in a hole. Another problem was grading the material — for not all of it was saleable.

France, which industry sources say is a major customer takes some 600 000 tons of duff a year from South Africa. But, it must not contain lumps bigger than 7 mm and smaller than 0,5 mm in diameter. And the equipment to control the quality of the duff dug deeply into the mines coffers.

A fair percentage of the exported duff has, in fact, come from underground with a proportion being added from the dump. Main effect has been that the pithead price of around R19 a ton has been significantly reduced as the cost of recovering the dump duff is minimal.

Net effect of the cost reduction has been increased profitability for the mine.

While South African anthracite is not of the best quality for all purposes, the low working costs in this country have made it very competitive on European markets, where a number of mines have closed down because soaring costs made them uneconomical.

Another good customer is the Far East which uses duff in its metallurgical industries. Although the offtake in tonnage is small, earnings from this area are good as it only takes the best quality duff and, therefore, the most expensive. This sells at almost the same price as sized anthracite Low quality duff only fetches around half this price.

However, experts estimate that the once worthless dumps will be razed to the ground within the year or soon after. This means that all duff exported will have to be brought out from underground with the consequent steep rise in working cost of the product.

Just what the effect of the end of the bonanza will be, is difficult to predict say industry spokesmen. For the investor, however, it is likely to make little difference for the mines have always adopted a cautious dividend policy and in many cases have used the extra cash for expansion, improvement and the purchase of mechanical mining systems.

As labour costs have gone through the roof, the introduction of mechanisation could well be of great help in keeping costs down and perhaps at least partially fill the gap in the now vanished duff dumps.

'SATISFACTORY' RESULTS FOR IRON ORE MEN FROM TRIP TO JAPAN

S. Tribune 30/10/77

220

By ALAN PEAT

A TOP-LEVEL Iscor bargaining team has just returned from Tokyo after negotiations for a higher price for iron ore exports to the Japanese steel industry. The results, says an Iscor spokesman were "satisfactory for the moment."

Iscor general manager Phillip Pretorius, and international marketing manager, Paul Roux were unable to get the Japanese to agree to a higher price, but have achieved a greater proportion of the higher grade ore in the export quota for the rest of the year.

Iscor previously supplied Japan in a ratio of 60 percent lump ore to 40 percent of the higher grade fine ore. The bargaining session has resulted in these percentages being reversed.

The price differential between the two grades is just under three rand a ton. And, while the Iscor spokesman would not indicate the gain in earnings, other industry sources estimate the gain at the end of the year to be in excess of R1,5 million if present monthly tonnages are maintained.

Iscor says that while negotiations are over for the moment, it is a condition of the long-term contracts that price revisions may be made at intervals within the contract period.

"It is likely," said the spokesman, "that further negotiations for a higher price will take place in the near future.

"While we would have liked a price rise now, we must accept that the Japanese industry is in the doldrums. It is a satisfactory agreement under the present circumstances but I don't know how long it will last."

Japan has become a major contributor to Iscor's export programme. South Africa is now fifth in the league of suppliers of iron ore to Japan, and it is expected that the 5 million ton target set for fiscal 1977 will be well exceeded.

Up to the end of September South Africa had supplied more than 4 300 000 tons of iron ore — with more than 751 000 tons going in September alone.

Iscor is far and away the largest contributor to this export tonnage.

Meanwhile the Japanese steel industry has continued its downward trend. Peak production of 120 million tons in 1973 has now fallen off to an expected 100 million tons for 1977.

The medium term future is no brighter.

30/10/77

S. Express

Uranium mine at Lease?

220

By PAUL DIAMOND

URANIUM is still attracting attention and there is a growing possibility that Afrikander Lease will be developed as a uranium mine.

If the sustained interest displayed by Anglo American and the other mining houses in uranium is anything to go by, then Afrikander Lease is ripe for development.

There are plenty of overseas organisations seeking uranium supplies and willing both to provide the consumer finance, and the escalating supply contracts that give the producers some financial jam.

Afrikander Lease's other requirement for starting — a high pressure, high temperature leaching system — doesn't present application problems as it is already working in other countries.

The recent quarterly reports from the gold mines again emphasised the importance of uranium. They pointed to the fact that consumer finance is more than likely to be forthcoming for part, if not all, of the R30-m Merriespruit uranium plant.

This plant will have an estimated capacity of 150 000 tons a month. The quarterlies also indicated that the extensions at the enlarged Virginia U-plant have come on stream and at Stilfontein there is still talk of a possible slimes treatment project.

All in all it seems very much as if 1978 could be the year of uranium.

West Plat losses of R310 000

Star 31/10/77 (220)

Lonrho's Western Platinum reports a working loss of R310 000 for the year to September 30, following on working losses of R662 000 and R709 000 in the September and June quarters, respectively.

The company announces that in future only interim and final reports will be issued. Under present operating conditions changes in metal prices necessitate substantial adjustments to the value of stocks greatly in excess of quarterly production.

The resultant distortions it says, negate the value of quarterly reports.

Warehouse copper cheaper than mining it

RDM 1/11/77

220

By ADAM PAYNE

THE SAD state of the copper and nickel industries, particularly in the United States and Canda, has been highlighted by Mr Ronald Fraser, of Johannesburg, who is chairman of Anglo American Corporation's Hudson Bay Mining & Smelting Company

Mr Fraser, when in Johannesburg was responsible for Anglo's metals marketing and for the market survey which led to the establishment of the highly successful Swaziland iron-ore mine

He said at a seminar in Toronto it was now cheaper to "buy a copper mine in a warehouse" than to establish one to mine copper

Because of anti-pollution regulations, higher tax and the low price of copper and other metals, only one new mine had been established in Canada in the past year

Mr Fraser said "The mining industry had to negotiate some pretty rough spots during the course of this century, notably the depression after the First World War, and the depressions of the 30s and the early 60s, but I don't think any of these crises has seen quite such a diversity and simultaneity of problems as we are having to face at this point

"Whichever way we turn we are beset by difficulties -- some that we have never had to face before and every solution that beckons turns out to be a new trap"

He stressed that while American producers, working under a free enterprise system, were cutting back copper production in an oversupply situation, the mines in developing countries were expanding because their governments needed foreign exchange

To cap Mr Fraser's remarks, International Nickel Company of Canada has, because of the deterioration in the nickel market, announced big staff and production cutbacks

The nickel market concerns South Africa because nickel, with palladium, is the second largest profit earner for the platinum mines

If the palladium price is high, it can outstrip nickel or vice-versa

As a rule of thumb 1 000 tons of nickel are produced for every 100 000 oz of platinum so that assuming Rustenburg is producing 1-million oz of platinum a year its nickel production is about 10 000 tons

Impala's production, on the same basis, would be 6 000 tons

Taking a price of $2 a lb as a conservative average, Rustenburg's production is worth R38-million and Impala's R23-million

Inco, announcing cutbacks, says output this year will be 10% below the 210 000 tons produced in 1976 Output next year will be 15% below this year's levels

Nickel industry sources estimate that Canadian production will be at a rate of 145 190 tons a year with possibly another 13 610 tons a year coming from the new Guatemalan and Indonesian plants

Employment at Inco's Ontario and Manitoba divisions will be cut by 3 450 hourly rated and staff jobs by mid-1978

Most of the 650 reduction in the Thompson, Manitoba, division will be through attrition, while the 2 800 cut at Sudbury, Ontario, will be achieved mainly through 2 200 lay-offs, with 16 weeks' notice

Earlier, Inco announced reduced employment at the Port Colborne refinery

Early next year, operations will be suspended at the Copper Cliff North mine in Sudbury and the Birchtree mine near Thompson In Ontario, production from the Stobie part of the Frood-Stobie mine in Ontario will be reduced, output at the Creighton No 3 mine will cease, and work at the Crean Hill mine will be gradually reduced, with operations suspended in mid-1978

5 200 lose jobs in platinum

220

Star 1/11/77

About 5 200 people have been retrenched from Rustenburg Platinum Holdings owing to a cut in production of between 10 and 20 percent

A total of 200 whites will go through "wastages" and dismissals, while the contracts of 5 000 blacks will not be renewed

The cut in output is because the present production rate of one million ounces a year and the current levels of prices and sales are imposing undue and unacceptable strain on financial resources, a company spokesman said today

The cutback would necessitate the retrenchment of employees, but every effort would be made to find them alternative job opportunities.

GUARDED

Initial reaction from townsfolk was very guarded "We've had retrenchments here before and we have survived," said a bank executive

"We are not unduly worried I really don't think we will be too seriously affected"

A department store manager expressed similar sentiments.

A statement issued by the company said the reduction in output would help bring the world-wide supply-demand position into balance and would also result in a deferment of the company's capital expenditure.

Extent and duration of the cutback would depend on future developments in the market.

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ods and a higher

tional factors but the cause of the low level of produc found in the restrictions that the structure and orga ity places upon the individual. In this respect it al custom whereby the most senior member of the fami d woe of the extended family unit and the custom pecially food, among members of the family have the t. In the first-mentioned case the senior member an old man with no inclination to the modernisa in the latter case the individual with initiativ down to the average. Since it is expected of the d share his belongings, he strives for production his family, capital accumulation thereby is inhi othered. For this reason "rich" families are eco society but seldom a "rich" individual. Where su , they are not considered to be part of the family, for richness is social rejection by the family. elimination or obviation of these two structural res of agriculture will not be possible.

r the development of a market orientated

nomic requirements for the development of market orie is the same for the developed agricultural sector of S social requirements are different. In this respect the objectives and the machinery for the realisation of these objectives should be different.

The requirements can be put as follows:

(a) That farming activities should be modernised through the application of new technology in

such a way/...

RDM 1/11/77 (220)

Copper price to improve, but not so quickly

By ADAM PAYNE

CURRENCY instability, a weakening dollar and hardening precious metals prices are given as reasons for a forecast improvement in the copper price in the next six months.

The forecast is made by the London company Amalgamated Metal Trading Corporation in its publication Copper Trends

An increase in the copper price, it says, will be constrained by overhanging stocks and producers' needs to sell surplus inventory and to raise operating levels

Copper production in the United States, the world's biggest producer, has fallen because of the low price.

Mine closures and the summer strike will reduce output by 230 000 tons in the second half of this year and at a rate of 150 000 tons a year in the first half of 1978

Amalgamated Metal forecast a price of £820 by March, but this was before taking into account yesterday's sharp rise in sterling

Production will still outstrip consumption up to 1980 and United States cutbacks will not be enough to offset other producers' surpluses

Producers must reduce output if the copper price is to stay up, but national priorities in developing countries make this unlikely.

Inflation, balance of payments deficits and stagnating investment mean the world economy is likely to improve only modestly up to 1980. World trade is unlikely to increase beyond 5% a year against 9% in 1962-1972 and 11,5% in 1976

Copper consumption will not grow fast enough to prevent the build-up of surpluses if cutbacks are not made

President Carter has endorsed former President Ford's stockpile objectives, but no early copper buying can be expected

Continuing surpluses mean copper will stay relatively cheap up to 1980, but after that consumption growth will head off competition, such as from aluminium in wiring

For 1977 refined production of copper will increase by 4% to 6 980 000 tons and consumption by 5% to 6 730 000 tons. Up to 1980 production and consumption will increase by virtually the same amount

For 1978 refined production will increase by 3,8% to 7 320 000 tons and consumption by 5% to 7 800 000 tons, with supply and demand in approximate balance in the first half of the year

Rustenburg output cut aimed at boosting platinum price

RDM 2/11/77

(220)

By ADAM PAYNE

RUSTENBURG Platinum Mines is to cut production by between 10% and 20% in an effort to strengthen the market and push up the price.

Production has been running at 1-million oz of platinum a year with the producer price at $162 an oz since July

This move must be for the good of the market which, like that for other metals, is flat in demand with low prices for its main metals — platinum and Palladium

Impala is not following Rustenburg's action

Mr Ian Greig, chairman of Impala, said "Impala has no plans to cut production below the 700 000 oz a year level announced in September

"We have a lot of contractual obligations and a good spread of business — added to which the free market price has risen $14 in the past two weeks"

A larger proportion of Impala's platinum goes to the United States motor industry than is the case with Rustenburg This demand is the only strong point in the world market

Announcing its cutback, the Rustenburg board said that it was concerned that the present rate of production and current levels of price and sales were imposing unacceptable strain on its financial resources

The reduction of 10% to 20% in the rate of output would help to bring the world supply-demand position into balance and would also result in a deferment of capital spending

"The extent and duration of the cutback will depend on future developments in the market," say the directors

"The board regrets the consequent need to retrench a number of employees, but every effort will be made to find alternative job opportunities for those who will be affected by the cutback"

Discussing the board's action, the managing director, Mr Ken Maxwell who has been overseas to study the market, told me he believed the demand would be about the same in 1978 as this year

"It may be better, but we do not see it as being so substantially better that the supply-demand position will come into balance without a reduction in supply

"Secondly, if the price stays down while production is unchecked and costs continue to increase, our finances will be hit

"We cannot go on producing at the rate of 1-million oz a year when demand does not warrant it"

Mr Maxwell said that Rustenburg was conserving its funds and hoping that its action would result in a price rise

For almost a year in 1974 the producer price was maintained at $190 an oz compared with the $162 now The free market price in 1974 went up to $220 for a time

"We considered $190 the right price Since 1974 working costs have escalated by more than 20% a year and capital costs by almost 30% a year while the free market price has recently been bumping along on the $150-$160 level That puts a tremendous squeeze on the profitability of the organisation and the results were seen in our lower profit figures"

Another platinum mining executive said that in his view it was likely the United States motor car converter market would need more platinum in 1979 than at present

Rustenburg could, therefore, be expected to watch the situation closely

He stressed that a mine in keeping a constant level of production had to spend capital which increased as it went to deeper levels. With capital costs multiplying, this was a heavy burden and he considered Rustenburg's action the right one in the circumstances.

COMMENT: **In reading the market, a great deal depends on how much metal Russia sells. Russia is not under strain to raise foreign exchange, so it is unlikely to come strongly into the market with the producer price at $162 and the free market price at $170.**

The free market price has risen by as much as $14 an oz in the past fortnight, and it maintained its advance when the gold price fell back

But it will have to rise a great deal more, say, to $200 an oz before Rustenburg is likely to resume the present level of production of 1-million oz a year.

In spite of that price proviso, Rustenburg's management does not expect to endure this cutback for too long. My guess is that by the latter part of next year it could be back on the 1-million oz level

RDM 3/11/77

Zaaiplaats pays same despite profit surge

220

By ADAM PAYNE

REFLECTING the shine on tin-mining companies because of the rise in the metal's price, Zaaiplaats Tin Mining Company, a small operation in the Potgietersrust area, increased its net profit to R634 077 (R454 000) in the year to July 31 last — a rise of 40%.

Since the beginning of last November the share price has jumped from 250c to 420c, with active trading recently.

As background to the chairman's statement, which warns that the high tin price has brought liquidity problems, it must be pointed out that only about a third of Zaaiplaats' production is derived from the ore it mines

The rest is from the smelting of concentrates bought from Rooiberg and because of the high price for concentrates and the time lag between payment for the concentrates and the sale of the metal, the strain on cash resources led to the board's deciding not to increse its final dividend of 15c

The total dividend over the year was 30c, giving a yield on yesterday's price of only 7%

The mine is far inland, and is at a disadvantage for exporting it has a small smelter, and no attempt is made to compete on world markets All production is sold in South Africa

The chairman, Mr W Q D Routledge, in his annual review, discusses the local tin price, which is linked to the London Metal Exchange price, and says it seems likely that it will be at least maintained at present levels

Capital spending in the past year was R71 924 and R100 000 has been set aside for the same purpose in the current year

On the mining side, there has been a fall in grade "in common with mines the world over"

He hopes that an increased development programme, which was planned for the present financial year, will lead to an improvement in grade.

The long-envisaged plant for the treatment of tailings has been completed. Teething troubles were encountered, but most of these have been sorted out and the company hopes that with an increased water supply from the Sterk River allowing continous operations of the plant, an assessment of the production of tin from the tailings will be possible.

Mr Routledge fights shy of forecasting the future, because of the uncertainty about the results of development, the unpredictable tin price and uncertainty about the demand for tin in South Africa.

COMMENT: The fact that Zaaiplaats depends for concentrate supplies on Rooiberg is a weak point because there is a strong possibility that Rooiberg will build its own smelter.

In that event, Zaaiplaats will have to rely on its own mining and will have to increase production to keep the smelter fully employed.

This leads to thoughts on the mine's life. It has been operating for 69 years and, as one shareholder said, for the past 20 years its life has been estimated at five years.

Like other tin mines, it has few developed ore reserves and it mines its tin as it finds it. However, it has ground where more tin should be found.

The shares could perform well in the short term, but overhanging the company is the likelihood that its way of life will be fundamentally changed if Rooiberg starts its smelter in two or three years.

Its dependence on the South African market is also a bearish factor especially as one big buyer, the Railway Administration, has cut down on its purchases by changing from white metal bearings to roller bearings.

In spite of this, satisfactory profitability in the short term is likley, but the long term is not so attractive.

RDM 3/11/77 (220)

Platinum price moves to a firmer base

By NEIL BEHRMANN

LONDON. — The platinum price is likely to be firmly based following Rustenburg's production cutback, according to London platinum specialists.

Since its low two months ago, the free market price has increased by $25 to $170,50 — a sharper rise than gold.

The price increased in the past few weeks because of delivery delays from Russia, speculation that supplies would decline because of political problems in South Africa and because of improved Japanese demand.

A platinum analyst says sales are reasonable, but the price received by the mines does not cover production and capital costs.

A producer price of $162 is not sufficient to give a reasonable return, he says.

The analyst estimates that world production of platinum is about 2 600 000 oz, compared with consumption of 2 400 000 oz.

The Russian delivery delays and speculative demand countered the surplus and pushed the price higher in recent weeks.

Several bull factors should help over the next few months.

On the supply side several producers have cut production. Rustenburg could cut supplies by 100 000 oz to 200 000 oz, Western Platinum could reduce its output by about 30 000 oz, and Atok's production of 25 000 oz is absorbed in Rustenburg's sales.

Inco of Canada's nickel production has been cut because of the poor price and this will slice the by-product platinum output of the mine. Much will depend on future Russian sales, estimated at 600 000 oz a year.

In August, platinum was $144,50 because the Russians were selling at a discount in New York.

Russian deliveries have dried up, but in a few months "time supplies will be resumed".

Dealers have noticed an improvement in Japanese demand, but this could be accounted for by the thinner Russian deliveries.

The Japanese Government has announced cheap finance for consumers to help them stockpile minerals and metals such as platinum. This would help to lower the Japanese trade surplus. The London market believes that this would add 128 000 oz to Japanese purchases.

In the eight months to August, the Japanese bought 756 000 oz of platinum compared with 862 000 oz in the same period last year.

Other bull points are the improvement in the gold price and speculative moves into platinum, low consumer inventories and the more stringent United States anti-pollution requirements which should be effective in 1980 and 1981.

Demand from the motor industry could increase in 1979 to meet the requirements for new models.

FM 4/11/77

(220)

RUSTENBURG

Platinum cut-back

It is difficult to quantify the effect on cash flow of Rustenburg's planned production cut-back of between 10% and 20% from the current annual figure of 1m oz But the scope for improvement is good.

Only a *production* cut back is mentioned in the announcement But if production merely matches sales there will be a cash flow benefit of at least R4,4m, the amount by which stocks rose last year. Stocks will almost certainly be run down and on the basis of published figures this could result in additional cash flow of about R5m.

The preliminary report estimated this year's capex at R22,5m, of which R1,3m was for completion of Amandelbult and will not be affected But depending on which shafts are deferred, near-term savings of up to half are possible on the capex programme.

On the other hand, production costs per oz of platinum rose by 29% last year and the lower production level will give another twist to the cost screw There is some scope for working higher grade areas (some of the lower grade areas at Union section particularly have already been closed) to hold unit cost increases But any major slowdown will be difficult to achieve

While Rustenburg is giving itself a breathing space to improve its financial position, there are no plans for any reduction in operations at Impala from the planned 700 000 oz rate for 1977-78 It has stronger motor industry sales contracts, which is where the market has been buoyant

Western Plats, on the other hand, is getting deep into the mire Loss of the Atok smelting contract alone will directly cost it somewhere around R100 000/year, before the effect of increased unit costs, because of lower smelter throughput

During the September quarter, mill throughput fell to 334 000t (356 000t) while production of pgm and other metals was virtually unchanged. The quarter's working loss was cut to R662 000)R709 000) but at current metal prices stocks are having to be written down sharply.

After all the fanfare when Western Plats broke new ground by publishing quarterly reports, the state of the market and distortions arising from the need to adjust stocks is given as the reason for discontinuing them Presumably all this was foreseen when the quarterlies were first published. But in those days the opportunity to score a point off Rustenburg and Impala must have seemed irresistible

Jim Jones

Rooiberg is old, but there's lots of life in the ground

RDM 5/11/77

220

By ADAM PAYNE

ROOIBERG tin mine, operating in ground to the west of Warmbaths which was first mined many hundreds of years ago is showing net profits for the nine months to September 30 last that are 75% higher than those in the same time last year.

Added to this, the current quarter should be excellent because of the high tin price and a financial advantage in that a new sales system involving a longer pipeline will not adversely affect the results as it did in the last quarter

In view of its age, there is often a doubt in investors' minds as to the life at Rooiberg, but on this score the management is confident.

The chairman, Mr R A Hope, says that C mine has a mining target — not reserves — for 10 years, and A mine has large ore resources

Tin mines do not have proved ore reserves like gold mines, but it is apparent that Rooiberg has a long life in spite of the fact that many miners and other companies have worked the property in the past

The last quarterly report was excellent on the mining side but disappointing financially, with net profit at R1 183 000 compared with an average of R1 209 000 in the previous two quarters

This was because of the new arrangement for selling direct to smelters, which resulted in a longer payment pipeline This should be overcome in the current quarter.

Record throughput was achieved at A mine plant in the September quarter and the mine continued to supply better-grade ore The result was improved production of tin in concentrates

The production at C mine reflected a significant increase because of higher throughput, with the result that total tin production for the quarter was a record.

There is an impression among some investors that because tin deposits are erratic any tin mine could end its life suddenly.

This will not be the case with Rooiberg Mr Hope says "Although there are no developed reserves, we have something approaching the ore reserves of a gold mine.

"We can look forward with the same confidence that we have held for the past year that the performance of the mine should be maintained for six to nine months, although within that time there will be fluctuations

"At A mine there is no ore reserve That does not mean there are not tremendous resources of ore, but there is nothing that can be measured in advance of mining The tin is in fissures and by the time you have measured a pod, you have mined it, so that any forecast about future grade at A mine is impossible

"However, there is a series of strata of about 30 m in thickness which extends under the golf course Mineralisation tends to be found in this slightly dipping strata at intersections of fissures Drilling confirms this mineralisation "

He says Vellefontein and Leeuwpoort — part of A mine — were worked by other companies in the past There is a tendency for people to think of these properties and of Blaauwbank as separate mines, but they are all part of A mine

"Each is small, but cumulatively the various sections of A mine provide the needed tonnage In due course, we want to go back to Blaauwbank

"We know there will be fluctuations in each section, but if we have a number of sources of ore they can see us through grade cycles

"At A mine the grade has been down to 0,4% tin, but in the last quarter it was 0,75% That shows the sort of fluctuation we encounter "

Discussing C mine he says "We have probably seen the best grade at this mine In the last quarter it was up to 0,72% and it might be repeated for two quarters.

"The mineralisation is different to that at A mine It is in a series of fissure intersections and is more continuous, which makes it possible to estimate ore reserves for six to nine months ahead.

"Good grades have been obtained in the new area to the north-east Overall, we have a mining target for the next 10 years Given a good tin price C mine is likely to be operating for at least 10 years "

In addition, the mine still has ground to the east and south to investigate.

Rooiberg's profitability depends to a great extent on its recovery efficiencies, and these have been gradually improved

Mr Hope says "Technically, we are making improvements and are progressing towards being able to build a simple smelter

"We have been upgrading the tin in concentrates by floating off the iron and sulphur. The first effect has been to increase the realisable value of tin in concentrates. Treatment charges are reduced, transport costs are low and net realisable value is higher."

Rooiberg, with GFSA metallurgists hopes to make a further technical advance to give a cleaner concentrate, which will bring the possibility of building a simple smelter nearer

"If a smelter is built it will be some years ahead "

Mr Hope says the tin market is strong because world production is tending to fall off

When the United States sells tin from stockpile he does not expect the price to fall, but the sale is likely to check the advance.

COMMENT: Rooiberg is down to a historic dividend yield of 6,9% in the tin market boom. Because of the shortage of metal, the mine's prospects are rosy and the fact that it has a good life ahead adds to its value.

The shares are hard to obtain in a tight market, but anybody who has them should hold on.

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Concern over platinum in the US

BY JIM SRODES

WASHINGTON — There is good news and bad news about platinum on the US metals markets these days

The good news is that the price of platinum, after weathering a slump in recent years, is picking up once again

The bad news is that there is growing concern over the stability of future supplies of the metal Approximately 45 per cent of the world's annual platinum production comes from South Africa and analysts are closely watching the development of the political and economic situation following the recent crackdown on opposition leaders

One investment house, Doley Securities, recently released a 97-page study on platinum and its future in South Africa to its clients. "The dependence of the non-communist world for supply of strategic primary metals is in no case as extreme as the situation involving the platinum metals group," the company is quoted as saying

Platinum, particularly in Japan, is used to make fine jewellery But its greatest value is in its industrial applications, especially in auto emission and pollution-control devices.

Doley's study does not predict a disruption of supply of platinum-related metals Most US consumers could survive for up to two years even if output were interrupted.

"However, it must be recognised that the industry could be severely hampered, if not crippled, in the aftermath of civil strife that may result from worsening social, economic and political difficulties in South Africa."

Perhaps because some feel the future output of platinum may be in jeopardy, prices of future contracts for the metal are rising

This is principally due to the development of a new combustion-free energy cell that has been used in US spacecraft. United Technologies Corporation is currently working on platinum-based energy cells to replace domestic fuel-oil burners and to provide a source of power for electric utilities.

Miljoene dollar met swaar minerale

Sake-Rapport 6/11/77 220

UID-AFRIKA se jongste mynbouprojek om Richardsbaai as uitvoerhawe te ebruik, het sy eerste produkte begin uitvoer. Dit is die Richards Bay Minerals-roep, wat pas produkverskepings rutiel en zirkoon na die buiteland gestuur het.

Die smelter sal vroeg anstaande jaar voltooi ees. — Dan sal met die itvoer van titanium en iegraadse mangaanyster egin word.

Hierdie projek om die vaar minerale uit Riiardsbaai se sand te haal, il uiteindelik sowat R220 iljoen kos en vir die land en huidige pryse jaarliks iwat R87 miljoen verdien.

Daar is maar net sowat gttien maande gelede met lé mynbouprojek begin en le eerste sand het in Junie eur die konsentrator geaan — 'n maand vroeër as at beplan was.

Teen die begin van Julie i reeds 50 persent van die eplande produksietempo bereik en die grade en die herwinning was soos verwag is.

Die eerste konsentraat is op 19 Junie op die eerste van tien spesiale trokke gelaai. Daar is nou agt van hierdie trokke, wat die konsentraat oor 'n spesiale pad van 9 km vervoer

Die groep is nou besig om die mineraalskeidingsaanleg in bedryf te stel en die eerste hoeveelhede konsentraat is reeds behandel. Hier word die ilmeniet, rutiel en zirkoon van die konsentraat geskei.

Die oorblywende deel word nou opgehoop vir wanneer die smelter vroeg aanstaande jaar in bedryf kom om die titanium en mangaan uit te haal.

Spoorlyn

Die aandeelhouers in hierdie reuse-projek is Quebec Iron and Titanium Corporation van Kanada, Union Corporation, die NOK, die Ou Mutual en Southern Life.

Die mynbedrywighede vind plaas in 'n strook sand langs die kus wat sowat 2 km breed en 17 km lank is. Daar word geraam dat daar meer as 700 miljoen ton sand is wat oor 'n tydperk van minstens dertig jaar verwerk kan word.

Daar word verwag dat die myn jaarliks 56 000 ton rutiel sal produseer, 115 000 zirkoon, 399 000 ton titanium sowel as 217 000 ton laegraadse mangaanyster.

'n Spesiale spoorlyn van 9 km word nou gebou om die myn met die hoofspoorlyn na die hawe te verbind. Twee tot drie treine sal elke dag nodig wees om die produkte na die hawe te vervoer.

Zinc producer price lowered

RDM 8/11/77

(220)

Financial Reporter

THE producer price of zinc, to which Prieska copper mine's sales of concentrates are linked, has been dropped from $700 a ton to $600 a ton.

The drop has followed pressure by United States producers to reduce the price because of the weakness of the market.

It was reported last week that European producers had been supplying almost all their customers at the ~~much~~ lower London Metal Exchange price — a free market level which usually applies to only about 5% of world trade

The LME price last week was $507 a ton

The drop in the producer price affects Prieska which produces more zinc concentrates than copper. At one time when the copper price dropped to about £500 a ton, zinc was more valuable to the mine than copper

Platinum price likely to firm

Cape Times 8/11/77

220

From NEIL BEHRMANN

LONDON — The platinum price is likely to be firmly based following Rustenburg's production cutback, according to London platinum specialists.

Since its low two months ago, the free market price has increased $25 to $170,50 — a sharper rise than gold

The price increased in the past few weeks because of delivery delays from Russia, speculation that supplies would decline because of political problems in South Africa's and because of improved Japanese demand

A platinum analyst says sales are reasonable, but the price received by the mines does not cover production and capital costs

A producer price of $162 is not sufficient to give a reasonable return, he says

The analyst estimates that world production of platinum is about 2 600 000 oz, compared with consumption of 2 400 000 oz

The Russian delivery delays and speculative demand countered the surplus and pushed the price higher in recent weeks.

Bull factors

Several bull factors should help over the next few months.

On the supply side several producers have cut production. Rustenburg could cut supplies by 100 000 oz to 200 000 oz, Western Platinum could reduce its output by about 30 000 oz, and Atok's production of 25 000 oz is absorbed in Rustenburg's sales

Inco of Canada's nickel production has been cut because of the poor price and this will slice the by-product platinum output of the mine Much will depend on future Russian sales, estimated at 600 000 oz a year

In August, platinum was $144,50 because the Russians were selling at a discount in New York

Russian deliveries have dried up, but in a few months' time "supplies will be resumed"

Dealers have noticed an improvement in Japanese demand, but this could be accounted for by the thinner Russian deliveries

The Japanese Government has announced cheap finance for consumers to help them stockpile minerals and metals such as platinum This would help to lower the Japanese trade surplus The London market believes that this would add 128 000 oz to Japanese purchases

In the eight months to August, the Japanese bought 756 000 oz of platinum compared with 862 000 oz in the same period last year

Other bull points are the improvement in the gold price and speculative moves into platinum, low consumer investories and the more stringent United States anti-pollution requirements which should be effective in 1980 and 1981

Demand from the motor industry could increase in 1979 to meet the requirements for new models

Q 2. ... national
Inco... equal
The ...

Uranium average seen at $33 to $43 in 1985

RDM 8/11/77 22c

By ADAM PAYNE

THE average price for uranium in 1985 will range from $33 to $43 a lb in 1985 dollars, according to Mr John Patterson of the United States Department of Energy

This price combines the department's published contract prices average for that year of $19,45 with an assumed market price of $50 to $70 — equal to $31 to $44 in 1977 dollars plus 6% annual inflation

The figures are relevant because of the criticism by some shareholders of Gold Fields Properties that it is too conservative in estimating its Luipaardsvlei uranium reserves on a price of $30 a lb in 1977 dollars

At an uranium seminar in Grand Junction, Colorado, Mr Patterson used the recent Energy Research and Development Agency's survey of uranium marketing and said that because the percentage of deliveries under contract-price contracts would decline "it may be instructive to investigate the possible impact of market-price contracts on future average prices"

By contract-price contracts, he was referreing to procurement where price and escalation are determined by contract terms Market price contracts are those where the price is determined by the going market price at time of delivery

Mr Patterson said that average prices had increased over the first half of 1977 for 1977-79 delivery, but there had been "very little additional uranium purchased in the United States in the first half of 1977", reports NuclearFuel, of New York

Possible reasons for the decline in activity so far this year could be that "utilities satisfied their urgent needs with uranium procured during 1976, resistance to higher prices and absorption of supplies currently available in the market place"

He said United States cumulative uranium demand would rise to equal the cumulative already-contracted-for supply in 1983 and "if there were free movement of inventories and no additional procurement, the current contracted procurement would be adequate to meet United States demand until 1983"

He said another 46 000 tons would have to be procured to meet projected demand industry-wide through 1985 and an additional 225 700 tons would have to be procured to meet demands through 1990

Mr Patterson said domestic and foreign inventories would increase to about 30 000 tons and 70 000 tons respectively by the end of 1979 and then will decrease

The budget must be a bal...
To be a balanced budget ... must
also be equal to inject...

If income is at Y_1 withdrawals are ~~great~~ less than injections in other words there is a deficit balance of payment. The government must therefore increase income so withdrawal increase.

If income is at Y_2 the government must decrease income as there is a surplus.

[At the point where withdrawals equals injections
you have equilibrium ie at an income of Y_E.]

You are obviously confused. 1/20

Another uranium step by Harmony

RDM 9/11/77

(220)

By DON ROBERTSON
Mining Editor

THE decision by Harmony to increase its borrowing powers to R40-million is another step to the establishment of the proposed uranium plant at the Merriespruit section

A general meeting has been convened for December 1 to consider an increase in borrowing powers from R14-million to R40-million.

At present the ore treated in the reduction plant at Merriespruit is discharged to the slimes dams after the gold has been extracted and no uranium is recovered. The directors say this ore represents an economically viable source of uranium and that this "ore stream should be fully exploited as soon as possible"

The chairman of Harmony, Mr A C Petersen, said in his last annual report that initial estimates put the cost of the proposed plant at R30-million, but negotiations for consumer financing of the project were advanced He said at the annual meeting he was confident that a large, long-term supply contract would be concluded

The company's uranium plants at the Harmony and Virginia sections have been extended and are operating at capacity Any new production facility should improve uranium profits, which added substantially to profits last year

The proposed plant will have an additional benefit for the mine over the longer term

The present mining plan, which will be followed for the next two to three years, takes into account only the gold value of ore reserves

Af Lease shows U-promise

RDM 9/11/77
(220)

By ADAM PAYNE

AN EXCELLENT uranium borehole result from the southern part of the Afrikander Lease property near Klerksdorp is reported by Anglo American Corporation.

The result will set the market talking as to when this company will announce its decision on developing — or not developing — a primary uranium mine

Dr A J A Roux, president of the Atomic Energy Board, said in a radio broadcast on Sunday, that a primary uranium mine was likely to be developed in the Transvaal within 12 months

Although he did not say so, Afrikaander Lease is the most likely company to do this

The good borehole, DRL 16, was one of three being drilled It was sunk to examine possible southern and deeper extensions of the orebody, and returned the value of 0,91 kg/t over 133 cm equal to 121 cm kg/t This is a good stoping width

Gold values were negligible

Although higher values were obtained in development last quarter at Vaal Reefs, they were over a narrow width which in mining would result in dilution with waste rock

One Vaal Reefs result was 1,91 kg/t over 16,8 cm equal to 32,07 cm kg/t

One of the three boreholes sunk at Afrikander Lease, DRL 19, gave a value in the southern area of 0,42 kg/t over 156 cm equal to 65,85 cm kg/t

The third borehole, DRL 18, in the northern part, was drilled in an area delineated as probably low-grade and the result was low in value

The DRL 16 borehole intersected the upper dominion reef at 650 m below surface

The value is a comparable with reef mined by West Rand Cons, which relies on its uranium production more than on gold

The Afrikander Lease mining area has been honeycombed with drilling to prove uranium values

A decision on opening a mine has hinged on a feasibility study and tests of high-pressure leaching to achieve a high recovery rate This will be essential in a primary uranium producer which does not have a worthwhile income from gold

I am tood that these metallurgical tests have been successful

Assuming that they have been, the next step will be to sign up a contract The directors say a decision on opening the mine will be made before the year-end

Company announcement

THE AFRIKANDER LEASE LIMITED

Incorporated in the Republic of South Africa

RDM 9/11/77

220

BOREHOLES DRL16, DRL18 AND DRL19

Drilling has been completed in respect of the above boreholes DRL 18 was drilled to obtain supplementary information in an area delineated as probably low grade in the northern portion of the area of interest DRL 16 and 19 were drilled to examine possible southern and deeper extensions of the orebody in the area of interest

The following results are announced in respect of these boreholes

Borehole	Dominion Reef	Depth metres	Number of Intersections	Average Uranium Values			Average Gold Values		
				kg t	Corrected width cm	cm kg't	g t	Corrected width cm	cm g t
DRL16	Upper	650	6	0 91	133,0	121,22	0 38	133 0	50
	Core loss was slight in all intersections								
	Lower	658	4	0,03	39,9	1 27	0,08	39,9	3
	There was complete recovery of core								
DRL18	Upper	350	5	0,18	174,4	30,94	0,47	174,4	82
	Core recovery was complete except in the original hole (1st intersection) where there was a small core loss at the top of the reef								
	Lower	368	8	0 14	33,7	4,63	Trace	33,7	—
	There was minor faulting and/or core loss in all the intersections								
DRL19	Upper	644	8	0,42	156,4	65 85	0 29	156,4	46
	Lower			Not developed					
	Core recovery was incomplete except in the 5th and 6th intersections and there was minor reef loss in all the intersections because of faulting								

The drilling of DRB6 and DRB7 south of the area of interest is continuing and should be completed in early 1978

Johannesburg
November 9 1977

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Harmony Gold Mining Company Limited

220

RDM 9/11/77

(Incorporated in the Republic of South Africa)

DIRECTORS A.C. Petersen (Chairman) D.T. Watt (Managing Director) C.S. Barlow, D.A. Etheredge, O.B.E. (British) E.M. Groeneweg R.S. Lawrence, R.A. Plumbridge, R.T. Swemmer P.W.J. van Rensburg D.D. Waterman, M.C.
Alternate Directors W.B.R. Dowell R.B. MacGillivray, D. Harraway G.Y. Nisbet, H. Parker (British) N.D.W. Greenfield (British) M.B. Forsyth, J.M. Meyer, J. Niven (British) D.F.L. Watts

Circular to Members and Notice Convening A General Meeting

Borrowing Powers of Directors – New Uranium Plant

In his review of the outlook for uranium in the company's annual report for the year ended 30th June, 1977, the chairman expressed confidence in the middle to long term prospects for this commodity and noted that the company should be prepared to commit itself to the erection of facilities which will permit full exploitation of the uranium content of the ore-bodies to be mined in future.

The company's mine is fundamentally a low grade gold operation and exploitation of the uranium content of this ore is expected to have a very significant influence on the total mine profits, especially during those periods when the gold price is depressed.

The company's two existing uranium plants at the Harmony and Virginia sections have been fully extended, and are now being operated at maximum production capacity.

At present the ore treated in the reduction plant at the Merriespruit section is discharged on to slimes dams after the gold production process has been completed, and no uranium extraction takes place. This ore represents an economically viable source of uranium. Your directors consider that this ore stream should be fully exploited as soon as possible.

A favourable loan facility to finance the erection of a suitable new uranium plant adjacent to the Merriespruit gold plant is being negotiated. It is intended to finance the cost of the new plant out of borrowings, for which purpose the amount which your directors are authorised to borrow for the purposes of the company will have to be increased from £7 000 000 (R14 000 000) to R40 000 000. Article 37 of the company's Articles of Association authorises the company to increase, by an ordinary resolution, the amount which the directors are authorised to borrow, raise or secure for the purposes of the company.

NOTICE IS ACCORDINGLY HEREBY GIVEN that a general meeting of Harmony Gold Mining Company Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg on Thursday, 1st December, 1977 at 11h00 for the purpose of considering and if thought fit of passing, with or without modification, the following resolution as an ordinary resolution in terms of Article No. 37 of the company's Articles of Association, namely:

"That the directors be and they are hereby authorised to borrow, raise or secure a total amount of up to R40 000 000 for the purposes of the company, which said amount of R40 000 000 shall include the specific amount of £7 000 000 (R14 000 000) set out in Article 37 of the company's Articles of Association."

In terms of Section 238(1) of the Companies Act, 1973, as amended, it is disclosed that the directors have no interest, direct or indirect, in the aforementioned arrangements.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's transfer secretaries in Johannesburg or the office of its United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting.

For the purpose of determining those members entitled to attend and vote at the meeting, the company's transfer books and register of members will be closed from 25th November to 1st December, 1977, both days inclusive.

By order of the Board
RAND MINES, LIMITED
Secretaries
per A.H. KNOESEN

Registered Office
63 Fox Street, Johannesburg 2001

Transfer Secretaries
Rand Registrars Limited
Second Floor, Devonshire House
49 Jorissen Street, Braamfontein
Johannesburg 2001

United Kingdom Registrars and Transfer Agents
Charter Consolidated Limited
P.O. Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ

Johannesburg
9th November, 1977

RDM 11/11/77

Hope for copper price rise

220

NEW YORK — Copper prices could strengthen in the first quarter of 1981 in spite of large above-ground inventories, say some United States consumers

This would result from rebuilding of stocks following a rundown at the year-end for accounting purposes and from a revival in business activity which tends to occur after the slow holiday period in late December

Some consumers expect their consumption to remain flat next year, with the first half stronger than the second

But one large consumer said he had been forced to scale down his estimate of United States copper consumption next year to a maximum 2% from an earlier forecast of a 5% increase

He attributed the revision to uncertainty in the energy and tax fields which should continue to inhibit capital spending, and a tapering off in housing starts in mid-1978. — Reuter

220

Uranium 'cartel' battle goes on

Sunday Times Business Times

20/11/77

By JIM SRODES

RICHMOND — The uranium cartel which South Africa and four other major producers are supposed to have formed in 1972 and disbanded in 1975, is reportedly still alive and operating At least, this is the charge included in documents submitted in court in Richmond, Virginia, this week

The papers establish that the cartel was operating as late as last year and the evidence is seen as bullish for Westinghouse Electric Co, which claims it is a victim of the cartel's price boosting machinations

The Westinghouse suit is just one of a series of billion-dollar litigations going on all over the United States as major nuclear fuel suppliers seek to prove the cartel's price activities outside American borders affected prices in the US.

If successful, the suppliers can break billions of dollars worth of contracts And if the charges stick, corporations that have been agents for cartel members inside the United States could become liable for both criminal price-fixing charges and for civil damage suits worth hundreds of millions of dollars in penalties alone

In the Richmond suit Westinghouse is being sued by 22 electric power companies for breach of contracts to provide the companies enriched reactor fuel. The reactor fuel was provided as an inducement to buy Westinghouse's line of nuclear reactor power plants

But the contracts were based on a price of $8 to $12 a pound for the 80-million pounds With prices at $40 a pound, Westinghouse broke the contracts rather than face $2,5-billion in certain losses

Under American law, Westinghouse can be excused from providing the fuel if it can prove that "unforseen events beyond its control made fulfilment commercially impracticable."

Minerals a saver

(220) RDM 24/11/77

PIETERSBURG — Economic sanctions could never work because of South Africa's enormous reserves of essential minerals, said Professor Gerhard von Gruenewaldt, of the Department of Geology of the University of Pretoria.

He told a conference of the Northern Transvaal Regional Development Association that South Africa had huge reserves of the 20 most important minerals, and the largest export of seven of these minerals.

Without South Africa, Russia would become the biggest producer of most of these important minerals, and this would limit the West's economic development.

Professor Von Gruenewaldt said South Africa's mineral exports could be compared with the oil reserves of Arab countries. — Sapa

Lead and tin in LME spotlight

SUN, EXP, BUS, 4/12/77

(220)

Contango

LEAD and tin fell under the commodity brokers' spotlight this week as they moved higher with speculative interest. In fact these metals even succeeded in pulling the sluggish copper price up with it.

Lead moved to a new high of £372 (three months), £30 better than last but the speculative flurry faded towards the end of the week when the metal was sold off.

Tin had a similar experience when it moved to £6 950 (three months) — also higher than it has been for some time, but it too hit selling pressure late in the week, when reports of higher stocks hit the market.

Copper riding on the back of these two metals rose to £688/690 at the start of the week, and there was some physical off-take, but it too weakened and closed at around £675.

Sugar has attracted both buyer and speculative interest in the past fortnight with the result that the price is now £125 (March). China is rumoured to have bought 100 000 tons in the past couple of weeks which helped the price.

The fact that the New York spot price has been abolished upset traders, as they now have to use the London Daily Price as their yardstick when dealing with South America. Discussions are ongoing, but are unlikely to affect the sugar price in the near future.

6/12/77 Star (220)

Chronic asbestos shortage looms — concern in US

John Cavill

LONDON — The danger of the asbestos shortage — in particular spinning grade fibres such as Rhodesia's chrysotile — becoming a chronic condition, is one of the main conclusions of a projection by the United States Bureau of Mines.

A report on the projection, "Asbestos 1977" in the latest issue of the Mining Journal says that, despite emphasis on the health hazards of asbestos, a "world shortage of this unique mineral persists and could conceivably become chronic."

The survey projects "probable" asbestos demand in 1985 at just over 6m tons — 47 percent up on consumption in 1975 The Bureau of Mines puts world resources at 250m tons in total.

Production is being expanded in Russia (2m tons in 1976), but nationalisation of some of Canada's major mines in Quebec by the separatist movement could cause problems

It singles out spinning grade fibres "The shortage of . . . (these) accentuates the importance of the Rhodesian chrysotile deposits

"United States domestic and Canadian production of these long fibres was not sufficient to satisfy US demand during most of the past decade.

"However, imports of the low-iron spinning grade fibres needed in the electrical industry are no longer entering the US market due to the repeal of the Byrd Amendment in 1977," says the report. (The Byrd Amendment ended US imports of Rhodesian minerals.)

The report says South Africa — the only producer of amosite, and the main source of crocidolite in the world — will probably be able to meet the "relatively small requirements" for amosite while crocidolite supplies could be augmented by Australia and Bolivia "so long as it remains competitive with chrysotile."

SUBSTITUTES

Substitutes for asbestos are still suffering problems of high costs (glass fibre types, for example, are four times as expensive, less durable and have inferior drainage characteristics).

While demand growth — ranging from 4,5 percent to as low as 3,4 percent outside the US — will be limited by supply capacity, the report says the newly developed low-cost US deposits should spur research into new uses and substitution for more expensive long-fibre asbestos.

PENGE MINE

The leading producer of amosite in South Africa is the Penge mine of Cape Asbestos in NE Transvaal Crocidolite, (blue asbestos) is recovered by Gefco and smaller undertakings in the Griqualand area of the northern Cape.

"Work currently under way is aimed at developing large-scale asbestos uses, even in the face of shortages," it says.

The study gives as an example new roadbuilding techniques involving asbestos-enriched asphalt

220

Tough haul ahead for Rusplat

Mac Thain

There is little cheer for Rustenburg Platinum shareholders in Sir Albert Robinson's annual review for it indicates that a long and tough haul lies ahead before dividend levels of the past can be restored.

The passing of the final divident arose from the combination of low metal prices and sharply rising capital and working costs.

For most of the past year, the market prices of platinum were running below the company's published price, aggravating the excess of supplies over demand. Output was cut from November and the price raised from 162 to 175 dollars.

NICKEL

The situation has not been eased by the continuing weakness of nickel. It is second to platinum as a revenue source and the drop in price from 2,20 dollars a pound to 1,80 dollars cut earnings

On the cost side, Sir Albert points out, since 1974 cost an ounce produced has risen 97 percent and that of capital items has doubled

The working cost aspect is being tackled through a drive towards raising productivity of the group One specific item is the refining plant Steps are being taken to modify part of it to cut costs in the medium term but a look is being taken at the desirability of introducing an entirely new process.

STEEP CLIMB

Contributing to the cost problem is mining at greater depths in the Rustenburg and Union sections. The newer Amandebult area is being exploited at shallower levels and Sir Albert suggests that the focus of operations could move to it in due course.

The steep climb in unit costs was not anticipated in 1972 when sales contracts for automobile exhausts were won. These did provide for a measure of cost escalation but this has proved to be totally inadequate In fact sales of metal are now being made at a loss and negotiations are underway to redress the situation.

Advertising and promotion campaigns for platinum jewellery continue which are expected to stimulate demand in due course

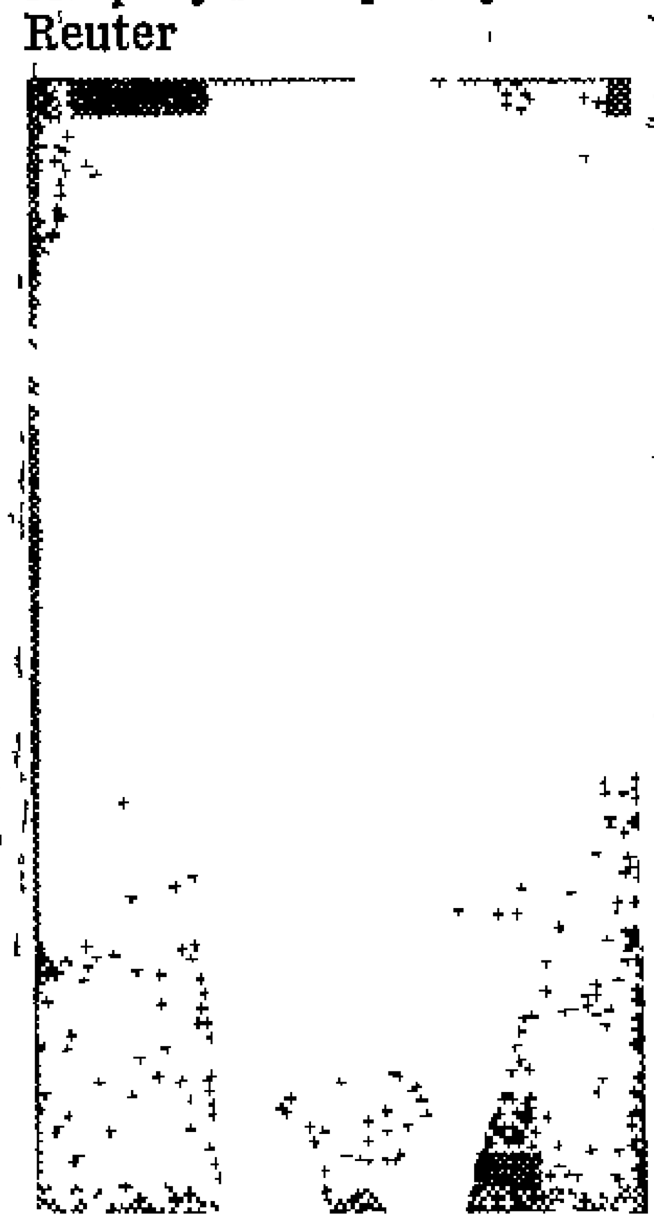
Unless the platinum price increases substantially, says Sir Albert, it will not be possible to raise capacity above 1,0m ounces a year. Thus, to justify any expenditure on increased capacity Rustenburg needs a markedly higher price. As part of the production cutback capital spending this year is being reduced from R22,5m to R15m.

SHORT TERM

As to short-term prospects any increase on last year's profits depends on a much higher platinum price and better ones for other metals recovered, notably nickel

● NEW YORK — Platinum futures advanced 4,20 to 4,40 dollars today and 1 076 sales.

Trade sources said the market was supported by Rustenburg Platinum Holdings' chairman's remarks on effects of production cutbacks, which he said should strengthen prices and increase the company's liquidity — Reuter



Sir Albert Robinson . . cost of an ounce of platinum produced has risen 97 percent since 1974.

RDM 8/12/77

Zambia, Peru, Zaire go it alone on copper cut

220

JAKARTA. — Zambia, Peru and Zaire have agreed in principle to cut their copper production following the failure of the Intergovernmental Council of Copper Exporting Countries to agree on measures to balance supply and demand next year.

But the joint statement gave no indication when the three countries would cut production, or by how much

The Zambian Minister of Mines, Mr. Kingsley Chinkuli, presenting the statement at a Press briefing, declined to go into detail.

The statement said other producers represented at the meeting, with the exception of Chile, also accepted the principle of cutbacks

Mr Chinkuli said "We are not going to be held up because Chile says no. We will go right ahead."

Asked whether production cuts without the co-operation of Chile, the world's largest exporter, would be effective, Mr Chinkuli said he believed Chilean production might be running at less than its reported 1-million tons a year

"Chile's role may not be so dominant," he said

An official Cipec communique said general agreement was reached that producing countries must take steps to balance supply and demand next year, but no decision was reached on how to do so

"In so far as there was a general agreement this can be considered a success, but the fact that no decision was taken can be considered as less than a success," said Cipec's secretary-general, Mr Sacha Gueronik, after the meeting.

Cipec's five full members — Chile, Indonesia, Peru, Zaire and Zambia — produce about 75% of world copper exports

A delegate to the ministerial meeting commented "Cipec has put a good few nails into its own coffin

"If we can't agree on any action when the price of copper is at its lowest level in real terms for 20 years, it's not clear when we ever will be able to agree action "

The official communique said the Cipec conference reaffirmed support for the integrated commodity programme being negotiated through the United Nations Conference on Trade and Development.

Cipec's chairman, Mr Mohammad Sadli, of Indonesia, would get in touch with major countries involved in the Unctad talks with a view to arriving at a basis for a possible agreement at the third Unctad preparatory meeting in Geneva on copper

Cipec sources noted that the organisation's last attempt to enforce exports cuts in 1975 was undermined by at least one major producer exceeding its agreed quota

The official communique also confirmed reports that in future Cipec's secretary-general would be chosen from among the full member countries in alphabetical order, starting with Chile

The next Cipec ministerial meeting will be in Zaire next year

The meeting agreed to put forward at the Geneva talks a combined pricing system for copper devised by the Cipec secretariat.

The combined system would establish a link between producer contract prices and copper prices on the London Metal Exchange so that fluctuations in LME prices would trigger parallel but smaller adjustments in contract prices — Reuter

FM 5/8/77 (220)

S.A. Manganese Amcor Limited

The Directors announce that the consolidated unaudited profit after taxation for the six months period ended 30th June 1977 for S A Manganese Amcor Limited and its subsidiaries is as set out below

	6 months ended 30th June 1977 R000's	6 months ended 30th June 1976 R000's	12 months ended 31st Dec 1976 R000's
Profit before taxation	40 133	48 740	94 074
Less Taxation	17 659	21 716	40 018
Profit after taxation	22 474	27 024	54 056
Less Minority shareholders interests	397	288	743
Profit attributable to S A Manganese Amcor Limited	22 077	26 736	53 313
Less Provision for preference dividend	350	350	700
	21 727	26 386	52 613
Interim dividend declared	5 538	5 534	5 534
Final dividend declared	—	—	12 460
Retained earnings	R16 189	R20 852	R34 619
Issued ordinary shares	27 690 800	27 669 800	27 688 600
Earnings per ordinary share	78 5 cents	95 4 cents	190 0 cents
Dividend per ordinary share	20 cents	20 cents	65 cents

The Group results for the six months ended 30th June 1977 compared with the same period in 1976 reflect a lower level of profits as was forecast by the Chairman in his annual statement issued in March It is expected that this trend will continue for the remainder of the financial year because it seems likely that there will be no significant improvement in market conditions both in regard to local and export sales However, it is believed that last year s dividend level will be maintained

NOTICE IS HEREBY GIVEN that the Interim Dividend No 72 of 20 cents per share in respect of the period ended 30th June 1977 has been declared payable in the currency of the Republic of South Africa to shareholders registered in the books of the company at the close of business on 12th August 1977

Warrants in payment of the Dividend will be posted on or about 31st August 1977

The Transfer Books and Register of Members will be closed from 13th August to 17th August 1977 both days inclusive

In terms of the Republic of South Africa Income Tax Act 1962 as amended a non-resident shareholders tax has been imposed on dividends payable to

(a) Persons other than companies not ordinarily resident nor carrying on business in South Africa

(b) Companies not registered nor carrying on business in South Africa

The company will accordingly deduct the tax at the rate of 15% from dividends payable to shareholders whose addresses in the Share Register are outside South Africa

By Order of the Board
SAMANCOR MANAGEMENT SERVICES (PTY) LIMITED
Secretaries

Per B N BEYERS

Amcor House
88 Marshall Street
Johannesburg 2001
(P O Box 8186 Johannesburg 2000)
28th July 1977

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Ferrochrome duty awaits ruling by Carter

Star 8/12/77

Mac Thain

It is by no means a foregone conclusion that the duties on ferrochrome imported into the US will be raised sharply in the immediate future.

Although the US International Trade Commission has recommended an increase on import duties on ferrochrome from 1,9 to 31,9 percent, the final decision has to be taken at presidential level

The time span for this is 60 days during which time all interested parties, including stainless steel manufacturers can present evidence to the executive branch.

The application came from domestic ferrochrome producers which, with one possible exception, find it increasingly difficult to compete with foreign suppliers

US stainless steel is in a poor competitive position compared with producers elsewhere and the imposition of the new duties on ferrochrome would place it in a worse position.

For several years it has received protection through restrictions on imports of stainless steel and is reported to be asking the ITC for a further extension of this

Chrome is at present the most expensive material used in stainless steel production and the ferrochrome producers will have to convince the President that they can become competitive with external suppliers, using ore from Russia, Turkey and South Africa

This involves high transport costs and two older producers are sited considerable distances from ports and they also have to contend with obsolete plants. To make matters worse ferrochrome is manufactured in electric furnaces and US power costs are higher than those ruling here — despite recent increases

It is doubtful whether these two US undertakings will be able to present an acceptable case for their becoming economically viable even with a high degree of protection

With slack demand for stainless steels, producers of ferrochrome in most industrial countries are feeling the strain with costs running above those of the main exporting countries — South Africa, Turkey and Yugoslavia — and have imposed a measure of protection In the case of the EEC and Japan the duty is eight percent It is viewed as a possibility that the US will fall in line with this

The recession has brought home the fact that there is an excess of ferrochrome capacity of which a large proportion is out of date and uneconomic, mainly in the US, Europe and Japan

There is, therefore, increasingly, rationalisation taking place, favouring low cost procedures with modern plant South Africa is well placed in this regard

Should the President agree to the steep increase in duties on ferrochrome, the local industry could be adversely affected in the short-term but in the longer-term this will be overcome once the stainless steel industry picks up once more

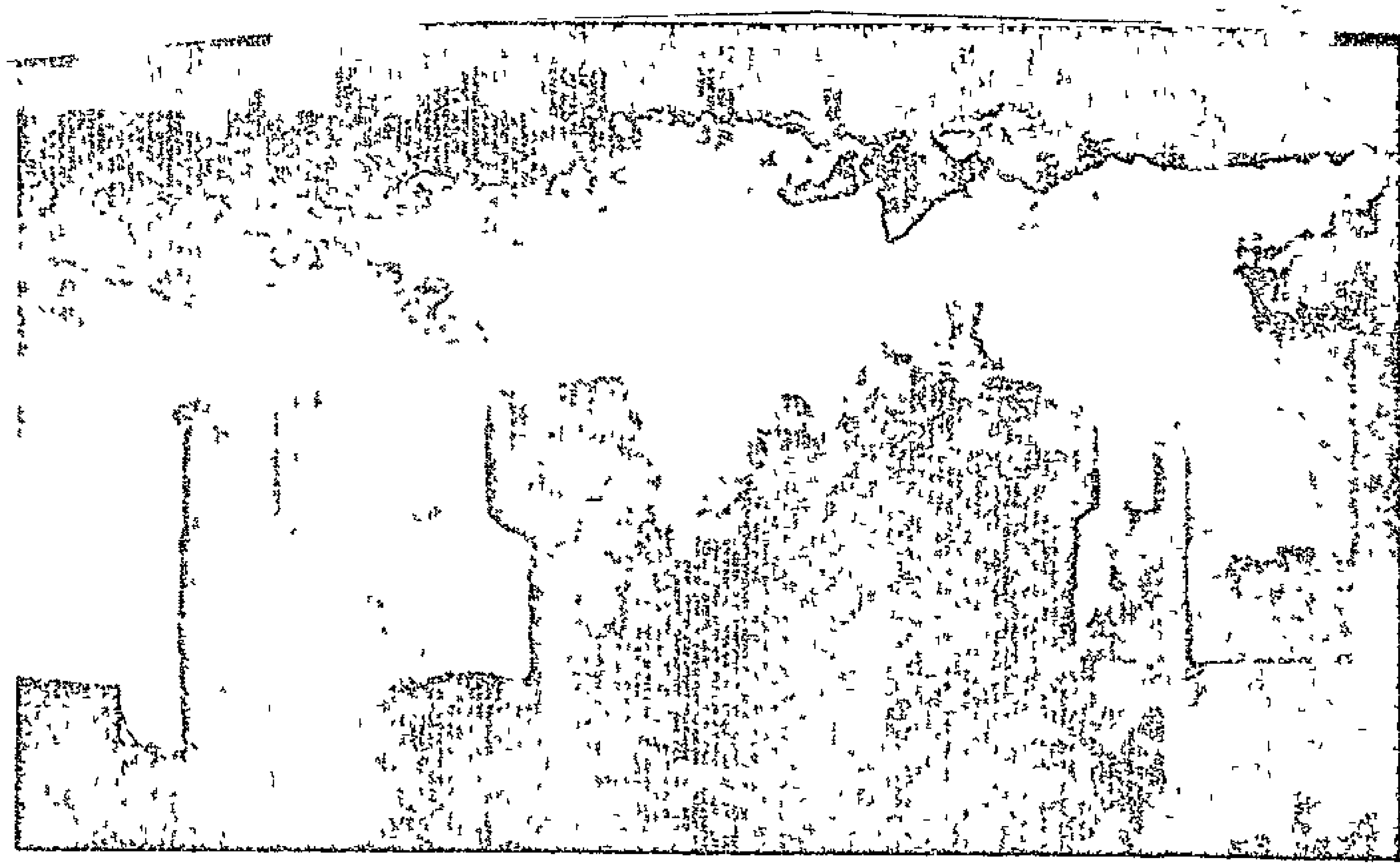
CHROME & MANGANESE

Troubled times

FIN MAIL 9/12/77

220

Suppliers of high carbon ferrochrome to the US (of whom SA is the leading one) have lost the first round against American producers trying to keep out competitive imports (*FM* November 1).



Smelting chrome — sparks on the export front

The International Trade Commission has proposed that duties on high carbon ferrochrome imports be raised by a whopping [illegible]% over the next five years. Present tariff is only about [illegible]% and imports currently account for nearly two-thirds of US consumption. Most of the imported material comes from SA, Brazil and Yugoslavia.

The ITC's recommendation has already been submitted to the White House for approval. But a rejection by President Carter (considered unlikely) can still be overruled by Congress.

South African producers aren't going [illegible] to allow. Producers' Association chairman Peter Streicher reckons there are no economic grounds for a decision by President Carter to allow higher tariffs.

For one thing, he points out, the ITC has recently recommended continued protection — by means of quotas — for the US stainless steel industry. Streicher [illegible] this an implicit admission of the uncompetitiveness of the US stainless steel industry. If the cost of ferrochrome — one of its major raw materials — is raised through increased duties, the producers will become even less price competitive.

He is also holding thumbs President Carter will realise that more protection for American ferrochrome producers will give them less incentive to modernise their largely obsolete smelters.

Some of SA's big chrome producers also export manganese ore. And things don't look rosy on that front either.

Normally the annual round of price and delivery negotiations for manganese ore start in November. But with steel mills — particularly in Japan, SA's biggest customer — knowing there's plenty of ore available, there is no sign yet of the 1978 contract talks getting underway.

Streicher, however, thinks consumers may be ready to talk early in the new year. And he is confident they will buy at least as much ore as they have this year.

But chances are producers will have to struggle hard even to match 1977's meagre price increase from $1,47 per metric ton unit (cif European ports) to $1,51.

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Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Chairman's Review by Sir Albert Robinson

The thirty-first 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, 14 December 1977

The Company's consolidated after-tax profit for the financial year 1977 amounted to R4,6m. As explained in the Directors' Report, the Board of RPM has instituted two changes in the company's accounting procedures in order to reflect trading results based on the current cost of production and to make a provision for the cost of maintaining production capacity. As a consequence the profit declared for 1977 is not comparable with the profit achieved in 1976.

In the inflationary climate which the world is experiencing at present, the current cost of production is inevitably much higher per unit produced than the average cost of both stocks and production. Previously, the cost of sales was accounted for on the basis of an average cost of opening stocks and production but because such accounting procedures, influenced as they are by lower production costs in previous years, overstate current profitability and are misleading your Board decided to value stock by the accounting method known as FIFO.

Shareholders are aware that under normal circumstances industrial companies provide for the replacement of assets by means of a charge to the income statement. This charge provides the cash flow necessary to replace or maintain production assets. Traditionally this is not done in the South African mining industry, the cash required to maintain production capacity (on-going capital expenditure) is appropriated from profits after tax. Because of its immense reserves and immeasurably greater life when compared with the gold mines, Rustenburg may be considered to be more akin to an industrial company. It can therefore, with some justification, treat its accounts in respect of the replacement and renewal of assets in a way similar to that adopted by an industrial company. Consequently the company's previous practice of capitalising expenditure on the maintenance of production capacity has been changed and a provision is now made for the renewal and replacement of such capital items as a charge against profits.

On the previous basis of accounting the declared profit before tax for 1977 would have been R33,3m compared with R44,1m for 1976. However, the level of declared pre-tax profits of R4,5m on the new accounting basis now reflects more realistically the profitability of operations during the year, and hence a better measure of what profit is available for appropriation for dividends and capital requirements. The decision to pass the final dividend was not influenced by the new accounting system. The additional costs which have been introduced in determining profits under the new basis of accounting would have been met by appropriation out of the higher level of profits declared on the previous accounting basis and therefore the profits available for distribution would, in any event, have been inadequate to pay a final dividend.

The passing of a final dividend was the result of the weak market conditions that prevailed and the effects of inflation on capital and working costs. The company's financial position over the last few years has been adversely affected in two ways. Firstly, the company's published price of platinum, which was $190 per ounce in 1974, was forced down to $155 and was adjusted subsequently to $162 for most of the next three years. Secondly the company has suffered high and escalating costs of replacement of shafts and development necessary to maintain the mines' continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

As the price of platinum and its by-products has been unduly low, profits after tax have been seriously eroded with the result that the company's financial position has deteriorated. Surplus supplies caused market prices of platinum to remain below the company's published price of $162 per ounce for much of the past year.

In view of the continuing excess of supply over demand and the prevailing weak prices for the platinum group metals as well as for nickel and copper, Rustenburg announced on the 1st November that it was reducing production by between 10% and 20%. Despite the reduction, we shall continue development for as long as possible. Our objective is to be able to return with a minimum of delay to the level of production that prevailed prior to the 1st November in the event of a resurgence in demand. However, unless platinum price levels increase substantially it will be impossible to increase production capacity much beyond one million ounces per annum. In short, to justify any expenditure on increased production capacity Rustenburg requires a markedly higher price. The first step towards achieving this end was taken on 28th November when Rustenburg increased its price to $175/oz. This followed a rise in the Free Market price of platinum of more than $20 over the previous three months.

Further to the decision to cut back production, the Board has decided to reduce capital expenditure on the mines for the current financial year from R22,5m to R15 million.

Apart from the weakness in demand for platinum the substantial oversupply situation that is currently prevailing in the nickel market is having a serious impact on the company's sales of nickel. This metal is second to platinum in terms of revenue earned by the company and is therefore very important to the company's financial position. The Free Market price for nickel which was $2.20 per lb CIF in September 1976 has declined and is now about $1.80 per lb CIF.

Another major setback to the platinum industry in South Africa occurred during the year. This industry has been able to make use of the exporters' allowance as a deduction from taxable income for 15 years. This concession has enabled the industry to claim a portion of its marketing expenses as an allowance for tax in addition to these expenses being allowed as a cost. However as a result of the 1977 Income Tax Act the industry has been deprived of this allowance in respect of platinum and the other platinum group metals. The withdrawal of the allowance has come at a critical time for the industry and will have a considerable impact on profitability. The company has incurred considerable expenditure in seeking and promoting new markets for platinum. The metal has to be marketed both vigorously and extensively. However, without the benefit of the exporters' allowance the company's ability to market the metal effectively will be seriously impaired. Representations have been made to the Minister of Finance to consider the re-introduction of this valuable marketing and financial aid.

The company is concentrating its efforts on reducing the impact of inflation on its costs by improving productivity. In particular there are two areas of the operation that have a significant impact on its profitability. One of these is the Matthey Rustenburg Refiners (Rustenburg) plant, where RPM's matte is treated to separate the platinum group metals and to produce nickel and copper. Although this plant is operating satisfactorily the costs incurred are high. Steps are now being taken to modify part of the plant in an effort to reduce costs in the short to medium term. For the longer term we are investigating the desirability of introducing a completely new process. The other factor that contributes to the high costs of the company's operation is the depth at which we are currently mining. At both the Rustenburg and Union sections we are mining at much greater depths than other South African producers. At the Amandelbult section, however we are operating relatively close to surface and it will be some years before a second generation of vertical shafts has to be established. Thus as the importance of Amandelbult to the company's operations increases, the lower costs of operating this section should have an important impact on the company's profitability. As time progresses the centre of the company's operations could well move from Rustenburg and Union Sections to the shallower areas at Amandelbult.

Automobile Industry

Despite an increase in US automobile production in the 1977 financial year the company's sales of platinum and palladium for use by this industry were lower than the volume achieved in 1976. Excess quantities of both metals were accumulated in 1976 and these were subsequently drawn upon in 1977 thereby reducing the quantities purchased in that year. Present indications suggest that the company's sales in the current financial year will be higher than for 1977.

A substantial part of Rustenburg's sales of platinum for use by the automobile industry is effected at a price that was established in 1972. While an escalation in price is provided for, this has proved to be totally inadequate in the light of the rapid escalation in working costs that has occurred subsequently. In fact these sales of platinum are now incurring losses and negotiations are under way to redress this situation.

Although an amendment to the US Clean Air Act was passed by the US Congress in August 1977 extending the model year 1977 automobile emission standards to model year 1979 the amendment does require a tightening of standards in model year 1980 and a further tightening in model year 1981.

We expect that the emission levels for 1980 and 1981 will require increasing quantities of the three-way conversion catalyst, which reduces the emissions of the three main pollutants namely carbon monoxide, hydrocarbons and oxides of nitrogen. This is expected to reflect increasing requirements for platinum. However, there is a strong possibility that the recovery of platinum from catalysts on scrapped automobiles could start in the early 1980's. Depending on the economics of the recovery process this quantity of recycled metal may reach a significant level by 1985 and have the effect of reducing demand for newly mined platinum.

Jewellery Promotion

The company's jewellery advertising and promotion campaigns continued during the past financial year. Although we do not expect to reap the benefit from these campaigns in the short term, we believe that in the longer-term interest of the platinum industry we must continue with these activities. Much more time, effort and money will have to be expended but we are confident that the company's efforts will stimulate a meaningful level of demand in due course.

The current annual expenditure on this programme is approximately R3 million. The results that have emerged to date have been encouraging in that a growing awareness of platinum jewellery has been stimulated. In all the markets where we are active there is increasing co-operation and enthusiasm from the trade and interest on the part of the consumer. Research into the technical aspects of working in platinum is being extended and training for manufacturers is being sponsored. Design is receiving special attention. Joint promotions – in which manufacturers or retailers contribute to costs – are becoming more common and platinum is now featuring in prestigious national and international jewellery exhibitions.

There are indications of a modest increase in the usage of the metal for jewellery in new markets. It is essential that these initial successes be followed up and that the momentum now established be developed further.

Outlook

It is unlikely that there will be any significant increase in platinum demand during the rest of this current financial year. Although there has been a recovery in the platinum price in the last few months, any favourable effect on the level of this year's profits above that of last year must depend on a much higher platinum price and better prices for the company's other metals particularly nickel.

On the 6th December the Bophuthatswana Homeland becomes an independent state. Approximately 25% of Rustenburg's production currently comes from within the borders of this state. The company has had discussions with the Bophuthatswana authorities in relation to the change in political status of the territory. I am pleased to say that the discussions took place in an atmosphere of goodwill and that the Bophuthatswana Government, which has consistently declared itself in favour of the principle of free enterprise, is co-operating fully to ensure that the transition to the new status will not seriously affect the company's operations. Rustenburg will have a unique position in that it will be operating in both South Africa and Bophuthatswana but we are confident that it will be the objective of both Governments to assist the company in remaining a viable entity. It is certainly in their interests that this should be the case.

Conclusion

In summary the company's liquidity has deteriorated due in the main to low platinum and nickel prices. Rustenburg's decision to reduce production will strengthen its financial position and will assist in bringing world supply and demand more into balance. This could help in providing a basis for a stronger price in the future.

While the rate of production has been reduced, development will continue so that the company will be well placed to re-establish its previous rate of production when demand improves.

In the meantime two areas of high cost have been identified – in the treatment and refining of base metals and also mining at deep levels. The company is confident that given time it can make changes which will ameliorate these high costs.

The changes in the basis of accounting will assist shareholders to have a better appreciation of the company's actual trading position and this will increase the emphasis on efforts to strengthen its financial position.

I have every confidence in the platinum industry in the longer term. We have experienced adverse trading conditions before and then we have enjoyed a return to prosperity. This will happen again as the world moves out of its current recession. When this happens shareholders will be rewarded for their patience and the company will once again attract the renewed interest of the investing public.

General

I am grateful to Johnson Matthey & Co. Limited, who continued to carry out their role as our sole marketing agents in a most efficient manner. I also wish to record our appreciation to our customers for their valuable support during a difficult period.

To the Mine Managers, Consulting Engineers, Secretaries as well as all the staff and employees at the Mines and at Head Office, my grateful thanks for the services they have rendered during the past year.

Johannesburg
5th December, 1977

Cape Asbestos to cut production

RDM 14/12/77 (220)

By ADAM PAYNE

CAPE Asbestos, a subsidiary of Charter Consolidated, is to cut production of asbestos at two of its mines, resulting in about 200 whites and 4 100 black workers being made redundant

Gefco, the other crocidolite producer, is continuing without extensive cutbacks and reports good orders for 1978

Cape Asbestos mines amosite asbestos at Penge in the North-Eastern Transvaal, and crocidolite in the North-West Cape Amosite has fared badly this year and the market for crocidolite has softened recently

Cape Asbestos says that consumers of its products, bearing in mind the shortage of asbestos in 1975 and 1976, have continued to buy above their rates for consumption and stocks have risen

The company expects a slow off-take into next year until stock equilibrium has been restored It says "In common with other producers the company has therefore decided to reduce production in order to maintain liquidity and to avoid further stock build-up "

At its Penge amosite mine it will reduce milling from two shifts to one, lowering the complement by 150 whites and 2 500 blacks

At Koegas, in the Prieska district of the North-West Cape, milling will be reduced from two shifts to one, reducing the complement by 50 whites and 1 600 blacks and coloureds

At Pomfret, in the Vryburg district, some reduction in the planned rate of production occurred earlier this year, and no further cut is intended

A recovery plant will be commissioned at Pomfret in March

The asbestos market boomed in 1975 and 1976 because of strikes and mine disasters in Canada, which produces chrysotile fibre

The strong demand continued into the early part of the year but according to Cape Asbestos it has weakened

"It is now clear that the main markets throughout the world in which asbestos products are used have not strengthened as was anticipated Consumers of fibre, hoping for an upturn in demand, have continued to buy above their rates of consumption "

The Koegas mine was opened in 1892 and was expected to close by the end of next year

Cape Asbestos says it regrets the disturbance caused to employees and will try to help those affected

Where redundancy is unavoidable terms will be as generous as possible In most cases employment of blacks will continue until their contracts expire

The company says "We firmly believe that the present weakness in the market is temporary and that our current investment programme places us in an excellent position to respond as soon as demand improves "

I am told that production of amosite at Penge will drop from [illegible]0 000 tons to 60 000 ton, at Koegas from 30 000 tons to 20 000 tons of crocidolite, and at Pomfret from 50 000 tons to 30 000 tons of crocidolite

Gefco is better placed in the crocidolite market than Cape Asbestos because its new plant in the Kuruman area came into production earlier this year

Apart from catching the 1977 market, Gefco has sold forward

A spokesman for General M[illegible]ing which manages Gefco and Msauli told me "The slower demand is cyclical We have seen it before and will see the upturn again As far as we are concerned, the situation is not alarming

"We have spent a great deal at Gefco improving efficiency and raising production, and we are now more flexible and can reduce or raise production easily

"We expect demand for crocidolite to improve towards the middle of next year or earlier In the meantime we have cut back a little because there is no reason to produce at boom rates when the boom has subsided "

Chrysotile he said, was more vulnerable with Russian and Canadian competition

Chrysotile is produced by Msauli Asbes

Uranium earnings may hit R650m

Sun. T. Bus. 18/12/77

220

Business Times Reporter

SOUTH AFRICA, by 1981, could be earning in excess of R650-million annually in foreign exchange earnings from the sale of uranium

This is the latest estimate from a top firm of Johannesburg stockbrokers Ivor Jones, Roy & Co, which has made its calculations on the basis of a price of $40 a pound prevailing by then

Looking further ahead, the brokers foresee that by 1984, SA's uranium enrichment plant at Pelindaba alone should provide a considerable boost to exports by selling enriched uranium which will command a very considerable price premium for the processing charge

It is reliably thought that SA's uranium exports were in the region of R100-million in 1976 and that they will be slightly in excess of this figure for the current year.

However, the brokers consider there will be a major increase in the value of sales next year probably to around a level of R250-million

This sharp rise will be caused by mines such as Randfontein starting up uranium production and also because future sales will be at considerably higher prices than those previously attained

The rapid price rises of the 1974 to 1976 period appear to have tailed off now and possibly a period of price stability may be about to return. Politics, however, have now entered the picture and there is little doubt that there is a squeeze on short-term supply — this is largely caused by the Canadian government's insistence that it will only export uranium to countries which are prepared to adhere to its stringent controls on usage

"As far as we are aware, only Sweden of all countries in Western Europe has so far satisfied the Canadian government in its demands," says Ivor Jones

Delays in deliveries of uranium from Rossing in South West Africa as well as the Canadian embargo have already seriously depleted the UK's strategic two-year stockpile of uranium. We, therefore, anticipate that unless the Canadian government moderates its demands or that some form of compromise can be reached soon with its customers, then the 'spot' price of ura-

• To Back Page

Uranium could earn SA R650m a year

• From Page 1

nium could once again surge ahead."

Most of South Africa's uranium is sold on a long term contract basis and only a relatively small amount is sold at the higher "spot" prices. At present most of those spot sales of uranium, which are made at prices of about $41 to $43 a pound, usually come from individual mine's stockpiles, those mines with significant stockpiles include Buffelsfontein, Harmony, Hartebeestfontein, Vaal Reefs and West Rand Cons.

South Africa generally produces uranium as a by-product of gold mining and consequently actual treatment costs of producing uranium are relatively small, varying between R1,90 and R3,10 per ton of slimes treated. In consequence, although the average uranium grade of ore treated is usually very low — in the region of 0,18 kilograms a ton — it is possible to extract it profitably.

Long-term contracts for South African uranium are currently being signed in the region of between $30 and $35 a pound where consumer finance is provided and around $33-$37 a pound where it is not, current contracts generally quote escalation clauses in order to compensate for any of the adverse effects of inflation. Consumer finance is generally provided in the form of interest-free loans or by forward purchasing of uranium.

While the brokers think the overall upward pressure on uranium prices is likely to soften over the next three to four years, they conclude it is probable there will be a strong surge in demand for uranium in the early eighties when the threat of an energy crisis could become reality.

The trade unions of Australia, the fear of policital instability in Southern Africa and the intransigence of the Canadian government may all have the effect of potential users of uranium building up stockpiles to levels previously thought unnecessary.

220

STAR 23/12/77

Another platinum mine cuts production

Mac Thain

Earlier high hopes that exports of industrial minerals would make a growing contribution to the trade surplus in 1978 now seem unlikely to be fulfilled, with yet another mine reducing its scale of operations because of weakening markets.

The latest is Lonrho's Western Platinum mine in the Rustenburg area which is to cut its milling rate from 112 000 tons a month to between 85 000 and 90 000 tons.

The neighbouring Rustenburg Platinum Mines last month announced that it was reducing its output by 20 percent to help bring more stable conditions in the oversupplied world market and ease the heavy financial burden of high operating costs.

Apart from the subdued state of world demand for platinum group metals, all producers have been hit by the serious deterioration in that for nickel which makes an important contribution to earnings.

This is particularly the case with Western Platinum where the nickel content of the ore is said to be higher than at other mines in the area. It was this that brought in Falconbridge as a partner in opening up the mine at the time when a nickel shortage existed.

In recent weeks the platinum price has improved on the free market and Rustenburg has raised its "official" price, but the general view is that it will have to go considerably higher, coupled with an expansion in demand, before production is restored to the previous levels.

The sorry state of the international construction market was responsible for Cape Asbestos reducing outputs of its two amosite mines at Penge in the Lydenburg area and Koega in Griqualand West. This type of fibre is almost entirely used in building materials.

Penge can increase production with a revival in demand but Koega is fast running out of reserves.

This week, not unexpectedly, Johnnies announced that its Otjihase copper mine in SWA is going on a caretaking basis until the copper price makes a substantial recovery. This venture was launched when the metal price was running high but it had slumped severely by the time that full scale production was reached. It was not helped by prolonged teething troubles in the course of achieveing this.

GUESS

How long the current slump in metal prices will persist is anybody's guess. The overall trend is cyclical and the present phase is proving longer than expected.

However, a revival is anticipated in due course which is the reason for the start of work now on big new ventures, such as those in the Northern Cape on the basis that they will reach the production stage when the upswing is well underway.

SUN.TIMES BUS. 3

(220)

Another uranium dispute is settled

25/11/77

By JIM SRODES

RICHMOND — Bit by bit, Westinghouse Electric Corp is settling out of court the lawsuits brought against it by 27 utilities over a uranium contract dispute

Westinghouse has announced its latest agreement with Texas Utilities Services Inc, known as TUSI, which is acting as agent for Dallas Power and Light Co, Texas Electric Services Co and Texas Power and Light Co The Texas power concerns are three of 27 utilities that sued Westinghouse following the cancellation in September, 1975, by Westinghouse of long-term uranium fuel supply contracts

The agreement will not be put in force until it is formally approved by the boards of Westinghouse and the utilities, and by presiding Judge Robert Merhige. A spokesman for Westinghouse told Business Times that this procedure would "take some time" The details of the settlement, by order of the court, have not been made public

MINING

OTHER - GENERAL

1978

Rapport 15/1/78

(220)

PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die jaar geëindig 31 Desember 1977

Aan die aandeelhouers,

Die direkteure lê die volgende verslag vir die jaar geëindig 31 Desember 1977 voor:

	PRODUKSIE EN VERKOPE (Metrieke ton)			
	Kwartaal geëindig 31 Desember		Jaar geëindig 31 Desember	
	1977	1976	**1977**	1976
Koper				
Produksie (Aantekening 1) . . .	**29 969**	21 763	**108 930**	95 665
Verkope	**29 277**	30 057	**104 231**	96 305
Erts gemaal	**6 766 657**	4 873 202	**24 863 927**	19 627 222
Gemiddelde kopergraad (Aantekening 2)	**0,54%**	0,50%	**0,52%**	0,55%
Verkope van ander produkte				
Magnetiet (Aantekening 3) . . .	**158 744**	112 651	**435 293**	591 129
Swawelsuur	**32 008**	24 363	**120 615**	109 093
Vermikuliet (Aantekening 4) . .	**37 797**	47 624	**154 380**	193 596

AANTEKENINGS:

1. Koperproduksie vir die twaalf maande geëindig 31 Desember 1977 sluit 2 411 metrieke ton in (*1976: 2 305 metrieke ton*) wat by buitebronne gekoop is. Die toename in koperproduksie gedurende 1977 is te wyte aan die inbedryfstelling van die uitgebreide myn- en aanleggeriewe gedurende die jaar. Produksie was laer as die beoogde as gevolg van gebreke wat in die twee nuwe outogene meulens voorgekom het.
2. Die daling in graad vir 1977 is te wyte aan die mynplan vir 1977 waarvolgens dit nodig was om 'n laer graad erts te ontgin. Daarbenewens is die uitvalgraad vroeg in die jaar as deel van die uitbreidingsplan verlaag van 0,25% Cu tot 0,20% Cu.
3. Die afname in verkope van magnetiet vir die jaar is te wyte aan die tydelike sluiting van die massahanteringsfasiliteit by Maputo, Mosambiek vir groot herstelwerk, sowel as die tekort aan skepe om hierdie materiaal na die koper in Japan te vervoer. Gedurende die laaste kwartaal is drie vragte verskeep en verkope het dienooreenkomstig verbeter
4. Die vermindering in verkope van vermikuliet is toeskryfbaar aan die wêreldwye resessie in die boubedryf

DIVIDEND NR. 42

Op 23 November 1977 het die direkteure 'n derde tussentydse dividend vir 1977 (*Dividend nr. 42*) van 7,5 sent per aandeel verklaar wat op 29 Desember 1977 betaalbaar was aan aandeelhouers wat op 9 Desember 1977 in die boeke van die maatskappy geregistreer was.

Op las van die Direksie
RIO TINTO-BESTUURSDIENSTE
SUID-AFRIKA (EDMS) BEPERK
Sekretarisse
per: G. H Edwards

Posbus 61140, Marshalltown
2107 Transvaal

12 Januarie 1978

ZINC · 217 FM 20/1/78

Consumption concern

The plight of the international zinc market was highlighted this week by concern expressed by London-based International Lead and Zinc Study Group "for the continuing serious international situation in Zinc stocks"

Although the group, an inter-governmental consultative body, did not release a revised world stocks figure, close observers believe stocks may now be greater than the 1,2 Mt estimated by the group last September. Although only full Study Group meetings have the authority to make formal recommendations, the standing committee meeting in London on Monday hinted at the need for some production cutbacks "On the basis of preliminary figures," the committee

Zinc flotation plant . . . producers are reviewing consumption estimates

predicted "a decline in world zinc metal consumption in 1977 without a decrease in world production "

Since last September the group, whose members include the major lead and zinc producers and consumers, has officially been predicting a 1977 consumption figure of 4,284 Mt — slightly above an estimated zinc metal production level of 4,223 Mt Although no official alterations have been made to these figures, close observers told the *FM* they feel that consumption might not reach the projected level Further, for 1978 the group is still officially standing by its previous-estimate of consumption at 4,39 Mt and production at 4,33 Mt. But at this week's meeting members were asked to review their production and consumption forecasts for zinc for 1978.

Meanwhile on the LME, prices have continued sluggish with traders claiming that the European producer price, which is at the unrealistic, though often discounted level of $600/t, has tended to "exaggerate the oversupply situation." This has been further exacerbated by low-cost North Korean supplies to the West. Early this week prices had sagged around £25/t from the recent mid-December highs of over £300 — a decline which also reflected sterling's climb from around $1,84 to around $1,92 over the period.

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**212,2**	**213,1**	**209,4**	**185,7**
% change on	—	—0 4	1 3	14 3
P/E ratio	4 1	4,1	4,0	3,0
Div yield	10 2	10 3	10,6	12,2
UK *FT* Ind	**470,9**	**484,5**	**479,6**	**381,1**
% change on	—	—2 8	—1,8	23,6
P/E ratio	8,2	8 4	8,4	8 0
Div yield	5,7	5,5	5,6	5,9
US Dow Jones	**779,0**	**781,5**	**806,2**	**962,4**
% change on	—	—0,3	—3,4	—19,1
P/E ratio*	8 6	8 7	8,9	11,2
Div yield*	5 2	5 1	5,0	3 8
Gold price (in US $ on London)	**172,8**	**173,2**	**159,6**	**133,1**
% change on	—	—0,2	8 3	29,8
Krugerrand (Rand)				
Public selling price	**173,6**	**173,3**	**159,7**	**132,7**
% change on	—	0,2	8,7	30 8

**Standard & Poor index*

Public buying price is 10% below subject to negotiation

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Platina deur 200 dollar

DIE goudprys het vandeesweek baie mooi weggespring en dit het gelyk of hy weer met mening op pad was na die 180 dollar-vlak. Later in die week het dit egter in afwagting van tekens van meer daadwerklike steun vir die dollar in pres. Jimmy Carter se State of the Union-toespraak, begin verswak.

En nadat die goudprys hier by sowat 172 dollar gaan draai het, was dit teen Vrydagmiddag weer goed op pad na 174 dollar Pres Carter het toe gepraat en al wat na steun vir die dollar gelyk het, was sy verwysing dat Amerika die integriteit van die dollar sal beskerm.

Die algemene verwagting is dat die dollar oor die kort termyn kan stewiger neig, maar dat die fundamentele probleme wat vir die basiese swakhede van hierdie geldeenheid verantwoordelik is, steeds daar is en dat die dollar daarom eerlank weer kan begin gly

Vroeer in die week was daar ook heelwat berigte oor hernieude optimisme oor die toekoms van goud in veral Londen Goudhandelaars en ekonome meen dat daar weinig is wat kan verhinder dat die goudprys vanjaar 200 dollar en selfs meer haal Hulle verwag egter geen skerp styging oor die kort termyn nie

Dit lyk of hulle veral groot aandag gee aan die toename in goudtransaksies in Amerika en meen dat die potensiaal van hierdie vraag 'n groot uitwerking op die prys kan hê

Daar is dan altyd die moontlikheid dat die Amerikaanse regering in die geval van so 'n oplewing in die vraag weer kan begin om uit sy eie goudreserwe te verkoop, veral teen die huidige hoe prysvlakke

Maar dan bly die oorlogswolke donker in die Midde-Ooste en die eerste geringste tekens van 'n konfrontasie sal onmiddellik deur die goudprys weerspieel word

Die meeste ander goudmyne se kwartaalverslae het vandeesweek bekend geword en met die uitsondering van Anglo American was die baie hoe gemiddelde goudprys wat behaal is, 'n uitstaande kenmerk.

Hierdie mooi goudprys het natuurlik 'n baie sterk uitwerking op die inkomste en winssyfers van die myne gehad Daar is egter die een aspek wat kommer wek. In die lopende kwartaal kan dit vir sommige myne baie moeilik word om op die gemiddelde goudprys ontvang te verbeter, wat 'n uitwerking op die winssyfers moet hê

Goudaandele het dan ook die week baie sterk begin en groot omsetsyfers is behaal. Daar was oor die week ook 'n berig van 'n makelaar wat sy klante „gesmeek" het om in goud te belê

Teen die middel van die week was daar 'n effense verswakking, wat seker tot groot hoogte aan winsneming toegeskryf kan word. Pryse het egter later weer begin verbeter

Unisel is 'n aandeel wat veral Vrydag groot belangstelling geniet het. Hy het baie sterk deur sy weerstandsvlak van 340c gebreek om op 360c te sluit nadat hy in 'n stadium 363c gehaal het Hy lyk tegnies nou baie belowend.

Oor die week het Elsburg en Western Areas baie goed vertoon en onderskeidelik in 'n stadium hoogtepunte van 277c en 268c gehaal. Elandsrand het ook sterk tot 420c gestyg om later effens af te kom

De Beers en Anamint se afwaartse beweging het teen die einde van die week weerstand begin ondervind en dit lyk of daar vir De Beers heelwat kopers is wanneer die prys hier na sowat 550c begin beweeg

DAVID MEADES by die Beurs

Nadat die platinaprys deur 200 dollar gebreek het, het die platina-aandele sterk vertoon, terwyl 'n koperaandeel soos Palamin ook heel stewig gereageer het.

Consolidated Murchison het ondanks sy swak kwartaalverslag heel stewig op 410c gesluit Hierdie maatskappy skryf so voorrade teen die wins af en wanneer hierdie voorrade verkoop word wanneer die opbouing te groot raak, is dit alles wins.

Die twee asbesaandele, Msuali en Gefco, het ook mooi volumes getrek en daar kan aangeneem word dat die kwartaalverslae dalk 'n heelwat meer optimistiese beeld kan vertel.

Aan die nywerheidskant het Dunswart ná sy rasionalisasieplan van die laaste tyd sterk begin vertoon en daar was 'n redelike styging in die omset. Die prys het tot 67c verstewig. Dan lyk dit ook of daar iets aan die gang by Griffon is, wat met 'n groot omset tot 60c gestyg het.

Cape Times 25/1/78

Platinum spurts on big Japanese demand

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Own Correspondent

LONDON. – Gold and especially platinum boomed yesterday following hectic trading in New York the previous day.

On Monday it was reported that platinum dealers were cautious because they felt the market was overdue for a normal reaction, within the overall bullish trend

In London the metal traded at 203 dollars on Monday morning and closed at 209 dollars in the afternoon In New York, platinum for April delivery was priced at 214 dollars and yesterday the spot London price was trading around 218 dollars

Reasons for the sharp increase were continual Japanese demand and a sharp upturn in speculative positions in New York, while big investment orders came in from Switzerland. A Swiss banker who with the London dealers had forecast the renewed interest in platinum said the price could go to 250 dollars

The Russians have been buying in Zurich, but he felt that both the Russians and South Africans have been withholding metal from the market

The market was also helped by the news in Washington that the Federal Preparedness Agency is seeking a supplemental budget to acquire strategic stockpile metals

Not surprisingly, platinum dealers, were startled by the huge rise. (Since the beginning of the year, platinum has advanced 30 dollars compared with a gold price increase of 12 dollars) But with an acute shortage still apparent, dealers were reluctant to make predictions. Potential supplies, however, could come from the speculators when they decide to take profits

Gold, which is now more than 30 dollars lower than platinum, also moved to the highest levels seen since the beginning of 1975 Both London and Zurich gold dealers remain optimistic

A Zurich dealer cited the US Budget, the weak dollar and the Middle East situation as the main factors behind increased demand

The South African political situation and the lower output returns of the Chamber of Mines also steadied the price

A London dealer noted that political developments in Italy and a roll indicating a swing to the left in France also pushed the price up.

(217) FM 27/1/78

General Mining Group

ASBESTOS MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1977

Both Companies are incorporated in the Republic of South Africa

The Griqualand Exploration and Finance Company Limited

Issued Capital — R597 500 in 11 950 000 shares of 5 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31 12 77	Quarter ended 30 9 77	Financial year ended 31 12 77	Previous Financial year
Operating results				
Development — metres	1 578	1 580	5 670	3 462
Ore milled — tons	166 000	198 000	732 000	545 000
Fibre produced — tons	20 276	20 506	76 103	57 483
Percentage fibre recovered	12,2	10,4	10,4	10,5
Revenue per ton	R526,4	R532,0	R523,4	R435,8
Production costs per ton	R230,9	R233,9	R232,2	R223,8
Selling costs per ton	R96,5	R96,3	R93,0	R71,7
Financial results	R 000	R 000	R 000	R 000
Operating profit	4 399	3 100	14 079	8 538
Profit after tax from non-mining subsidiaries	274	168	683	791
	4 673	3 268	14 762	9 329
Add Interest received (paid) — net	(50)	92	200	225
Profit before taxation	4 623	3 360	14 962	9 554
Provision for taxation	599	856	3 100	1 450
Net profit after taxation	4 024	2 504	11 862	8 104
Capital expenditure	1 319	1 394	3 847	3 749
Prospecting expenditure	139	154	520	497
Loan levy	73	88	411	182

Notes

1 Consolidated results are given, as information relating to the company only could be misleading

2 Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year

3 Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers

4 Dividends Nos 52 and 53 of 24 cents and 28 cents per share respectively, were declared during the year

On behalf of the board

C H WALTERS | Directors
W T P MOSTERT

Johannesburg
26 January 1978

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 12 77	Quarter ended 30 9 77	Financial year ended 31 12 77	Previous Financial year
Operating results				
Development — metres	1 832	2 333	6 986	7 138
Ore milled — tons	250 000	257 000	999 000	805 828
Fibre produced — tons	25 280	24 785	100 669	95 408
Percentage fibre recovered	10,1	9,6	10,1	11,8
Revenue per ton	R199,8	R200,3	R208,2	R177,0
Production costs per ton	R62,5	R70,5	R63,4	R53,1
Selling costs per ton	R55,9	R56,5	R55 4	R45,5
Financial results	R 000	R'000	R 000	R'000
Sales of fibre	4 740	3 967	18 033	16 212
Less Cost of sales	2 728	2 338	9 837	8 823
Operating profit	2 012	1 629	8 196	7 389
Less Royalties	162	143	503	267
	1 850	1 486	7 693	7 122
Less Interest and sundries	15	—	22	81
Profit before taxation	1 835	1 486	7 671	7 041
Provision for taxation	482	293	1 945	1 029
Net profit after taxation	1 353	1 193	5 726	6 012
Capital expenditure	336	429	1 662	1 955
Prospecting expenditure	16	—	23	—
Loan levy	67	42	272	129

Notes

1 Consolidated results are given, as information relating to the company only could be misleading

2 Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year

3 Dividends Nos 35 and 36 of 25 cents and 25 cents per share respectively, were declared during the year

On behalf of the board

C H WALTERS | Directors
W T P MOSTERT

Johannesburg
26 January 1978

Registered office of both companies General Mining Building, 6 Hollard Street, Johannesburg, 2001

VOGELSTRUISBULT METAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

PRELIMINARY ANNOUNCEMENT OF RESULTS

The consolidated unaudited results of the company and its wholly-owned subsidiary, Struisbult Investments Limited, are	Year ended 31 December 1977	Year ended 31 December 1976
	R000	R000
Income from investments . .	1 709	1 651
Surplus on realisation of investments	23	—
Sundry revenue	288	112
	2 020	1 763
Expenditure	830	217
Administration expenses	143	143
Amount written off investments	687	74
Profit before taxation	1 190	1 546
Transfer from deferred tax	1	3
Unappropriated profit brought forward	101	102
	1 292	1 651
Earnings – per share (cents)	7,8	10,1
Dividends – per share (cents)	7,5	7,5
– amount absorbed (R000)	1 150	1 150

These results are published in advance of the annual report which will be circulated to members in March 1978

The amount written off investments of R687 000 includes R604 000 in respect of Kiln Products Limited, consequent upon the adverse effect of the fall in the zinc price on the results of that company

DECLARATION OF DIVIDEND

Dividend No 62 of 4,5 cents per share, in respect of the year ended 31 December 1977, has been declared in South African currency, payable to members registered at the close of business on 10 February 1978

Warrants will be posted on or about 15 March 1978

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London office of the company

The register of members will be closed from 11 to 17 February 1978, inclusive

By order of the board
GOLD FIELDS OF SOUTH AFRICA LIIMTED
Secretaries
per K Hunter

Gold Fields Building
75, Fox Street
Johannesburg
2001

25 January 1978

A Member of the Gold Fields Group

BASE METALS FM 27/1/78
Under pressure

(217)

Antimony

It has been common cause since the September quarterly that Cons Murch's December quarter would be poor The initial view was that the results were worse than expected and the shares sank 30c to 410c. Then London interest suddenly shot them up to 530c.

The September quarter improvement in operations was short-lived. Overall recovery has slumped to below 1,6% (2,0%) antimony, presumably as operations focussed on the lower grade Athens shaft area where there are some ground control problems resulting in increased dilution On the other hand this shift in emphasis could have been the reason why unit costs fell to R20,04/t (R20,46/t) despite a 9% drop in mill throughput.

But the greatest near-term problem facing the mine is marketability of its concentrates. Sales slumped to 2 956 t (4 765 t), making a total of 16 391 t for the year and lifting the stockpile to 4 605 t (1 171 t) at year-end. In addition concentrate revenue tumbled to R861/t (R965/t) and the pressure on prices is still downwards.

For the year as whole, taxed profit amounted to R3m, capex absorbed R2m, and the 30c dividend R1,25m. So with even lower profits in prospect for the current year, resources are being husbanded. I hear that a decision was taken last week to defer capex on deepening Beta shaft, though the delay can only be temporary if the ore reserve position is not to deteriorate too far.

No mention is made of developments at the arsenic leach plant, though reports I have from the mine are that there are some considerable technical problems to be overcome before the operation is feasible. But it will be needed soon as Athens ore has a relatively high arsenic content.

The picture for the current year is of belt-tightening as concentrate stocks rise and prices and sales tonnages continue under pressure.

Asbestos

Despite the production cut-backs announced by Cape Asbestos in December, and Tuesday's interim report from Everite which said that "market conditions for asbestos deteriorated suddenly world-wide during the last quarter of 1977," both Gefco and Msauli recorded good fourth quarter fibre sales

In anticipation of better-than-expected results, both have been a strong market over the past week. Msauli was 33c up at 178c and Gefco 35c up at 280c

At **Msauli**, unit costs were cut to R6,32/t (R6,80/t) with reduced development Ahead of the new year and predicted fibre price increases by the Canadian majors, sales tonnage bounded to 23 724 t (19 805 t) at a more or less unchanged average sales price. After capex and loan levy, the improvement in the final quarter meant distributable earnings of 58,4c/share and 50c paid

At **Gefco** throughput was sharply lower on the quarter at 166 000 t (198 000 t), though an increase in fibre recovery to 12,2% (10,4%) left total fibre production only marginally lower at 20 276 t (20 506 t).

Gefco had good forward sales contracts. But if both Cape and Everite are feeling the squeeze it is hard to see Gefco remaining unaffected for long.

In part, the improvement in recovery could have been due to increased extraction of shorter fibres But taking this in conjunction with the lower mill throughput, the company appears to be concentrating production in the higher grade areas of its mines, with the object of keeping unit costs per ton of fibre in check at a time when potential for price increases looks limited and demand is tightening

This year the market looks like remaining tight for at least the first half, as consumers continue to work off inventories, expecially those built up in advance of a new year price increase

Msauli's capex is slowing down and there should be scope for cutting back at Gefco. So some of the restraints on distribution could be lifted Gefco is currently on an historic 18,6% yield and Msauli 28,1%. I believe they shold stick at this level for some time unless the market starts getting cold feet in advance of this year's first quarterlies *Jim Jones*

COPPER · FM 27/1/78 217

Fundamental problems

There is a growing feeling on the London Metal Exchange that copper's decline has now probably troughed out, (although a sharp upswing in sterling could create further downward pressure on the price.) But new investors, merchandisers or producers accept that the metal faces a long hard climb back

Earlier this week, three months wire-bars were quoted at £648,25/t on the LME, around 13% down on mid-1977 and over 20% on early 1977 levels, figures which, as far as the producers are concerned, are made worse when the effects of inflation on production costs are taken into account over the last year or so.

The basic problem facing the copper market is the inability of many producers to adjust to demand changes over the last few years. So much so, that in the absence of a fundamental supply shift, some analysts estimate that by 1980 stocks will have risen from the current level of around 2Mt to over 4Mt, a figure that would by then be roughly equivalent to six months' consumption. According to the London-based World Bureau of Metal Statistics, in 1973 the West's consumption rose 11% to 6,95Mt, but, with the onset of deep recession, it fell sharply to 5,5Mt in 1975.

However, in 1976, primarily due to a swift rise in demand in both the US and Japan, world consumption reached 6,4Mt and, according to a leading source, consumption last year amounted to 6,6Mt Irrespective of the state of consumption, it has been persistently outpaced by refined production, which groups newly-refined production, plus scrap. Hence the massive build-up of stocks. In 1977 alone, for example, one observer is estimating that refined production amounted to some 6,8Mt, 0,2Mt above consumption

The main reason for this inflexible response of production is the centrally controlled nature of mining in several of the world's prime copper producing countries namely those comprising Cipec These countries, which include Chile (the world's second largest producer after the US), Peru, Zambia, Zaire, and Indonesia, account for 40% of the non-communist world's copper production, but more importantly 52% of world trade in copper Although they lack the political cohesion and purpose to control the market effectively as a group, individually the governments of these countries have a tight political hold on copper production and a general tendency over the last four years has been to let production continue irrespective of consumption movements

Although during the days of the 1975 demand slump Cipec agreed to a 15% production cutback, this was unsuccessful primarily due to Chile's refusal to abide by it Similarly, although last December Zambia, Peru and Zaire agreed in principle to cutbacks, their intentions remain vague and the non compliance of Chile (which accounted for around 1,05 Mt of mine production in 1977, compared to 1,41 Mt in the US) not only severely reduces the effectiveness of the move, but is threatening to undermine Cipec as an organisation

This intransigent attitude is in sharp contrast to that of the large privately owned North American producers

Whether or not the copper market remains thoroughly depressed well into the Eighties depends largely on the Cipec countries' stance on supply adjustments This is especially important as some experts are predicting a long term fundamental decline in copper demand, especially with the advent of "fibre technology," which is giving rise to transmission along glass fibre communications lines, one of the advantages being that the load factor is much greater Further, aluminium, for example, continues to edge into the copper cable market although this seems to be currently directed towards high power cables, and not domestic wiring Current world price levels do not encourage such a trend, but researchers into communications and electricity transmission systems are setting their sights on the Nineties, when the international copper scene may look quite different

Meanwhile, apart from Cipec cutbacks, all the market can hope for is an increase in demand activity, plus other "external" political factors, such as a possible decision by the Japanese to build up a copper stockpile (Sumitomo Electric, for example, recently proposed the Japanese government should buy 300 000 t of LME copper stocks, which currently stand at over twice that figure)

Additionally, there is some talk of the US releasing tin from its GSA stocks and using the process to build up copper reserves One possible negative factor would be the introduction of a system of tariffs for US copper imports - a move backed by Phelps Dodge - similar to those recently introduced for steel These would be mainly designed to keep out cheap Chilean copper and although the move would be bullish for the US industry, it would tend to be bearish for the rest of the world

Sunday EXPRESS **Business**

EDITED BY PENELOPE GRACIE

29/1/78

Manganese summit could bring lower prices

217

NEGOTIATIONS over this year's supplies of manganese ore between the world's major producers and consumers began in London this week and first indications from the bargaining rooms suggest that 1978 prices could be lower than last year.

The British Steel Corporation, traditionally a large consumer of South African ore, is naturally looking for lower prices which, once struck, are applicable for the full year.

On the other hand, the major producers which include South Africa, Brazil, Australia and Gabon are holding out for higher prices.

To date, only small deals have been struck involving around 20 000 to 30 000 tons but these have been done on a barter basis and have provided no clear indication of price levels.

Recent demand has been blunted by the worldwide steel industry recession and the trend of prices has accordingly been downwards. Not surprisingly, first price indications from trade sources in London suggest a range of 135c to 150c per ton unit for 48% ferro grade ore compared with the previous range of 147c to 155c.

The outcome of the negotiations are, of course, vital to South Africa's export efforts. In 1976 exports of manganese ore and ferromanganese brought in a record R326-m in foreign exchange, although figures for 1977 are expected to be lower.

But while indications are for lower prices, Dr J P Kearney, managing director of S A Manganese Amcor, the country's largest producer, is optimistic for the future

His company has not yet started serious negotiations but, he says, there are already indications that buyers are coming into the market as stocks are run down

In addition, South Africa is in a better bargaining position than other producers as the local ore has special blending qualities which are favoured by steel producers.

The key to this year's sales is the new "protectionism" rules which have been introduced by the US and Common Market countries which relate particularly to the dumping of steel on these markets by the Japanese.

Should these rules come into force, it is expected that they will lead to higher steel prices in the various countries and spark off a new growth phase in the steel industry. Also cause for optimism are the sure signs of improvement in the stainless steel and carbon steel industries.

With these factors in mind, Kearney is hopeful that his negotiating team will be able to hold out for unchanged prices this year for manganese exports. He is less optimistic about the alloy market where prices have come under considerable pressure of late.

29/1/78 S. TRIB. BUS.

Platinum price on the boil

217

GOLD WAS hard put last week not to be upstaged by the performance of platinum, though both of them were showing signs of weariness in latter days Furthermore, the shares of companies involved fail to respond to the extent that one might have expected

The platinum free market had been simmering for some time and suggestions current were that better things lay ahead. But few anticipated that it would come to the boil so quckly and that the "official price" of the two main producers would follow it up so soon, and by 25 dollars an ounce to 205 dollars — the highest level in real terms for four years

Platinum, like gold, is a precious metal and as such its price tends to move in concert. But thereafter substantial basic differences exist.

Some 60 percent of gold production goes into jewellery but only 30 percent of platinum; industrial offtake of gold is 10 percent, that of platinum 70 percent; annual gold production is some 47 m ounces against 4 m for platinum; and all gold is dealt in through the free market, 50 percent of platinum is handled through its free market

It is the limited, and erratic supply to the platinum free market that makes its quotations so volatile. Over the past month this has shrunk and indications of demand outside of normal business sent prices soaring there.

It depends heavily on metal from Russia whose annual capacity is estimated at 1,6 m ounces but she has not been a seller — in fact Soviet buying in Zurich is reported. The main reason given for this is that platinum is being stockpiled for the minting of special coins for the 1980 Olympics — a platinum Kremlin rouble in the Krugerrand style?

There are other suggestions from the market, which seems as fertile a source of conjectures as the bullion ones are for gold. One is that the US may be seeking metal for its strategic stockpile to the extent of 800 000 ounces over a period and that some oil refiners are nosing about with an eye to supplies later in the year. Should these stories be correct, total available supplies will contract. Prices have moved up in anticipation.

Until relatively recently, the platinum free market was very much a fringe operation in relation to the amount of metal sold on contact by producers to consumers at an "official" price This worked to the benefit of both by keeping prices relatively stable and keeping production in line with requirements

However, it has grown in recent years to the point where it is a fairly reliable barometer of the international platinum position

New sales will involve the higher price, but indications are that there is no great surplus for this, particularly with Rustenburg's cutback in output from 10 to 20 percent announced in November.

Should demand keep going — and it is difficult to be certain about this in the continuing slackness of world trade — a move to raise production would be considered.

The trouble here is the price floor to make this profitable

When platinum was booming the price was 190 dollars. Since then operating costs have been rising at 20 percent per year according to Rustenburg. The cost of capital investment in mining assets rose by 30 percent.

To make matters worse, the depreciation in the dollar has to be taken into account even though the rand is tied to it.

In 1974 Rustenburg made a start with big expansion plans but these were steadily trimmed as the metal price went down and provisions for this year were chopped once more last November.

FM 3/2/78 (217)

BASE METALS

Shaky takeoff

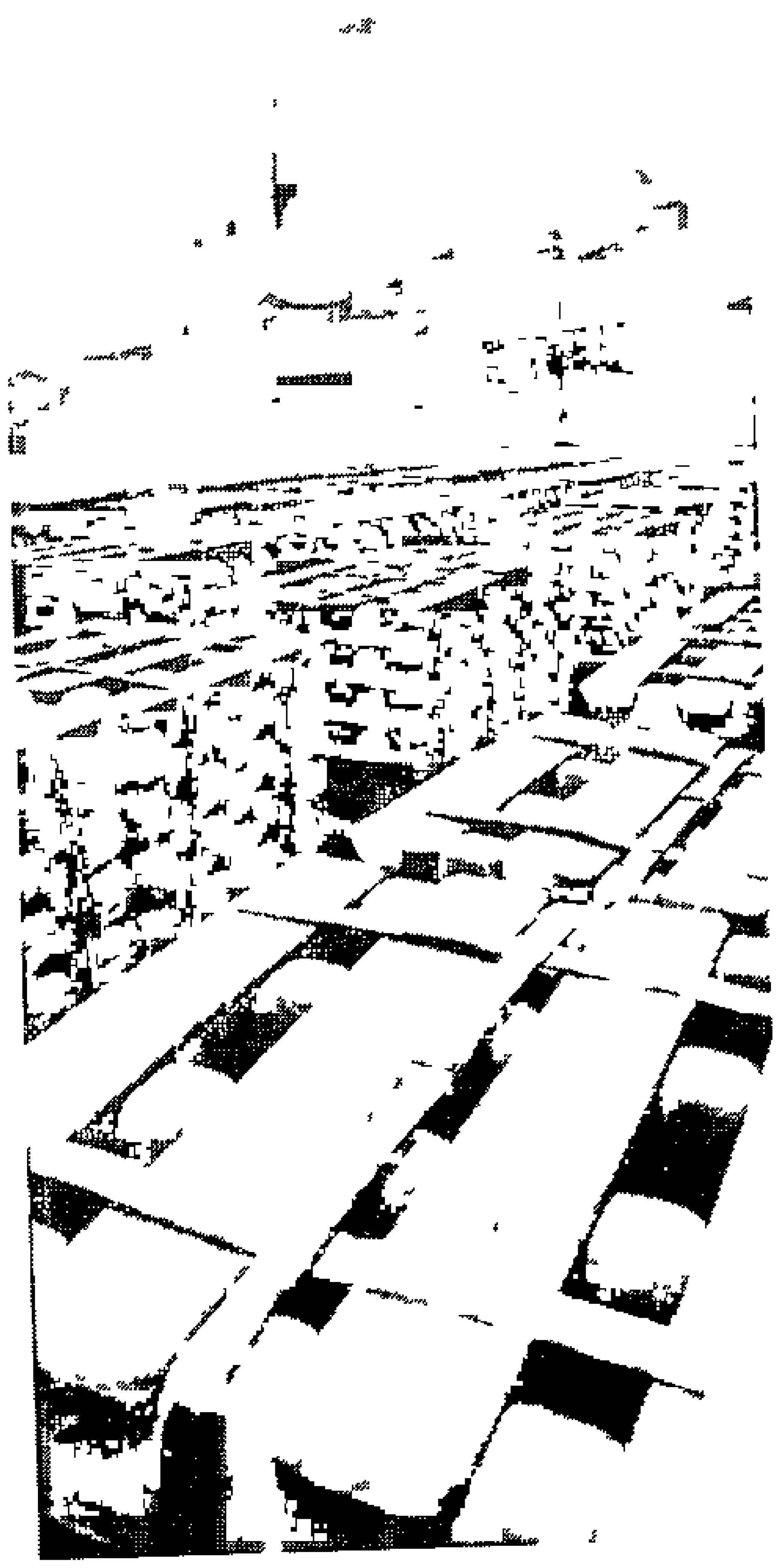
The price performance of the four base metals — copper, lead, zinc and tin — has not been very encouraging in the opening weeks of 1978 All are showing declines (tin 2%, copper 6%, zinc 10% and lead 11%) Fundamentally they all look rather drab, apart from the tin market, which this year, according to an International Tin Council (ITC) estimate, should witness a production shortfall of 18 600 t, compared to 19 000 t in 1977.

The lead, zinc and especially copper markets are characterised by low demand, high stocks and generally depressed sentiment. World copper stocks are now estimated at around 2 Mt with LME warehouse stocks alone accounting for 643 325 t, 1 975 t down on last week One of the main functions of the LME, it is often argued, is that it provides a medium for absorbing surplus supplies With copper stocks so high and LME lead and zinc stocks currently amounting to 68 075 t and 65 825 t (up 750 t and 1 850 t on last week) respectively, it would seem the exchange is indeed acting as a useful absorbant

In the absence of any significant shifts in supply/demand schedules, some observers see political factors playing a central role In the case of copper and tin, their political fate could even be intertwined In mid-February US congressional hearings on the GSA stockpile are scheduled to get off the ground One possible outcome could be the eventual release of between 20 000 t and 30 000 t of tin from the estimated 200 000 t stockpile and the buying of copper into the GSA stockpile

This would be an encouraging factor for the copper market, especially if the Japanese decide to go ahead with similar plans to build up a mooted 300 000 t stockpile primarily from LME supplies But at the same time, provided the tin sales were suitably phased, this would not necessarily be disheartening to tin producers Indeed, at a mid-January meeting of the ITC in London producers stressed the need for the US to help bridge the 1978 tin production shortfall primarily due to fears that a continued "bull" run would help encourage the development of substitutes, including plastics and tin-free steel.

One reason for tin's sluggishness over the last week or so has been the refusal of consumer country members of the ITC to increase the ITC's intervention prices at the recent producer-consumer meeting in London. An increase of around 14% or 15% in the agreement's floor and ceiling prices, as demanded by producers, would have helped underpin prices at a time when traders are perceiving some "tiredness" in the market sentiment following the strong increase of last year By the close on Monday cash standard grade was down around £100/t at £6 180 compared with a week ago



Copper stocks . . producers keep churning them out

Further political factors that could influence copper are decisions by members of the Inter-governmental Council of Copper Exporting Countries (Cipec) to take firm action on supply cutbacks. Although some action has been promised by Zaire, Zambia and Peru, plans have yet to be detailed and Cipec's largest producer member, Chile, is not a party to them anyway Another long-term factor is the possibility of some international copper agreement organised under the auspices of the United Nations Conference on Trade and Development (Unctad) in Geneva which might involve buffer stocking the commodity. Talks on such an agreement began in Geneva this week and although they produced an immediate call for emergency action, probably involving a minimum price or supply reductions, by Unctad's commodity division director Alister McIntyre, copper traders are generally sceptical of any action in the near or medium term

This follows from Unctad's sluggish record both on individual commodity negotiations and also on the so-called Common Fund which would be used to finance commodity buffer stocks

By early this week copper values had recovered slightly from their two-year low established last week to around £645/t (three months wirebars), partially due to the improvement in the LME stocks position, but sentiment remained depressed

However, the base metal twins lead and zinc have recorded the biggest declines since the beginning of this year. At the close on Monday, lead was down £40 at £322,50/t and zinc was down £30 at £260,50/t Rising LME stocks have helped to keep the market sombre Although there is a likelihood of a small production shortfall for zinc in 1978, stocks remain high and the depressed state of the steel industry, zinc's main outlet, along with galvanising, is not likely to generate an over-exciting arena for speculators, whose selling pressure took the market to a four and a half year low last week, from which prices have now slightly recovered

By comparison with copper, lead is not facing a supply overhang largely due to conservative estimates by producers of the metal's industrial potential Nevertheless demand is sluggish, although traders suspect that Eastern bloc industrial usage will be giving the market a fillip from time to time this year

MANGANESE

A small silver lining

President Carter's decision not to slap hefty import duties on high-carbon ferrochrome imports was a rare spot of good news to alloy producers Unfortunately, the EEC hasn't been quite as considerate about ferromanganese imports

On January 1 the EEC Commission suddenly introduced minimum prices on high-carbon ferromanganese imports from third countries SA and Norway are the EEC's major foreign suppliers, and one leading European producer recently said it was hoped to reduce dependence on SA ferromanganese from the present 50% of total market share to around 25%

Jack Kearney, MD of Samancor (which accounts for some 90% of SA exports to Europe), says he is not too worried by the new regulations, though Secretary for Commerce Tjaart van der Walt reckons they are "of great concern" to Pretoria

"We have behaved very responsibly," says Kearney, adding that the Commission was "very impressed" by Samancor's point of view, conveyed to it at meetings in Brussels two weeks ago

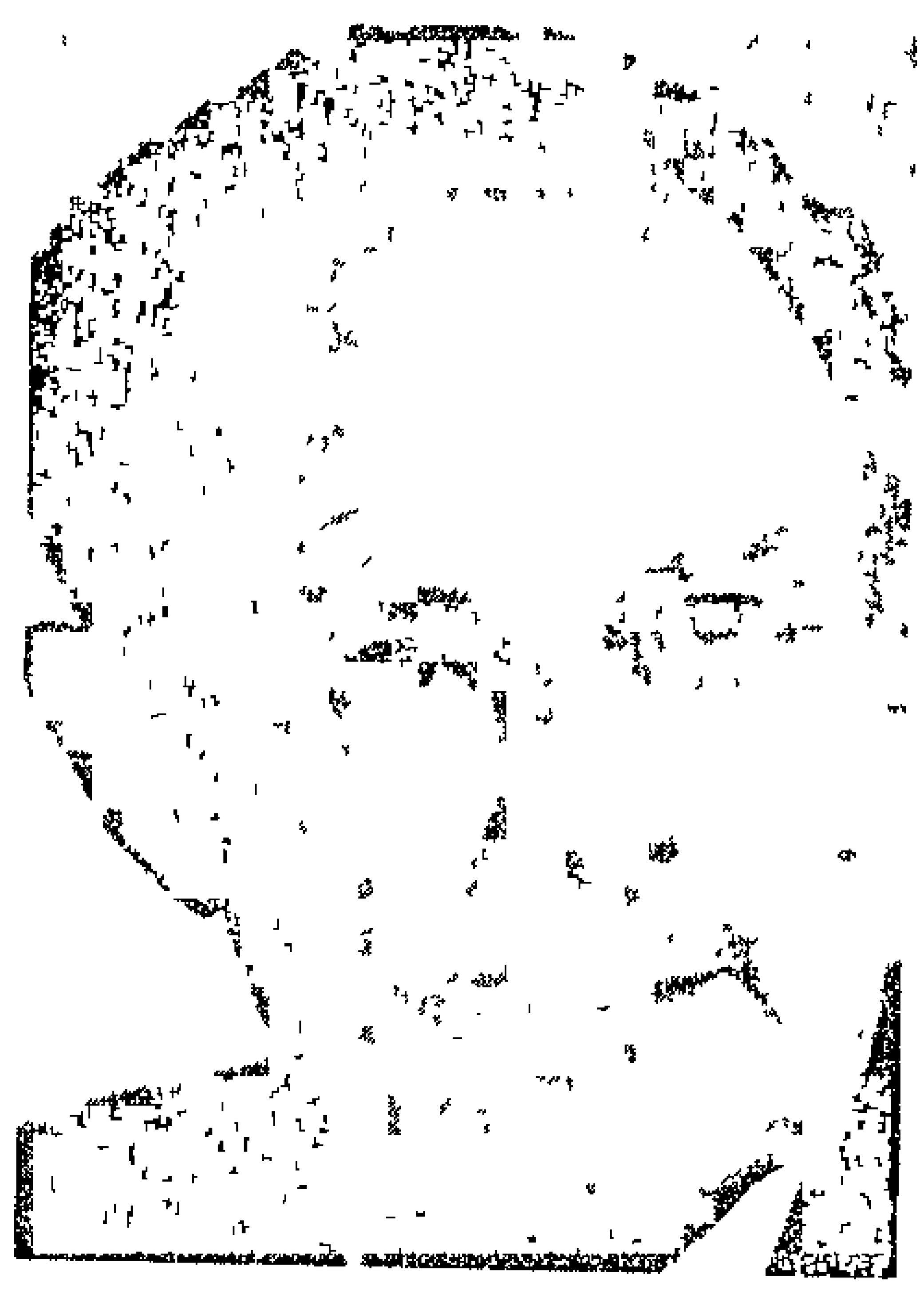
For one thing, Kearney is optimistic the EEC will exclude metal shipped under long term contracts from the new reference pricing system "Our customers have supported us very well in this," he asserts confidently

As for the spot market, Kearney estimates SA ferromanganese accounts for only about 4% of total supplies to Europe, compared with the Norwegians' 15% And he argues that the glut of material since mid-1977 which has prompted the EEC clampdown, came not from SA but from Norwegian, Portuguese and Spanish producers "We decided last year to restrain ourselves on the European spot market, and instead shifted material to the US," he adds

In any case, Kearney reckons the price and quantity restraints provisionally agreed with the EEC are favourable to SA "We will have a price advantage over their domestic producers," he notes, while the tentative choice of 1976 as the base year for tonnage calculations causes few problems, since SA exported relatively large quantities to Europe that year

The ferromanganese market remains deep in the doldrums, however, with cif prices at European ports around $320/t, some 30% lower than they were three years ago And Kearney doesn't expect much improvement in tonnage requirements before the third or fourth quarter

A similar situation exists in the manganese ore market Though price negotiations normally begin in the first quarter, Samancor has so far received only isolated inquiries "We expect to conclude some business during February," notes Kearney, "but it will be the end of the first quarter before the main contracts are finalised "



Kearney . the EEC was impressed

How about ore prices — normally the subject of a drawn out cat and-mouse game? Says Kearney "With the steel industry as it is we can't see any way we can put prices up (current level $1,47-$1,51 per metric ton unit) But we shall certainly try to maintain present levels, though we may have to make some adjustments "

GAMSBERG 217

On the shelf FM 10/2/78

The zinc price is down from £310/t, when Anglo first acquired a stake in the Newmont/O'Okiep Gamsberg project last July, to £242/t today, and so this week's decision to defer a go-ahead is not surprising, even though the price fall is less in rand terms than in sterling.

But with the rand price of zinc, based on the LME, down 13% since then, revenue per ton at Gamsberg on the *in situ* values of 7,07% zinc and 0,56% lead would today be about R31,50 This would not matter so much if it were possible to envisage a recovery in both price and demand by the early Eighties. In present global currency and economic conditions, no such outlook can be clearly predicted, and the performance of any number of large new capital projects has been discouraging

The stimulus to Gamsberg could come from the other side of the supply-demand equation — that the low price drives marginal mines or refiners out of business. Meanwhile, though the project has been deferred, it remains one of the biggest zinc orebodies in the world. Anglo's Alan Mackerron indicated this week that the partners were continuing their studies, including the possibility of eventually phasing Gamsberg in at less than the annual 3m milled and 350 000 t of concentrates originally indicated

Gordon Parker, of O'Okiep, said that further studies are also being made on the question of a zinc refinery On top of R170m, the initial estimate for the mine, a zinc refinery was unofficially expected to cost another R250m. Clearly this scale of operations would not be practicable in today's market, and the thinking seems to be that zinc metal might be easier to market than concentrates

Drilling has continued, and the ore reserve is now put at 145,5 Mt zinc, grading 7,07% and 0,56% lead At the nearby GFSA-Phelps Dodge Aggeneys, where work is going ahead rapidly, based on ore reserves of 0,45% copper, 6,35% zinc, 2,87% lead and 0,08% silver at the last announcement, the *in situ* value is about R60/t at current prices.

Richard Rolfe

PALABORA (217)

Copper blues FM 10/2/78

With December quarter operations at almost full capacity, Palabora's problems with its mills appear to be past This year, the mine should produce its full-rated output of 120 000 t copper, compared with the 1977 total of 108 936 t which included 2 411 t from outside sources

But last year, copper revenue averaged about R1 150/t cif. Currently, LME cash copper is at £622 and chairman Alistair Macmillan sees little prospect of any major increase this year This translates to an average revenue of about R1 025/t for Palabora, offsetting the production increase

Palabora's Macmillan . . . little improvement this year

On the other hand, by-product sales should at least equal last year's figure. Uranium production is running at around 130 t a year, possibly worth around R9m. Magnetite sales have recovered after last year's difficulties in shipping through Maputo but the sales contract expires in March and there will be problems re-negotiating it until the Japanese steel industry recovers.

It is too early to predict what dividends are likely this year, though last year's 15c final, making a total of 45c, indicates that the policy is to distribute as much as possible The payout level will depend on phasing of the debt repayment. Total debt, including prepayments, is currently around R50m so unless some of the borrowings are stretched, dividends will be under restraint.

At 660c the shares look fully priced on near-term considerations But for investors looking for a two to three year recovery situation there are attractions.

Jim Jones

PLATINUM (217) FM 10/2/78

Moscow holds back

The free market platinum price seems to be consolidating itself prior to a fresh upward burst into the $220/oz range, and probably beyond That is the opinion of many traders in London following the metal's strong rise in recent months, which has witnessed the Rustenburg and Impala producer prices lifted from $162 to the current level of $205. Earlier this week (late trading Tuesday) free market metal was trading around $216, compared with recent highs of over $220, in late January, which trade sources then attributed to more than average offtake by Japanese interests. According to one source the Japanese have been averaging purchases of 2t-3t of the metal per month, but last month purchases for industrial, speculative and hoarding purposes probably reached 5t.

For the moment, speculative interest in the platinum market is in abeyance following considerable activity in January. However, once the market has undergone a consolidation period, probably running to around two weeks, speculators are expected to return. There are various underpinning prices for the moment, including the performance of gold, which, as it seems to be heading for further increases, will continue to push platinum prices upwards. Another factor, according to Barry Salter of Argos Metals Ltd, is "suspicions the Chinese might be showing an interest in the market."

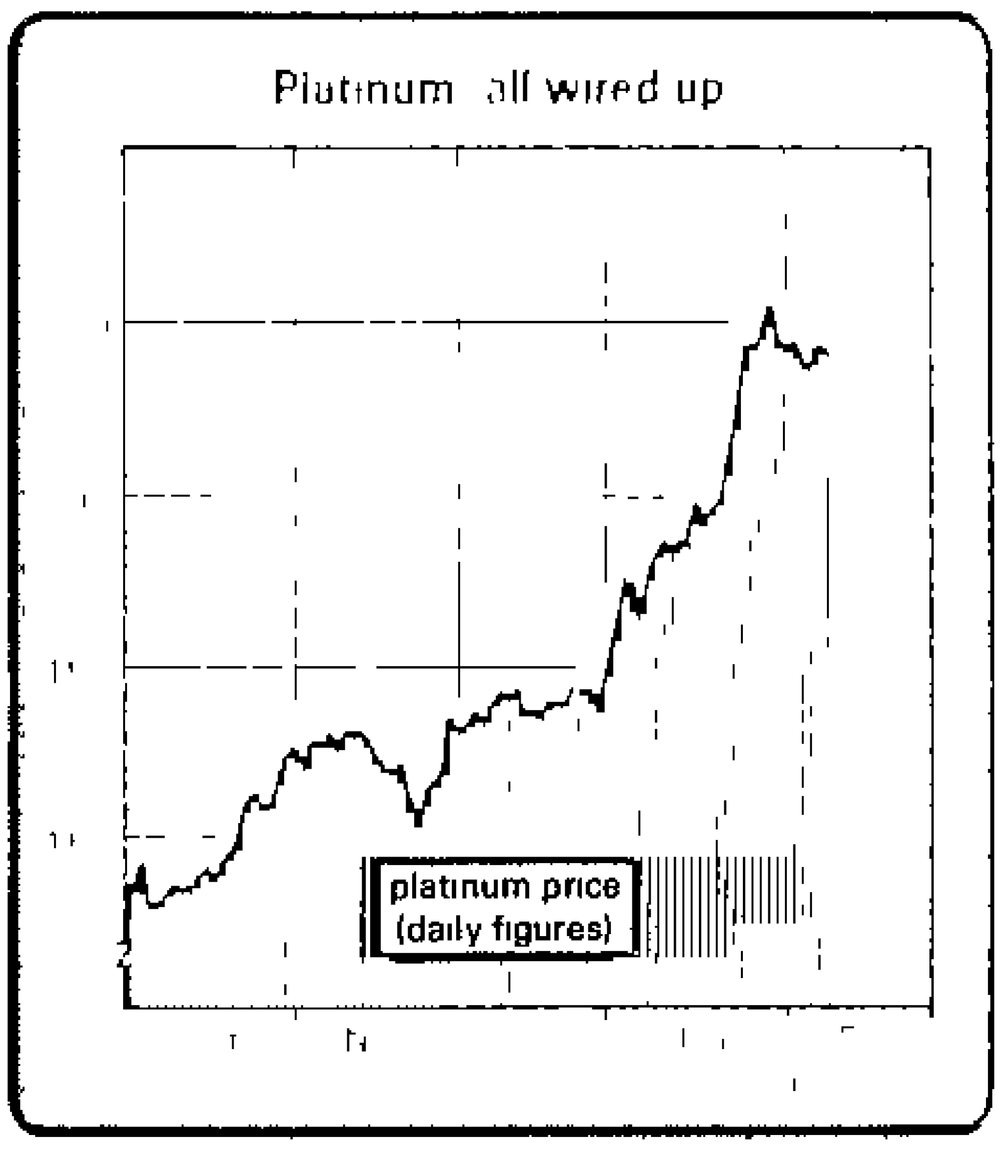
Trouble on the steppes?

However, the single most important factor affecting prices remains the mystery surrounding Soviet supplies to the West. "They are not selling and they are not offering," one leading source commented.

Although they are meeting contractual commitments to Western buyers, these committments are reportedly decreasing as contracts expire Some traders believe the USSR is simply "holding off" to fuel further price rises, while others believe Moscow might be experiencing production or refining problems, whether at Nor'ilsk, on the western Siberian plain, where the metal is mined in association with nickel, or at other operations near the Finnish border of the Ural mountains. However, according to leading sources close to the Soviet platinum marketing operation in London, the country is not facing production or refining problems of any sort. The dearth of supplies is due to requirements for the minting of medallions to commemorate the 1980 Olympic Games to be held in Moscow and is therefore a temporary phenomenon.

No production or supply figures were available from these sources for either platinum or nickel production, or exports, but other trade sources in London told the *FM* that Soviet production has probably risen from around 850 000 oz annually in 1970 to around 1m oz, although precise figures are extremely difficult to establish. In the decade to 1970 the same sources put exports at around 250 000 oz, but during the Seventies, this has probably risen to over 600 000 oz, partially facilitated by destocking.

According to recent reports from Moscow, gold, silver and platinum coins are shortly to go on sale in the West under the guidance of a consortium comprising Occidental Petroleum and US investment bankers Lazard Freres Although a contract has been signed for these two companies to market around $150m worth of coins outside the Eastern bloc, the value of sales could eventually reach $190m Some observers believe Occidental Petroleum's involvement in the marketing operation stems from the close personal relations between the company's chairman Armand Hammer and leaders in the Kremlin, while Lazard's connection is less easy to establish.



However, there are some sources who are sceptical about the Olympic medallion connection, adding that Moscow could be attempting to boost prices by simply withholding supplies. Production cuts though are generally not thought to be involved. Although Inco has cut back platinum production as a consequence of reducing nickel output due to the depressed state of that market, this is not considered likely in the case of the USSR.

Apart from Japanese and potential Chinese interest another possible source of industrial demand in coming months could be offtake by oil companies expanding cracking capacity in the oil producing countries, especially those of the Middle East As these countries are developing their own refining capacity for economic and political reasons one trader reported that oil interests "were returning to the market after an absence of about five or six years." Platinum is used as a catalyst in "cracking" crude oil when producing high octane fuel Around 5 000 oz are reportedly utilised at one "cracking" section.

Trade sources additionally are expecting speculative interest to ride on the back of this industrial demand in the next few months, especially if currency uncertainty persists Speculators can either hold platinum futures in the US or the metal itself in a variety of forms, including sponge (black powder), sheet, rod, wire, or specially manufactured bars, for which a small premium is usually payable.

Although the free market price is now around $10 above the producer price, no further increase is foreseen at the moment, until the course of the market becomes clearer Rustenburg is currently producing at below 1m oz per year, and it is thought that it would take prices well established in the $230-$240 range before production could be restored to 1,4m oz a year

Sake-Rapport 12/2/78

217

Con Murch se ding reg

Deur ons MYNVERSLAGGEWER

HOEWEL Consolidated Murchison, Suid-Afrika se enigste en tot onlangs die wêreld se grootste produsent van antimoon, vir die boekjaar tot 31 Desember 1976 'n aansienlike verlies getoon het, is die maatskappy uitstekend geplaas om voordeel uit enige opswaai in die antimoonprys te trek.

Dit lyk ook asof so 'n opswaai vanjaar nog verwar ka word.

Die voorsitter van Con Murch, mnr. H Dalton-Brown, het in 'n onderhoud aan Sake-Rapport gesê dit sal onsinnig wees om in die huidige omstandighede enige voorspellings te waag, maar daar is tog kenners wat glo dat 'n verbetering in die vraag na antimoon reeds teen die middel van vanjaar kan intree. Hy het ook bygevoeg dat in vergelyking met die meeste ander basiese metale het die prys van antimoon die afgelope jaar taamlik bestendig gebly.

Con Murch sal veral voordeel trek uit die groot voorrade wat hy besig is om op te bou. Teen die einde van Desember verlede jaar het die maatskappy reeds 4 605 ton antimoonkonsentraat in voorraad gehad. As die huidige slapte op die mark verder voortduur kan hierdie voorrade aansienlik vergroot word.

Voordele

Dit was juis hierdie beleid om voorrade op te bou wanneer die mark sleg is, want Cons Murch daarin in staat gestel het om in 1976 'n wins van R7 949 000 te toon en 'n dividend van 140c per aandeel te betaal. Die maatskappy het aan die begin van die jaar met 'n voorraad van meer as 6 500 ton antimoonkonsentraat begin.

Weens die goeie vraag is hierdie voorraad asook bykans die totale produksie van 1976 geabsorbeer. Die maatskappy het aan die einde van die jaar met 'n voorraad van selfs 1 171 ton geëindig, maar het dit weer verlede jaar opgebou tot 4 605 ton. Dit verteenwoordig ongeveer 'n kwart van die maatskappy se afset.

Die groot voordele van die voorraad is dat die koste daarvan reeds in die afgelope jaar se resultate in berekening gebring is. Die afset van hierdie voorrade verteenwoordig gevolglik 'n suiwer wins.

Mnr Dalton-Brown sê die prys van antimoon het tot ongeveer Junie verlede jaar besonder bestendig vertoon in vergelyking met die meeste ander basiese metale soos koper, sink en dies meer.

Daar het egter 'n aansienlike afplatting in die vraag na dié kommoditeit plaasgevind.

Mnr Dalton-Brown sê hoofsaaklik drie redes is hiervoor verantwoordelik.

Vir eers is daar die besluit van General Motors in Amerika om oor te skakel na die sogenaamde kalsiumlood-battery in sy voertuie. Tot dusver is hy nog nie gevolg deur ander motorvervaardigers in Amerika nie en dit wil voorkom asof vervaardigers in Brittanje en Europa oor die kort termyn ook nie baie belang in hierdie battery gaan stel nie.

Ten tweede is die vraag na antimoonoksied baie nadelig getref deur die feit dat daar goedkoop metaal gebruik is om antimoonoksied te vervaardig eerder as om oksied aan te koop. Dit was daaraan te wyte dat daar 'n oorvloed metaal op die mark teen relatiewe lae pryse beskikbaar was.

Ten derde is die vraag ook baie nadelig getref deur die slapte wat daar in die Amerikaanse ekonomie geheers het. (Con Murch voer feitlik sy hele produksie van antimoonkonsentraat na Amerika, Brittanje en Europa uit.)

Mnr Dalton-Brown sê die slapte in die ekonomie het nie net die vervaardiging van motors nadelig getref nie, maar daar was ook 'n neiging om na kleiner en meer kompakte motors oor te skakel.

Een van die grootste gebruike van antimoonoksied op die oomblik is in plastiek en sintetiese stowwe om dit brandtraag te maak.

Na verwagting kan Amerika nog vanjaar met wetgewing kom om die voorkoming van brand in hierdie materiale verpligtend te maak. Dit sal die vraag na antimoonoksied aansienlik laat toeneem, aangesien dit op die oomblik baie goed vergelyk met die meeste plaasvervangers wat vir dié doel gebruik kan word.

Dit lyk ook asof Con Murch se kostestygings besig is om af te plat. In 1976 het die bedryfskoste per ton gemaal met 38 persent tot R17,94 per ton toegeneem. Die afgelope jaar was die styging slegs 18 persent tot R21,18 per ton. Mnr Dalton-Brown sê die styging in 1976 was hoofsaaklik aan lone en salarisse toe te skryf.

Con Murch het natuurlik ook die voordeel dat sy produksiekoste oor die algemeen baie laer as dié van sy mededingers van Bolivie is, aangesien laasgenoemde hoofsaaklik uit 'n hele aantal klein produsente bestaan.

Mnr Dalton-Brown sê Con Murch is steeds besig om prospekteerwerk vir antimoon — in ander lande te onderneem. Daar is reeds prospekteerwerk in Frankryk, Argentinie en Australie gedoen. Die mees onlangse prospekteerwerk is in Turkye uitgevoer.

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Sake-Rapport 12/2/78

PALABORA-MYNMAATSKAPPY BEPERK

(In die Republiek van Suid-Afrika geïnkorporeer)

Verklaring van Dividend Nr. 43

Kennis geskied hiermee dat 'n finale dividend (Dividend nr. 43) van 15 sent per R1-aandeel vir die jaar geeindig 31 Desember 1977 aan aandeelhouers wat op 24 Februarie 1978 in die maatskappy se boeke geregistreer is, betaalbaar verklaar is Saam met die tussendividende (Dividende nrs. 40, 41 en 42) van 15,0, 7,5 en 7,5 sent onderskeidelik per aandeel, bring hierdie dividend die totale verdeling vir die jaar op 45 sent te staan.

Die dividend is betaalbaar verklaar in die valuta van die Republiek van Suid-Afrika. Dividendbewyse sal om en by 20 Maart 1978 gepos word.

Kragtens die Republiek van Suid-Afrika se Inkomstebelastingwet 1962, soos gewysig, sal Belasting op Buitelandse Aandeelhouers teen 'n koers van 15% deur die maatskappy afgetrek word van dividende betaalbaar aan aandeelhouers wie se adresse in die aandeleregister buite die Republiek van Suid-Afrika is.

Die Oordragboeke en Lederegister sal vanaf 25 Februarie tot en met 10 Maart 1978 gesluit wees

Die maatskappy se resultate vir die finansiele jaar geeindig 31 Desember 1977 (onderworpe aan ouditering) en die vergelykbare syfers vir 1976 was soos volg:

	1977		1976	
	R miljoen	R miljoen	R miljoen	R miljoen
Bedryfswins (ná voorsiening vir waardevermindering van R13 836 000 (*1976: R12 045 000*)		36,0		49,3
Plus: Dividende ontvang	—		0,1	
Rente ontvangbaar	0,6	0,6	0,6	0,7
		36,6		50,0
Min: Rente betaalbaar	3,9		2,9	
Belasting	14,7		21,1	
•Aansuiwering van uitgestelde belasting op 1 Januarie 1976	—	18,6	2,1	26,1
Netto wins		18,0		23,9
Min. Tussendividende	8,5		12,7	
Finale dividend	4,2	12,7	7,1	19,8
Teruggehoue wins		R5,3		R4,1

•Aansuiwering van uitgestelde belasting ten opsigte van dié van vorige jare om heersende belastingkoerse te weerspieel ná die toeslagverhoging van 2,5% tot 7,5% van 1976.
Daar word beplan om die jaarverslag en rekeninge teen einde Maart 1978 te versprei.

Op las van die Direksie
RIO TINTO-BESTUURSDIENSTE SUID-AFRIKA (EDMS) BEPERK
Sekretarisse

per. G. H. EDWARDS

Oordragsekretarisse:
Union Provident Trust
South Africa Limited
17de Verdieping
Sauerstraat 37
Johannesburg
2001

Geregistreerde kantoor.
13de Verdieping
Unicorn-gebou
Marshallstraat 70
Johannesburg
2001

8 Februarie 1978

Boom times ahead for platinum mines

S. Times. Bus. 11/1/78

(217)

By NEIL BEHRMANN

LONDON. — The year has only just begun, but it is becoming increasingly clear that the platinum mines will be a South African boom industry in 1978.

In less than six months the free market platinum price has soared from a low of 145 dollars to more than 230 dollars — a rise of 60 per cent The producers, Rustenburg and Impala, followed the market and in steps raised their prices from 162 dollars to 205 dollars

London agents and dealers feel there is scope for yet another producer price increase, now that the free market is at a premium of 25 dollars over the producer price Palladium and rhodium are also doing well, and the producers will also gain extra revenue from other platinum group metals, iridium, osmium and ruthenium

Nickel and copper are in the doldrums, but the small amounts extracted with platinum also bring in useful revenue

Analysts estimate that export earnings of the industry last year totalled R300-million, so with higher prices this year's earnings could exceed R400-million

The sharp increase in price has surprised those who are not connected with the platinum industry A chart of the platinum price is virtually perpendicular and partially explains the institutional selling of platinum shares over the past few months

Investors have also noted the sharp ups and downs of platinum and the erratic fortunes of the industry But platinum dealers who accurately forecast the turn in the market feel that the price is firmly based at more than 200 dollars

Shortage

In September last year the agents were warning that there would be a potential shortage in the market and, with Rustenburg and other producers cutting production, they felt that the price would begin to rise.

Before production cuts by the western producers, world production was estimated at 2,7-million ounces. South Africa's share was in the region of 1,7- million ounces, with Russian sales estimated at 650 000 ounces But with output cuts at Rustenburg and lower production at Impala Western Platinum and the Canadian nickel producer, Inco, it was felt that supply and demand would come into balance

These figures excluded a decline in Russian sales and an increase in real consumption by the motor, petroleum and Japanese jewellery industries Nor did they take into consideration potential stockpiling by the US General Services Administration and by Japan

In the longer term more stringent air pollution regulations and platinum based fuel cells could also take platinum from the market.

There could be supplies from scrap, but these are likely to be small.

But around July the market detected a shortage of platinum from Russia. Towards the end of the year it was evident that the Russians were struggling to meet contracts and had been forced to buy platinum in Switzerland

Consequently, at about that time, the price began to spurt upwards With the weakness of the dollar and strength of gold, speculators also entered the market

The platinum price soared while Russian metal continued to be in short supply Theories ranged from Russian minting of 500 000 half ounce coins for the 1981 Olympic Games to production and refining problems

Strength

In the gold market, the Russians tend to sell into strength And with platinum not appearing on the free market, dealers feel that it is possible that the Russian refineries are being altered — probably for safety or environmental reasons

Some agents believe that the Russians will be sellers again at the end of March.

Meanwhile, Rustenburg is apparently looking for a producer price around 240 dollars before it increases production significantly Dealers say that timing is crucial An announcement of increased South African and Russian supplies could frighten the wits out of speculators, who would immediately bail out of the market

Most of the speculators are in New York and put down deposits of only 1 000 dollars for 50 ounces of platinum. A decline of 20 dollars wipes out their margins, so when the price moves against them they rush for cover and accentuate the price decline

London dealers say that a Merrill Lynch recommendation at the beginning of the week contributed to record volumes and a sharp price rise in New York. This could make the market vulnerable

But dealers report that the Japanese have again entered the market and this should prevent any sharp decline.

Fundamentally the market is short of platinum. About 200 000 ounces are consumed a month and dealers estimate that supplies are around 160 000 ounces.

Caution urged on platinum market gossip

STAR 22/12/78 (217)

Sharemarket gossip that the producers' platinum price is about to be raised again and that output is to be increased does not appear based on the realities of the present situation, judging by Mr Ian Greig's reading of it, as chairman of Impala

There could be scope for a higher price later in the year but not as things stand at present, he told Reuters.

The sharpness of the recent increases in the free market price was a matter of some concern for fundamental reasons, for there has not been any corresponding growth in real demand. For this reason the market was vulnerable.

The current market situation reflected a speculative boom on one side and a slight squeeze on supply on the other. The present market was one in which the talking point was not industrial demand but the view of the dollar and world economies.

It had in mind four different factors.

- The pressure on the dollar
- Broker estimates of a 250 dollar market price.
- The speculative flight into gold and other metals
- And a curtailment of supplies of platinum which was tending to be overemphasised.

Mr Greig said that Impala would be very nervous of pushing up its producer price until the whole market had consolidated — and this had by no means happened. Furthermore, the attitude of Impala was that the producer price should be moved as infrequently as possible to allow it to work through the fabricating system

Impala has no immediate plans to expand output and expects to produce 700 000-750 000 ounces this year, compared with 650 000 in the year to June 1977. The acute black labour shortage which existed then had not happened again

Nevertheless, efforts to raise productivity and so cushion the impact of higher costs continues to show little success

DIVIDENDS

Provided that the platinum price held up reasonably well and costs contained at a satisfactory level, the company might be able to liberalise its dividend policy, said Mr Greig

However, there would not be much room for manoeuvre at the current level of capital spending and with the company coming into tax this year

Capital expenditure this year is estimated at around R15m and is expected to average out at this for the rest of the mine's life

Mineral exports head for R4 400m

23/2/78 Star (217)

Mac Thain

Foreign exchange from metal and mineral exports last year should prove close to a record R4 400m compared with R3 800m in 1976 — an increase of 15,8 percent — judging by preliminary figures for industrial minerals.

The value of exports of the main industrial minerals reported by the Minerals Bureau for the 12 months was R1 558m against R1 142m for 1976, representing an increase of 36,3 percent. Not included in this figure is gold at R2 812m (R2 380m) and diamonds for which the total is not yet available

A big contributor to the increase in the base mineral sector was **coal,** where earnings jumped from R73,5m to R215,5m with the build-up in shipments through Richards Bay Hard on the heels was **iron ore,** where exports through Saldanha, brought in R164,6m compared with R27,5m

Copper did well where higher output offset the lower metal price to realise R155m compared with R115m.

Asbestos started the year but faded in recent months with R112m against R127m in 1976.

In the alloying material section, **manganese** put on R13m to R110m, **chrome** R13m to R62m and **nickel** R7m to R74,7m **Vanadium** sales were lower in the second half of the year and the total value was R56,1m against R49,6m

"Miscellaneous" sales jumped by nearly R59m to R509m. This consists of **Platinum Group** metals and **Uranium.** As platinum sales are known to have been at a lower level in 1977, the increase reflects the increase in uranium sales.

It is doubtful whether the high growth rate of industrial mineral exports will be maintained this year Firstly, Richards Bay and Saldanha worked up to capacity in 1977 and indications that exports of coal and iron ore to Japan are likely to be at a lower rate Prospects for chrome, manganese, nickel and asbestos are not bright at present

Hansard 5 col 257, 1/3/78

217

Mining at Mapelana

16 Mr R B MILLER asked the Minister of Mines

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

(2) whether mining operations have commenced

The MINISTER OF MINES

(1) No, but a prospecting lease for heavy minerals (ilmenite, rutile and zircon) has been granted to Titansa (Pty) Ltd by the Minister of Mines over a strip of State land, in extent approximately 2 600 hectares, in the Mapelana area Prospecting rights in respect of heavy minerals have also been granted by the Department of Plural Relations and Development to Zululand Titanium (Pty) Ltd over the coastal strip of Bantu Reserve No 4 which is also situated within the Mapelana area

(2) No The said Companies have yet not applied for mining rights

10. Best ... **ıformele skakeldiens met**
(i ... **:beiders se kinders na u**
sk ... **ouers van u arbeiders se kinders.**

11. Dink ...
(i ... **tiwiteit onder die werkers**
(i: ... **ulle die plaas wil verlaat.**
(ii ... **er soort werk op die plaas doen.**

12. Hoe ... **arbeiders dat hulle kinders**
o ...

13. Doe ... **itemuurse werk (b.v. onderrig in**
d ... **). Indien ja, spesifiseer.**

14. Dink u dat, met die ontwikkeling van u plaas, u geleidelik meer ervare en opgeleide werkers nodig sal hê vir tegniese administratiewe en soortgelyke werk. Indien ja, spesifiseer.

Desperate times for most of the base metal producers

Star 16/3/78 (217)

These are desperate times for copper and most other base metal producers.

Last Friday the Zambian Finance Minister gave a warning that the country faced economic collapse unless a source of outside funds was found within the next few weeks.

Temporarily boosting the market last week was the recent agreement initiated by Zambia, between three of the world's leading copper exporting countries to reduce production by 15 percent

But the production agreement is a sign of desperation. The three countries which are parties to it — Peru, Zaire and Zambia — are dependent on copper for the bulk of their export earnings and for an important source of employment

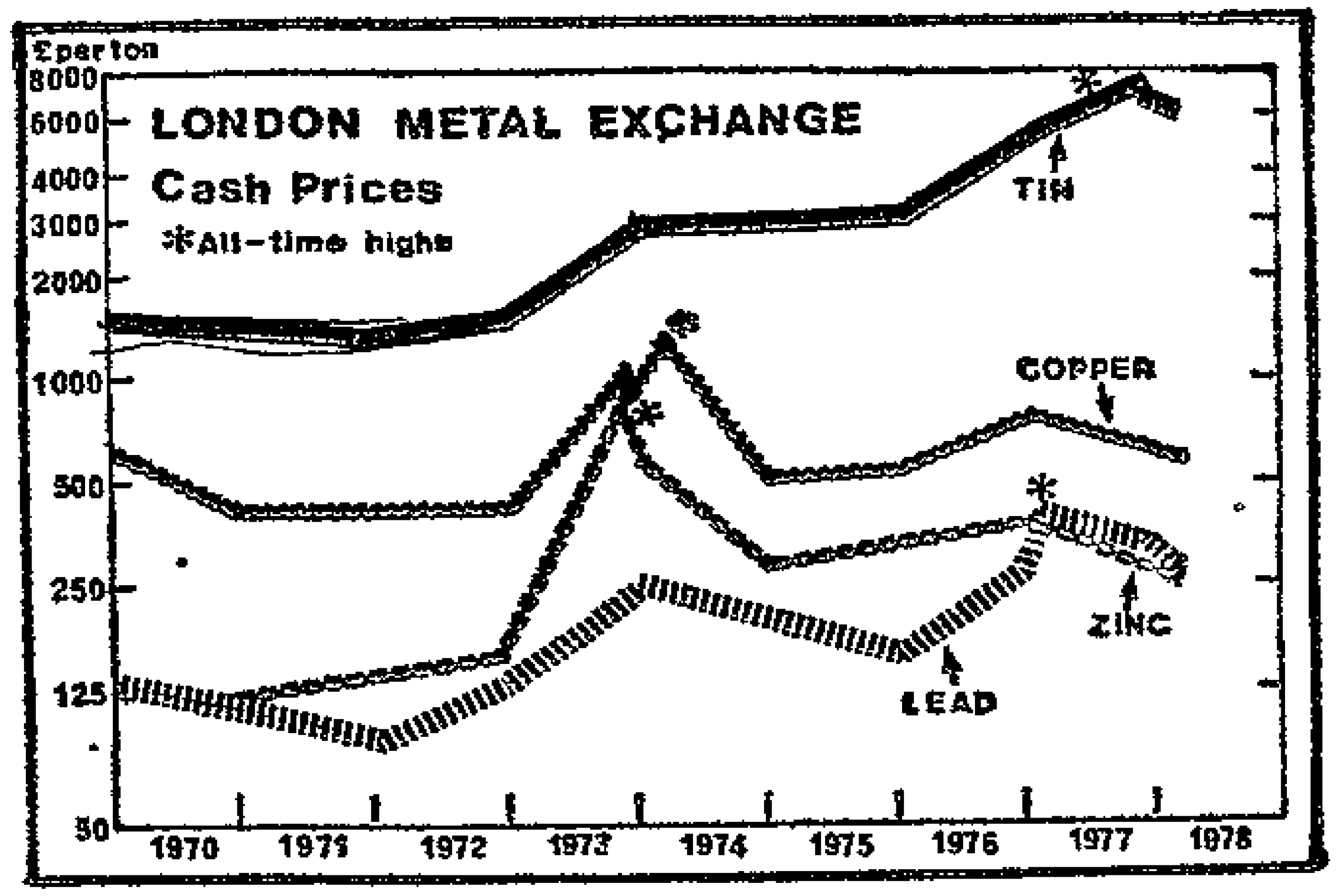
Any cut-back in their copper production, therefore, has serious domestic repercussions However, the situation has become so serious for producers that there seems to be little alternative to a cut-back in view of the heavy losses being suffered at present price levels

Hopes of a recovery in demand for copper and other base metals as world industrial activity picks up have been dashed so far this year

Indeed some forecasters are predicting that the worst is yet to come They argue that in the coming crisis, prices will be driven down to levels where production will have to be reduced even more drastically to remove the huge surplus stocks now overhanging the market

The situation in copper reflects what has been happening throughout the base metals industry, with one or two exceptions

Outside of a few special cases the picture is one of unremitting gloom On the London Metal Exchange copper last month fell to the lowest level for two years at £612 a ton — a far cry from the all-time peak of £1 400 reached in early 1974



Copper production costs vary widely according to the type of mine deposit as well as local infrastructure, taxes and wages However, it is estimated that some 70 percent of the world's copper mines cannot operate profitably at present price levels Many mines need higher prices just to meet operating costs, let alone service bank debts and new investment

This is particularly the case in Zambia, which as a high-cost producer needs a price closer to £750 to meet average operating costs

Cutbacks in production have been urged as the only way in the long run of bringing copper prices back to economic levels

However, it is likely to be a long haul By the end of 1977 world copper stocks are estimated to have risen to well over 2m tons This compares with an annual Western world consumption of around 6,5m tons

It will take a long time for these heavy surplus stocks to be cleared Last week there were renewed proposals, backed by the Carter Administration, to a US Congress subcommittee for copper supplies to be purchased for the strategic stockpile

This has yet to be endorsed by Congress and so too has the concept of providing financial support for a domestic industry by the use of taxpayer-financed stockpiles

Any action is therefore likely to be some time in coming.

Competition

So far the ambitious programme of the UN Conference on Trade and Development (UNCTAD) to back an international copper agreement with its controversial common buffer stock fund has come to nothing

Meanwhile there is considerable competition among producers to capture a larger share of sales Chile, which has now become the world's leading copper exporter, has refused to agree to the 15 percent cutback

The selling pressure has been so strong that US copper producers have now appealed to the Administration for measures to restrict imports damaging the domestic industry.

Similar import restrictions are also being sought by US zinc producers

If anything, the situation is even worse in zinc than copper. Stocks are estimated to be well over 1m tons and prices have fallen to the lowest level for over four years on the Metal Exchange

Another disaster area is nickel — the former "wonder metal" International Nickel of Canada justified a reduction in its workforce of 3 500 employees, following big production cutbacks, by saying it was the only way of avoiding bankruptcy.

There are many theories why the depression has lasted for so long and been so severe One argument is that in the case of copper, the trends towards Government ownership of mines has meant that they often do not react commercially to adjust production to market conditions

However, this does not explain why nickle and zinc, which are primarily produced by private companies, have been hit by a

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(l) Versekeringsbydrae deur boer (jaarliks)

Platinum price hits new high

(217)

Mercury Correspondent 10/3/78

JOHANNESBURG — The free market price of platinum jumped to a new high of 240,50 dollars an ounce on Wednesday, influenced by the rise in the gold price, but declined again on Wednesday to 236,50 dollars, keeping even top observers of the platinum market guessing as to future price trends.

One executive of a platinum mining company ascribed the recent upward movement in the price to "fear about the weakness of the dollar" and said that metal brokers in New York were recommending platinum as a good buy in terms of both paper and metal.

"Perhaps this is speculation," he said "but it also appears that the Japanese are buying some of the metal at the present high free market price."

He did not see any sudden change ahead in the short-term. "Trying to predict what the Russians will do is as difficult a task as you could seek.

"If the Russians stay out of the market the shortage will continue and the free market price will firm. "If the Russians return to the market one can assume that the opposite will be the case."

NICKEL

Cut backs starting to take effect

"Nobody I know in the nickel market is particularly cheerful about its prospects," is how Peter Robbins of Wogen Resources, a firm of London metal merchants, sums up nickel's fortunes The metal that thrilled the investment world in the late Sixties with prices shooting to around \$8/lb is now selling at \$1,85/lb slightly above the lows of around \$1,60/lb established last autumn Market conditions are now so depressed that Inco, the world's largest single producer, has amassed stocks totalling well over its 1977 sales figure of 312m lbs Total producer stocks worldwide are probably pushing twice that figure

A report recently prepared on Inco for L F Rothschild, Unterberg, Towbin to assess its stock rating suggested the company's average selling price in 1978 would be \$2,05/lb This could rise to \$2,20/lb in 1979, \$2,30/lb in 1980, \$2,45/lb in 1981 However, in 1982, according to the report, the average price realised could shoot up to \$3,50/lb — an upturn which other observers deem a possibility due to the current depressed investment conditions in the nickel mining sector

Inco's nickel . . there's plenty more in stock

Nickel's plight today is a classic case of boom-induced oversupply followed by a serious drop in industrial demand Since the 1969-71 price boom and bust the world nickel supply pattern has changed remarkably In the Sixties the two Canadian producers, Inco and Falconbridge, supplied over 80% of world market requirements, but these days this figure has dropped by about half

New producers, such as Amax in the US, Greenvale in Australia and Marinduque in the Philippines, have made serious inroads in the market, coupled with the fact that most producer countries in general increased production and many, such as Australia and Greece, now seem unable or unwilling to institute effective cuts Thus, for the last five years production has consistently outpaced demand, which for its part had been badly mauled by the world wide depression in the steel industry, the metal's major outlet

Major producers have operated a producer price system, but its death-knell was sounded last summer when Inco announced it had decided not to make its future selling prices publicly available and they would be "confidential" to the buyer This signalled the beginning of a free for-all with producers breaking ranks and getting the best deals they could. However, even before this the producer price system had been largely undermined by aggressive price discounts.

London observers agree that it has been primarily Inco's 25% cutback in

NICKEL

The 22 000 t of nickel produced in SA in 1977 came largely as a by-product of platinum production by the two majors, Rustenburg and Impala and Western Platinum It was worth R77,3m, equivalent to \$1,83/lb, which gives a measure of the discounts below the old Inco posted price.

This year there have been reports of one producer selling at \$1,64/lb, compared to reported sales by Inco at around \$1,85 Some recovery in nickel prices could take place mid-year, once the Canadian production cut-backs start to bite But it is hard to predict average prices for SA producers of more than \$1,80

Both Rustenburg and Western Plats have cut output. Western Plats has dropped its milling rate by around 25% and Rustenburg announced a production cut-back of 10-20% But with current platinum prices strengthening cash flows, there is less pressure on the mines to sell nickel stocks at any price

It means that SA producers can go along with the Canadians and 1978 sales fall to around 20 000 t for revenue of about R69m

The picture in Rhodesia is less clear. Production is largely in the hands of three major producers, Empress, Rhodesian Nickel and Shangani There are no published figures but annual production is in the region of 15 000 t. Over the past couple of years, adequate supplies from elsewhere meant that consumers had less incentive to buy Rhodesian metal unless price discounts really compensated for the risks of sanctions-busting

In addition the Rhodesian producers struggled under the effects of an overvalued currency. It led to Shangani cutting production by 50% in November and the mine still has relatively large stocks to move.

Improvement in the Rhodesian producer's situation depends on an early political settlement, an end to sanctions and devaluation of the Rh\$. In the meantime, on the cards is the possibility of a merger between Shangani and Rhodesian Nickel. But this year total export sales might be less than Rh\$30m.

Jim Jones

production that has helped lift the metal from $1,60/lb in recent months. "But this 25c rise is about all the cutbacks are worth for the moment," comments one observer. "Its going to be a long hard climb from these levels."

Production costs vary throughout the industry, but most observers agree that the majority of producers are now running unprofitable operations Nevertheless, the industry's current state of depression could itself generate a sharp upward rise — although not for some time According to Peter Robbins, "there is no point in trying to increase nickel exploitation until prices get to around $4/lb"

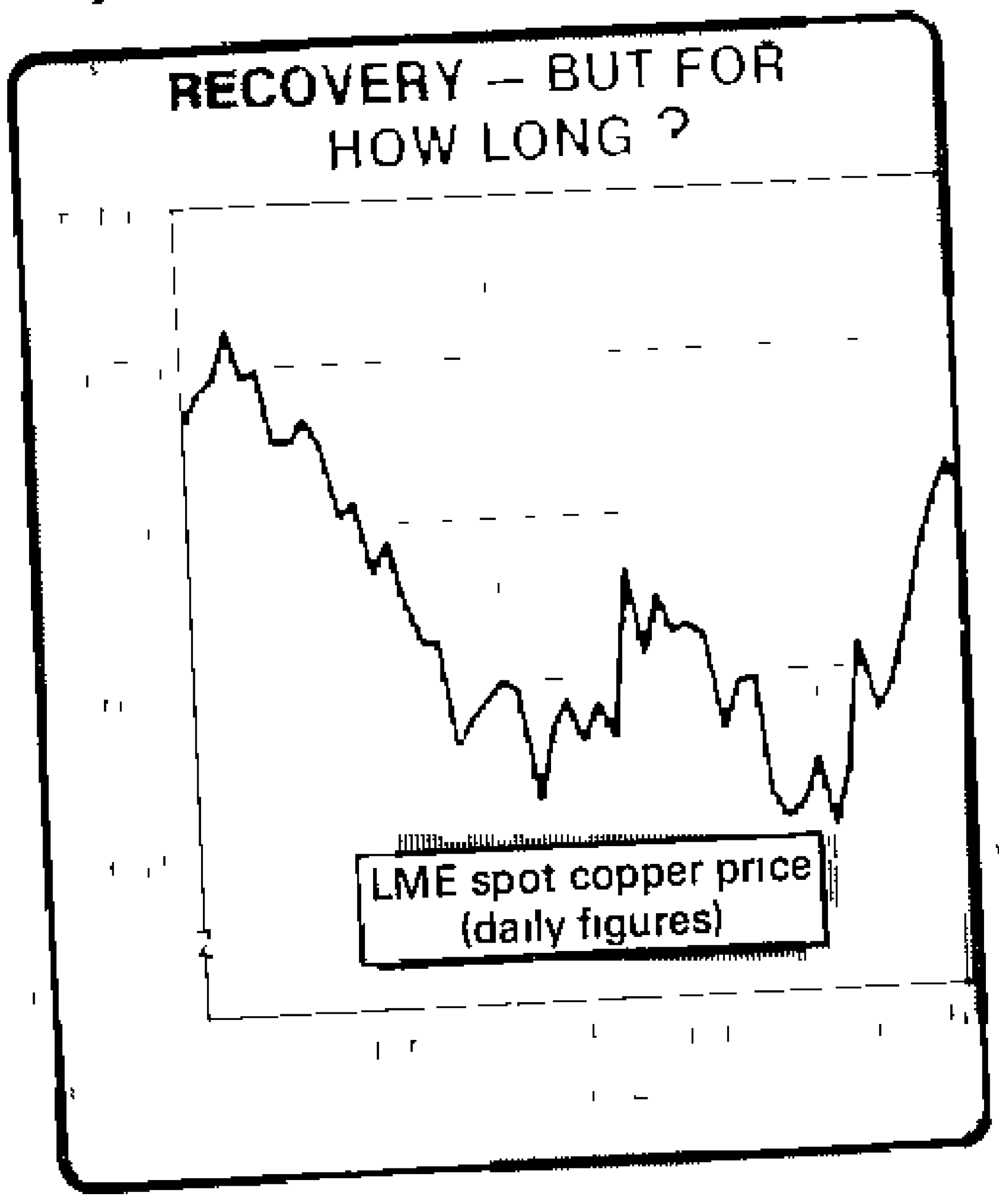
Depending on the rate at which demand picks up this could lead to a sharp upturn in prices Most observers agree that fundamentally nickel demand looks quite strong long-term The likelihood is that demand for stainless steel and other alloys, including those required for the aerospace industry, will pick up both cyclically and absolutely in coming years.

Allan Spence

COPPER FM 17|3|78

Technical correction (217)

LME **copper** values have been boosted by around £40/t since the end of February, reflecting a series of factors, including Zambian transport problems and seven successive weeks of declines in the level of LME stocks. The latter now stand at 587 300 t, considerably below the psychological 600 000 t mark.



The possibility of an intensification of fighting on the Zambian border following the internal Rhodesian settlement — and a plan hatched, but not yet detailed between Zambia, Zaire and Peru to cut production by 15% — have also helped underpin values, traders report. By late trading Tuesday, three-month copper wire bars were trading around £667/t, a price which traders said also reflected a slight weakening of sterling following the commencement of the US/West German dollar support operation.

Though encouraging, the decline in LME stocks is seen primarily as a technical factor as they are largely being transferred to warehouses in the US ahead of a possible copper import embargo which is being pushed for by major producers to assist the US domestic copper industry. However, should an embargo be introduced it would be bullish for the US but bearish elsewhere as the Chilean copper the US producers are trying to keep out would have to find a home in other markets

Financial Mail March 17 1978

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FM 31|3|78

(217)

THE ROOIBERG MINERALS DEVELOPMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The performance of the company's employees, the tonnage and grade of ore mined and the price of tin all combined to make 1977 a memorable year for the company The technical advisers report deals in detail with the operations at the company's mines Suffice it here to mention that during the year record tonnages of ore were mined and treated and record tonnages of tin in concentrates were produced and sold

The net revenue from sales increased to an average of over R7 900 per ton of tin in concentrates and as a result the profit from tin mining for the year was a record R9 466 000 compared with R4 305 000 for the previous year Interest and sundry revenue amounted to R405 000 and taxation absorbed R3 542 000, so that the net profit after taxation was R6 329 000, as compared with R3 070 000 in 1976 The unappropriated profit brought forward was R213 000 A sum of R3 600 000 was transferred to a non-distributable reserve to cover expenditure on fixed and other assets Dividends of 45 and 90 cents per share were declared during the year which absorbed R2 801 000 leaving an amount of R141 000 to be carried forward

As indicated in the statement of source and application of funds on page 15 there was an increase in net working capital of R1 482 000 of which R164 000 represents an increase in the excess of cash assets over cash liabilities The increase in other current assets of R1 318 000 arose mainly from a lengthening of the pipeline which resulted from the sales contracts which were entered into for two years with effect from the middle of 1977 The smelter terms accepted represented the best available return to the company taking all factors into account including the lengthening of the pipeline As compared with the previous contracts, the new terms reflected enhanced competition for the company's concentrates

Throughout 1977 a shortage of tin metal persisted which resulted in record prices being recorded on the L M E In addition as a result of a decline in the value of the United States dollar, to which the rand maintained an unchanged relationship throughout the year the net revenue per ton of tin in concentrates received by the company increased even more The rand equivalent of the L M E price began 1977 at R7 600 and despite a number of setbacks it reached a peak of R11 500 early in December before declining to R10 400 at the end of the year

Most commentators believe that there is a continuing shortfall in the supply of tin metal of about 10 000 to 20 000 tons per annum While there is evidence that high prices have increased the supply of tin metal somewhat, in 1977 the market was expecting releases from the United States strategic stockpile to meet the shortfall The realisation that such releases would not be immediately forthcoming was one of the reasons for the price reaching a record high during the last quarter of the year Now that the United States Administration has completed its review of stockpiling policy it is probable that Congress will authorise the sale of some tin by the GSA Taking all factors into account, however, it is hoped that the average net revenue per ton of tin in concentrates sold in 1978 will not differ significantly from the average for 1977

As indicated in the technical advisers' report, the production of tin in concentrates should be maintained at the level attained in 1977 At this stage there is no reason to expect any significant change in the sales pipeline over the year as a whole Because of the prevailing buoyancy in the tin market the opportunity has been taken to expand the capital expenditure programme for the current year to include a number of highly desirable but not strictly essential items In the event of a serious setback the level of capital expenditure could be reduced An increase in working costs is probably the only foreseeable negative factor likely to affect the financial results for 1978 If these expectations were to be realised a further substantial increase in dividend distributions would be possible

During the rainy seasons of 1972 and 1974 the operations at the company's "C" mine were disrupted by inrushes of water caused by the flooding of the stream which crosses the property over old surface workings After the 1974 flood which was categorised by an hydrological expert as a very severe event, estimated to have had a recurrence interval of 100 years , a comprehensive system of flood control measures on surface and underground was installed At the end of January 1978 when the stream again broke its banks, the control measures were fully implemented and found to be effective A few weak points in the flood control system were however, brought to light and these are receiving attention

For a number of years persistent efforts have been made to interest Blacks normally resident within a reasonable distance of the company's property in accepting employment on the mine both on surface and underground Considerable success has been achieved as noted in the technical advisers report in that by the end of the year fifty-eight per cent of the black labour force originated in the Transvaal, many of them in areas not regarded as traditional sources of mining labour It is also pleasing to be able to record that premature termination of employment during the end of year labour trough did not cause a problem during recent months

Improved facilities for the training of company employees have now been provided and this will add further impetus to the company s continuing efforts to improve productivity and to improve the already commendable safety record

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

R A Hope
Chairman

Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP

31/3/78

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RUSTENBURG FM 31/3/78

Dividend prospects 217

What are the prospects of a final from Rustenburg after the passed interim?

During the first half, and despite the 10%–20% production cut-back announced in November, sales were "comparable" with those of the first half of 1977. Now Rustenburg has "decided that the present rate of production should be modified so as to more closely match the expected level of [illegible]". Reading between the lines it seems that production will be increased to the pre-cut back level.

Sales are still plagued by the loss-making Ford contract on which negotiations are in progress. Ford probably takes about 20% of Rustenburg's output. The contract was negotiated with escalation clauses in 1972 when Rustenburg's producer price stood at $120.

But cost escalation rates then were not as bad as they are now. Sales are being made at a loss and a reasonable estimate of the current price to Ford is about $150. Taking a line through published prices during the first half, Rustenburg's average platinum price received before discounts was around $170 which is more or less the mine's current break-even level.

Assuming that the current producer price of $220 can be maintained and on the basis that 20% of sales go to Ford at $150, Rustenburg's average revenue for the second half could be about $206 per oz. It points to second half operating profit about R16m above the first half.

At the interim, R8,7m was appropriated for capex implying total of about R17,5m for the year. Only R5,2m was spent in the first half so there is a further R12m to be spent in the second half. Also in the second half there are loans of R11,1m to be repaid. Taking into account first half provisions, available cash flow after loan repayments was negligible. It means that capex and loan commitments in the second half have to be met from second half earnings.

Second half capex will largely offset increased earnings so it appears that despite a potential rise in second half taxed profit to about R15m some use will need to be made of short-term borrowings to fund capex and loan repayments.

At present the free market platinum price is holding above the quoted producer price, but only marginally. If Russia returns as a seller and consumers decide that there is [illegible] restocking, platinum could be under pressure in the next couple of months. If so, and if Rustenburg is forced to cut its price, [illegible].

Even if the present price holds and the Ford contract is renegotiated, the company would be foolish to pay a dividend if it is unable to cover its near-term commitments without resorting to alternative borrowings.

[illegible] market [illegible] encourage[illegible]ment from the interim and the shares dropped [illegible] to 130c. The [illegible] will remain so at least until Rustenburg has proved that the current platinum price can be maintained.

Jim Jones

FM 31/3/78

PROSPECTS FOR VOGELS

(217)

Despite relatively bullish reports on Rooiberg and Union Tin, the market is taking a dim view of Vogels' near-term prospects. At 70c the shares are just above their low for the past 12 months and with limited prospects of near-term improvement. It is an indication of the market's views on the unlisted investments and the R701 000 commitment to Black Mountain that the share price discounts the current worth of the quoted investments alone by 4,8%.

Union Tin (30% held) has been granted another reprieve. Underground operations are now expected to continue until end-1979. This year production should be maintained at the same level as in 1977 followed by a decline in 1979. Dump retreatment has ended temporarily but retreatment of dams could give two to three years of operations after mining ceases.

The only really bright spot is **Rooiberg** (24%) though LME tin prices have softened in the last few weeks Production of tin in concentrates should be maintained this year with 10% planned increase in mill throughput. But capex for the current year is planned at R2m — 28% higher than in 1978. In the longer term there is the possibility of a tin smelter being established. Investigations are continuing.

This should present no problem. Retentions in 1977 were sufficient to cover that year's capex and the amount planned for 1978. Net current assets total R4,5m So unless the tin price collapses (in which case capex for a smelter would presumably be deferred) there should be no difficulty maintaining last year's 135c total payout.

Apex (31%) has yet to come up to expectations, not least as far as dividends are concerned There are still technical problems to be resolved but a clamp appears to have been put on further substantial capex. This year it is planned at R2,2m (1977. R4,8m) but if additional crushing equipment needs to be provided to cope with No 2 seam sandstone, capex could be added to "significantly."

R1,6m of loans are due for repayment this year so despite the 12% domestic coal price increase there may be little scope for a meaningful dividend increase.

Unquoted investments Zincor and Kiln Products are near-term no-growth situations. Lower producer zinc prices converted 33%-owned **Kiln Products'** 1976 profit of R2,5m into a R220 000 loss in 1977. Further losses could be unavoidable and Vogels' investment has been written down by 36% to R1,07m.

Zincor's (38%) earnings are likely to be lower this year though the dividend is expected to be maintained Production has been cut back in line with other world producers but there seems little prospect of this having an effect on depressed zinc prices for at least two years.

Vogels has acquired a 1% interest in **Black Mountain.** Chairman Robin Hope says that based on mid-February metal prices the mine's projected working profit would have exceeded 60% of revenue. Roughly it means that on-mine costs are estimated at about R13,20/t ore *in situ* and off-mine costs of R11,90/t for a total of R25,10/t before allowing for dilution.

It all adds up to total dependence on tin for any meaningful near-term growth. Even though net current assets total R1,2m and the commitment to Black Mountain should be met with no difficulty, dividends could be frozen at the current 7,5c until the zinc investments get back into gear. With 15,3m shares in issue scope for a significant near-term dividend hike is limited and on a 10,7% yield the shares are fully priced.

Jim Jones

BASE METALS (217) FM 31/3/78

Recovery in March

London Metal Exchange copper prices resumed their sharp upward advance immediately after Easter, breaching the £700 per t level and chalking up a price turnaround approaching £100 per t since the beginning of March. In late trading on Tuesday, three-month wirebars were quoted at around £713, having registered levels of as high as £720 earlier in the day.

A combination of factors is underpinning the metals price surge, but dealers isolated the possibility of Zambia declaring force majeure on around 25% of her scheduled copper deliveries, and probably US copper and tin stockpile moves, as among the most influential Eight successive weeks of declining LME copper stocks, from around 650 000 t to just over 580 000 t and a weakening of sterling have also assisted the metals performance. "These are very real factors," comments Rudolf Woolf director Bruce Leeming. "The market is not simply reflecting speculative elements" However, Leeming considers that the "pace of the rise might have been a little hot," and adds this might produce a temporary setback as the market pauses for a breather. Nevertheless, he maintains, "the trend is clear — it's up."

Although world copper stocks amount to around 2Mt, some trade sources feel that supplies cutbacks, primarily from Zambia (as a result of transport problems, plus production cutbacks agreed in harness with Zaire and Peru), coupled with the possibility of a worsening security situation in central Africa might quickly begin to erode this figure Initially the LME stocks' decline was primarily attributed to shipments to the US ahead of a possible copper import embargo to assist domestic producers However, some traders now report that European users seem to be absorbing LME stocks, especially in West Germany and Belgium, in anticipation of possible African supply cutbacks

Meanwhile last year's base metal star riser, tin, is trading erratically lower at just over £5 800 per t (late Tuesday) compared with highs of over £7 000 a few months ago "The problem," says one dealer, "is that although there is still a statistical production deficit of about 19 000 t of tin this year, the metal became overpriced " Additionally, industrial demand from the canning industry has reportedly slackened after peaking last year, especially due to bumper harvests in several commodities in 1977, requiring extra can production.

Another factor overhanging the market is the possibility that the US will sell around 30 000 t of tin from its strategic stockpile and use the proceeds to buy around 250 000 t of copper — moves which are now being officially considered in Washington The tin sales would easily bridge the shortfall and badly destabilise the market Not surprisingly, therefore, leading tin producers are meeting in Djakarta in early April to discuss the proposal, which has yet to be given official blessing in the US To a degree copper is already reflecting the possibility of such purchases being made and would shoot up further if detailed plans were suddenly announced, trade sources report

Meanwhile, although lacking the lustre of copper's performance, zinc and lead have made useful gains of around £40 and £30 per t respectively since the end of February In late trading Tuesday zinc stood at £284 and lead at £314 Fundamentally little has changed in either market, although zinc has been encouraged by production cutbacks in Europe and both have reflected a weakening of sterling in recent weeks

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**197,9**	**196,8**	**199,4**	**169,2**
% change on	—	0 6	—0,8	17,0
P/E ratio	3 9	3,9	3,9	2,9
Div yield	10 8	10,6	10,7	12,3
UK *FT* Ind	**460,1**	**458,6**	**443,4**	**420,4**
% change on	—	0,3	3 8	9,4
P/E ratio	8,1	8 1	7 8	8,8
Div yield	5,9	5,9	6 1	5,4
US Dow Jones	**754,2**	**773,8**	**742,1**	**932,0**
% change on	—	—2 5	1,6	—19,1
P/E ratio*	8,4	8,6	8,4	10,4
Div yield*	5 5	5,4	5,5	4 2
Gold price (in US $ on London)	**183,0**	**179,6**	**182,6**	**147,9**
% change on	—	1,9	0 2	23,7
Krugerrand (Rand)				
Public selling price	**183,5**	**181,2**	**182,1**	**148,7**
% change on	—	1 3	0 8	23,4

** Standard & Poor index*

Public buying price is 10% below, subject to negotiation

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FM 31/3/78 (217) ~~FM 31/3/78~~

VOGELSTRUISBULT METAL HOLDINGS LIMITED

(217)

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The group's tin investments were primarily responsible for the increase in consolidated investment income from R1 651 000 to R1 709 000 The increase in other revenue from R112 000 to R288 000 was attributable to increased interest and stone crushing royalties The amount written off investments of R687 000 compared to R74 000 in 1976 was required mainly because of the adverse effect of the fall in the zinc price on the prospects of Kiln Products and its subsidiary, Swaco Although the consolidated net profit fell to R1 191 000 from R1 549 000 in 1976 the previous year's dividend of 7 5 cents was maintained absorbing R1 150 000

The acquisition of a one per cent equity interest in Black Mountain Mineral Development Company (Pty) Limited at a cost of R300 000 is in accordance with the announcement made jointly with Gold Fields of South Africa on 21 October 1977

Your company will contribute its share amounting to R701 000 in respect of loan finance by instalments during 1978 and 1979 from its existing cash resources Interest payments on this loan will be made to your company with effect from the date of each advance at a rate linked to overdraft rates, which today would be fourteen per cent

Participation in the development and exploitation of the ore reserves of some 38 million tons by the Black Mountain company is regarded as an opportune investment for the longer term especially in view of the further mineral potential of the ground owned by that company It may appear to be a hazardous undertaking to embark upon the development of a large new lead silver zinc copper mining venture at a time generally regarded to be one of depressed base metal prices The investment in Black Mountain was however made with confidence because of the high level of the projected profit to revenue ratio which should rank the company high among the low cost large mines of the western world At the metal prices prevailing in mid-February 1978 it is estimated that were the company to have been in production, its working profit would have exceeded sixty per cent of the net revenue at the mine Even at metal prices twenty per cent below the mid February prices working profits would have exceeded forty five per cent of the net revenue at the mine

The group's portfolio based on market prices and directors' valuations and investment income for the year is analysed below by commodities

	Value Per cent	Investment Income Per cent
Zinc	31	34
Tin	28	46
Coal	34	12
Copper	3	3
Gold/Uranium	1	1
Other	3	4
Total	100	100

The tin companies had a very good year The increase in the price of tin resulted in increased profits and dividends from both companies, but Rooiberg's record profit is also attributable to increased production of tin concentrates at the mine The discovery of additional ore and the continuing high price of tin have improved the immediate outlook for Union Tin where latest indications are that underground mining should last for a further two years albeit on a reduced scale in 1979

The rand equivalent of the LME price for tin increased during the year from R7 600 per ton in January to reach a peak of R11 500 per ton in early December Thereafter it declined to end the year at R10 400 per ton Throughout the year the shortage of tin metal continued with most commentators estimating that the gap between supply and potential demand is between 10 000 and 20 000 tons per annum Although the high price should make more tin available to the market and it is probable that the United States may permit the sale of some tin from its strategic stockpile, it is hoped that the average revenue for tin concentrates to be received in 1978 will not differ materially from that of 1977 The prospect for a further increase in the total income on the company's tin investments during the current year is good

At Zincor production exceeded local demand but export sales ensured that almost the entire year's production was sold and the stock of metal on hand remained virtually unchanged Loans were reduced by nearly R6 million The producer price of zinc fell from $795 to $600 per ton during the year and has since dropped to $550 per ton Production cutbacks have been announced by smelters in all the major western countries including Zincor The zinc market troubled by over production and slack demand with over one million tons overhanging the market, is not expected to improve materially in 1978 and the drop in the producer price which occurred in 1977 may not be reversed for some time, possibly two years At the current producer price of $550 per ton and at a reduced level of production the after tax profit of Zincor is likely to be lower than it was in 1977 but it is expected that the dividend will be maintained

The depressed state of the zinc market resulted in a loss at Kiln Products for 1977 The group's investment in Kiln Products has been written down by R604 000 to reflect the latest views on the prospects of future dividends Despite strenuous efforts to reduce costs and increase the grade of ore mined by Swaco it may be impossible to avoid further losses Contingency plans have have been prepared to place the Berg Aukas mine on a care and maintenance basis

The company's dividend income from its investment in the coal mining company Apex Mines Limited, was maintained The prospects are good for the sale of the entire output of the more profitable qualities of coals produced by that company, despite the occurrence of oversupply in Japan, the main market for low ash coal Production difficulties at the colliery are progressively being eliminated

In assessing the overall prospects for the company's investment income for the current year one cannot ignore the depressed state of the markets for most of the major base metals particularly zinc Nevertheless, there are reasonable grounds for confidence that the tin market will continue to perform in an exceptional manner With prospects of a further increase in dividend income from the company's tin investments which in 1977 provided almost half of the total, it is hoped that there will be a further increase this year in the company's total investment income At this stage, however it is not possible to give a more specific indication of the likely level of dividend distributions by this company

R A Hope
Chairman

Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP

FM 31/3/78

(217)

UNION TIN MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The profit for 1977 was R1 063 000 compared with R1 029 000 for the previous year A further contribution of R50 000 was paid to the G F Dust and Water Control and Surface Restoration Fund Taxation accounted for R408 000 and the net profit after tax was R605 000 compared with R535 000 for the previous year The unappropriated profit brought forward was R104 000 and an amount of R200 000 was transferred to a non-distributable reserve to finance an increase in the value of concentrates on hand, loan levy, other debtors and a small amount of capital expenditure Two dividends of 6 and 10 cents per share were declared which absorbed R384 000 in total leaving an amount of R125 000 to carry forward to the next year

Although the total tons mined and the ore treated increased, there was a fall off in the grade of ore and the production of 230 tons of tin in gravity concentrates was 12 tons of tin lower than the production of the previous year Reclamation ceased during the year and the production of tin in flotation concentrates declined by 110 tons to 156 tons of tin in concentrates

The effect of this fall in production was offset by the higher net revenue per ton of tin in concentrates which was obtained during the year due to the higher prices of tin which prevailed Sales of tin in concentrates amounted to 402 tons and the average net revenue per ton of tin in concentrates sold was R6 715 in 1977 compared with R4 621 in the previous year Working costs were R1 771 000 or R18 88 per ton mined compared with R1 509 000 or R18,19 per ton mined in 1976 The cost of sales amounted to R1 706 000 and the gross profit from tin sales was R996 000 which was slightly higher than the profit of R948 000 in the previous year

The rand equivalent of the London Metal Exchange cash price for tin increased from R7 600 per ton on 4 January 1977 to a peak of R11 500 early in December Thereafter it declined to end the year at R10 400 per ton Throughout the year there was a shortage of tin metal Most commentators estimate that the gap between supply and potential demand is between 10 000 and 20 000 tons per annum Expectations that this gap would be met by releases from the GSA stockpile were not fulfilled and this was one of the causes of the high prices prevailing during the second half of the year As the American Administration has now decided to retain the previous administration's stockpile objectives it is likely that legislation to permit the sale of some tin by the GSA will now be approved by Congress This may cause the tin price to decline during 1978

The latest indications are that underground mining operations will continue throughout 1978 at approximately the same level of production as in 1977 and then at a reduced rate in 1979 Reclamation of the old dumps has been completed and it is unlikely that any further reclamation will take place until the cessation of underground mining operations probably at the end of 1979 Thereafter a dam reclamation operation may be viable for two or three years, but at a much reduced level of profitability

Further falls in production are to be expected as the mine approaches the end of its life As the outlook for the tin price is that it may decline from the present high level while costs are bound to increase a fall off from the levels of profitability in 1976 and 1977 is expected

Mr Jacobson, having been a member of the board for almost 30 years, is not standing for re-election at the annual general meeting His services to the company over this long period are recorded with appreciation

A feature of the operations at Union Tin has again been the mine's outstanding safety record and on behalf of the board I express appreciation of the services rendered by the consulting engineer, Mr B Moore, the former manager, Mr S J M Caddy, who has been transferred to another mine in the Gold Fields Group the manager, Mr W M Eksteen and the staff at the mine and at head office

M B Forsyth
Chairman

Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP

7/4/78 (217)

PALABORA

No fireworks

Activities. *Operates open cast copper mine in north eastern Transvaal Also produces uranium, magnetite vermiculite and sulphuric acid Managed by RTZ, which holds 39%*

Chairman *G A Macmillan, managing director A J Leroy*

Capital structure *28,3m ordinaries of R1 Market capitalisation R203,8m*

Financial *Year to December 31 1977 Borrowings long and medium term, R28,1m net short term R19,4m Current ratio 1,3 Capital commitments R8,2m*

Share market: *Price 720c (1977-78 high 1 150c, low, 620c, trading volume last quarter, 121 000 shares) Yields 9,3% on earnings 6,3% on dividend Cover 1,5 PE ratio 10,8*

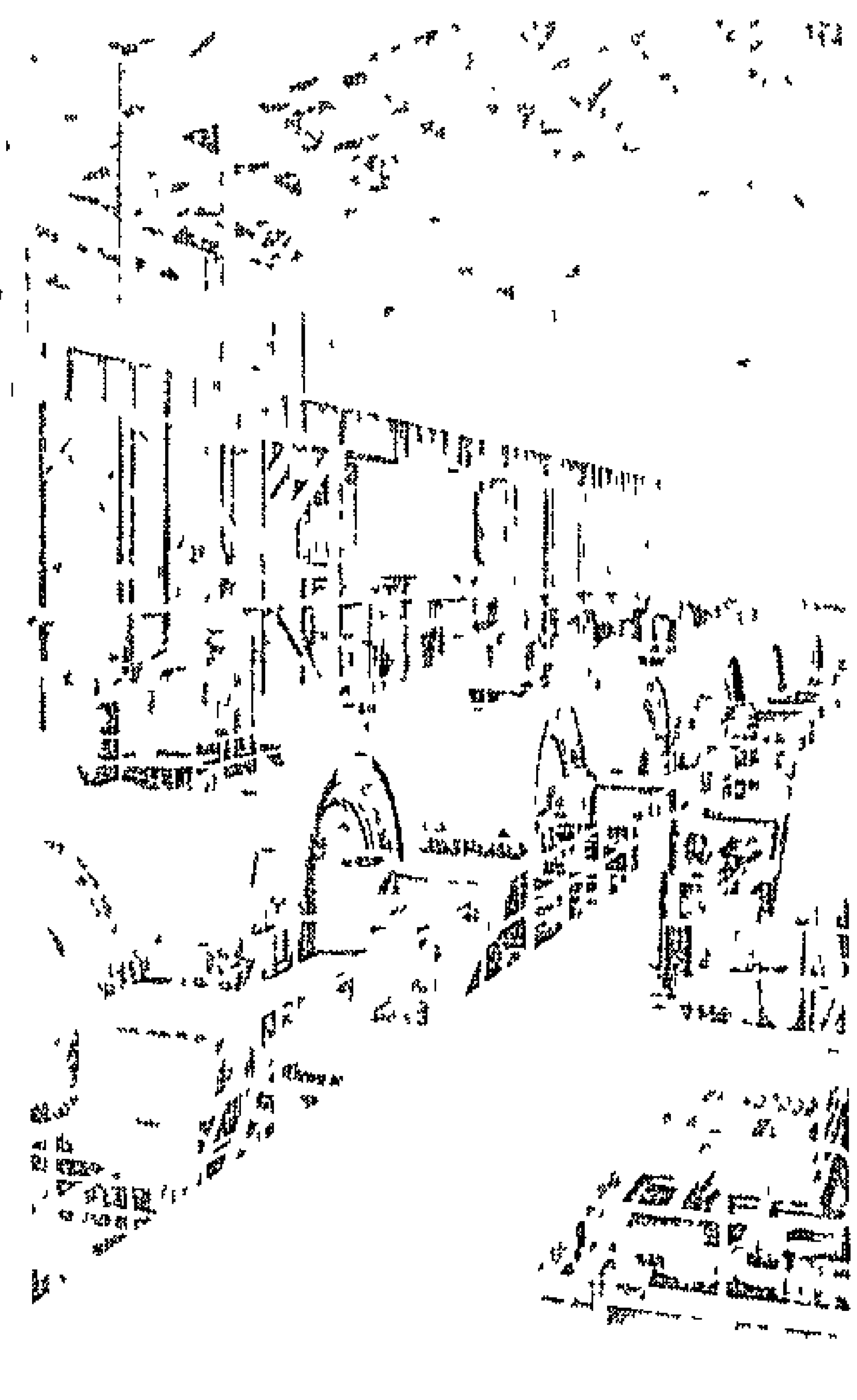
	74	75	76	'77
Copper sales ('000 t)	85,6	98,7	96,3	104,2
Turnover (Rm)	153,6	102,0	135,7	142,4
Pre tax profit (Rm)	81,1	32,4	17,1	32,7
Earnings (c)	160,0	66	81,5	66,6
Dividends (c)	120	50	70	45

Though Palabora is recognised as one of world's most efficient copper producers it is finding it difficult to escape the squeeze of rising costs and weak copper price

During the first quarter of 1977 the expansion programme to lift production to 120 000 t/year was completed But technical problems with the two new autogenous mills resulted in an estimated copper production loss of 6 000 t Temporary repairs have been carried out but further modifications will be needed at the end of the current year and early in 1979 which could result in a further 6 000 t production loss

This loss contributed R41m of the R129 unit cost increase to R948 t cathode copper With a further shortfall anticipated this year this will continue as a cost factor In 1979 the benefits of cheaper milling should work through

Major contributor to unit cost increases was the cost of operating and



Milling at Palabora cost benefits in '79?

maintenence supplies which rose R55 in 1977 and are not under the mine's control Unit power costs have risen by 245% since March 1975 and the January 1978 Escom price increases will add an estimated R15 t to copper production costs

Chairman Alistair Macmillan is less than optimistic on prospects for the current year Cif copper prices received in 1977 averaged R1 108/t compared with an average LME cash wirebar price of £750 Macmillan gives no estimate of Palabora's likely revenue for 1978 but LME cash wirebars are currently £690 which, if averaged over the year implies cif revenue to Palabora of about R1 050 t

Magnetite sales to Japan end in March 1978 and are unlikely to be renegotiated until the steel industry recovers But the contribution to revenue was relatively small and should easily be compensated by increased uranium production from 1977's low of 88,7 t

Taking a line through these figures and on an estimated copper production of 114 000 t, Palabora could report earnings per share of around 60c before capex

Macmillan sees little prospect of any meaningful improvement in results this year and says prospects for any substantial improvement in (copper) prices seem remote unless there is a strong recovery in world economies

Capex has dropped sharply with completion of the expansion programme and capex for the current year will probably be in the region of R5m

This year R11m of long term loans are repayable Taking this into account with depreciation of about R14m and the estimated capex figure mentioned above, last year's total dividend payout of 45c could be maintained putting the shares on a prospective yield of 6,3% In 1979 loan repayments depreciation and capex should be in line with the 1978 figures so the dividend yield is largely discounting an improvement in the copper price

On this basis the shares are best suited to investors prepared to take a two- to three year position Except in the unlikely event of a sharp upward move in the copper price, there are unlikely to be any fireworks and investors need be in no hurry to buy the shares *Jim Jones*

MSAULI (217)

Distant light FM 14/4/78

Activities: *Mining company producing chrysotile asbestos in the Barberton district, Transvaal. Managed by General Mining.*

Chairman: *C H Walters.*

Capital structure: *6,45m ordinaries. Market capitalisation. R9,0m.*

Financial: *Year to December 31 1977. cash: R354 000. Current ratio. 1,1. Capital commitments: R553 000.*

Share market: *Price: 140c (1977-78.*

high, 495c; low, 100c; trading volume last quarter, 724 000 shares). Yields 59,4% on earnings; 35,7% on dividend. Cover 1,7. PE ratio: 1,7.

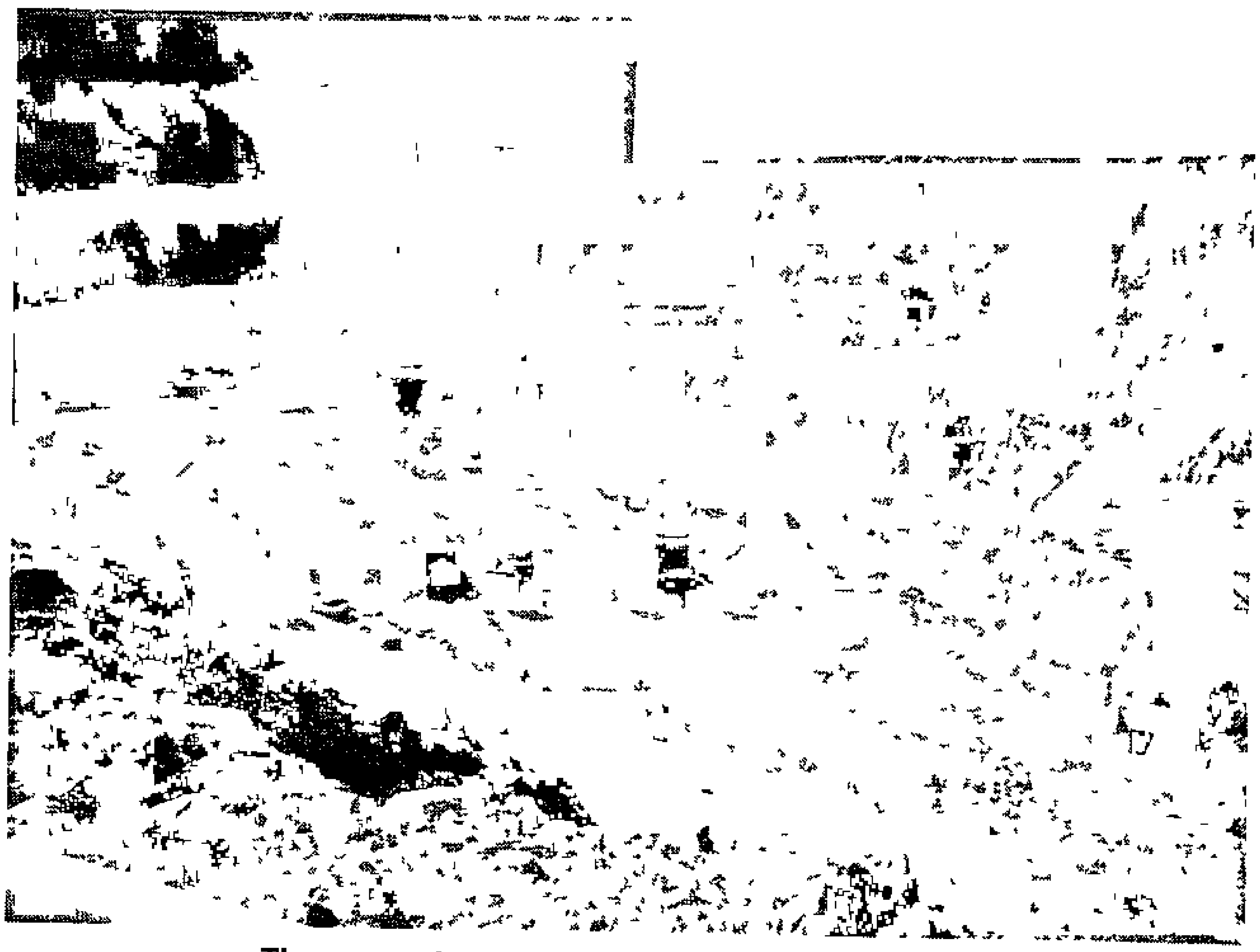
	'74	'75	'76	'77
Fibre production (000t)	68 7	83 9	95 4	100 7
Turnover (Rm)	6 2	10,8	16 2	18 1
Pre-tax profit (Rm)	0 8	3 6	7 1	7 5
Earnings (c)	12 3	55 9	94 8	83 2
Dividends (c)	—	17 5	50 0	50 0

Near term there is little going for chrysotile producers worldwide Consumers are largely overstocked, cut-price sales of USSR material have to be absorbed and there are no signs of the major supply disruptions which set the market alight as happened a couple of years ago

In the medium to long term, however, the picture is brighter There is little incentive for the Canadian majors to invest in new facilities at current prices, pointing to potential shortages while, especially in the Far East, demand is eventually expected to grow strongly

But for the current year Msauli will be faced with a highly competitive market Its sales, especially of the shorter No 7 fibres came under strong pressure in the second half of 1977 and production of this grade of material has been cut back sharply. For 1978, production of fibres will remain at a lower level to work off excess stocks Price levels are expected to be only marginally better than in 1977 as the weakening Canadian dollar has effectively annulled price increases in that currency

There could be problems with unit costs. Cost of sales rose by 22,8% to R65,28/t of fibre in 1977 while selling expenses put on 24,1% to R56,47/t. With lower mill throughput the implications are for further sharp increases this year



The open pit at Msauli . . . capex set to decline

However, the mine's major capex programme of the past two years is almost complete Capex this year is planned at R700 000, mainly to complete shaft sinking, and should fall further next year The balance sheet is debt-free

Even so it is difficult to predict maintained dividends for the current year Management will presumably want to conserve cash in case the demand position shows further near-term deterioration

The shares have recovered from their recent lows but any major further recovery does not seem to be on the cards near term At this stage it appears that the dividend will be cut to about 30c and that the next few quarterlies will underline the mine's difficulties Recovery will depend on a resumption of full production and purchases can be deferred until publication of a quarterly showing that this is under way

On a 30c total dividend some further recovery in the share price could be justified

Jim Jones

FM 14/4/78

CONS MURCH (217)

Old favourite

Activities: *Mining company operating in the Letaba district, Transvaal Produces a large proportion of the world's antimony concentrates JCI is the largest shareholder with 25,2%*

Chairman: *H Dalton-Brown; managing director R B Sutherland.*

Capital structure: *4,2m ordinaries of 10c Market capitalisation R17,1m*

Financial: *Year to December 31 1977 Net cash. R3,3m Current ratio 3,3 Capital commitments. R759 000*

Share market: *Price 410c (1977-78 high, 1 000c, low, 355c, trading volume last quarter, 178 000 shares) Yields. 17,0% on earnings, 7,3% on dividend Cover. 2,3. PE ratio 5,9.*

	'74	'75	'76	'77
Concentrate output (t)	26 055	25 160	18 341	19 825
Turnover (Rm)	24,3	16 6	23 0	17 3
Working profit (Rm)	17,1	8,4	11,4	3 0
Earnings (c)	278,4	138,4	186,5	69,5
Dividends (c)	130	80	140	30

During the second half of 1977 antimony concentrate demand slumped and, at least for the first half of the current year, the possibility of any meaningful recovery is slight. Management's reaction has been to cut capex back as far as possible. For the time being, development rates are being maintained to establish ore reserves and avoid the mistake made five or six years ago when development cut-backs led to subsequent production problems.

But if poor demand persists, the temptation could be strong to cut development as a means of containing costs.

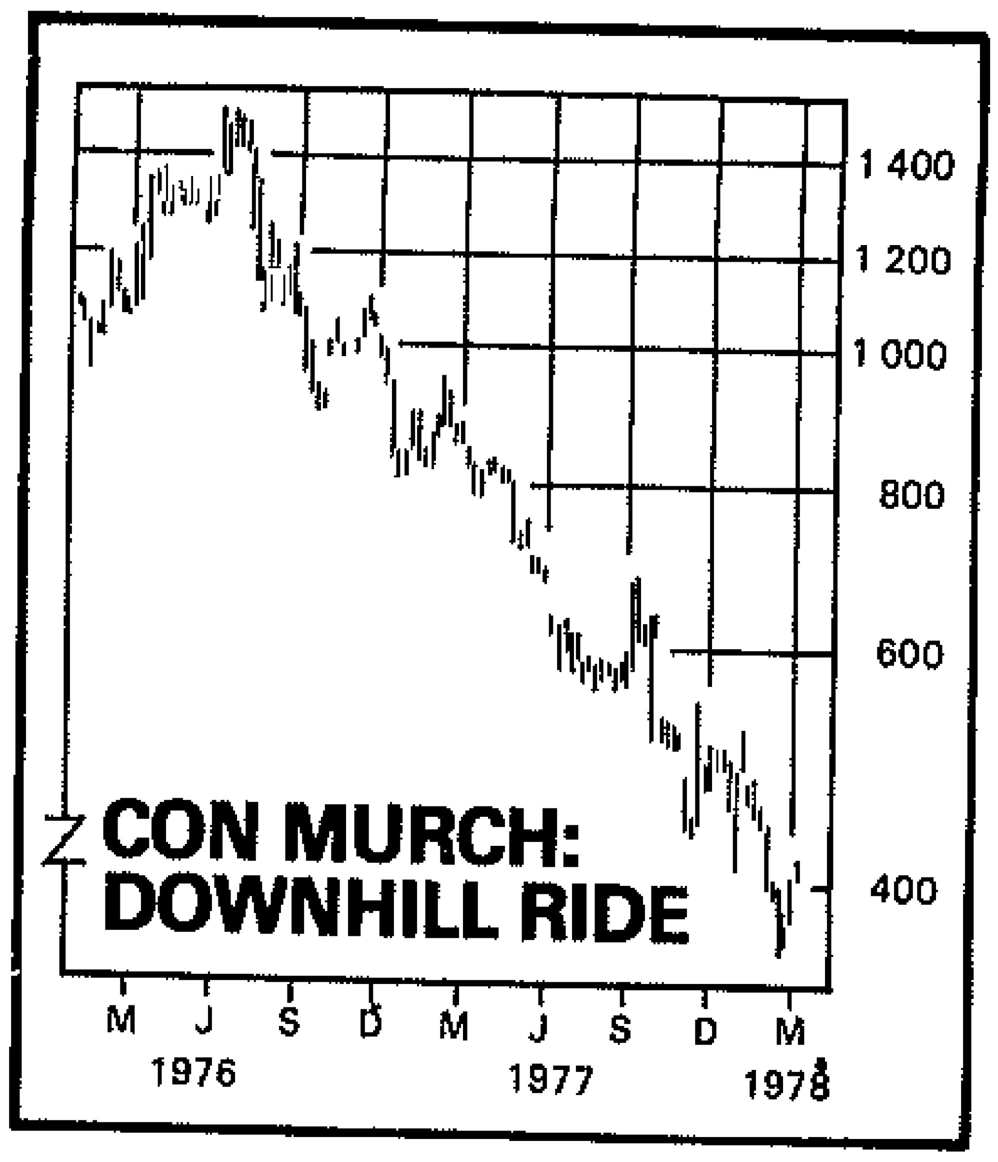
During 1977 quoted open market antimony concentrate prices averaged about \$21 per metric ton unit (mtu) Murchison's average cif price received at the mine was R1 023/t for concentrates grading an average 57,25% antimony

Currently quoted prices are \$16,75 per mtu which implies that Murchison's on-mine revenue could be as low as R850/t concentrate.

This year annual production should match 1977's 19 825t on a similar mill throughput. But average unit costs in 1977 were R21,27/t milled. Allowing for escalation, this points to total working costs of about R16m. But if first half sales are only at the same rate as the final quarter of 1977 and all production is sold in the second half at a higher price, antimony sales revenue could be as low as R14m. There will be another R0,5m from gold sales but it could mean a cash flow deficit of R2,5m after planned capex of R1m

Cash conservation is the name of the game and work on deepening Beta shaft to open extensions to known ore bodies can probably be deferred until 1979 But the near-term future of the mine lies in working currently known and exploited ore bodies at depth, so too long a delay in shaft deepening could be detrimental

There should be little difficulty funding a cash flow shortfall of the size suggested by these figures. At the year-end net current assets were R4,64m which included R3,3m cash But it is not particularly encouraging as far as this year's dividends are concerned



At the year end concentrate stood at 4 653t, in the accounts at nil value but worth about R4m on-mine at current prices. Stocks will probably rise again this year giving the shares added speculative appeal Murchison's unique stock accounting system means that poor sales in one year can lead to bumper profits in the next. The example of 1973-74 is close enough for most investors to remember

When there were few fears over the mine's life, these considerations were enough to support the shares But life expectancy has become an important consideration Underground drilling aimed at proving new ore bodies below those presently mined has not been encouraging.

A new possible mineralised zone is indicated, between Beta and Gravelotte sections, which has to be drilled before its significance can be established Until it is fully drilled, life remains a major consideration It has been estimated at about eight years so investors need to amortise their investments.

Currently, almost 9% of the recovered antimony is in the form of unsaleable arsenical concentrates Work continues on devising a workable and economic process for recovering a saleable high grade concentrate from this source

Chairman Tony Dalton-Brown gives no forecast of possible dividends for the current year and unless the antimony market recovers in the near future there is a strong likelihood of the interim at least being passed The shares have recovered from their recent low, partly on investor expectations of eventual profits arising from concentrate stock sales.

The shares have always been a jobber's favourite and on a two-year view could be attractive at current levels But sales in the first quarter of the current year have not been good and publication of the quarterly in a couple of weeks could mean better buying opportunities.

Jim Jones

GEFCO

(217) FM 14/4/78

Slow growth now

Activities: *Mining company producing crocidolite (Cape Blue asbestos) from a number of mines in the Kuruman area of the Cape Province and BophuthaTswana Managed by General Mining which owns 49,7% of the issued shares Sentrust holds 13,2%.*

Chairman: *C H Walters*

Capital structure: *11,95m ordinaries of 5c. Market capitalisation R33,5m.*

Financial: *Year to December 31 1977 Borrowings net short term R1,1m Current ratio 1,3 Capital commitments R687 000*

Share market: *Price 280c (1977-78 high, 455c, low 210c, trading volume last quarter, 1,13m shares). Yields 33,7% on earnings, 18,6% on dividend Cover 1,8 PE ratio 3,0.*

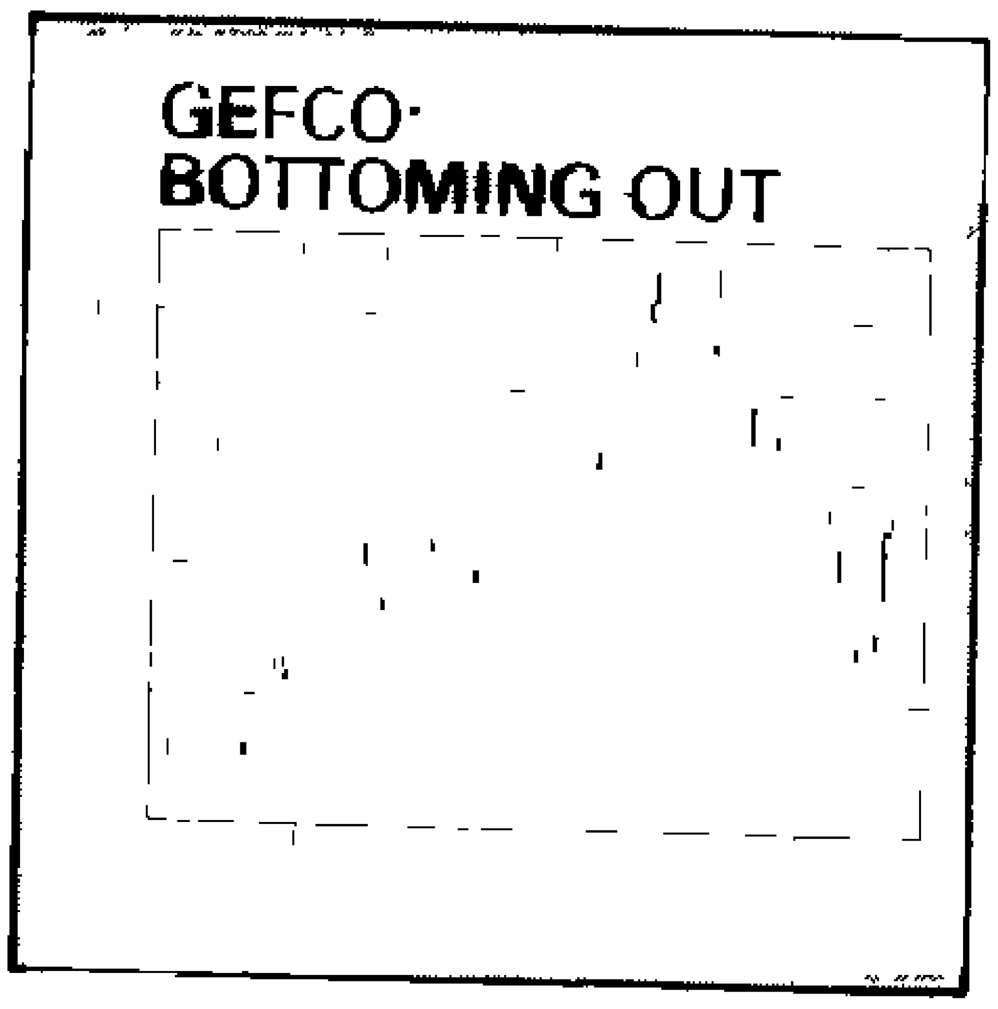
	'74	'75	'76	'77
Fibre produced (000t)	52 7	48,7	57 5	76,1
Turnover (Rm)	18,3	26 2	39,3	47 1
Trading profit (Rm)	2 7	6 5	10 8	16 2
Earnings (c)	16 4	41 2	66,0	94 3
Dividends (c)	4	16	30	52

The recent period of strong demand and rising profits financed expansion and improvement of facilities With higher production in 1977, unit production costs rose only 2,7% on the year to R232,3/t fibre.

Capacity is 25% above projected current demand and though this could mean that plant inefficiences from operating at full bore will be eliminated, costs will probably start moving up in line with the rest of the mining industry Asbestos prices are expected to be more or less unchanged, so margins will be under pressure

Near-term, much depends on how closely production matches sales Asbestos stocks rose by 181% to R3,4m at the year-end to about 14 600 t This compares with sales of about 90 000 t in 1977 which include fibre bought from outside sources such as Wandrag But selling expenses, which are largely out of the company's control, will doubtless continue to move ahead

Medium-term, the market will recover, but there is unlikely to be a repetition of the Quebec strikes which boosted prices


GEFCO· BOTTOMING OUT

and sales since 1975. So any growth will be steady rather than spectacular And until recovery sets in, the shares will be influenced mainly by near-term considerations

Gefco, with its longer fibre, is in a better position than sister company Msauli to weather the current recession and recovery should be faster. But near-term and especially as first quarter sales are reported to be slow, the shares' performance is likely to be pedestrian Though capex is planned at R1,6m (1977· R3,9m), it will be difficult to maintain the dividend especially if additional stocks have to be financed On this basis a dividend cut to 40c could be on the cards with a possible interim of 15c. They are only for investors looking to the end of the recession

Jim Jones

217 14/4/78 FM

Gail Pemberton

SAMANCOR 217 FM 14/4/78

The screws tighten

Activities: *Produces manganese in NW Cape and chrome in the Transvaal Metals and ferro-alloy production includes high carbon ferro-manganese, ferro chrome and ferro-silicon Chemicals division produces phosphoric acid, fertiliser and electrodes. Iscor, directly and indirectly, holds about 45% of the equity.*

Chairman: *F H Y Bamford; chief executive. Dr J P Kearney.*

Capital structure: *27,7m ordinaries of 20c; 7m 10% cum red prefs of R1. Market capitalisation· R141,4m.*

Financial: *Year to December 31 1977. Borrowings· long and medium term, R19,8m, net short term, R22,4m. Debt·equity ratio. 27,6% Current ratio. 2,3 Capital commitments· R29m*

Share market: *Price· 510c (1977-78: high, 830c, low, 480c, trading volume last quarter, 280 000 shares). Yields: 25,6% on earnings, 12,7% on dividend Cover. 2,0 PE ratio· 3,9.*

	'74	'75	'76	'77
Manganese ore produced (000t)	2 810	3 795	3 566	—
Turnover (Rm)	52 4	149,3	221,3	194,2
Pre-tax profit (Rm)	26 4	68 8	94,1	61 2
Earnings (c)	68 8	135 8	188,8	130,6
Dividends (c)	35	50	65	65
Net asset value (c)	157	395	512	584

It may be no more than coincidence, but after a year of declining activity and with no sign of a let up for the current year, there is no divisional turnover breakdown (only of profits) nor any indicating ore production levels

The report has little encouraging to say Manganese and chrome ore production are to be curtailed further until demand improves No details of what this might mean to turnover and profits are given

Mining remains the backbone of operations and contributed R41,9m (69,2%) to operating profit before tax. But the level is unlikely to be maintained during the current year. Opencast mining at Hotazel has ceased, Mamatwan's production has been cut back and development at Wessels has been delayed. Work on the new Moomooi chrome mine has been delayed though it will produce at well below capacity this year

Ferro-alloys contributed R17,4m to pre-tax profit, R10,4m down on the preceding year, as ferro-manganese and ferro-chrome furnaces were closed down. The new 75MVA ferro-manganese furnace at the Meyerton works is being completed, but will only be brought to production when the market recovers.

Production cut-backs were necessary to reduce ferro-alloy inventories. With year-end stocks of R83m (1976.R63m), production should be well below sales this year. But stock reductions will presumably be first applied to cutting the bank overdrafts of R25,1m (R906 000) and this year's profits should be lower than in 1977.

As far as recovery is concerned, retiring chairman Fred Bamford is not encouraging. Consumers have little incentive to add to ore stocks, chrome alloys are still threatened by further moves to impose duties in the US and European manganese alloy producers are working towards protecting their own already weak positions. It points to Samancor being under pressure for the whole of this year and probably well into 1979

This year planned capex has been cut back to R20m. But with anticipated lower earnings, if there is any move to restore historic dividend cover levels, a dividend cut would be inevitable. At this stage it is difficult to predict the likely payout, as an upturn later in 1978 could alter the picture, but a cut to 50c could be on the cards putting the shares on a prospective 9,8% yield. The shares are not suited to investors with near-term objectives, but investment on a two to three year view should be rewarding.

Jim Jones

ASSOCIATED MANGANESE

Little attraction

(217) FM 14/4/78

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: *R105m.*

Financial: *Year to December 31 1977. Borrowings: long and medium term, R2,6m; net short term R4,0m. Current ratio 2,4 Capital commitments R11,1m*

Share market *Price 2 950c (1977-78 high, 3 315c, low, 2 300c, trading volume last quarter, 9 000 shares) Yields 16,4% on earnings, 3,6% on dividend Cover 1,6 PE ratio 6,1*

	'74	'75	76	'77
Ore sales (000t)				
Manganese	1 939	1 821	1 696	1 638
Iron	810	600	754	556
Turnover (Rm)	54 8	61 8	87 6	83 2
Pre tax profit (Rm)	10 1	14 6	30 4	21 3
Earnings (c)	215	283	520	485
Dividend (c)	41	90	120	105

Manganese ore sales declined for the third successive year, though only by a marginal 3,4% The major downturns were in iron ore and ferro-alloys

The drop in tonnages and price of ferro chrome despatched was particularly great Ferro alloy turnover was 22,4% down at R26,4m with no sign of any near term improvement Output from some of the smaller furnaces has been suspended as a means of controlling stocks

Ferro chrome sales, particularly, have been hit both by slack demand by overseas consumers and excess productive capacity as new facilities came on stream elsewhere in the country The ferrochrome market is fast reaching a stage at which SA producers, as the dominant force in the world will have to reach a market sharing agreement

In ferro manganese the picture is only marginally brighter There is overcapacity, but there have not been the quantum production increases that ferrochrome producers faced in 1977

On the mining side, expansion at the Beeshoek mine to service the US Steel contract has been slowed because of depressed market conditions Presumably this will not result in any problems in repaying the US Steel loan which is tied to deliveries

The smaller manganese mines, where reserves are almost depleted, are being replaced by larger mines How soon this additional capacity can be turned to account will clearly depend on the world steel industry Consumers are highly resistant to price increases and continue de-stocking

The indications are of lower turnover and profits during the current year Chairman Basil Hersov is unable to forecast the company's likely results But with near completion of the ferro-alloy expansion programme, planned capex is slated to drop to R8m (1977 R18,7m). Most is to be spent on mining assets, in particular on iron ore facilities for the US Steel contract

Though substantially lower capex is planned, there seems little prospect of dividends increasing until all operations are at full capacity The yield is unattractive and at current levels the share is overpriced

Jim Jones

[illegible] exports [illegible] up

By ADAM PAYNE

A DROP in chrysotile and Cape blue asbestos exports and a rise in antimony export sales are features of the January returns of minerals output and exports, issued by the Minerals Bureau.

Cape blue (crocidolite) exports totalled R6 478 000 compared with R10 259 000 in December.

Chrysotile exports were R511 907 or only a third of the figure in December of R1 613 060.

The figures bear out the statements of asbestos-mining companies that sales build up at the year-end before the price rise in January which is usually a slack month.

Looking further back at chrysotile exports — in November they were R1 367 000, in October R1 521 000 and in September R1 406 000.

Cape blue exports which were in the R6-million range in January were R7 521 000 in November, R6 931 000 in October and R5 639 000 in September. Therefore the January figure compares favourably with those towards the end of last year.

Antimony which is exported by Consolidated Murchison, put up a better performance in January than in December with the value of exports at R1 511 000 (R154 239).

Chrome exports were higher in January at R5 327 000 (R4 729 000) but copper was down at R9 760 000 (R15 903 000).

Iron-ore exports rose from 11-million tons to 19-million tons and manganese (30-40%) was up R1-million at R5-million. But there was a decrease in the highest-grade manganese (over 45%) from R2 671 000 to R1 646 000.

Miscellaneous sales which include platinum and uranium, were steady at R47-million — R1-million higher than in December.

Brighter outlook

Prospects for base metals are starting to look less gloomy than they have for many months. Smelter and mine cutbacks are starting to improve sentiment and have been enough to prompt, for example, European zinc producers to lift quoted prices to $600/t. There are no sales at this level, discounts take care of that. But even with this week's drops, LME prices are well above their recent lows.

Compared with 1977/78 lows (in parentheses) LME cash prices are currently:

Copper	£693,50	([illegible])
Tin	[illegible]	([illegible])
Lead	£301,50	([illegible])
Zinc	£287	([illegible])

There is still a long way to go [illegible] recovery can be said to be under way [illegible] influences such as proposed US General Services Administration (GSA) tin stockpile sales, could cause near-term setbacks.

Rooiberg: Cash LME tin prices are currently around R9 500/t equivalent, well above the International Tin Council's upper range intervention levels. So even with GSA sales, there is a long way to go before the price drops to the R8 000/t level on which Rooiberg has based this year's planning.

At this stage it seems there should be no difficulty at least maintaining last year's 185c dividend for a 17,9% prospective yield at the current 1 050c. But

much depends on tin price trends. There should be no shocks with grade and drilling and development sampling continue satisfactory.

In the near-term, establishment of a tin smelter could retard dividends. Experimental work to reduce the iron content of concentrates is in hand and preliminary thinking is for the establishment of a smelter to produce 3 000 t tin per year. It would mean treating some concentrates from other sources and the cost is probably about R6m in today's terms. Last year, Rooiberg's working profit was R9,5m and the 135c dividend absorbed R2,8m.

Union Tin: There is nothing new on development of the new K lode. But if the tin price holds, the mine's estimate that underground production will start tailing off in 1979 could err on the side of pessimism.

Shipping delays held up sales in the first quarter, which should be rectified this quarter. Capex this year will be comparatively low so last year's 16c total dividend could just be maintained. At 65c, the shares are 5c down on publication of the first quarter's results. At this level they are only for the optimists and there could be considerable downside potential if GSA sales chop the LME tin price.

Cons Murchison: The market approved of the mine's first quarter profit turnround and initially lifted the shares 30c to 430c. But near-term, there could be more downside potential. Mining problems at the new Athens shaft reduced first quarter mill throughput and recovery grade, though there should be some recovery this quarter.

However, there seems to be little prospect of any meaningful market improvement for most of this year. Concentrate prices are at best holding steady and customers tied to the crude oxide plant have, for the first time, planned to lower their offtake. Rather than run the plant at two-thirds capacity for the whole year, it will be closed down during May-July. It should mean that oxide plant costs do not go out of sight.

First orders for plant for the fifth oxide production line have been placed and construction should start later in the year, hopefully for completion when the market is on a stronger tack.

So this quarter, sales will probably be down on the first and production higher. Because of the mine's accounting method whereby costs are offset against revenue as incurred, this quarter's profit picture could be dismal. And with R858 000 remaining capex this year, a passed interim seems to be on the cards.

In addition, at Wednesday's agm, chairman Tony Dalton Brown pointed out that the ore reserve position was under threat because of cost escalation and low prices.

There could be better buying opportunities over the next few months which might attract investors looking for eventual sales from stockpile but timing will be critical.

Jim Jones

Financial Mail April 21 1978

Sun. Trib Finance 23/4/78

(217)

Tin glistens as other metals lose the shine

THE ONE METAL to come through the world recession riding high wide and handsome is tin, and the shares of producing companies have also done extremely well

The current metal price is down from its peak of last year but indictations are that it will move up again even though international trade conditions do not point to a marked recovery

Tin is a high-ranking strategic metal, and supply cannot keep up with demand It is estimated that last year the shortfall of newly mined metal was 15 000 tons below requirements

The situation is confused at the moment by US dithering over stockpile releases, but when this does come about, the dampening effect is not expected to be of long duration

South Africa does not rank as a major source but has been in the business for many years, though until the present decade it was a high risk operation This not only arose from an often chaotic metal market but great difficulties in developing reserves of any significance

In the boom times of 25 years or more ago, tin companies mushroomed, based on small scattered occurrencies With some the only lode exploited was the willingness of the public to buy handsomely engraved share certificates

For Rooiberg minerals, the biggest of the three existing mines, a change came about with detailed studies by Gold Fields geologists into the factors controlling mineralisation

From these a far clearer idea emerged of where ore was likely to be found, though this provides no automatic guarantee of payability

The outcome of this has been that indicated ore reserves have been established approximating those of a gold mine.

With the management thus able to look forward with confidence to an appreciable operating life coupled with the much improved earnings flowing from the higher metal price Rooiberg is no longer a high risk category.

The other undertaking in the GFSA stable is Union Tin in the Naboomspruit area. It is a much smaller operation treating lower grade material, recovering 230 tons last year

With mineralisation being different to that at Rooiberg, the demarcation of new lodes is much more difficult presenting a picture of a hand to mouth existence However, the view persists that there is still a lot of tin awaiting finding in the area

The third producer is Zaaiplaats

Like Union it has reserve problems but it owns a large area yet to be exploited Grade is low but hopes exist of an improvement through an accelerated development programme now in progress A start is also being made with the treatment of old tailings.

Rapport 23/4/78

(217)

PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die kwartaal geëindig 31 Maart 1978

Aan die aandeelhouers,
Die direkteure lê die volgende verslag vir die kwartaal geeindig 31 Maart 1978 voor:

PRODUKSIE EN VERKOPE
(Metrieke ton)

	Kwartaal geëindig 31 Maart 1978	Kwartaal geëindig 31 Maart 1977
Koper		
Produksie (Aantekening 1) . . .	**28 706**	24 501
Verkope	**27 994**	21 596
Erts gemaal	**6 762 613**	5 805 383
Gemiddelde kopergraad	**0,52%**	0,48%
Verkope van ander produkte		
Magnetiet (Aantekening 2) . .	**13 569**	56 730
Swawelsuur	**30 527**	24 417
Vermikuliet (Aantekening 3) . .	**63 008**	26 926

AANTEKENINGE:

1. Sedert die voltooiing van die uitbreiding van die affinaderytenkhuis word die maatskappy se hele koperproduksie geaffineer. Om hierdie rede is die produksie van 1977 en 1978 as katodes getoon, in plaas van as anodes soos in die verlede.
   Die bykomende tonnemaat koper wat in die eerste drie maande van 1978 geproduseer is, is hoofsaaklik afkomstig van die vergrote myn- en aanleggeriewe wat ontwerp is om 'n bykomende 30 000 ton koper per jaar te produseer. Alhoewel probleme ondervind is met die nuwe outogene meulens wat deel van die uitbreiding vorm, was hulle in staat om gedurende die tydperke waarin hulle nie gesluit was vir gereelde inspeksie en herstelwerk aan die meulrompe nie teen ontwerpvermoe te werk.
   Vervangingsrompe is ontwerp en word vervaardig vir installering laat in 1978 en vroeg in 1979.
   Die koperproduksie vir die kwartaal tot 31 Maart 1978 sluit 37 metrieke ton (1977: 677 metrieke ton) in wat van buitebronne gekoop is.
2. Magnetietverkope is nadelig getref deur die tydelike sluiting van die massahanteringsgeriewe by Maputo, Mosambiek, vir belangrike herstelwerk sowel as deur 'n tekort aan spoorwegtrokke om die materiaal na daardie hawe te vervoer.
3. In die eerste kwartaal van 1977 was daar 'n aansienlike toename in die vraag na vermikuliet, vergeleke met die vorige jaar, en verkope is gedurende hierdie tydperk verder verhoog deur aflewering aan klante van 24 950 ton vermikuliet wat aan die einde van 1977 nog onderweg was.

Op las van die Direksie
RIO TINTO-BESTUURSDIENSTE
SUID-AFRIKA (EDMS) BEPERK
Sekretarisse
per: G. H. Edwards

Posbus 61140, Marshalltown
2107 Transvaal

20 April 1978

24/4/78 Star (217)

Metals facing a tough time

Anne Colley

The four main non-ferrous metals may be in for a rough ride in the short term. But inflation could well pull them out of their quagmire of sinking prices in the long run, says a Johannesburg firm of commodity brokers.

In its quarterly report, Commodity Brokers, predicts that the current oversupply situation, world economic malaise and a generally overbought situation could lead to a decline in copper, tin, lead and zinc prices over the next few months Some prices could even test previous lows.

But in the longer term, inflationary pressures — caused by mounting world liquidity — should boost metal prices substantially before deflationary forces come into play.

The company's analysis — with the inevitable charts — indicates that the fall in copper prices could well be inhibited by transport and production problems in Zambia and Zaire.

Bearish factors, however, will still set the trend and Commodity Brokers believes that the proposed American copper purchases for the US stockpile will be too small to affect the market materially.

HAZARDOUS

The report describes the tin market as "hazardous" The fundamentals are sound but without fresh news from the International Council on proposed increases to the buffer stock price range or from the US on possible releases from its tin stockpile, the market is likely to follow a downward drift — interspersed with brief rallies.

Lead production looks set set to outpace consumption over the next ten years. In the shorter term the large amounts of scrap metal available, coupled with a traditional slacking off of consumer demand during the summer vacations is likely to push prices lower

Zinc consumption is expected to fall along with the depression in the steel, shipbuilding and motor industries. And as zinc is a fringe metal following the trend set by the rest of the base metals, it too is likely to slide in the short term.

Business Mercury

Palabora Co lowers div

(217)

27/4/78

Mercury Correspondent

JOHANNESBURG — Palabora Mining Company has reduced its first interim divident to 12,5c from last year's comparable payment of 15c. The lower dividend properly reflects the continuing weakness in the copper price, now showing signs of some recovery.

It also reflects problems being experienced by the company's two autogenous mills which were part of the expansion programme aimed at boosting production by 30 000 tons of copper year.

Announcing the dividend reduction at the annual meeting in Johannesburg yesterday, the chairman, Mr. G. A. Macmillan, told shareholders that the two mills had been operated at their rated capacity during the current year to date, but warned that it is not known whether this position can be maintained until the necessary replacement shells for the mills have been installed.

During 1977, problems with the mill shells resulted in lost production of about 6 600 tons of copper and added about R41 a ton to costs.

New shells

During the same time, the total dividend paid was 45c compared with 70c in 1976.

Mr. Macmillan told shareholders that due to delays, the manufacture of the new shells has not yet started and shipment of the new mills can now only be expected in January and February next year.

If these shipment dates cannot be improved upon, this means that we are at risk on the present mills for a further 12 months and that the change-out to install the two new mills will probably take place during the second quarter of 1979, with the result that the total loss of copper production arising from this change-out will all fall in the 1979 financial year.

BOTREST (217) FM 28/4/78

Anglo's albatross

"Without significant increases in metal prices BCL is forecast to incur substantial operating losses throughout 1978"

Thus the Botrest directors in their latest report. It is nothing new, but after the recent capital restructuring (*Fox*, March 24) just what is needed for viability to be achieved?

In 1977, on P68,54m turnover (1976: P64,0m) (P=R1,05) an operating loss of P3,88m (P324 000 profit) was recorded. Production recovered in the second half and the level should be maintained this year, meaning an output of 38 600 t of nickel/copper matte. But taking a line through present metal prices, the new royalty agreement, which gives Botswana 3% of revenue, and further cost increases, the minimum operating loss that can be expected is P5m.

Replacement of P75m of major shareholders' loans by 10% cum red prefs should reduce the interest bill from 1977's P27,8m. But it will only be to around P21m of which over half will be to outside lenders. Then, it should be remembered, the arrear pref dividends will be building up off balance sheet. Simply to break even and pay interest in full requires nickel to average \$3/lb and copper £1 400 compared with current prices of less than \$2 and £676 respectively.

Botrest's directors go along with the rest of the world in saying "no significant increases in the nickel and copper prices can be foreseen in 1978."

Phase I of the project is completed, so principal shareholders, Amax and the Anglo group, are off that hook. But capex of P22m on Phase II, which involves establishment of the Selebi underground mine, has to be funded through 1980 and there is a further P7,3m to be provided for pollution control measures.

So barring a major turnround in metal prices next year and excluding interest on shareholders' loans, the principal shareholders look like having to put up a further P62m over the next two years.

Ore reserves have increased marginally to 44,2 Mt grading 1,06% nickel and 1,17% copper and there are indications of a possible northern extension of the Selebi orebody. Selebi's nickel is lower grade and its copper higher than Pikwe's. So, if the present ratio between nickel and copper prices holds, average revenue per ton milled will be lower in 1980 when Selebi comes on stream than would be the case if all the ore came from Pikwe.

The latest ore reserve estimate gives the operation a life of over 20 years at the planned full annual production rate of 2 Mt. Even so there is little chance of the principal shareholders recouping their investment and loans.

The shares are currently at 22c. That is as good a selling level as any but the only buyers are in Paris and Brussels.

Jim Jones

The Natal Mercury, 3/5/78

217

Platinum in demand

Mercury Correspondent

LONDON — The platinum market has outperformed gold over the past week and dealers report good consumer demand, especially from Japan. Supplies are still tight and this is reflected in the backwardation — premium of spot and near prices over forward prices.

Normally forward prices are at a premium or contango over near prices because of storage costs and interest charges.

Interest rates have been rising in the United States and it was interesting to note than the London spot price of 211,75 was at a small premium over the July New York price.

According to London dealers, New York precious metals traders J. Aron have been buying platinum forward One theory is that the American firm had already sold forward on the assumption that they would have a Russian contract.

But there is still a shortage of supplies from the Soviet Union and some London dealers believe that J. Aron has been forced to buy back the metal.

These theories have not been confirmed by the New York precious metals firm.

Meanwhile, in its annual review of precious metals, J. Aron estimates that the decline in Soviet supply to the Western world last year, was not huge.

The firm estimates that Russian sales fell to 150 000 ounces.

Nevertheless the fall had a powerful impact on the market because the drop in Soviet supply was concentrated in the second half of the year; also other producers were beginning to trim output and finally speculators were unusually bullish about precious metals.

Platinum firm on consumer demand

KDM (217)
3/5/78

By NEIL BEHRMANN

LONDON. — The platinum market has outperformed gold over the past week. Dealers report good consumer demand, especially from Japan.

Supplies are still tight, and this is reflected in the backwardation — premium of spot and near prices over forward prices. Normally, forward prices are at a premium, or contango, over near prices because of storage costs and interest charges

Interest rates have been rising in the United States and the London spot priced of $211,75 is at a small premium over the July New York price.

According to London dealers, New York precious metals traders J Aron have been buying platinum forward. One theory is that the American firm sold forward on the assumption that it would have a Russian contract. But there is still a shortage of supplies from the Soviet Union and some London dealers believe that J Aron has been forced to buy back. These theories have not been confirmed by J Aron.

In its annual review of precious metals, J Aron estimates that the decline in Soviet supply to the Western world last year was not huge The firm estimates that Russian sales fell by 100 000 to 150 000 ounces.

Nevertheless, the fall had a powerful impact on the market because the drop was concentrated in the second half of the year when other producers were trimming output. Speculators were unusually bullish about precious metals Late in 1977, many industrial users had depleted their inventories and stepped up precautionary buying.

J Aron calculates that last year world mine and scrap production was 2 850 000 oz and demand was 2 770 000 oz.

Depending on cutbacks, resumption of Russian sales and the decisions of the South African producers, J Aron estimates that production could range between 2 750 000 oz to 2 900 000 oz thisyear compared with demand of 2 860 000 oz

The firm forcasts that Japanese jewellery demand will fall from 775 000 oz in 1977 to 735 000 oz. This is sharply lower than the Japanese jewellery absorption of 836 000 oz in 1976. But an increase in motor, chemical and other industrial demand in Japan could mean total Japanese consumption falling from 1 900 000 oz to 1 060 000 oz this year.

United States demand should rise from 800 000 oz last year to 900 000 oz this year.

J Aron believes South African producers will rescind output cuts, and if the demand "and price picture remains encouraging, will boost output significantly by year-end 1978."

It says a feature of the market hass been strong buying interest by industrial users, influenced by worries over future supplies But on the whole, J Aron expects industrial demand to increase modestly in 1978.

Exclusive of any United States stockpile purchases, J Aron does not see bouyant platinum demand this year.

"The supply picture remains quite extraordinary — perhaps comparable to a strike situation whose duration is unknown.

"If it ends quickly, then the market may recede to a more normal level."

But if the shortage persists — and there is still no sign that it is over — then there will be a "high-voltage influence on the platinum price"

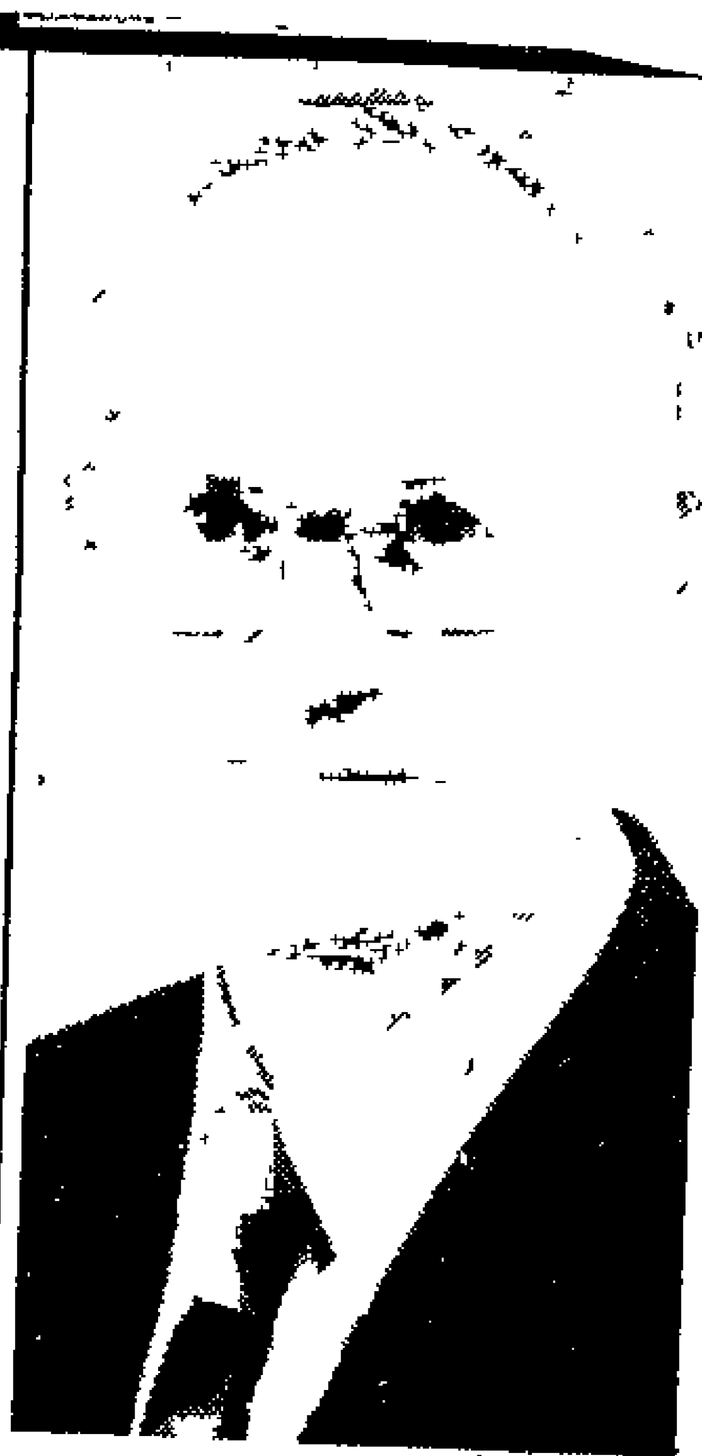
Stockbrokers Panmure Gordon & Co expect greater demand in 1978.

The platinum price has not risen excessively in yen terms, so Japanese buying should be reasonably firm

Motor-car catalysts should continue to take increasing amounts of platinum group metals as the more stringent emission standards are enforced. The firm estimates that South African platinum capacity will be only moderately higher in 1980 than current levels.

Consequently, tightness can be expected in the markets in the early 1980s and prices are likely to show significant increases.

"By the year 2000, Rustenburg Platinum Mine will be the only Western world producer of any significance," it predicts.



MR DAVID L FROST has been appointed regional property manager of Old Mutual in Johannesburg.

Copper industry taken to task for blunders

217

SUN EXP, 9/5/78

THE doyen of the copper mining industry, Sir Ronald Prain, has done what should have been done a long time ago — he has taken the nationalised copper industries of Africa to task for their blatant market blunders in recent years

Coming directly to the catastrophic state of the copper market, Sir Ronald says

"This is due to the failure of management — today largely in the hands of governments — which does not have the necessary knowledge and experience to run the business."

The copper market is complex, says Sir Ronald, and pragmatic treatment based on experience is needed to handle it — not theoretical solutions like huge buffer stocks, commodity agreements, and stabilisation schemes

He says experienced, skilled entrepreneurs would have read and acted on the early warning signals in the markets, cut production modestly, and avoided any big build-up of stock

Sunday Express Business Reporter

The market reacts responsibly to correctly timed production cuts, he says, and it is possible to improve revenue by producing less copper at higher prices

State participation in copper mining has engendered a sluggishness and unwillingness to take the initiative in production policy because of political considerations, employment problems, and other irrelevant considerations

By maintaining normal production, Zambia is actually losing out on foreign exchange, says Sir Ronald.

"Some mines are losing foreign exchange for their country on every ton of copper produced and sold abroad because of the high cost of expatriate labour, expensive rail and sea transport, insurances, marketing costs, fuel and equipment costs, and the heavy burden of interest on outstanding loans"

Investor confidence is also sagging in developing countries because some investors fear that the contractual terms between government and investor might easily change when the enterprises in which they are invested become profitable, says Sir Ronald

"It is ludicrous that there is now little profit in copper mining and that there are real prospects of a copper shortage in a few years' time"

It has taken a worldwide recession, generated by the quadrupling of the oil price, to drive home the lesson on copper and other base metals to developing countries, but there is no way of gauging whether it has been sufficiently digested

Botswana, Lesotho, and Namibia, when it gets its independence, are unlikely to risk anything with their diamond sales while the market is so tightly controlled by the Central Selling Organisation.

Similarly, with uranium, it would be foolish to try to muscle in on the sophisticated marketing techniques built up by the American and South African front-runners.

14/5/78

(217)

Banke in mynbou

DIE banke wat die konsortium gevorm het om 'n lening van R90 miljoen voor te skiet vir die ontwikkeling van die nuwe myn vir die ontginning van lood, koper, sink en silwer by Aggenys in „Noordwes-Kaapland teen 'n totale koste van R180 miljoen, is Barclays, Standard en Nedbank.

Dit is die eerste keer dat Nedbank op so 'n skaal aan 'n mynontwikkeling deelneem Soos reeds bekend, word die myn deur Goudvelde van Suid-Afrika en Phelps Dodge van Amerika ontwikkel. Goudvelde het die beherende aandeel van 51 persent in die nuwe myn

Nedbank se deelname aan hierdie projek is deur mnr. Rob Abrahamsen, senior hoofbestuurder van Nedbank, as „hoogs betekenisvol" bestempel Weens gesonde en bestendige groei deur die samesmeltings is Nedbank nou in 'n posisie om op 'n werklik groot skaal in die finansiering van mynbouprojekte deel te neem, het hy gesê

Die konsortium se lening sal oor 'n tydperk van twee jaar (1979 en 1980) toegestaan word en dit sal oor 'n periode van vyf jaar terugbetaal word, wat in 1985 sal eindig RAPPORT 14/5/78

Mercury

Platinum soaring

17/5/78 (217)

Mercury Correspondent

LONDON — Confirming the squeeze in the market the platinum price is soaring. Last week the metal was trading around 220 dollars and rose eight dollars in New York.

A week ago it was reported that there was an acute squeeze in the market. Last week the Japanese were buying from Rustenburg and Impala, but this week, still short of the metal the largest platinium consumer, was forced to buy on the free market.

Dealers also reported that the Russians were buying platinium in Zürich on Friday, indicating that the second largest producer is still having problems in meeting contracts.

Consumption

Dealers say that physical consumption is sound. In the first three months of the year the Japanese bought 285 000 ounces of platinum, compared with 230 000 ounces in the same period last year.

In 1977, Japanese consumption totalled 1,02 million and estimates put this year's consumption at 1,2 million ounces.

South African producers are still to step up sales. With gold firm yesterday, platinum dealers are expecting further appreciation.

fox

217) FM 19/5/78

TINUM SHARES

n the seesaw

... trading below Rustenburg and ...pala's $220 producer price last week, ...rt-term factors have pushed the Lon... free market platinum price to around ...43. In its wake, Rustenburg has been ...n up from 132c to the current 150c and ...re could be more to go near-term.

But the main question is whether cur...nt free market prices can be maintained ...d if there is scope for a further ...oducer price increase It was noticeable ...is week that there was a backwardation ...emium of the spot over the future ...ice) in platinum, with October platinum ... usually just a sign of short-term ...pply problems.

Most of this week's demand has come ...m New York with rumours that Rus...a is again buying physical platinum. To ...n extent the situation is self-feeding. ...ussia has been holding back its own ...etal in anticipation of minting platinum ...lympic coins.

There have also been rumours that ...ussian production has been in difficul...es. But while Russia has been out of the ...arket as a platinum supplier, it has con...nued selling the other platinum group ...etals, palladium and rhodium. It implies ...at the Russian platinum supply short...ll is largely because of internal require...ents and, by extension, that once its ...ockpile objectives are attained it will ...turn as a seller in the market.

At the same time, US consumers have ...en a tightness in the free market arising ...om Rustenburg's recent cut-back and ...wer by-product platinum production at ...anadian nickel mines as well as the lack ...Russian material. This has prompted ...em to opt for maximum contractual ...eliveries from their suppliers, including ...ussia. Russia has thus had to buy free ...arket metal to honour its contracts ...hile less metal has been available to the ...ee market from the major producers.

Rustenburg's cut-back was a short...ved affair. On an annualised basis it hit ...low of 890 000 oz in November from ...e pre-cut-back level of 1,07m oz. It ...lowed Rustenburg to reduce its pipe...ne. With Rustenburg's production ...rrently running at an annual rate of ...bout 950 000 oz there will be no ...mmediate impact on supplies. Part of the ...igher output will go into rebuilding the ...ipeline and additional supplies will only ...ach the market in a few months

The risk is that the improved supplies ...om Rustenburg will hit the market at ...e same time as Russia completes its stockpiling and returns as a seller

This is not to say that there is no further room for near term price improvements Total annual new platinum production is currently about 2,8M oz worldwide, of which a major part is sold under long-term contracts So there is as always considerable scope for speculative free market price moves

Rustenburg is watching the latest price movements closely Its current $220 producer price is at the low end of the range needed to fund it capex and cover its heavy debt repayment schedule So it could take any opportunity to hike its price. But Rustenburg cannot afford an increase to an unsustainable level A subsequent reduction could become self-feeding.

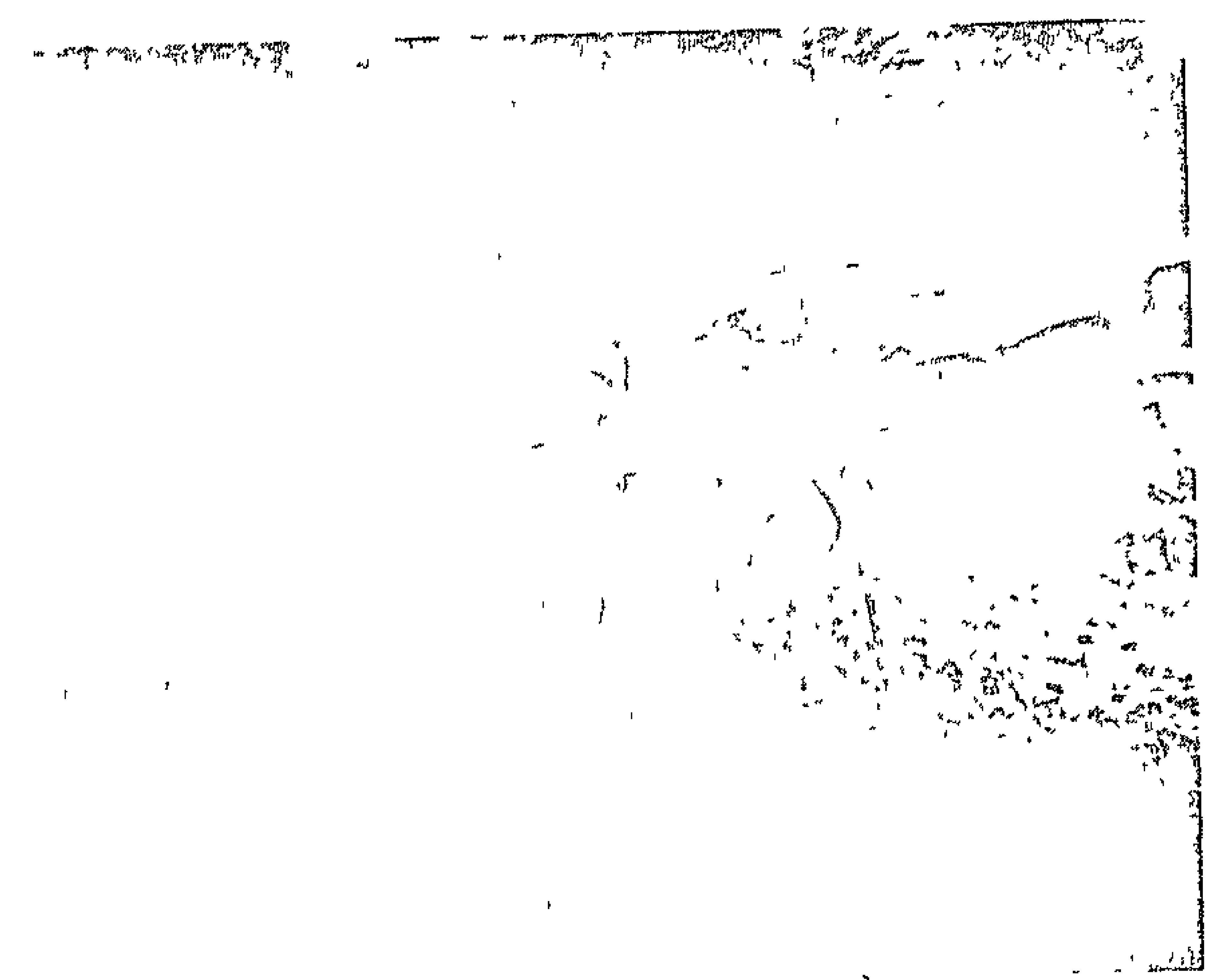
Negotiations aimed at improving the Ford contract, which I estimate is currently loss making, are in progress and some announcement should be possible late-June But any effect of a satisfactory re-negotiation on Rustenburg's earnings this year will be minimal And Ford is in a sufficiently strong position to be tough So prospects of a significant final dividend from Rustenburg after the passed interim are not bright

Current loan repayments could be rescheduled to improve the dividend paying potential But a move of this sort could be construed as short-sighted Rustenburg's prime objective on a longer view has to be to reduce its gearing as early as possible

At this stage the best that can be seen is a token final of about 2c to put the shares on a prospective 1,3% yield Unless the producer price is increased soon the shares remain unattractive on a medium-term view For short-term investors there could be attractions over the next few weeks, but timing of sales will be critical

Investors who want to be in platinums are best advised to opt for Bishopsgate Impala has declared an unchanged 20c third interim which translates to 2,07c per Bishopsgate Impala could pay a 25c final which will put Bishopsgate on a 6% prospective yield at the current 146c

Jim Jones



Underground at Rustenburg . getting output back to optimum

Financial Mail May 19 1978

CHROME (217) FM 19/5/78

Back to normal

After a storm in Europe over allegations that SA and Sweden have been dumping ferrochrome, SA's chrome trade with the Common Market countries is set to return to normal — or almost normal

Periodically SA comes under attack from some country or other for allegedly dumping primary products such as iron, steel and ferro-manganese But this was the first time it has been accused by EEC countries of dumping ferrochrome — this close on the heels of US claims that imports of SA chrome were injuring the American economy

SA's chrome trade with Europe might have suffered a serious setback at the hands of the West Germans, the French and the Italians had there not been some clever manoeuvring by the SA chrome producers

Last week the EEC set two days aside for hearing allegations that SA was selling chrome at between 40%-50% below cost

At the Brussels hearing, SA's delegation, ably led by Samancor's MD Piet Streicher, agreed that the SA producers were selling charge chrome for US 31,05c a lb, and low carbon chrome for US 53c a lb — but denied that this constituted dumping

According to Streicher, "the Europeans were trying to compare their costs with ours but they can't In most cases the Europeans have obsolete and inefficient plant, whereas SA has the most modern and sophisticated plant in the world They have higher transport costs because their ore has to be imported — whereas SA has about 80% of the world's known chrome reserves — dearer electricity and more expensive coking coal"

Streicher realised, however, that "nothing would be achieved by proving that we are not dumping our chrome — the EEC would simply accuse SA of causing injury to its economy as America did, and you can hardly disprove that

"Allowing that the ECC is master in its own home and can therefore wrongly or rightly impose anti-dumping measures against SA chrome producers at will, we opted for the self imposition of constraint on our European exports"

The ECC has agreed, with the proviso that SA exports to the EEC do not exceed last year's 158 500 t

At a meeting on Monday the SA ferrochrome producers — Ferrometals (Samancor), Middel Steel and Alloys, Ferro Alloys, Chrome Metalisation Industries and Tubatse — agreed to play ball

Streicher points out that some balking at SA exports of chrome was to be expected due to the expansion of the production capacity of primary chrome producers all over the world in 1974 and 1975

Samancor's Streicher . . . a good job in Brussels

Joseph Rubbi - 8, 9.	2	82				
L.T.A. Construction - 47, 48.			2	112	2	112
Murray & Stewart C.T.	5	200	16	664	21	864
Paramount Construction - 6, 7.	2	82			2	82
Railway Construction - 1 to 3.	3	130			3	130
R.H. Morris 50 to 52.			3	120	3	120
		50			1	50
		50	2	82	3	132
		50			1	50
		50			1	50
		204			4	204
		50			1	50
		2020	83	1452	127	3472

. The number of bunks actually in each dormitory differs number of bunks in its turn does not indicate how many bunks are

, 43, 46, 53, 57.

In spite of soaring price . . .

Plat output unlikely to be raised

STAR 22/5/78

(217)

South African platinum producers are unlikely to raise production following sharply higher prices for the metal, according to mining sources.

Last week the price of platinum soared as speculators, who had sold short, were caught in a bear squeeze. At mid-week the metal shot up 14 dollars to 243 dollars an ounce. Later it rose higher still, crashing the 250 dollar barrier.

But by the end of the week, though, it had slipped back to around 247 dollars.

Reuters reports that among the clouds which hovered over the platinum market were

- The intentions of the South African producers — whether or not they would stick to production cutbacks of between 10 and 20 percent.
- The intention of the Russians, who recently have been buyers — not sellers — of the metal
- The likely size of the market. Consumption in the US rose by some 60 000 ounces to around 290 000 ounces in the first quarter this year

At least one of these doubts is now partially lifted with news that the South African producers are unlikely to raise output, although Rustenburg Platinum Mines will probably raise output by a modest extent

The mine is restoring production to around one million ounces, the level at which it was operating last November, says Reuter

But it will not be selling more. It has been selling from the stockpile

Sources differ as to which level the market price might stabilise at, and thus the future outlook for the producer price

One expects the market price will revert to a level of about 220 dollars or just above, negating any further producer price rise this year

Another however, forecasts a rise in the producer price to 250 dollars an ounce by the end of the year

Platinum, with its strategic value, has so far not experienced an increase in price commensurate with that of gold, and this can justifiably be expected, he said

Sources agreed Rustenburg will need a "much higher" producers price than the present 220 dollars to enable it to place its operation on a sound basis and contemplate future expansion

A major factor determining future market performance and hence producer price levels remains the question of USSR supplies, which are presently restricted

R 16:

A	NYANGA		L
%	No.		%
42,1	2 404		44,6
57,9	3 118		55,4
91,6	10 782		73,3
8,4	3 118		26,7
:1	3,5		:1

ciation but before interest against the latest R1,47m with mining's contribution a similar amount. After interest and tax, the first half's R2,5m loss should be more than recouped

The shares have risen 22c on the week to 157c in the wake of higher copper prices and there could be more to go if Zaire's output is interrupted for any length of time. There is still some doubt overhanging a final dividend unlikely to be more than nominal The shares remain a recovery stock — but recovery is under way.

Jim Jo

ON FIGURES

Overall	Langa
Employers Organisations	3 472
Board Accommodation	20 748
TOTAL	24 220
BREAKDOWN	
Dormitory Sheds	3 472
Hostels	15 776
Flats, Special Quarters, Family Units	2 100
Barracks	2 872
TOTAL SINGLE MEN IN TOWNSHIPS	24 220
TOTAL SINGLE MEN OUTSIDE TOWNSHIPS	
TOTAL SINGLE MEN LEGALLY IN PENINSULA	
TOTAL PERSONS LIVING AS FAMILIES IN TOWNSHIPS	7 493
TOTAL LEGAL POPULATION IN TOWNSHIPS	31 713

Note: Approximately 100 000 people live 'ille here without formal permission.

CHAPTER 2.

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MESSINA 217 FM 26/5/78

Recovery under way

Messina is not out of the woods yet but it is beginning to look as if it could be on its way And with management making encouraging noises, turnover soared from a normal daily level of 6 000 shares to 61 000 on Monday.

During the first half, copper prices averaged about £50/t less than in the preceding six months and the Messina mine slipped into the red to the tune of about R0,5m at the operating level. Its smelter was closed for three months which enabled part of the copper stockpile to be worked off despite lower overall copper sales of 16 395 t (six months to September 30 1977 18 060 t). Consequently concentrate stocks rose and to make both halves of this year more nearly comparable, they have been brought into account for the first time to increase group mining profits by around R2m.

But with copper currently at £740 following the Kolwezi disturbances and likely to stay at above £700 with the bulk of Zaire's output disrupted, Messina mine should revert to profitable operations this half year At the same time Mangula's profit should be substantially better than the first half's Rh$898 000. Between Rh$2,5m-3,0m was the aim, before Kolwezi had hit the headlines.

On the industrial side, loss-making Leason-Afmec has been sold to Johnson Crane Hire at a R2,5m book loss. Full provision had been made in the 1977 accounts against a possible loss and the effect on Messina's industrial profits this half will be no repetition of the first half's loss of R0,5m in Leason-Afmec.

Industrial troubles

Next in line for improvement is Steelmobile with its R2m first-half loss. Most losses occurred in the first five months and the effort now is to maintain sales at the March/April rate. For the current half Steelmobile will probably not make a contribution to profits, but at least the losses should be stopped.

But the Safmarine container contract expires at the end of the year and continuation of operations at Steelmobile depends on new contracts. If they are not forthcoming, Steelmobile's major asset, its buildings, could be put to alternative use

Premier's performance is unlikely to show any meaningful improvement until the construction industry recovers

Datsun's market has improved with its new models but it is open to question whether this motor manufacturer can increase its contribution to group cash flow Capex has risen with the need to re-tool for the new models and the new paint shop has to be completed this half. Next year Datsun starts repaying its term loans which will be a further constraint on cash flow contribution.

It is difficult to quantify precisely what effect all these factors will have on second half profits especially as much depends on copper price trends after Kolwezi But the industrial interests could easily kick in with over R5m after depre-

e

Copper price will continue to rise in spite of stocks

STAR 26/5/78 (217)

LONDON — World copper prices will continue to rise Mr Robert Perlman, managing director of Commodities Research Unit, told a conference here.

He said Zaire's copper production will be reduced to an annual rate of 100 000 tons, due to the combined effects of the recent conflict, the previously announced 13 percent cutback, and production difficulties due to transport and staff shortages, from the nominal capacity of some 575 000 tons.

It would be wrong to think the high level of world stocks of refined copper still overhanging the market makes this interruption of supplies unimportant, he said.

The present tightness of supply for concentrates and unrefined copper would have continued, even without the troubles in Zaire, he added.

He noted the problem in the worst affected non-ferrous metals is essentially one of cyclical adjustment, in contrast to the structural problems facing the world's steel industry. — Reuter.

RDM 29/5/78 (217)

Copper price jumps 10 pc after Zaire

By NEIL BEHRMANN

LONDON — In a mere fortnight of the Zaire explosion the cash copper price has jumped 10% from £695 to £771.

Initially, the market failed to appreciate the significance of the situation, especially with the Zambian political and economic situation looking none too happy

According to Commodity Research Unit the world copper surplus before the Zaire troubles was estimated at 2 100 000 tons

And the overall view in the market is that if the situation continues — foreign engineers are understandably reluctant to return to the mines — annual output from Zaire could fall by 300 000 tons

On the face of it this appears to be a mere dent in the surplus. But according to Commodities Research Unit both copper concentrate and copper blister are in short supply and will be needed from new production

The real stockpiles are thus represented by London Metal changes of 540 000 tons — down from 650 000 tons — and Comex stocks in New York at 180 000 tons

The effective stockpile before the invasion of Shaba province could thus be nearer 700 000 tons

The price was helped last week when the United States Senate Armed Service Sub-Committee recommended that 225 000 tons of copper be acquired for the Government's strategic stockpile

Apart from selling 35 000 tons of tin, the Bill provides for the sale of 15-million oz of silver, 4-million carats of industrial diamonds, 2 000 tons of asbestos, 1 500 tons of antimony, and other commodities

The surplus from the sale of these items would be used to buy copper and other strategic metals With Comex prices rising, American copper producers raised their prices

The market believes that supplies will also tighten because of troubles in Peru.

Most speculators and commission houses have recommended purchases of copper

Stocks in the United States, Japan and Europe are fairly high, reflecting low order books especially among the big electrical companies in Europe

But some analysts remain cautious because European business conditions are weak, and anti-inflation measures in the United States could curb expansion there

As opposed to platinum which is a marginal market and crucially affected by supply shortages, the copper market depends heavily on demand to offset the surplus and potential increases in production

Kolwezi back in few weeks

PARIS. — Copper production in the Kolwezi region will resume in a few weeks' time, says Zaire's Ambassador to France, Mr E B Bokongo.

An assessment at Kolwezi by an international team showed damage to mine installations was only slight

He said the picture given by President Mobutu that Zaire output this year would fall to 150 000 tons from 450 000 tons to 480 000 tons should now be considered too pessimistic

He said the estimate announced by President Mobutu resulted from an assessment made on the spot in a warlike situation

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SOME large United States copper producers have raised their prices

Asarco Incorporated has increased the price by 2½c a lb to 66½c

Two other producers followed with price increases of 3c and 4c a lb on 64c from June 1

Zaire produces about 8% of the world's copper

Kennecott Sales Corporation has made a fundamental change in its pricing basis.

Its price on any one day for full plate electrolytic copper cathodes delivered to usual United States sites will be the current month's New York Comex [illegible] price of the previous day or trading season plus 2,5c a lb

This method is competitive with and comparable to the basis on which copper is sold by sources other than most United States domestic producers and eliminates Kennecott's problems associated with the dual pricing system.

The decision to stop using the traditional copper pricing system will have a far-reaching impact on the copper industry — from producer to fabricator

It will not only affect other producers with whom it competes, but its fabricating customers because they use the domestic producer price as a basis for their selling values

Kennecott's chairman, Mr Frank Milliken, expects fabricating customers to continue to base their selling prices on those of Kennecott, although they may not choose to change their values as often

"We don't anticipate any problem in that regard," he says

The decision will result in an increase of almost 3c a lb in Kennecott's price

Mr Milliken does not expect higher prices under the new system, which is designed to make the producer competitive with imported material

"We would have liked this to work out as a price reduction When we first started considering it we expected it to result in a price reduction"

The system has been under study for three years — since imports began to make inroads into the United States market — Reuter

Copper price soars 10 pc

217

Mercury Correspondent

30/5/78

LONDON — In a mere fortnight, since the Zaire crisis blew, the cash copper price soared 10 percent from £695 (R1 251) to £771 (R1 388). Initially, the market failed to appreciate the significance of the situation.

According to commodity research unit the worldwide copper surplus before the Zaire troubles was estimated at 2,1 million tons and the overall view in the market is that if the current situation continues with foreign engineers, understandably reluctant to return to the mines, annual output from Zaire could fall by some 300 000 tons.

On the face of it this appears to be a mere dent in the surplus. But both copper concentrate and copper blister are in short supply and will be needed from new production.

Stockpiles

The real stockpiles are thus represented by LME stocks, currently around 540 000 tons having already fallen from 650 000 tons and Comex stocks in New York at 180 000 tons. The effective stockpile before the invasion of the Shaba Province could thus be nearer 700 000 tons.

The market also rose when the U.S. Senate Armed Service Subcommittee recommended that 225 000 tons of copper be acquired for the Government's strategic stockpile.

Apart from selling 35 000 tons of tin, the Bill provides for the sale of 15 million ounces of silver, four million carats of industrial diamonds, 2 000 tons of asbestos, 1 500 tons of antimony and other commodities.

The surplus from the sale of these items would be used to buy copper and other strategic metals.

With Comex prices rising about producer prices, American copper producers raised their prices by 2,5 cents to 65,5 cents. With troubles in Peru, the market believes that supplies will tighten.

Zaïre pluk nou nagevolge

RAPPORT 4/6/78 ~~358~~ 217

LONDEN

Van Gielie de Kock

FRANKRYK en België het hul strydbyle begrawe en daar word nie meer verwyte oor en weer geslinger oor die ingryping in Zaïre nie Die Belgiese premier, mnr Leo Tindemans, het oenskynlik selfs weer vrede gemaak met pres Mobutu Maar nou steek die ekonomiese probleme die een na die ander kop uit as gevolg van die onlangse konflik in die Shaba-provinsie van Zaïre

Die prys van koper sal aanhou styg, het mnr Robert Perlman, besturende direkteur van die navorsingseenheid van handelsware, vandeesweek in Londen voorspel

Hy het op 'n internasionale kongres gesê dat die botsing in Shaba die wêreld se kopervoorraad onmiddellik met meer as 300 000 ton gesny het Produksie sal nog baie lank ontwrig wees Mnr Perlman sê die opbrengs sal waarskynlik verminder word tot 'n jaarlikse tempo van net bokant 100 000 ton vergeleke by die nominale kapasiteit van 575 000 ton

Voorts word ook in Londen berig dat Zaïre al sy buitelandse valutareserwes binne weke kan verloor indien 'n lening van 220 miljoen Amerikaanse dollar wat voor die inval oor onderhandel is, afspring Die onderhandelings vir die lenings is met 'n konsortium van Westerse banke, met die Citi Bank van Amerika aan die voorpunt, gedoen Dit was daarop gemik om 'n mate van internasionale vertroue in Zaïre se kredietwaardigheid te herstel

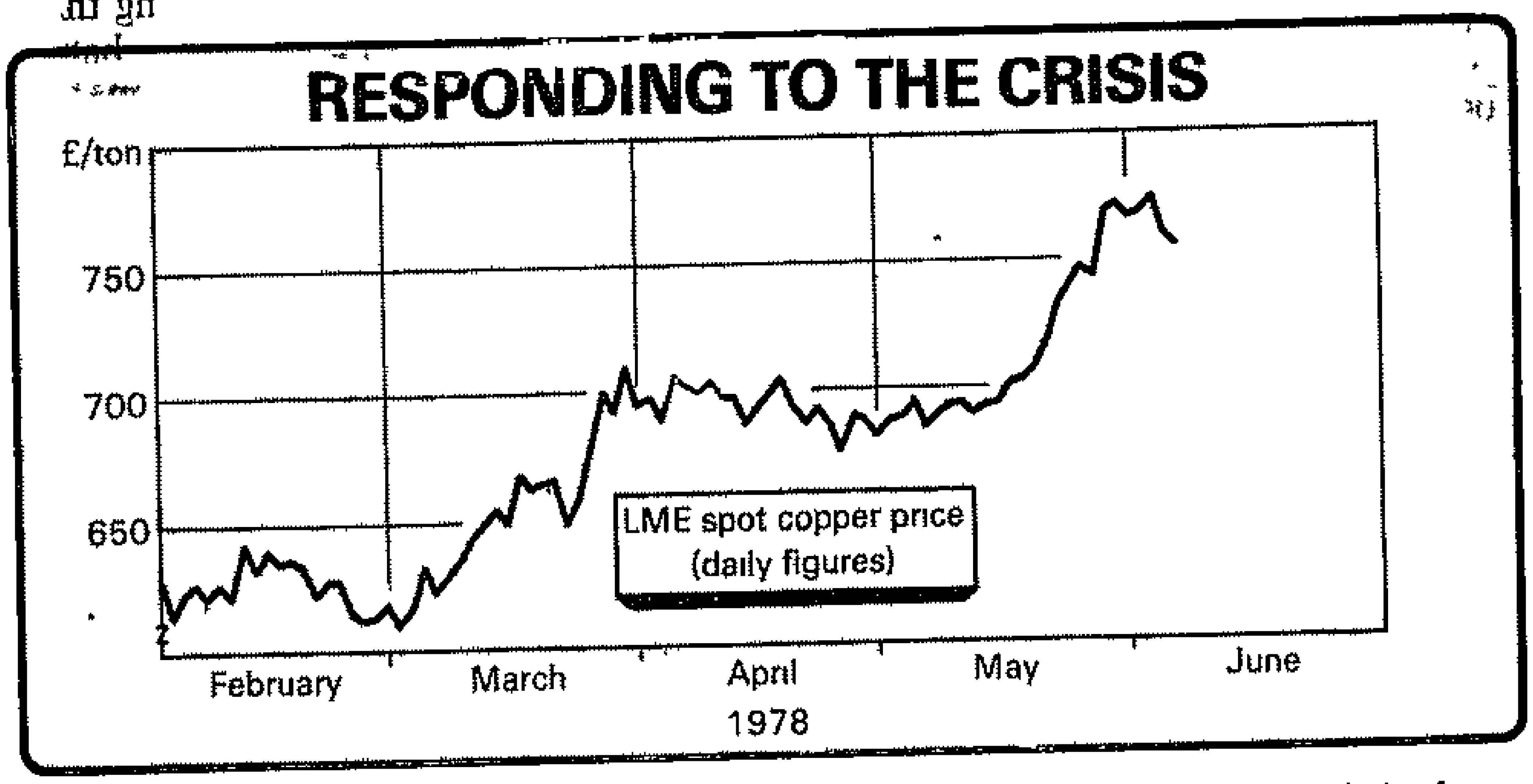
Die Shaba-provinsie lewer 60 persent van Zaïre se buitelandse verdienste uit sy koper. Weens die ontwrigting daar is dit vir Zaïre uiters noodsaaklik dat die beoogde lening nie in dié kritieke stadium deur die mat val nie.

COPPER (217) FM 9/6/78

After the Shaba disaster

A series of Western vested interests in Zaire's mineral-rich Shaba province may prevent a dramatic drop in copper production there this year President Mobutu has suggested that his country's production might drop to 150 000 t in 1978, compared with earlier forecasts approaching 480 000 t And the London-based consultancy, the Commodity Research Unit (CRU) is similarly suggesting that production over the coming year might be about 300 000 t down — roughly equivalent to a 5% decline in world supplies. However, some commodity traders and industry observers believe that for a series of reasons the interruption in copper supplies from Shaba could only be temporary.

One of the most important of these is that copper is mined in Shaba in association with cobalt (for every 100 t of copper, 6 t of cobalt are mined). While the Shaba attack has had a firming influence on copper prices, taking them up at one stage by almost £100 from around £710/t in mid-May, the effect on cobalt has been much greater. Zaire's cobalt supplies, all of which are processed at Société Générale des Minerais's Olen plant in Belgium, account for over 60% of the world's total. Significantly, the US does not have any domestic production and has to import an amount roughly equivalent to Zaire's annual output to feed her aircraft industry, where it is used to harden the fins on jet engines It is also used in a number of other areas, including the production of permanent magnets.



Force majeure

The cobalt market had been tightening considerably ahead of the invasion due to increased activity in the world's aircraft industry, a strike at SGM works and historically low production levels (in 1975, for example Zaire produced around 17 000 t compared to a pre-invasion annual rate of 10 000 t).

Consequently in early May SGM had to declare a 25% *force majeure* on deliveries. In the weeks prior to the attack free market prices firmed considerably above the Zaire producer price of $6,90/lb (subsequently raised to $8,50/lb) but when news of the invasion broke, prices exploded and are now around five times levels of a few weeks ago. Although there could still be some supplies in transit (mined before the invasion) world cobalt supplies have been severely hit and the merchant market in Europe is only thought to possess around 400 t, a level some say is partially attributable to heavy Soviet buying ahead of the invasion — a move some suggest illustrates Moscow had prior knowledge of the attack

Because of its great strategic importance some see cobalt as probably the main reason for the West's interest in helping to make Shaba more secure, but there are others. Zaire is currently $2 500m in debt, a good proportion of which is owed to Western commercial bankers. If Shaba is occupied Zaire's prime foreign exchange generating area will be lost and possibly with it the funds that bankers have injected into the country.

Additionally, on a political level, the West appears to have decided it has to take a stand against Cuban/Soviet involvement in Africa at some stage — and the time now seems to be most appropriate, especially given the economic importance of Shaba to the West.

Indications from a five-nation meeting in Paris earlier this week suggest that the West will be playing a primarily logistical role in helping to set in place African troops to defend the area but additionally they are thought to be considering a $75m aid package, a good proportion of which will be devoted to mining operations

Meanwhile, despite the flurry of Western interest, some sources are still far from optimistic about Shaba's mining performance in coming months A spokesman for the CRU told the *FM* "Several quite powerful interests are wanting to see Shaba back in action, but it still remains a question of the need to provide sufficiently secure conditions for white workers" In the absence of such conditions CRU is continuing to predict that copper production could be 300 000 t down over the next 12 months. Zaire has already declared a 50% *force majeure* on deliveries.

Although causing a price cutback of some £20 or so to the £770 level (three-month wire bars) reports earlier this week that Shaba copper mines were already back in action have been treated sceptically in London The report emanated from Kinshasa's official gazette and though relayed by a spokesman for Zaire's Brussels-based marketing organisation, Sozacom, was difficult for some traders to believe, as the new production level claimed of 13 000t/day is around 25% above that before the attack

Copper price performance in coming months will primarily depend on the success or otherwise of the operation to make Shaba secure, traders believed. If these are unsuccessful some suggest prices could exceed £1 000/t later in the year Conversely, given the world stock overhang of approaching 2 Mt (though LME stocks have declined by over 100 000 t since last year's high of around 650 000 t) a semblance of success, some traders believe, could mean copper prices will not change significantly from current levels

217

Rapport 18/6/78

Noordweste sal tot reg kom

IN 1976 het Suid-Afrika se uitvoer van basiese minerale die R1 000 miljoen-kerf die eerste keer verbygesteek. Toe was dit ongeveer 45 persent van ons goudproduksie. In die volgende dekade sal hierdie gaping steeds kleiner word, en die Departement van Mynwese raam dat hierdie uitvoer teen die jaar 2000 meer as R4 000 miljoen sal beloop.

Só het mnr. Kerneels Human, besturende direkteur en ondervoorsitter van Federale Volksbeleggings, vandeesweek op Upington in sy openingsrede op die RAPPORT-sakekursus gesê. Mnr. Human het 'n oorsig gegee van die minerale-potensiaal van die Noordweste en gesê onedel metale, waarvoor die Noordweste bekend is, sal nog eendag die hoofrol by goud moet oorneem.

Die Noordweste bied nog 'n uiters gunstige potensiaal vir verdere mineraleafsettings. Op die oomblik doen tien groot myngroepe geologiese ondersoeke daar.

Mnr. Human sê dit lyk sodra daar 'n opwaartse neiging kom in die prys van onedele metale, sal die Noordweste eindelik tot sy reg kom en 'n aansienlike bydrae tot die landsekonomie maak.

Tog moet 'n mens met die dinge steeds jou perspektief behou. Hoewel die tegniek van geologiese opnames in die jongste verlede aansienlik verbeter het, bly dit steeds so dat minerale ondergronds is. En daar wag baie fisiese onsekerhede in die ontginningsproses.

Maar dit is nie al onsekerhede nie. Die koste van krag, vervoer en arbeid het veral in die jare sewentig geweldig gestyg. Verder word die meeste minerale op wêreldmarkte geproduseer. Gevolglik is pryse afhanklik van die wêreldekonomie. En hier lyk die prentjie ongelukkig nie te rooskleurig nie.

Dit bring mee dat dit gewoonlik net die kapitaalkragtigste maatskappye met die nodige mynboukundigheid is wat ontginnings kan doen. Gewoonlik is hulle „buite"-maatskappye.

Hierdie maatskappye kan of van buite die streek wees of van die buiteland.

Maar dis ongelukkig nodig, want die kapitaalkoste van 'n groot myn kan in huidige omstandighede tussen R100 en R300 miljoen wees. En nadat die aanleg klaar is, kan dit maande of jare van probleme wees voordat alles glad loop en die aanleg winsgewend produseer.

Dan moet die produk nog bemark word in 'n wêreldmark van skommelende pryse. Dit neem derhalwe dikwels tien jaar van ernstige prospektasie totdat 'n wins gemaak word.

Dit spreek derhalwe vanself dat 'n entrepreneur, veral 'n buitelandse een, wat sulke risiko's neem, 'n beloning van geldelike en politieke stabiliteit verwag in die land waarin hy sulke klas geld belê.

Daar kan geen twyfel bestaan dat Suid-Afrika se ekonomiese toekoms grootliks sal afhang van sy vermoë om sy minerale doeltreffend te ontgin en te bemark nie. En, soos sake tans lyk, gaan Noord- en Noordwes-Kaapland 'n steeds belangriker rol in hierdie toekoms speel.

...nally, there a... Langa. The doc... this is not stri... 3-storey compoun... officials refer ... Langa accommodation divides between ... wooden buildings which Railway

TABLE 5.

ACCOMMODATION FOR ... THE TOWNSHIPS.

i)	SAR & H - Do...	1 719
	SAR & H - La...	2 315
	SAR & H - La...	2 000
	SA...	6 034
ii)	Other Licens... excluding wo...	2 672
	Other Licens... excluding wo... ...il)	3 804
	To...	6 476
	To... Li...	12 510

TABLE 6. POPULATION ... AND SEX

Townships		Women		Total %
All ages		36	58	100
Over 16		19	13	100
In and outside townships				
All ages		39	59	100
Over 16		24	97	100

ZINC

Heavy losses

FM 30/6/78

(217)

Slack industrial off-take, coupled with high world stocks totalling over 1 Mt, continue to bedevil the zinc market. But according to the EEC commission, this is a cyclical, as opposed to a structural, problem. Consequently the commission has come out against moves by US producers to attempt to restrict imports and also against suggestions by some producers that a zinc cartel arrangement should be established

Zinc market sentiment is thoroughly depressed, and with no sign of a take-off in the steel industry, a prime outlet for zinc where it is used in galvanising, three months LMF prices have trailed back from the year's highs of around £350/t at the end of May to around £312/t.

Although the EEC last week said it opposed US import restrictions, it is under pressure from its own zinc producers, who are currently losing around $2m a year, to introduce protective import measures. Current EEC zinc producer costs are around $200/t on average above producer prices of around $550.

The EEC has been endeavouring to formulate a joint position on zinc ahead of a special meeting of the lead and zinc study group in Vienna on July 3 to 5.

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[illegible] sincss generated by the [illegible] such a move has been [illegible] possibility of a tin con[illegible] showdown over floor and [illegible] price[illegible]

The ITC raised its [illegible] and ceiling prices to the [illegible] of 1 200 and 1 500 ringgits (Malaysian dollars) per picul (about 60 kg) in [illegible] 1977 but since then producers have been pushing unsuccessfully for increases to 1 400 and 1 700 ringgits respectively. Bolivia, the world's No 2, but highest cost producer, has been especially vociferous in demanding a change in order to underpin current relatively strong price levels. A ceiling of 1 700 ringgits would more or less equal current spot prices of around £6 700 t.

Bolivia has threatened before to withdraw from the ITC over pricing, but according to Brian Sheridan of metal merchants Philipp & [illegible]: "I would guess that they are more likely to walk out this time than at any other." Rudolf Wolff director Bruce [illegible] tends to agree [illegible] told the [illegible]: "This is probably the most critical meeting ever [illegible] people always [illegible] to say that but this time I think it is." One [illegible] that producers could break away and form their own cartel, though some believe that Malaysia, the world's chief producer, might be against such a move. In turn some suggest a breakaway by producers might encourage the US to drop its plans to release up to 30 000 t of GSA tin.

While traders are weighing these factors, they are also taking into account the possibility of a downturn in the US economy in the third and fourth quarters, which could severely hit tin demand and consequently help reduce this year's production shortfall, variably estimated between 7 000 t and 25 000 t.

FM 30/6/78

CHARTER CONSOLIDATED

Expensive investment

217

Activities: *Main arm of Anglo in the UK and elsewhere overseas Managed interests include Cape Industries (asbestos), Beralt (tin and wolfram) and Malaysia Mining Corporation (tin) Strategic holdings include Selection Trust (26%), Minorco (20%), Anamint (10%) and Amcan (25%).*

Chairman and managing director: *M B Hofmeyr.*

Capital structure: *104,8m ordinaries Market capitalisation· £143m (R356m)*

Financial: *Year to March 31 1978. Borrowings: long and medium term, £57,5m, net cash: £4m. Debt:equity ratio: 25,8%. Current ratio: 1,5 Group cash flow. £34,7m.*

Share market: *Price· 340c (1977-78: high, 365c, low, 247c; trading volume last quarter, 17 000 shares). Yields.*

Charter's Hofmeyr . . pushing into industry

1111

Surplus on realisation	[illegible]
Earnings (p)	[illegible]
Net asset value (p)	[illegible]

[illegible] last year's investment [illegible] Anglo and [illegible] tin interests. All [illegible]

The industrial [illegible]

On the mining side tin [illegible] the main focus of expansion plans, Malaysia Mining Corporation (previously New Tradewinds) accounted for 10,2% of world output of tin last year Discussions centering on a project in Selangor could lead to the development of a new tin mine.

Tenke remains on care and maintenance, "financed by the proceeds of equipment sales" Feasibility studies have continued, but the low copper price and political difficulties mean that [illegible] elevation of the project on any scale [illegible] future."

The build up of UK and other overseas interests has generally reduced SA's [illegible] SA sourced [illegible] while [illegible] Indu[illegible]

CONS AFRICAN MINES (217)

Whistle goes FM 7/7/78

The application this week for provisional judicial management means that Cams joins Govt Areas and Trans-Terra as one of a small number of mining groups to go this way in recent years. Though given the at best embryonic nature of Govt Areas' and Trans-Terra's operations, it is much the most substantial to do so

Cams pioneered the export of iron ore from SA and its two mines near Posmasberg in the NW Cape are currently shipping between 500 000-700 000t/year of iron ore, mainly to Japan Apart from the Rhodesian chrome operations, the iron ore mines are Cams' only operating mines at present.

The fluorspar interests were sold last year for a surplus of about R780 000 and the asbestos mine, Senekal, in the eastern Transvaal, is on care-and-maintenance The die-casting companies, supplying the automotive industry, are the only other operating subsidiaries

Cams showed gross assets of R8,2m in its balance sheet to June 30 last year and shareholders' funds of R3,7m, but long-term debt was R3,5m and there were net current liabilities of R3,7m. The interest bill was R795 000 and leasing commitments R544 000, though these are scheduled to decline sharply after the current year. The general picture, however, was one of illiquidity to say the least, as we did in reviewing the accounts (*Companies* November 4).

In the current year, details are sketchy, with the March quarterly not yet published; but reduced iron ore offtake has probably complicated Cams' cash flow problems Standard Bank, I understand, as the principal creditor, was instrumental in bringing about this week's application to court.

Union Corp, with just over 20% of Cams share capital, is not involved in iron ore mining and I understand would probably not be interested in either the operating mines or the mineral rights. Rand London owns iron ore mines near Cams in Posmasburg, but has projects of its own which rate higher priority than developing or acquiring any of the Cams assets, though it could be interested in the asbestos operation

The problem for the liquidators (probably Metboard, though this was unconfirmed on Wednesday) will be to sell Cams individual operations as far as possible as going concerns, not as break-up situations Realisation proceeds in the current market are obscure, but shareholders would be unwise to expect anything.

Richard Rolfe

PLATINUM

FM 7/7/78

USSR supplies

217

The USSR may be increasing its flow of platinum to the West, though supplies still remain a long way below pre-July 1977 levels, London trade sources report Last summer Moscow abruptly cut supplies to the West and there was even talk of a default on contractual obligations to Western customers, including Heraeus GMBH of West Germany and J Aron of New York Spot offers of material ceased altogether and this continues to be the case.

However, according to one source the USSR is now keeping up with contracts, though at lower levels, and additionally there are rumours it could be bartering material — though there are no details of what it is taking in return. However, the USSR does not appear to be delivering to the London merchant fraternity, which reports that whereas it can get its hands on Soviet palladium, requests for platinum are rejected.

There have been a number of theories put forward for the cutback in Soviet supplies since last July, including trouble at the Nor'ilsk refinery in the Urals, increased demand from the Soviet oil industry and also demand for material to mint commemorative coins for the 1980 Olympics. Soviet sources here have stressed the latter, but experts believe that alone would be insufficient to cause such an export disruption.

According to one close observer Soviet supplies are now reaching the West at around 400 000-500 000 oz on an annual basis compared to an average of around 650 000 oz per year over the previous three or so years

Though some say this is considerably higher than annual sales rates several months ago, they point out that the possibility that extra supplies are reaching the market has not been reflected in prices, owing to buoyant Japanese demand At lunchtime Wednesday, free market prices were trading around $242 per oz Some observers put Japanese demand in the first six months at around 300 000 oz above last year's figure, for the same period of somewhat over 500 000 oz

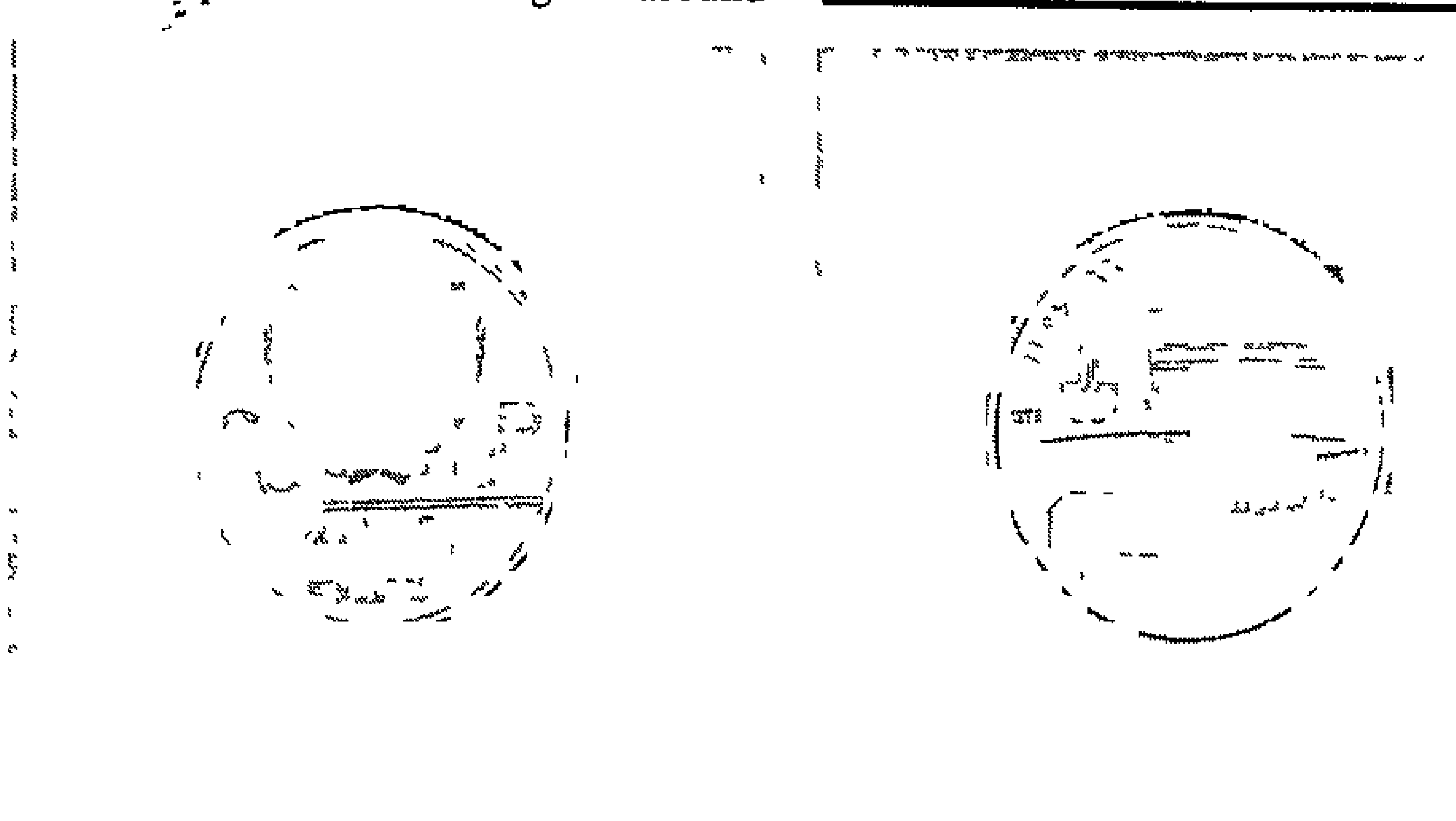
Meanwhile, the market remains very nervous on supply rumours, with some suspecting the USSR could soon be back in the market as a major seller.

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**237,6**	**238,8**	**225,0**	**178,6**
% change on	—	—0,5	5,6	33,0
P/E ratio	4,7	4,7	4,5	3,2
Div yield	8,9	8,9	9,5	11,8
UK *FT* Ind	**453,1**	**456,3**	**477,7**	**451,0**
% change on	—	—0,7	—5,2	0,5
P/E ratio	7,5	7,5	8,3	9,3
Div yield	5,8	5,8	5,6	5,2
US Dow Jones	**812,9**	**817,3**	**866,5**	**913,6**
% change on	—	—0,5	—6,2	—11,0
P/E ratio*	9,0	8,4	9,6	10,2
Div yield*	5,2	5,2	4,8	4,6
Gold price (in US $ on London)	**184,8**	**184,8**	**181,4**	**141,4**
% change on	—	—	1,9	30,7
Krugerrand (Rand)				
Public selling price	**184,7**	**184,7**	**181,5**	**141,3**
% change on	—	—	1,8	30,7

**Standard & Poor index*

Public buying price is 10% below, subject to negotiation



Soviet coins . . . pre-empting gold and platinum supplies

Star BUSINESS

(217)

STAR 10/7/78

Reduced demand from Japan for SA manganese ore

By Geoff Murray

TOKYO — Leading Japanese importers have finally reached their decision on how much ferruginous manganese ore they can take from South Africa in fiscal 1978 Their decision has been complicated by the fact there has been a large carryover from previous years due to reduced demand during the prolonged industrial slump here

Kawasaki Steel, for example, has decided to accept a total of 135 000 tons from Associated Manganese, comprising 55 000 tons unshipped from the previous fiscal year plus another 80 000 tons, in an 18 month period from April 1978 to September 1979

The price will be the same as fiscal 1977, 29,50 dollars fob

Sumitomo Metal is in a even worse position It has carryover of 25 000 tons from fiscal 1976 and 80 000 tons from fiscal 1977. As a result, Sumitomo says, it will be difficult to consume even the carryover portions let alone any new deliveries amid declining demand this year.

Faced with these difficulties, Sumitomo reckons it can handle only about 60 000 tons in fiscal 1978 at the same price as last year.

● The steel industry, having finalised the buying arrangements, has issued a breakdown of its planned imports from South Africa in fiscal 1978

Iscor leads the way with 6 301 000 t, followed by Arnold Wilhemi (700 000), Ass Mang 600 000 and Palabora 50 000 t.

Swaziland will also sell 1 423 000 t of ore to Nippon Steel exclusively.

Zambia copper on move

RBM 14/7/78

217

DAR ES SALAAM — The backlog of Zambian copper in Dar es Salaam has almost been cleared, and thousands of tons of copper are daily moving into the docks from Zambia, says a copper industry spokesman.

The copper Industry Service Bureau spokesman said "Last month we shipped 74 000 tons of copper from the port. There are vessels waiting to take all that remains.

"We have started an emergency operation on the railway to give priority to copper.

"They are moving copper which was stockpiled at up to 2 500 tons a day, and this expected to reach 3 000 tons a day by next week."

On June 26, Zambia's Minister of Finance, Mr J Mwanakatwe, said there were 58 300 tons of Zambian copper in Dar Es Salaam.

The problem was aggravated by the malfunctioning of the Chinese-built Tazara railway, linking the two countries.

Truck repairs and slow unloading in Zambia have helped reduce the railway's planned capacity by two-thirds.

* * *

THE world's biggest tin consumer — the United States — was the only country yesterday resisting a rise in support prices at the International Tin Council meeting in London. But a rise appears inevitable.

The isolation of the United States follows a decision by 21 tin-consuming countries to offer the ITC's seven producer members a limited increase in the intervention range which is supposed to guarantee stable minimum and maximum prices.

This was the first time in the history of international tin agreements that consumers spontaneously offered producers a rise before being asked.

West Germany, acting as chairman of the consumer's group, proposed tin's floor and ceiling levels to 1 300 ringgits (Malaysian dollars) a picul (more than $10 000 a ton) and 1 700 ringgits a picul ($12 000 a ton) respectively.

Only the ITC is empowered to alter the range, and the current one — approved in July, 1977 — is 1 200-1 500 ringgits.

The producers — mainly Malaysia, Bolivia, Indonesia, Thailand and Australia — are pressing for a range of 1 500 to 1 900 ringgits a picul. The picul, a Chinese measure equal to 60 kg, is the way prices are quoted every day in Penang, the tin capital of Malaysia.

The market price for tin is far above the current intervention range. It is over 1 700 ringgits a picul in Penang.

The United States has accumulated 18 months' world tin production.

Traditionally, the United States has sold part of its holdings every year to make up for the shortfall in world tin production. The 1978 shortfall is estimated at 10 000 tons. Given present consumption levels, the United States should be able to go on filling the gap for a minimum of seven years and a maximum of 14 years. — Sapa

Dear

Thank you for indicatin[...] to act as an examiner for the M.A. thesis sub[...]

Enclosed herewith is a [...] entitled "

[...] shall be grateful [...] have completed your [...] report should please [...] appendix overleaf.

[...] s sincerely,

[...] METCALFE
[...] for REGISTRAR

HISTORY HONOURS 1978

Southern Africa since 1910

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Would you regard the crisis precipitated by the war issue in 1939 as something new or as a resumption of the old debate on the imperial connection?

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Discuss the long-term i (including the Reserves segregation in 1913.

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TIN (217) FM 21/7/78

New intervention level

A major showdown between producers and consumers of tin was averted last week when members of the London-based International Tin Council (ITC) agreed to raise the organisation's buffer stock floor and ceiling intervention prices of 1 350 and 1 700 Malaysian ringgits per picul (around 60 kg) respectively.

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ONTLEDING VAN KWARTAALVERSLAE JUNIE 1978

MYNE	Ton Gemaal Junie	Maart	Opbrengs g/ton Junie	Maart	Koste/ton R Junie	Maart	Inkomste/ons dollar Junie	Maart	Koste/ons dollar Junie	Maart	Netto Wins R'000 Junie	Maart
ANGLOVAAL												
E T CONS	84 500	6,1	84 700	6,1	19,63	17,79	242,65	104,04	115,61	104,04	1 552	603
HARTEBEESTFONTEIN	733 000	11,1	678 000	11,4	32,03	34,87	209,07	109,39	103,22	109,39	13 806	11 796
LORAINE	313 000	5,6	309 000	5,8	33,55	33,75	211,32	206,72	215,99	206,72	871	439
RAND MINES												
BLYVOOR	476 000	423 000	10,43	11,45	28,49	34,40	197,74	172,76	97,69	107,45	8 215	6 930
DBN ROODEPOORT	541 000	477 000	4,06	3,92	20,01	22,71	191,90	172,91	176,09	207,32	1 350	609
ERPM	473 000	445 000	5,40	6,31	31,77	36,59	196,93	172,68	210,43	207,37	1 979	721
HARMONY	1 731 000	1 557 000	4,38	4,68	22,67	23,66	196,30	172,30	—	—	12 448	7 026
UNION CORP												
MARIVALE	250 000	270 000	2,60	2,90	7,67	8,24	206,0	173,4	105,3	101,4	814	142
GROOTVLEI	360 000	360 000	4,00	4,40	15,16	14,69	195,3	172,0	135,2	119,1	1 162	1 168
BRACKEN	195 000	203 000	6,80	6,80	17,76	17,26	205,7	180,5	93,2	90,6	1 858	1 439
KINROSS	390 000	390 000	7,37	7,60	18,26	18,53	196,3	175,0	88,4	87,0	3 844	3 144
LESLIE	240 000	230 000	4,60	4,40	17,70	18,48	203,3	182,4	137,3	149,9	1 212	597
WINKELHAAK	520 000	516 000	7,50	7,60	15,64	15,93	196,2	173,9	74,4	74,8	5 313	4 418
ST HELENA	480 000	480 000	8,70	8,90	22,11	21,70	199,3	172,8	90,7	87 0	5 107	4 394
J.C I												
RANDFONTEIN	311 000	307 000	14,40	14,40	22,61	23,66	56,3	58,8	201,5	169,0	18 282	13 537
WESTERN AREAS	1 027 000	991 000	5,60	5,70	24,15	24,18	154,3	151,8	200,2	171,0	7 314	3 432
GOUDVELDE												
WES-DRIE	615 000	615 000	22,3	23,0	31,83	30,60	219,04	172,50	51,03	47,55	26 715	22 188
VLAKS	180 000	179 000	1,1	1,4	4,64	5,19	333,43	175,13	149,91	135,50	436	156
LIBANON	405 000	405 000	8,5	8,7	25,56	24,67	210,78	175,83	107,49	101,40	4 921	3 833
OOS-DRIE	590 000	544 000	21,5	22,9	26,33	27,41	189,90	173,56	43,76	42,81	23 040	20 446
DOORNS	360 000	360 000	8,2	8,9	30,43	30,44	222,78	173,81	132,39	122,56	3 816	2 588
KLOOF	480 000	434 000	13,5	13,2	31,41	30,76	214,47	173,54	183,83	201,78	11 134	7 642
VENTERS	877 000	278 000	6 1	5,5	31,40	33,19	196,39	168 16	83,13	89,97	1 525	123
GEN. MIN												
STILFONTEIN	504 000	474 000	8,29	8,30	35,59	37,75	192,09	176,61	153,48	162,72	4 117	1 858
ST ROODEPOORT	54 700	55 850	4,30	4,20	25,23	24,12	207,09	174,17	210,0	205,25	70	8
WR CONS	141 000	122 000	5,89	6,20	24,90	26,19	—	—	—	—	1 131	470
BUFFELS	238 100	232 500	0,61	0,64	31,45	30,20	196,22	172,04	156,50	118,84	10 285	8 724
	801 000	798 000	8,89	9,09								
ANGLO AMERICAN												
PRES STEYN	854 000	774 000	8,24	7,69	24,82	26,34	212,63	170,30	107,69	122,48	12 309	7 605
FS GEDULD	858 000	839 000	13,28	12,48	26,70	26,10	215,74	169,56	71,95	74,81	23 404	17 798
WELKOM	553 000	537 000	6,13	6,06	23,48	23,28	220 07	173,50	136,99	137,50	3 972	2 479
PRES BRAND	796 000	786 000	9,70	9,92	24,95	24,07	224,21	170,01	91,98	86,83	17 188	11 032
FS SAAIPLAAS	312 000	312 000	3,40	3,45	22,16	21,08	234,32	171,73	233,31	218,64	6 156	4 417
WESTERN HOLDINGS	796 000	750 000	10,55	10,29	22,78	22,91	219,67	173,05	77,22	79,61	12 832	9 250
WESTERN DEEP	832 000	764 000	14,27	14,55	29,36	33,46	193,09	172,09	73,60	82,25	20 216	14 221
VAAL REEFS	1 914 000	1 892 000	8,97	8,60	29,01	27,95	193,77	172,05	115,65	116,28	39 727	19 614

RAPPORT 23/7/78

URAAN SKIET NOU NA BO

Deur ons Mynverslaggewer

DIE aankondiging van Union Corporation dat by Suid-Afrika se eerste volskaalse uraanmyn vir sowat R200 miljoen in die Vrystaat gaan open, het nie heeltemal as 'n verrassing gekom nie, want tot nou toe was Union Corporation die enigste groot mynhuis wat nie uraan geproduseer het nie.

Die meeste van die groot mynhuise het die laaste tyd al hoe meer klem op die ontginning van uraan as 'n nuwe produk gelê, aangesien die pryse van die mineraal so aantreklik is. Groot bedrae geld is ook bestee aan die oprigting van nuwe uraanaanlegte en die uitbreiding van bestaande aanlegte.

Een van die belangrikste redes vir die snelle uitbreiding is die aantreklike pryse wat die mineraal die afgelope twee jaar op die wêreld se kontantmarkte behaal het. Voor 1976 het uraan nog teen net 6 dollar per pond verkoop, terwyl dit op die oomblik meer as 43 dollar per ons behaal.

Verder het kenners by die derde uraansimposium, wat onlangs in Londen gehou is, ook gesê hoewel uraanpryse moontlik in die volgende paar jaar sal stabiliseer, verwag hulle dat dit daarna sterk sal toeneem.

Nog nuus wat vandeesweek baie belangstelling gewek het, was die buitengewoon goeie resultate wat die goudmyne die afgelope kwartaal behaal het. Hierdie goeie resultate is hoofsaaklik te danke aan die nuwe betaalstelsel van die Reserwebank wat op 11 April vanjaar in werking getree het, asook die afskaffing van die ooreenkoms waarvolgens Mosambiekse werkers teen die amptelike goudprys van R29,55 per ons betaal is. Die afskaffing van die ooreenkoms het veral 'n goeie uitwerking op die myne se kostestruktuur gehad.

Opgestoot

Die afgelope kwartaal se syfers toon aan dat die ses mynhuise hulle winste ná belasting en die staat se aandeel met ongeveer 45 persent opgestoot het. Die myne se totale wins ná belasting en die staat se aandeel was R310,1 miljoen teenoor verlede kwartaal se syfer van R214,3 miljoen.

Met die uitsondering van Ergo, SA Land en Oos-Daggafontein (laasgenoemde twee myne is besig om te sluit) en Ergo gee nie sy inkomste afsonderlik nie, het die totale inkomste van die goudmyne in Junie op R1 002,6 miljoen te staan gekom, teenoor die vorige kwartaal se syfer van R918,9 miljoen. Dit verteenwoordig 'n styging van ongeveer 23 persent. Ongelukkig het die myne nie die volle voordeel van hierdie sterk styging geniet nie, want belasting en die staat se aandeel van die wins het met nie minder nie as 50 persent toegeneem. Laasgenoemde het die afgelope kwartaal op R255 miljoen te staan gekom, teenoor die vorige kwartaal se syfer van R170 miljoen.

Mosambiekse ooreenkoms het tot gevolg gehad dat die gemiddelde koste per ons goud 'n geringe daling getoon het. Die koste van die goudmyne het in die Maartkwartaal die eerste keer die 100-dollarmerk oorskry toe dit op ongeveer 103,59 dollars per ons te staan gekom het. Die afgelope kwartaal het dit gedaal tot 102,92 dollar per ons (Hierdie syfers is in 'n geringe mate verwring aangesien dit ook die koste van uraan insluit by Harmony en West Rand Cons, wat nie hul koste vir die ontginning van uraan en goud skei nie)

Die hoeveelheid erts wat deur die myne vergruis is, het ook in die kwartaal 'n

Vervolg op bl 3

Die aansienlike verbetering in inkomste het ook tot gevolg gehad dat staatshulp aan die grensmyne met ongeveer 61 persent gedaal het.

Die syfers toon ook dat die ses mynhuise die afgelope kwartaal gemiddeld 204,63 dollars per ons vir hul goud ontvang het, teenoor 172,15 dollars per ons die vorige kwartaal.

Die afskaffing van die

Gefco, Msauli lower over first half

RDM 25/7/78

(217)

By ADAM PAYNE

THE two asbestos producers in the Genmin group, Gefco and Msauli, had good results in the June quarter compared with March, but compared with the same quarter last year the net profit of both mines was down significantly

The results for the six months to June are also down compared with the same time last year

Gefco's net profit was R2 582 000 bringing the total for the six months to R4 million (R5 334 000)

Msauli's net profit was R1 076 000, bringing the total for the six months to R1 611 000 (R3 180 000)

The figures for the six months give an indication of trends because the first quarter is normally a poor one and the second is a recovery quarter

Gefco also reduced its milling marginally to 120 000 tons bringing the total for six months to 250 000 tons (368 000)

The mine milled less because it had large stocks at the beginning of the year Its sales however, were higher than in the previous quarter so that operating profit increased, but for the six months it is down at R5 282 000 (R6 580 000)

The mine is running two shifts in three plants which is less than last year, to match production to demand and concentrate output at the most efficient plants

Fibre recovery increased and although production costs a ton were higher than in March they are lower for the six months than in the previous year at R228 4 (R232)

Msauli's tonnage milled for the six months to June was down from 492 000 last year to 344 000 this year, with a consequent drop in fibre produced to 33 398 tons (50 604)

Percentage fibre recovery increased in the quarter although it is slightly lower for the six months The reason for the quarterly improvement is the production of more 7s grade fibre the shorter length for which the mine is working hard to develop markets More fibre a ton is taken out in producing 7s than in long fibres

Production costs a ton were down in the quarter compared with March but for the six months they are 26% higher than a year ago at R76 2 a ton (R60 3)

Sales of fibre were up in the quarter compared with March but are down for the six months compared with last year at R6 362 000 (R9 326 000) As a result operating profits for the six months declined 46% compared with last year

COMMENT The drop in production at Msauli was expected The chairman, Mr C H Walters, warned in his annual review that production this year would be at a reduced rate to cut fibre stocks to optimum levels and to market demand

The mine's net profit is 50% lower for the six months than it was at the same time last year, showing that the market and sales are not easy

Gefco's net profit for the six months is 25% lower, which is more satisfactory, indicating that the market is better for Cape blue asbestos than for Msauli's chrysotile

I am told that Third World and Arab countries are still buyers of Cape blue The market is in balance

Traditionally, sales increase from mid-year until the year end and this should again be achieved by both mines

Should the Cape blue market strengthen, Gefco has great spare capacity which can be brought to production

The chairman predicted in his review a "very satisfactory" year for Gefco Some market circles expect that Gefco will pay the same as last year The shares have risen from 280c just after the last quarterly report to 350c If the dividend yield is maintained at 52c, yesterday's price means a yield of 15%

Msauli's shares have performed well from a low level early this year They have risen from 135c immediately after the last quarterly report to 237c

Last year the dividend was 35c but at the halfway stage this year net profit is 50% lower As with Gefco, sales tonnages should rise in the rest of the year steam engine—the decisive invention of that revolution, the source of power vastly greater than men, or horses, or waterwheels could provide. What has been called the "invention of invention" multiplied the number of devices used in the production of goods: while in the century between 1660 and 1760, the average number of patents granted in England was sixty, in the years between 1760 and 1790, that number rose to three hundred twenty-five. This was the period in which the factory began to emerge, and the factory—a central building with machinery, on which workers converged for stated periods of time—was an invention like that of the steam engine. The factory demanded something new: the regular employment of labor. It put a premium on what came to be called "industrial discipline"—the workingman's ability and willingness to report for work on schedule, … voracious and could not stand idle. These … ments went hand in hand with improveme… techniques which eased the transfer of fund… sprawling industrial cities, in which the… increasing numbers—and increasing misery.

In some industries, notably in textiles, … were truly revolutionary. John Kay's flying s… number of weavers needed to work the loom… James Hargreaves invented the spinning jen… of the spinning wheel. His first version permi… eight spindles; in 1770, when the jenny was pa… sixteen. The year before, the gifted Richard A… frame, and ten years later, in 1779, Samuel … mule. These two inventions permitted the sp… unprecedented, hitherto almost unimaginab… enough: in 1785 Watt's steam engine was … factory. Mass production of cloth was unde… Industrial Revolution was consciously and … Germany saw its first steam engine in 17… remained small. And even in England, the … overnight: by 1790 there were still fewer than a thousand spinning jennies in operation. The old commercial mentality, the old handcraft industries, and the old small-scale enterprise were tenacious survivals. Through the eighteenth century, Europe remained a predominantly rural society.

This in itself was not a sign of stagnation. There was no rigid separation between agricultural and industrial occupations; before the age of the factory, employers of labor depended largely on the domestic system. They engaged workers, rural and urban, to do their work at home. This held true for England, the mother of industrial society, as well as all across central Europe. In the rural districts of Bohemia, there were more than two hundred thousand domestic workers spinning flax; in the Swiss canton of Glaurus there were more than

2.2.3 THE FISHING INDUSTRY.
…and Namibia, the following table gives exports and …
…products and preparations.
…of U.S. Dollars).
YEAR
IMPORTS
8,6 2,8 0 4
11,2 18,7 27,9 51,2 34,9
PILCHARD EXPORTS 27,8 49,9 34,1
Source: "Yearbook of Fishery Statistics" …
…and Namibia, p. 202.
The dominant role of Pilchards in expand…
majority of pilchards are caught by trawl…
operating out of Walvis Bay and Luderitz.
prime example of resource mismanagement.
Namibian pilchard catch peaked at about 1…
plunged to 450 000 tons and 200 000 tons …
The excessive level of the fishing quota…
tons of pilchards versus other species) …
Namibian and South African companies have …
into decline. The Financial Mail …
the territory's … fishing grou…
recently nurtured under a 200-mile exclu…
ment fisheries policy, to contribute …
24
2.2.4 THE MANUFACTURING AND CONSTRUCTION INDUSTRY.
The former is largely confined to small …
cement-block factories, metal-box and tin-… factories …
some small-scale consumer goods, firms etc. The construction industry …
has to some extent benefitted from the Public Works programme …
South African government in the territory, through … other …
South African firms dominate the construction industry.
23. Financial Mail, 1.6.1979, p. 829
24. Ibid.

Platinum at 1978 high of $257,75

RDM 25/7/78

(217)

By JOY ROBERTSON
Mining Editor

THE free market price of platinum reached a 1978 high of $257,75 an oz yesterday morning in London in response to the rising … and aggressive speculative demand.

Platinum was traded at between $25[illegible] and $259 compared with $2[illegible] on Thursday and $2[illegible] on Friday.

Yesterday's second fixing was … Prices … were also well up on the New York Metal Exchange on Friday.

Reports from London say the … were buyers of platinum every day last week but were not prepared to buy above $2[illegible].

However speculators have been busy in the market and with the supply demand position almost in balance, their activity has resulted in the sharp price increase.

Platinum in the hands of these speculators now overhang the market. It is thought in Johannesburg that these purchases were made at between $200 and $2[illegible] and it is not known at what stage they might take profit and bail out.

Japanese demand however is fairly firm and genuine and it is pointed out that because of the declining value of the dollar, prices in yen terms have not risen in proportion to platinum dollar price rises.

Yesterday's price rise did not establish a record as platinum reached just over $300 during a brief surge in mid-1968 that resulted from strong international demand and Russia, the then supplier of last resort, withholding stocks from the market.

The 1968 record poses a number of interesting comparisons. At $300 the price was equivalent to R214 an oz and by multiplying this by the rise in the consumer price index since then it would be equivalent to R5[illegible] or $6[illegible] today based on the same calculation.

The price would have to be around $500 an oz to be equivalent in real rand terms to the 1968 level bearing in mind the effective rand devaluation of about 2[illegible]% in 1975 which benefited the mine.

But the position is not all that disheartening, and the platinum industry, even allowing for cost increases, is in a better position than the gold mining industry if the picture over the past four years is considered.

Gold hit its peak of $197,75 in December 1974 and has only now come close to that level again. In contrast the free market platinum price then quoted in sterling was around the equivalent of $16[illegible] but is now trading around $25[illegible].

In this period therefore the rise in earnings in rand terms has been substantially higher for platinum than for the gold assuming that cost increases have risen in a reasonable parallel.

However like the gold market the speculative overhang will determine to some extent future free-market price performance.

General Mining, the South African Mining House, also … set to …

thirty-four thousand domestic spinners across the countryside. Most of these rural industrial workers were women.[39]

Moreover, like the industrial sector of Europe, rural life, too, felt the bracing breath of innovation. Viscount Townshend acquired the nickname Turnip Townshend for his experiments with introducing turnips, which served as fodder for livestock, fed nitrogen to the soil, and facilitated crop rotation; his dual career—politics and scientific farming—is in many ways characteristic of the style congenial to the English peerage. But not all experimental, "improving" farmers were noblemen. Jethro Tull, a gentleman farmer, was something of a crank and professional inventor who published an important book on the use of deep and straight ploughing for the thorough tillage of the soil. And Robert Bakewell, a tenant farmer still lower on the social scale, proved the …

… enough … incomes ranging from £1000 to £3000 a year; and up to twenty thousand ordinary, middling landed gentlemen, whose income was anywhere between £300 and £1000 a year. The least affluent of these gentlemen were little more prosperous than that far larger category, the freeholders, whose farms might bring them as little as £30, or as much as £700 a year. This scale, ranging from £30 to £50,000, offers a prospect of vast economic and social distance, from cottage to palace. Yet even this hierarchy, steep as it appears, does not comprehend the whole spectrum of English rural life: below the petty freeholder with his £50 or £75 a year were the mass of tenant farmers, some of

…and development of its Langer Heinrich uranium deposit …
17
…industry.
…Namibia are held by the … …
…Lonrho, … and …
…Rössing … …
POLITICAL FUTURE OF THE COUNTRY …
grounds to believe that there are …
extraction rates have been …
horizon of the mining companies in …
per family of 5 members, which is not …
in many of the homelands.
20. From Barthold, op. cit. p69.
21. Ibid. p69
22. Ibid. p68

39 See Anderson, Europe in the Eighteenth Century, 65.

The Star Tuesday July 25 1978 27

Gefco, Msauli slip but better than pundits expected

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By Anne Colley

Asbestos twins Gefco and Msauli — both members of the General Mining stable — have produced results that are slightly better than the pundits had expected for the second quarter

Compared with March, the performance of both in the three months to June has improved. Gefco's operating profits are R3,5m compared with the March R1,78m After tax and expenses, net profit is left at R2,6m (R2,6m) against R1,41 — a rise of 82 percent. At Msauli the picture is very similar Net profits are up over 100 percent at R1,1m (R535 000).

But the second quarter of the year is traditionally a recovery quarter, and for the more accurate trend the combined results for the first half of the year must be compared with those of the previous first half

On the calculation, Gefco and Msauli's performance is not as good as last year, although the trend was not unexpected

Net profit for the year to date at Gefco amounts to R4m compared with 1977's R5,3m This indicates that the market for Cape blue asbestos is not as good as last year, but nevertheless reasonably firm — and sales traditionally pick up in the second half.

Gefco's percentage of fibre recovered in the first half of 1978 is 13,8 percent against the previous 9,6 percent and production costs have been cut during the year to date. Market experts believe that Gefco will have a satisfactory year and will pay a pegged dividend of around 52c

Msauli on the other hand has earned R1,6m in net profit in the year to date against the previous R3,18m — a drop of 49 percent The market for Msauli's asbestos is not as firm as that for Gefco The percentage fibre recovered is slightly lower at 9,7 percent this year (10,3 percent) and costs have risen from R60 to R76

The experts are not too hopeful for a pegged dividend or a satisfactory performance from this producer

Shortages of metals forecast

ADM 25/7/78 217

Financial Reporter

FORECASTS of production surpluses for copper and lead in 1978 have changed to forecasts of production shortfalls, which could be a bullish alert for metal trading

This is said by Commodity Brokers, the Johannesburg metal dealers, in a report on the outlook for metals and a review of the past quarter

It says that in the past three months some bullish changes in London Metal Exchange metals became apparent

The projected silver supply deficit widened and the zinc supply surplus narrowed The exception was tin, where the forecast consumption surplus narrowed

"These developments are considered important and are seen as the creation of a sound basis for future metal price advances, again with tin excepted," says the report

"The dollar-sterling rate remained weak for most of the quarter, mainly as a result of a rally in the dollar

"The relative sterling weakness had the effect of supporting LME prices Any Comex price weakness was reflected on the LME as a sideways movement "

For the next three months Commodity Brokers expects the general direction of prices to be "sideways to up"

"Of the five metals, silver appears most bullish, reflecting precious metal trends, while tin appears to be displaying relative weakness

"'We expect the dollar to remain weak in the near term but note Bank of England tendencies to sell the pound in the lower 1,90 area Conversely, previous support of the pound has been evident at 1,80

"Therefore, trading between these two limits is anticipated over the coming quarter This range is lower than previous projections and should underpin LME prices "

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BASE METAL QUARTERLIES

A mixed bunch

FM 4/8/78

Recent base metal reports suggest mixed near-term prospects While the tin and coal outlook seems generally fair, antimony and some other base metals could be facing renewed recessionary conditions from an already depressed base

Rooiberg Burgeoning tin prices meant that Rooiberg was able to lower cut-off grade in the second quarter In addition mill throughput at both the "A" and "C" mines was reduced. At "A" mine this arose from increased development in unpayable ground with rock from this source dumped.

There are no life problems at "C" mine. Expected reserves are sufficient to maintain production probably beyond the turn of the century Evaluation of "A" mine reserves is more complicated so nothing definite can be said on life while ore grades can fluctuate within relatively wide limits. At Vellefontein results remain disappointing and no stopping operations have yet been started.

Smelter plans

Exploration continues at a high level but the next major announcement from the mine should be on the proposed establishment of a tin smelter. Test work is currently being done by Iscor and preliminary results should be available this quarter So despite enhanced earnings from higher tin prices dividends could be restrained to finance smelter development at a cost of about R5m.

Chairman Robin Hope estimates that unit costs will rise about 5% this quarter. But a final of at least 160c looks easily possible after the 80c interim paid from 141c available first half earnings At 1 400c to yield a prospective 17,1c investors are taking a cautious view on the tightly held shares.

Union Tin. Bulls have been encouraged by the announcement that four new mineralised areas have been located in the western area, though of unknown extent Current and projected tin prices seem to indicate that mining can continue for at least another year on old blocks which were previously unpay.

Union's problem is that there are no major ore zones in sight which could justify even a short period of loss-making operations So continued operations depend on tin prices maintaining current levels If there should be a drop to around the £5 000/t level closure could be swift. In the meantime grade is being maintained and mill throughput has improved

After the 6c interim a repeat of last year's 10c final should easily be possible And with net current assets of about 49c per share at June 30, the shares could merit a speculative purchase recommendation at their current 74c

Cons Murch. There was a marginal improvement in milling at the mine during the second quarter, though on an annualised basis production is well below levels of the last five years Grade has apprently improved but there is no indication of how much of this resulted from a production switch to other shafts following the poor mining conditions at the relatively low grade Athens shaft

It adds up to less speculative appeal than in previous periods when sales where below production. The stockpile stood at 6 678 t at June 30 worth about R5,9m at second quarter average selling prices A continuing build-up is on the cards for the second half but prices are under pressure So on the antimony side there is little near-term speculative appeal.

Some London brokers have been buzzing with stories that known scheelite (tungsten ore) occurrences in the existing shafts are being re-examined In addition they say there is an outside chance that the adjacent mercury mine, last worked during World War 2 could be reactivated to supply domestic requirements.

This probably explains the shares recent burst of strength. But even if the tungsten can be mined easily, as London seems to think, exploitation is still some time off and there could be better buying opportunities for investors looking for recovery.

As for antimony there is still a questionmark over the mine's life. A new zone of interest (Voortrekker) has been located some 20km east of the present workings but this is still in the early stages of exploration

Cons Murch has managed to hold the line on prices. But this is becoming increasingly difficult, with reports that major foreign producers are selling concentrates at as low as $17 per metric ton unit against Cons Murch's price of $20. Consumers are busy destocking after a major build-up especially by oxide producer Chemetron which initiated the crude oxide Antimony Products plant with Murchison.

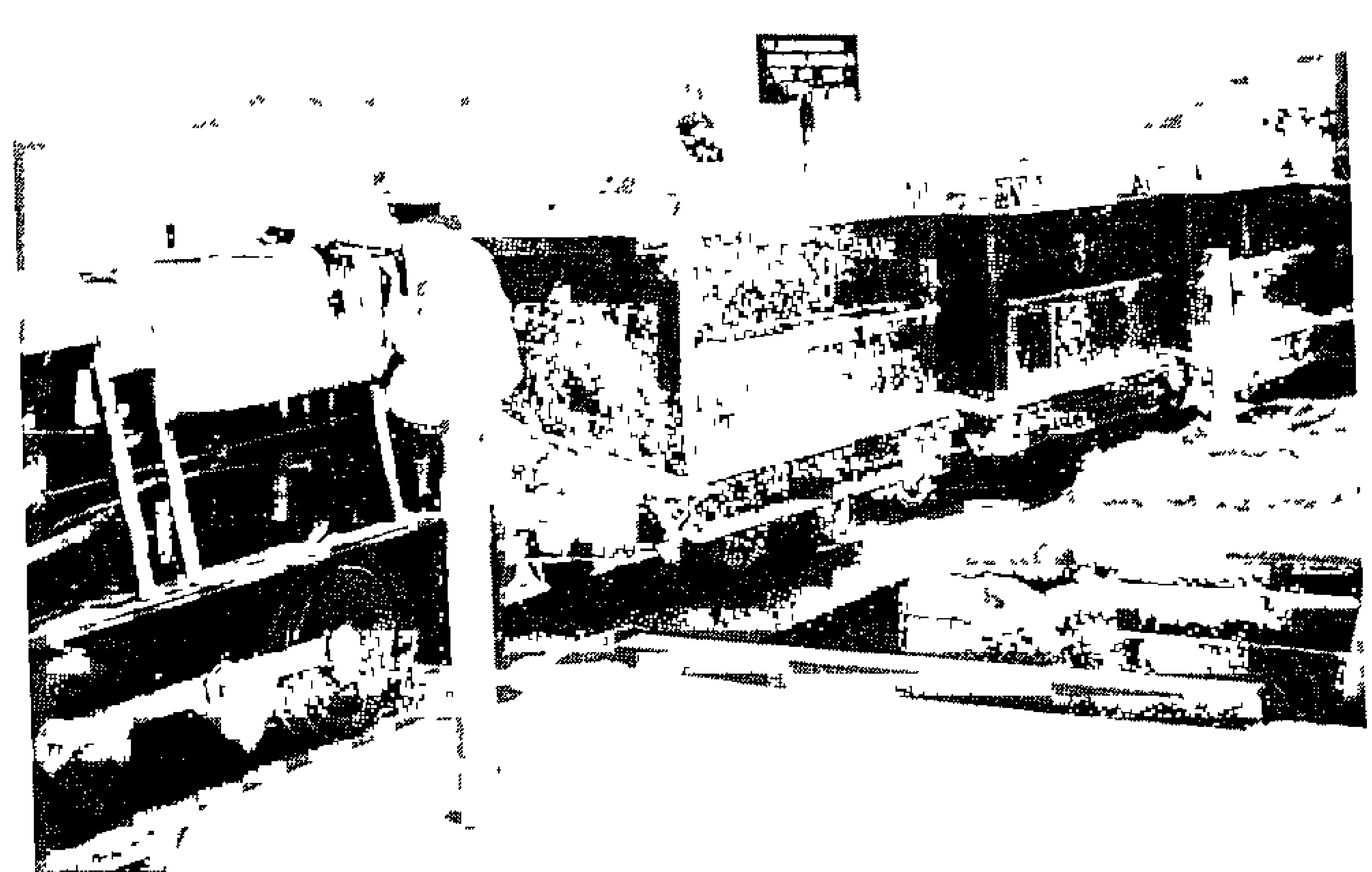
Msauli. The planned cut-back to match production and demand is taking the form of lower mill throughput. However, recovery increased to 11,1% (March quarter: 8,7%) indicating that shorter fibres are not being dumped

No details are given of sales tonnages, but for the first six months sales were about 4 000 t below production Also in the second quarter, sales revenue per ton fibre was little changed on the first quarter at R208,20, indicating little or no increase in the percentage of shorter fibres sold The interim has been cut to 17,5c (1977: 25c) from available earnings of 18,6c after capex and loan levy. Capex is slowing down and there could be scope for a final bettering the interim if sales hold up in the second half.

Gefco. Results are presented in such a way as to make estimation of sales impossible. But despite lower mill throughput, sales are apparently well below production. Judging by Duiker's results, purchases of better grade fibres for upgrading Gefco's own product are in proportion to last year Gefco is operating some of its mines on a two-shift basis compared with last year's three-shift operations and some production reduction has been possible with closure of the Asbes mill Fibre recovery has improved to 14,2% (13,4%) indicating that emphasis is being placed on mining the better grade deposits

The interim has been maintained at 24c, paid from available earnings of 23,2c after capex, prospecting and loan levy It could indicate that all the stops might be pulled to maintain the final at 28c. But this might be too much of a strain if there is any market weakening in the second half.

Jim Jones



Tipping ore at Cons Murch . . . but will it be sold?

(217) FM 11/8/78

PALABORA MINING COMPANY LIMITED

AND ITS SUBSIDIARIES

DIRECTORS G A Macmillan Chairman, E W Hunt† Deputy Chairman, A J Leroy‡ Managing Director, C S Barlow, A E Buxton*, A G Davies*, G H Edwards, P Malozemoff‡ (Alt M J M Crichton), G R Parker, E Pavitt (Alt. L W P van den Bosch), P J van Rooy, N F Warren‡ (Alt C S Macphail), R W Wright, C B E * (Alt C H Geach)
*British †Canadian ‡U S A

Interim Report to Members and Debenture Holders for the six months ended 30 June 1978

UNAUDITED GROUP RESULTS	Six months to 30 6 78 R000	Six months to 30 6 77 R000	Year 1977 R000
Turnover (Note 1)	75 881	71 734	149 338
Deduct costs (Note 2)	57 492	50 799	111 038
Operating profit	18 389	20 935	38 300
Deduct interest (net)	1 451	1 766	3 664
Profit before taxation	16 938	19 169	34 636
Taxation and lease consideration	7 549	8 717	15 506
Net profit after taxation	9 389	10 452	19 130
Earnings per share	R0,33	R0,37	R0,68
Dividends paid			12 742
1977 Final dividend 15,0 cents per share (*1976 25,0 cents*)	4 247	7 079	—
1978 First interim 12,5 cents per share (*1977 15,0 cents*)	3 540	4 247	—
Capital commitments			
Approved expenditure at end of each period	11 981	15 304	8 231
Contracts placed at end of each period	2 910	5 249	3 327
Costs include.			
Depreciation	7 300	7 446	13 934
Copper purchased from outside sources	3	1 217	2 010
Average C I F copper price realised (per metric ton)	R1 058	R1 181	R1 108

GROUP PRODUCTION AND SALES (metric tons unless otherwise stated)	Six months to 30 6 78	Six months to 30 6 77	Year 1977
Copper			
Production (including purchased material) (Note 3)	54 754	52 837	109 081
Sales	55 835	48 919	104 231
Ore Milled	13 618 045	12 511 874	24 863 927
Average copper grade	0,52%	0,50%	0,52%
Copper contained in purchased material	37	1 280	2 383
Sales of other products			
Magnetite	71 222	163 674	435 293
Sulphuric acid	58 596	57 214	120 615
Vermiculite	89 744	75 946	167 363
Uranium concentrates (kilograms)	56 010	43 768	91 256
Precious metal content of anode slimes (ounces) (Note 4)	275 116	243 494	583 590

Notes

1 Although 55 835 metric tons of copper were sold in the first six months of 1978 compared with 48 919 metric tons in the same period of the previous year, there was not a corresponding increase in revenue due to a drop of R123 per metric ton in the average c i f price realized in 1978 as compared with six months to 30 June 1977 However if recent improvements in the London Metal Exchange cash quotations for wirebars, on which the company bases its pricing structure, continue and Sterling maintains its current exchange rate, a higher average price should be realized in the second half of the year There has been a decline in the demand for copper in South Africa as a result of the present uncertain economic climate and consequently more copper has become available for export After the needs of the company's long-term contractual customers have been met, the balance of copper available is being sold to other customers who are prepared to pay a significant premium over L M E prices because of the quality of copper produced by the company The lower copper price was to some extent compensated for by higher revenue from sales of uranium concentrates, vermiculite and anode slimes, the latter being a by-product of the copper refining process and contains gold, silver and platinum

2 There was an increase of 1,4 per cent in the average unit cost of copper production during the first six months of 1978 compared with the same period in 1977 This was mainly attributable to the effects of inflation particularly in the open pit mine as well as to a higher tonnage of rock loaded and hauled The size of the increase in the average unit cost of production was minimized by a higher output of copper in the first six months of 1978 compared with the same period in 1977 This resulted in a larger divisor into total costs

3 Shareholders have been kept informed of the problems associated with the two autogenous mills which form part of the expanded plant facilities These are shut down on a regular weekly basis for inspection and any necessary repairs Despite these interruptions, they are achieving their rated capacity and it is hoped that they will continue to do so until the two replacement mill shells and other components can be installed during the first half of 1979.

4 The quantity of anode slimes shown as sold in the first six months of 1978 is provisional only as some deliveries are still subject to the determination of final weights and assays

SUBSIDIARIES:

There were no acquisitions or disposals of subsidiaries or changes in the relative holding in any subsidiary during the interim accounting period The subsidiaries (all of which are wholly owned) continued their vermiculite and zirconia marketing activities

UNAUDITED RESULTS OF SUBSIDIARIES	Six months to 30 6 78	Six months to 30 6 77	Year 1977
Net profit after taxation (R000)	333	333	828

Dividend No. 45

On 9 August 1978, the directors declared a second interim dividend for 1978 (Dividend No 45) of 12,5 cents per share payable on or about 18 September 1978, to shareholders registered in the books of the company on 25 August 1978

On behalf of the Board
G A Macmillan
A J Leroy
Directors

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17th Floor
37 Sauer Street
Johannesburg 2001
Telephone 833-6700

9 August 1978

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FM 11/8/78

[illegible]

to the Japanese [illegible]

[illegible] plus [illegible] uranium concentrate [illegible]

Assuming average [illegible] prices average [illegible] maintained [illegible] maintained by product [illegible] scope for improved dividends [illegible] The first two interim [illegible] cate that the mine is de[illegible] as possible while borrowings are reduced and capex wound down.

At this stage it is difficult to see meaningful improvement in copper prices though the dollar [illegible] decline against sterling benefit Palabora. But a third interim of [illegible] and a [illegible]

FERROCHROME

Some bright spots

217 FM 18/8/78

It's been a long sweat for SA's five ferrochrome producers since falling demand in the mid-Seventies triggered a wave of furnace closures, aggressive price-cutting, anti-dumping charges and tumbling profits. But better times are in sight.

For a start, the EEC decided this week to lift the provisional anti-dumping levy which it slapped on ferrochrome imports from SA two months ago. Though a minimum import price of 38 US cents per lb Cr content will be maintained at least until the end of the year, the customs duty paid by competing Swedish producers will be raised to the same level as that applicable to SA metal.

"This arrangement suits us very, very well," asserts Pieter Streicher, Samancor MD and chairman of the Ferro-alloy Producers' Association. Already, he says, some market prices are higher than the minimum levels laid down by the EEC.

It's not only in Europe that prices are moving up again. The US market is also firming, thanks to perky demand for stainless steel and dwindling inventories. While some exporters were quoting prices as low as 31c/lb earlier this year, at least two SA producers have posted prices of 34,5c/lb for the second half of 1978. Airco, the most efficient US smelter, has done deals at 35,5c/lb, and Streicher predicts that prices will touch 40c/lb within a year.

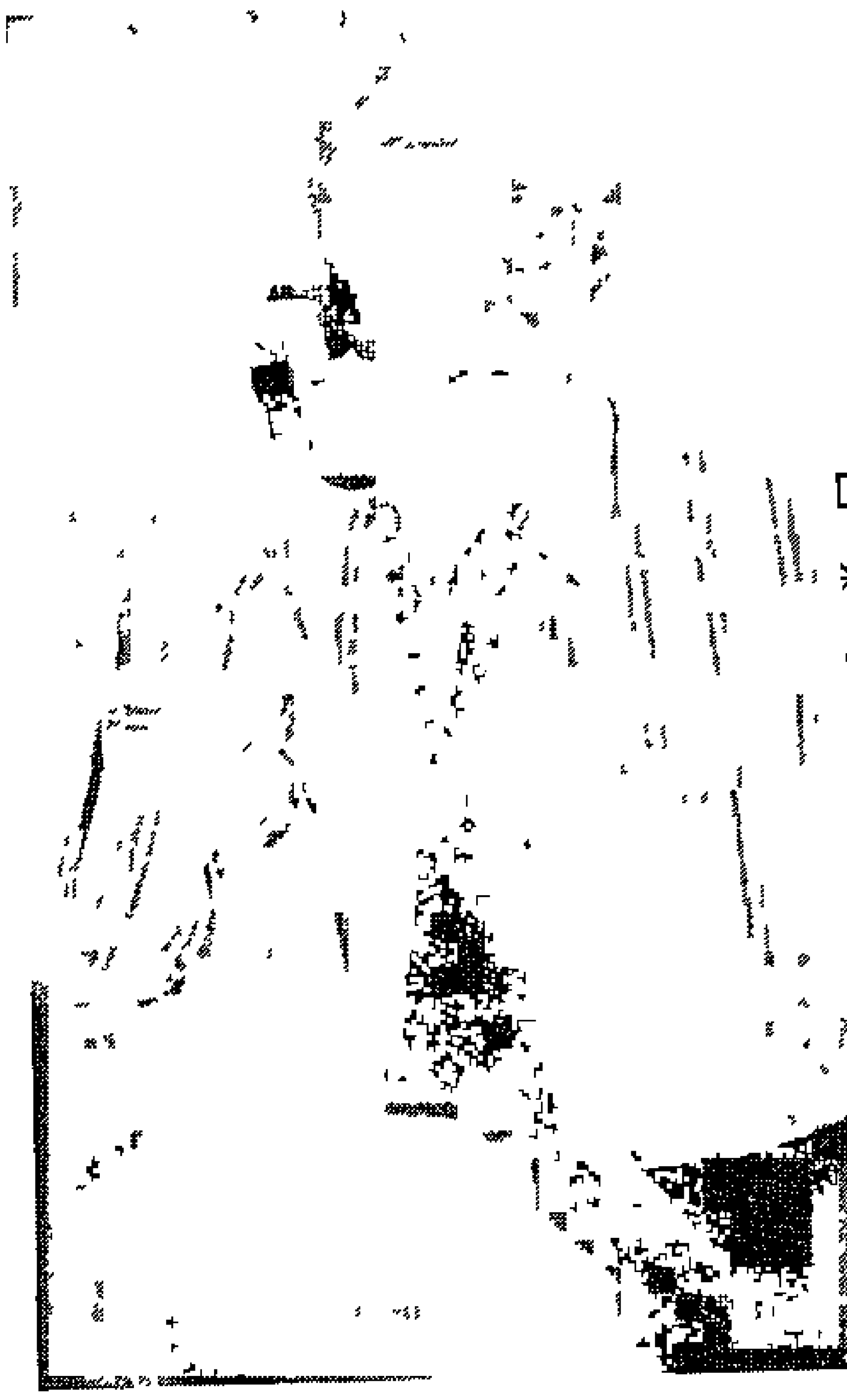
Chances are the South Africans will be pushing hard to get them there. Now that the two newcomers, Tubatse and CMI, have shouldered their way into world markets by beating everyone else's prices, there's hope that the industry will concentrate on improving profits by taking a tougher line in price negotiations.

Good tactics

"If we don't push up prices, we'll be under continuous fire for dumping," says Streicher. To avoid dumping allegations, the South Africans have to ensure that they are not selling below domestic costs. Streicher refuses to disclose SA producer costs, one reason no doubt being that while it's good tactics to underplay costs at anti-dumping hearings, producers like to point to the ravages of inflation during contract negotiations.

For the present, however, Streicher concedes that local production charges are lower than 35c/lb, compared with around 45c/lb for European and US producers.

One reason for the South Africans' competitive edge — and one which



Streicher . . . calling for free trade

Streicher argued strongly at the US International Trade Commission's anti-dumping hearing last week — is stainless steel producers' switch in the past decade from high-carbon FeCR (65%-70%) to lower grade (and cheaper) charge chrome (52%-55%) produced by the South Africans.

"The European and American producers were asleep," asserts Streicher. "They didn't follow the trend. If they had produced the same grade of material as we do, they would be more competitive." He notes that Airco, for one, has recently started offering charge chrome to its customers.

Streicher is reluctant to anticipate the ITC's findings, though he hopes that it (and the executive branch) will be swayed by free trade arguments, especially in view of the Tokyo round of trade negotiations.

The Commission's recommendations are expected early next month, and the president will then have 60 days to decide whether to accept or reject them.

Meanwhile, Streicher denies reports that the Japanese Ministry of International Trade and Industry has started an anti-dumping investigation against SA FeCr imports. "We know of no official complaints to Miti," he says, "nor do we expect any." He points out that by pushing up the cost of FeCr imports, the Japanese government would impair the international competitiveness of its stainless steel industry, which is already being hit by the appreciation of the yen.

The Star Friday August 25 1978 21

Asbestos industry gets a booster

277

By Anne Colley

The Cape Asbestos group today passed a much needed vote of confidence in the battered asbestos industry.

A R10m expansion programme designed to boost production at the group's Promfet mine by 75 percent has been completed and it was revealed that a new operation, the size of Promfet is likely to be established in the near future.

The R10m expansion programme was undertaken on the basis that ore reserves at the Promfet mine justified the investment and the end result will be production of 70 000 tons of Cape Blue asbestos a year, compared with the previous 40 000 tons.

Apart from these preserves at Promfet, recent exploration has revealed enough high grade deposits on another property to justify the new operation.

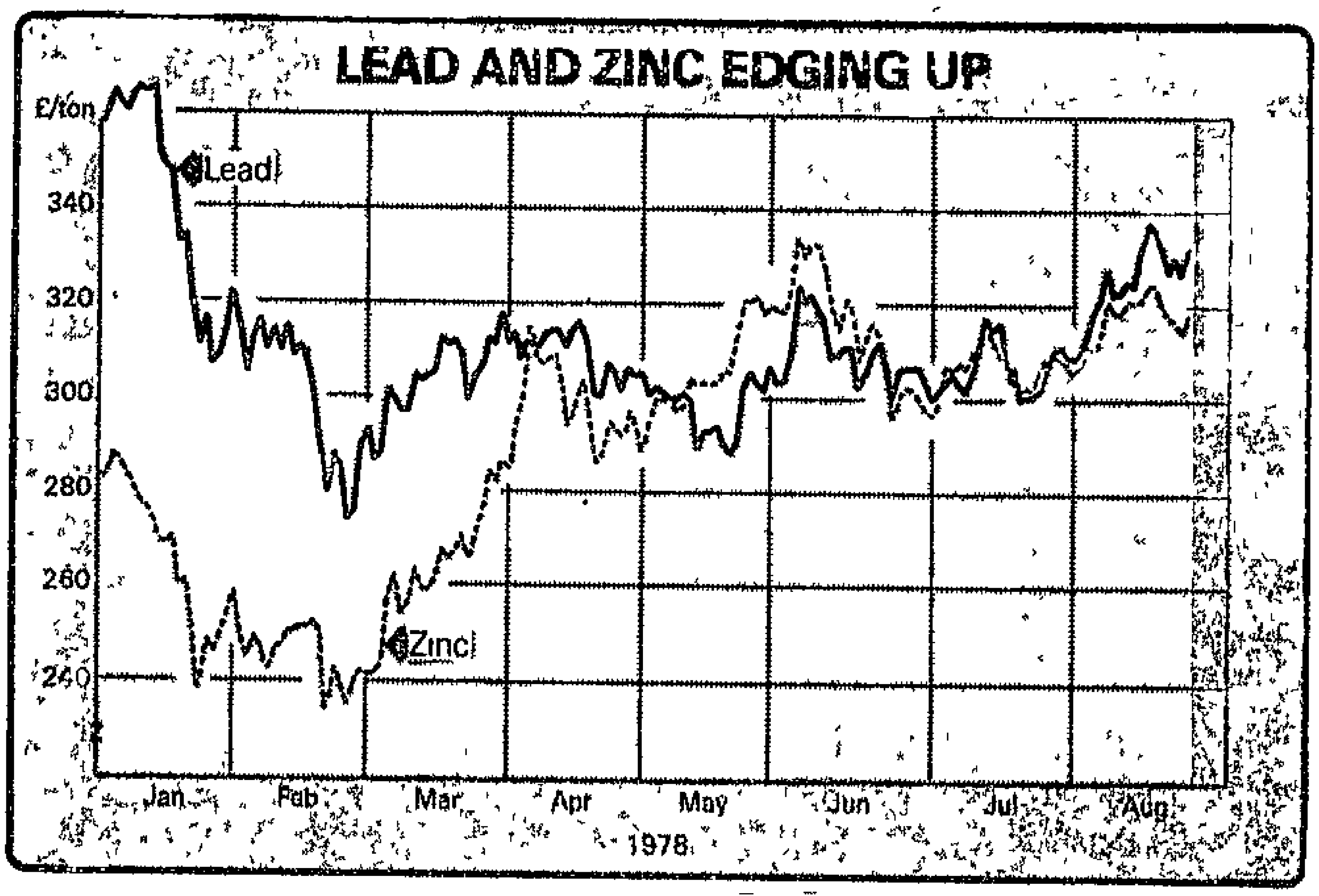
Opening of the new mill, which marks the completion of the expansion programme, the Minister of Mines and Labour, Mr S P Botha, called for further expansion in the R138m a year asbestos industry. Almost 97 percent of the country's asbestos output is expected to earn South Africa valuable foreign exchange.

This sign of the group's confidence in the asbestos industry is much needed. Towards the end of 1977, Cape Asbestos cut production and retrenched workers, a clear sign of the poor condition — some called it critical — of the industry.

But the situation in the asbestos market seems to have been improving. Recent Press comments revealed that the two quoted asbestos producers, Gefco and Msauli are on bull trends and that this was a result of improved consumer demand and the petering out of stockpiles.

The new mill is believed to be the most advanced in the world. Great precautions have been taken to ensure that the dust problem which has proved to be such a health hazard has been minimised.

This health-conscious attitude on the part of Cape Asbestos was commended by the Minister whose department has, for some time, been investigating the problem and ways to overcome it.



LEAD/ZINC 217

Stock position

FM 25/8/78

LME lead and zinc prices have edged higher in the last month or so, with lead registering gains of around 10% to £336 per t (three months delivery) and zinc around 5% to £225 per t (also for three months).

Bill Boyes, head of metal trading at Commodity Analysis, told the *FM* that lead is "fundamentally perhaps the healthiest non-ferrous metal today." LME stocks of the metal have declined around 20% in the last three months or so and now stand at 46 750 t. Occasionally hedge selling of secondary, recycled material has been dampening the price, but Chinese and Japanese demand, especially in the last few days, coupled with reduced Soviet sales have generally kept the market tone firm. Lead is not suffering from such a heavy overhang of stocks as other non-ferrous metals, particularly copper, and some trade sources believe the market could even be moving towards a deficit.

LME zinc stock levels have generally remained static over the last three months, though they are currently registering slight gains. At the moment they stand at 73 975 t The market is not so buoyant as that of lead, but nevertheless European producers have been raising prices to $625 per t over the last week or so — a trend which reflects both the depreciation of the dollar and possibly a slight increase in orders.

According to the London-based Lead and Zinc Study Group, however, there could be some light at the end of the tunnel. The group believes that demand is rising faster than expected and this year should reach 5,3 Mt compared to a maximum expected output of 5,2 Mt. Some traders, however, believe that this could represent producer optimism and that in any case stocks are very high, probably higher than some producers care to admit

MINING (217)

Pluck at Pomfret

FM 8/9/78

Cape Asbestos shows a lot of confidence with the opening of its R10m mine and mill in the North Eastern Cape. The group, with its Koegas mine virtually worked out, needs this room to manoeuvre although, with the world asbestos market still wallowing, it is laying the groundwork for better days from next year in the blue asbestos market CA is the largest amphibole asbestos producer in the world with its Penge and Pomfret mines having a 160 000 t combined capacity

Its 45m-high vertical mill at Pomfret (first high-rise building in the Kalahari) has gone into full production by processing 900 t of minerals daily for an output of 100 t of blue asbestos — 30 000 t a year. This expansion raises the mine's capacity to 70 000 t.

Mines Minister S P Botha's official opening of the mill was an optimistic affair despite despondency overseas about the asbestos glut.

Some Canadian mines are in financial trouble while the Russians, accused of dumping substantial loads of their 2,7 Mt annual production on Far East (and probably other) markets, are expected to continue pushing 500 000 t into exports next year.

This mainly short-fibre chrysotile will not, however, affect Pomfret's unique crocidolite exploitation

Recent buoyancy in the world markets (caused mainly by a prolonged Canadian strike) ended in the second half of last year and, although prices are holding, demand is not expected to pick up until well into next year. Mines and mills in the West are generally running under capacity while new asbestos cement manufacturing plants are coming on stream in Colombia, Mexico, Yugoslavia, Arab countries and Russia.

With 96% of SA's annual output by value exported (1976·R112m, 1977:R133m; and estimates for this year at R109m) the Pomfret venture comes on stream in a weak market. Cape Asbestos planners have, however, done their homework "We're expecting demand to rise next year, so have replaced Koegas, which produced 18 000 t a year, with this 30 000 t expansion at Pomfret," says CA MD Simon Dougherty.

Pomfret produces a wide range of blue asbestos (accounting for 70% of the mineral's exports) which includes a substantial amount of high-grade long-fibre. Demand for this, used mainly in piping, has held up best of all and should be the first grade to take off with a rise in construction industries overseas.

The fully-automated mill can also switch to grades and lengths in greatest demand at a given time or to full individual customer specifications.

Pomfret must be on a winner with such a flexible mill.

ZINC (217)

Silver lining FM 15/9/78

An impressive and surprising recovery is taking place in the zinc market which for about two years has been the sickest of the many sick base metal markets. From a low point of £235/t the LME cash price has risen to a trading range of £310-£320/t and has been as high as £339.

More significantly, the European producer price, the basis for the great ajority of physical zinc traded outside ıe US has been raised in stages from its west ever level of $550/t to $625/t US ·oducers have followed the trend by lift- ıg quotations from 29c/lb to 33c/lb.

The recovery is impressive because it ıs been accompanied by a big reduction the stocks of zinc held by smelters in e US, Japan and Europe. It was the /e of these surplus stocks that led to the assive discounting and the almost total ·eakdown of the European producer ·ice system in 1977 and early 1978

The mood of the market has changed ›mpletely since the early summer Signi- :ant cuts in the rate of metal production ave been made this year in the US and ıpan European smelters made some npressive announcements in the spring nd followed them with rather modest :ductions in output Consumers took ıis as their cue to rebuild their very nall stocks of metal

ear-end prices

A large amount of European zinc was lso shipped to the US in the first half of ıhe year as a precaution in case US zinc ›roducers won their claims for import ontrols (in fact they have lost them). ˈhe result is that some producers in .urope are now short of zinc and are reely predicting that the price will be ı700/t before the end of the year, helped ›y a miners' strike in Peru and the weak- ıess of the dollar.

This view could be too optimistic. \ctual consumption of zinc is virtually ınchanged at last year's level. Restock- ng by consumers has ceased and could ·ven be reversed, but the principal danger s that zinc smelters will be tempted to ncrease production too soon and create ınother surplus as they have done before Recent history supports the view that ›roducers may soon spoil their own market by overproducing Already Asarco and EZ Industries have raised .heir operating rates

Zinc concentrate producers have been deprived of some of the benefit of the re- covery in metal prices European custom smelters have consistently sold metal at premiums of up to $50/t above the producers' price since early summer and are still doing so.

Mines are paid on the basis of the Metal Bulletin quotation and get no share of the premium, which is regarded as fair since they suffered no share of the dis- counts that prevailed earlier

The bargaining position of zinc mines remains weak A huge surplus of concen- trates built up at smelters during the re- cession Some zinc mines reduced output or closed down when smelters started to refuse deliveries in 1977 The $550 price was financially disastrous for most mines but those which also produce copper, such as Prieska, or lead, can find ready markets for those products and have con- tinued production despite losses on zinc.

It will take a longer recovery in the zinc metal market to improve demand for zinc concentrates It is far from certain that we will see that recover

Eighteen trade schools or sections d
provide trade training for youths.
bricklaying and plastering, require
fication. Courses requiring a high
mechanics require Standard V111. T
passes in trade school courses in th

Table 11. Passes in trade school c

Year	Number of
1968	345
1969	502
1970	646
1971	67[illegible]
1972	76[illegible]
1973	99[illegible]
1974	1 11[illegible]

Source: Department of Bantu E

The following table shows that the ... ts has roughly doubled every five years ov ... this trend continue, a trickle of potent ... d swell rapidly into a relative flood, assu ... er returns to 'normal' after the explosion of ... to on June 16, 1976.

Table 12. Matriculation and Senior ... R.S.A. and S.W.A., 1965-1974.

Year	Full time students	Supplementary exam. & part-time candidates	Total passes	Index 1965 = 100
1965	827	318	1 145	100
1966	871	418	1 289	113
1967	967	616	1 583	138
1968	1 266	354	1 620	141
1969	1 742	766	2 508	219
1970	1 856	871	2 727	238
1971	2 388	893	3 281	287
1972	2 911	1 416	4 327	378
1973	3 226	1 042	4 308	376
1974	3 441	..	..	..

Source: Department of Bantu Education, Annual Reports.

TIN

217

New highs FM 15/9/78

Forward LME tin prices broke through the £7 000/t barrier on Monday for the first time in the metal's history. Although three-month standard tin eased back below this level later on, by early trading on Wednesc the market was very strongly disposed at around £7 100, a rise of some £200 since the end of last week. However, "the real action" according to Peter Lion of London metal merchants Phillip & Lion, "has been on the cash market." Here supply squeeze fears have increased premiums to around £200 over the three months position from around £50 a month or so ago. "It looks as though the premium is going to widen further," says Lion

The main underlying reason for this widening backwardation, according to several sources, is the strong possibility that a small group of powerful interests (it is rumoured, absolutely off the record, that these include Phillip Bros, Anglo American and Engelhard) are buying up tin-in-concentrate and having it refined on a toll basis in Penang. This meant that other tin purchasers are getting in some cases only 20% of amounts previously demanded.

Stockpile prospects

The motivation for such heavy purchases, it is suggested, is the US decision to defer stockpile legislation, which may eventually lead to the release of up to 50 000 t of tin onto the market. "The consensus of opinion, says Rudolph Woolff director Bruce Leeming, "is that means we are back to the question of the statistical deficit." For this year this is estimated by various people to be between 8 000 t-24 000 t.

This fundamental background feature, coupled with buying in the Far East, has also promoted increased speculative interest on the LME with its attendant effect on prices.

All in all, it looks as if the sterling price of tin could have further to go.

PLATINUM FM 15/9/78 (217)

An end to conjecture?

Will conjecture on establishment of a Platinum Selling Organisation (PSO) cease now that it has been knocked on the head by Impala chairman, Ian Greig?

For the time being the answer is probably yes. But the seeds of the idea still remain. Much depends on Anglo's attitude. While its associates are busy on the acquisition trail in the US, anything likely to upset the anti-trust lobby there will be soft-pedalled.

Greig makes the point that: "We have built our business in an environment of intense competition which has forced us to remain alert and has probably been as good a stimulus for our competitors as it has been for us."

In its early days when Impala was busy breaking into Rustenburg's market, competition was clearly intense especially for the then-lucrative US auto contracts. But the past year suggests that competition does not extend to producer price differences except very short term.

It is common cause that Impala's marketing arm is more efficient than Rustenburg's. Rustenburg is effectively the supplier of last resort, and marginal changes in free market demand can play havoc with its production schedules. Perhaps the prime factor in lifting platinum producer prices was Rustenburg's announcement of a 10%-20% cutback last year. Since then, Rustenburg has quietly increased output to previous levels and it could only take a resumption of visible Russian sales (if there ever was any real shortfall in Russian deliveries) for oversupply again.

When is a cartel not a cartel?

So there could be an incentive for Rustenburg to look towards more orderly marketing. It need not necessarily be along the lines of the CSO. An alternative is along the lines of the ITC, which has both producing and consuming members.

Platinum executives are notably leery of any mention of collaboration, pointing to difficulties with US anti-trust legislation. But the Americans have always wanted to have their cake and eat it. When the post-war uranium boom collapsed, bans on imports to protect domestic mines effectively forced non-US producers into marketing arrangements simply to keep parts of their industry intact. The same is happening with potash, as the Saskatchewan producers work under 50% cut-backs, simply so that higher cost US mines can stay in production.

For the present, with burgeoning platinum prices, pressure for orderly marketing is lessened. But both Impala and Rustenburg are faced with major capex programmes over the next few years, which could be prejudiced by a price slump.

It seems that conjecture is unlikely to die a rapid death, if at all. But it should be remembered that the producers can always refuse to sell at prices that give them no profit.

Jim Jones

23/9/78 (217)

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R12.1-

Massive copper theft uncovered

EAST LONDON — Railway police here have uncovered a massive copper theft operation involving hundreds of thousands of rands of Zambian, Zairean and Phalaborwa copper which was being exported through East London.

A Railway's spokesman in Johannesburg, Mr J C van Rooyen, could not place a monetary value on the stolen copper. He said, however, it was "quite a considerable amount"

He could not reveal any further details about the operation as police investigations "were at a critical stage"

The figure is rumoured to be about R300 000

Police are investigating what appears to be a far more massive operation than thought originally.

The organisation responsible for the thefts is believed to include a Railways employee and businessmen here and in Durban, where some of the copper was discovered in a smelting works

Details of how the thieves managed to steal tons of copper from the harbour and rail sidings in East London are not available, but the thefts and subsequent police investigations took place over a period of many months

The System Manager for the Railways here, Mr D Butler, has refused to disclose any details

"Police investigations are continuing and as far as I am concerned the matter is sub judice," he said He would not disclose how much copper had been stolen until investigations were complete

The local chief of the Railway police, Col J Scott, referred inquiries on the matter to Johannesburg, where the assistant commissioner, Brig Britz, said no information could be released at this stage as police investigations were at a critical stage.

Capt K Rostron, head of Rennies Stevedoring in East London, the firm handling the copper, referred inquiries to the railway police — DDR

COPPER (217)

Signs of weakness

FM 6/10/78

Fears are growing that copper prices may face another substantial drop despite the much heralded signs of an increase in industrial consumption, which partially explains a drop in the London Metal Exchange's stocks over the last nine months or so from a record 650 000 t to just over 425 000 t. Nevertheless, the latter figure is still larger than, say, an entire year's output from Peruvian mines.

According to a recent report by brokers Bache, Halsey, Stuart "the long term bullish trend is fast losing influence with traders" For the last few months production problems in three of the world's key copper exporting countries, Zaire, Chile and Peru, have helped keep forward copper prices in a narrow trading range centering on about £750/t.

There have been a few signs of strength Midday Tuesday, three-month copper was quoted at £770, but the improvement could be short-lived. From the beginning of October, Zaire has lifted the 50% *force majeure* on copper deliveries introduced in July in the wake of the attack on Shaba Province And, according to persistent unofficial reports from Kinshasa, the country is now producing substantially more than pre attack levels of 16 000 t p[illegible] day Meanwhile in Chile and Peru disruptive industrial action seems to have abated Further, London metal traders are keeping a close eye on negotiations between Angola and Zaire over the possibility of re opening the Benguela railway which would lead to a much smoother flow of copper from both Zambia and Zaire to the Atlantic coast

Another potentially important factor is the performance of the US economy in the next few months "There could be some worries developing," says Robert Gratton of Conti Commodity Services But on the whole, Gratton is not as pessimistic as some other "I do see copper going down, but only by a maximum of [illegible] to £15" He points out that a "helpful factor" in preventing a large drop could be the fact that copper availability to leading Western consumers might not be as high as it appears on paper when quality requirements [illegible] [illegible] into account

There is also the possibility that the US General Services Administration will buy up to 250 000 t of the metal Looking further forward, Gratton remains bullish "I have bought copper and I'm prepared to sit on it until 1980"

BASE METAL QUARTERLIES

A mixed bag

211

FM 21/11/15

Near term, slow economic growth in the major industrial nations points to little significant improvement in base minerals demand. And with the exception of tin, which is overshadowed by the conflicting pulls of Bolivian shipping problems and prospective GSA sales, prices could be set for little change over the next few months.

Rooiberg: The average price received per ton of tin in concentrates rose to R9 843 (R8 528) on the quarter, while costs per ton were 16% higher at R4 431. Local demand and more frequent shipments reduced the pipeline, a situation which will probably reverse in the December quarter.

Chairman Robin Hope says the high cost increase rate was something of an anomaly, since in one month, when production was low, costs were exceptionally high. Operating costs have, he says, been "remarkably stable."

Drilling results at the "A" Mine and Vellefontein were again disappointing but Hope is confident that in time an acceptable result will be obtained. At the "C" Mine development continued to open good grade ore on the A and B lodes.

Trial smelting by Iscor has been completed satisfactorily, and Rooiberg is finalising assessments of its proposed R5m smelter.

Smelter construction will not strain liquidity and can be financed internally. It appears that Rooiberg is looking at a short payback period.

Union: High tin prices, new ore discoveries, increased throughput and better recovery have again staved off closure. There are no further plans regarding re-treating the dumps.

September quarter sales fell to 81 t (120 t) with a change in the July contract. Tin in concentrates production was unchanged at 105 t, while the average price received rose to R8 074 (R7 725) and costs fell to R4 605 (R4 675).

Gefco: Closure of lower grade operations is apparent from the mill throughput drop to 104 000 t (121 000 t) and fibre recovery increase to 15,4% (14,2%). Even with production cut-backs, closure of one or more of Gefco's scattered mines does not mean that unit costs necessarily increase disproportionately.

Gefco is more reticent than sister Msauli on revealing details of sales. But there has been an apparent sales drop in line with the lower output. Judging by reports from competitors, the Cape Blue market remains tight, and a final quarter earnings improvement may be out of court. If so, and if the tightness is expected to continue, a lower final than last year's 28c could be on the cards, despite the maintained 24c interim and the first three quarters' 36,9c available earnings.

Both Msauli and Gefco have been relatively firm over the past few weeks with market talk of buying by parent Genmin. One rumour was that the house could be planning a bid for the minorities to delist the shares and provide the minimal public reporting of competitors.

Msauli: No details of sales tonnages are given, but it seems that the normal mid year improvement is taking place. Revenue per ton has fallen, partly probably in line with the Canadian dollar's drop against the rand, but also, based on past experience, because a greater proportion of shorter fibres was sold.

Normally, increased demand for shorter fibres would be accompanied by a higher percentage fibre recovery. In the September quarter this fell to 10,4% (11,1%) on higher mill throughput of 166 000 t (146 000 t). So this time the grade drop may be because of mining lower grade areas rather than shorts dumping. If so, the outlook for the mine could be brightening.

In the first three quarters, available earnings totalled 33,2c with an interim of 17,5c (25c). Sales will probably improve in the final quarter in anticipation of Canadian led price hikes. Capex is at a low level and with no major capex plans on the horizon, a 25c (25c) final could be on the cards.

Cons Murch: A further working loss, bringing the first nine months total to R2,3m, has led to a capex cut back to R350 000 from the original R1m. It indicates little chance of any near-term market improvement. Emphasis remains on maintaining liquidity.

Mill throughput improved slightly on the quarter as, apparently, did yield. But if there is only a marginal sales improvement in the fourth quarter, a further 2 000 t of concentrates will be added to the present 8 837 t stockpile by the year end. *Metal Bulletin* ore quotes have been creeping up in line with the dollar's decline, so on my figures the year end stockpile should be worth around R10m (equivalent to 240c per share) and carried in the accounts at zero value.

There have been a few flurries in the shares over the past few weeks which could indicate a warming in the market's attitude. If previous patterns are followed, with burgeoning profits as the stockpile is run down, for investors prepared to take a two year view this could be the time to start picking up the shares. Nearer term there is little possibility of a final dividend. Next year, even if the market improves steadily, the interim could be under threat if currently deferred capex has to be made up.

Jim Jones

Cons Murch ... is sentiment changing?

Sterling provides the best investment Says one Johannesburg silversmith· "A silver plated tea service bought 20 years ago would fetch double its price today A sterling tea service would probably have increased its value 20 times in that time."

It is to the credit of the local industry that several firms have started to export both plated and solid silverware.

Precious metals engineers manufacture an assortment of seamless silver tubes for the jewellery trade. These wind up as napkin rings, ornamental bangles, and bracelets and as bands for pens, pipes, and umbrellas. Silver wire and coloured enamels — used to decorate chains of office — are also locally produced

SA silver returns to this country not merely in the form of manufactured silverwear, but as the sensitive coating to commercial and specialist x-ray films.

The price of silver is governed by the London market For convenience, the Mint will charge the average price over several days and this governs the price of a piece of silverware made from a consignment of silver purchased at the time

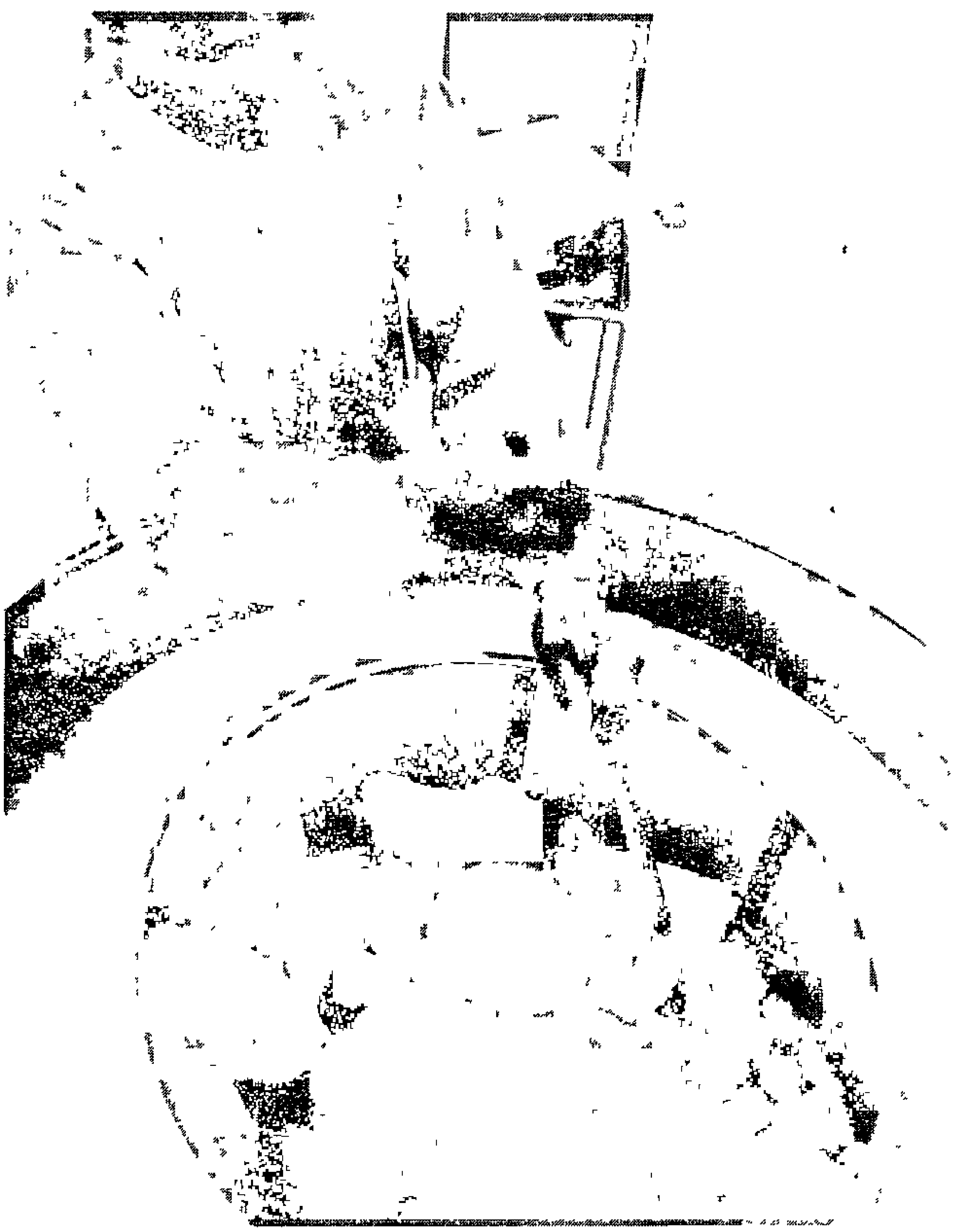
Once upon an aspirin bottle

Merensky's research unearthed the world's biggest platinum find

(217) FM 10/11/78

There has been an on-off-on touch about the development of platinum mining in SA Traces were discovered in 1923 in the Waterberg district, north of Nylstroom. Geologist Hans Merensky, then visiting SWA, rushed back to find the deposit was not commercially viable

A year later an aspirin bottle arrived on his desk It contained a greyish-white concentrate found by an Eastern Transvaal farmer, Andries Lombaard, while panning for gold at Maandagshoek, 70 km north of Lydenburg.



Merensky guessed it was platinum, sent it for analysis and was proved right. The discovery came at a critical moment for him. Born in 1871 in the Transvaal, the son of a German missionary, he graduated in geology in Berlin.

Back in SA, he discovered tin near Pretoria, drew up a report on the feasibility of the still-to-be-developed Premier Diamond Mine, and predicted not only that diamonds would be found on the coast south of the Orange River, but that they would emanate from the sea and not from "pipes" as further inland

In 1913, during a mining depression, he went bankrupt and during World War 1 he was interned.

At the time he received the aspirin bottle, he was broke. Friends raised enough money for him to follow up the original find with Lombaard and two other men.

Some streams showed platinum traces — others proved negative. But Merensky was convinced that deposits lay in surrounding rocks Again he was right. What was needed now, he explained, was to find the "mother rock "

Within weeks he had done this, and traced it for almost 100 km It became known as the Merensky Reef

The reef is in the Bushveld Igneous Complex which, covering 693 000 km², is known today to contain the world's greatest deposits of platinum group metals, chrome, and vanadium as well as possessing vast quantities of copper, nickel, iron, tin, fluorspar, andalusite, magnesite, and chrysotile asbestos

During the search, Merensky disappeared for two weeks He returned to reveal that he had been hunting for traces of platinum at Potgietersrust. A few weeks later the friend reported finding payable deposits stretching for 50 km. The year was 1925

Already a small company, Lydenburg Platinum (later enlarged and renamed Lydenburg Platinum Areas), had been launched, but now the Potgietersrust finds created wide interest

This was hardly surprising, for

GOLD AND DIAMOND COLLECTION '79 STOCKISTS

Merensky was able to highlight the particular value of the deposits. Whereas in Russia and Canada, platinum was mined as a by-product of copper-nickel, in SA it could be mined as a primary metal.

The news brought hundreds of speculators who formed some 50 mining companies, few of which were to survive. The JSE experienced the biggest flood of shares in its history

Inevitably, Russia countered by unloading stocks of platinum onto the market, thus slicing world prices. But even this could not totally undermine the Merensky operation.

One of the first fanciers to show interest was Ernest Oppenheimer. He met Merensky and his backers, and with Anglo American and Sir Abe Bailey's SA Townships, formed Potgietersrust Platinum Mines. Later Solly Joel and JCI bought into it and were to emerge as the major shareholders.

Johannesburg Consolidated Investments was founded by one of the Reef's most colourful characters, Barney Barnato, in 1889 He had walked from the Kimberley diamond fields because he lacked the money for the coach fare. He later achieved control of Kimberley Central Mine and spent R2m buying share claims, buildings and real estate.

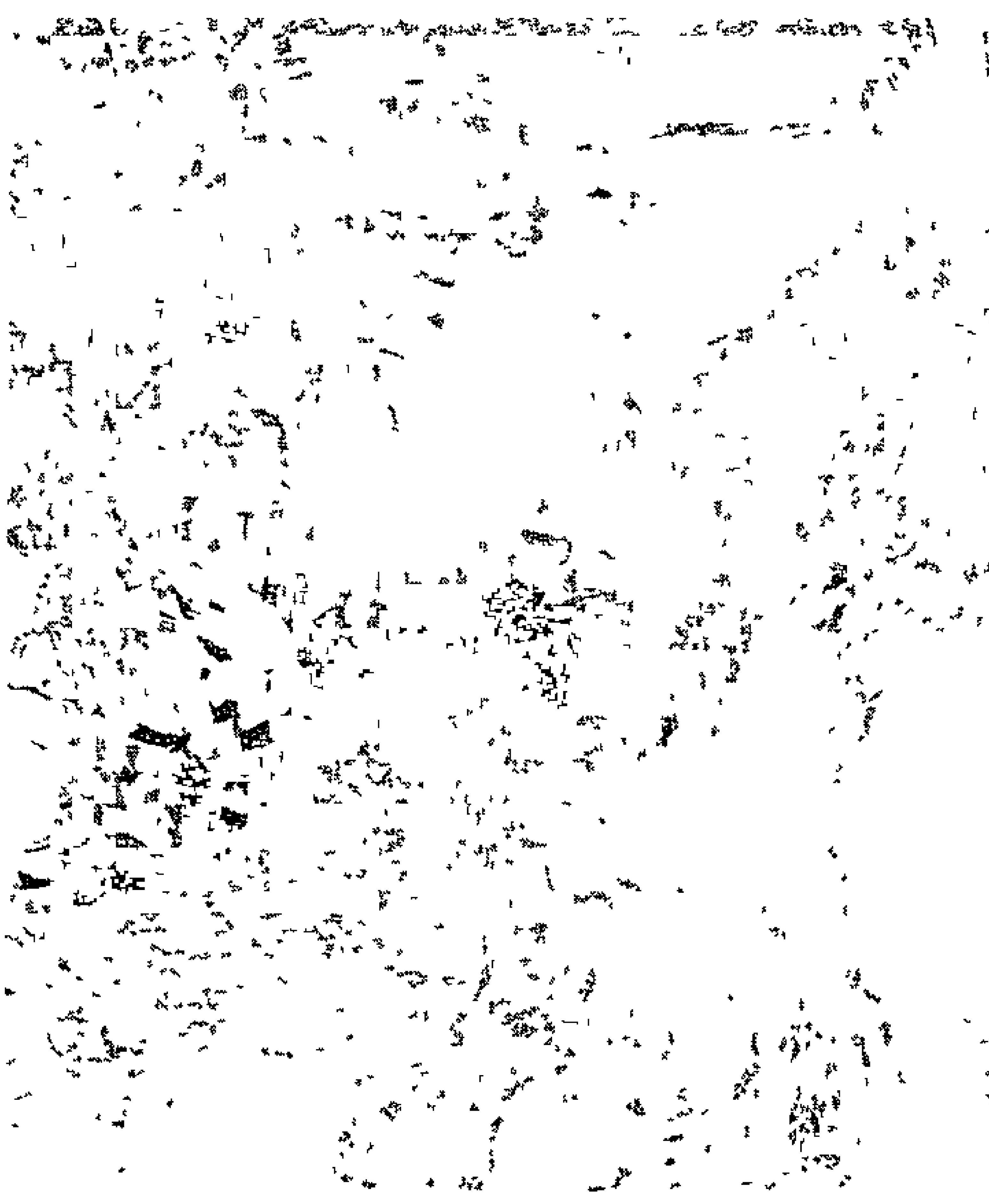
He committed suicide in 1897 and his successor, his nephew Woolf Joel, was murdered by a blackmailer nine months later Solly was Woolf's brother

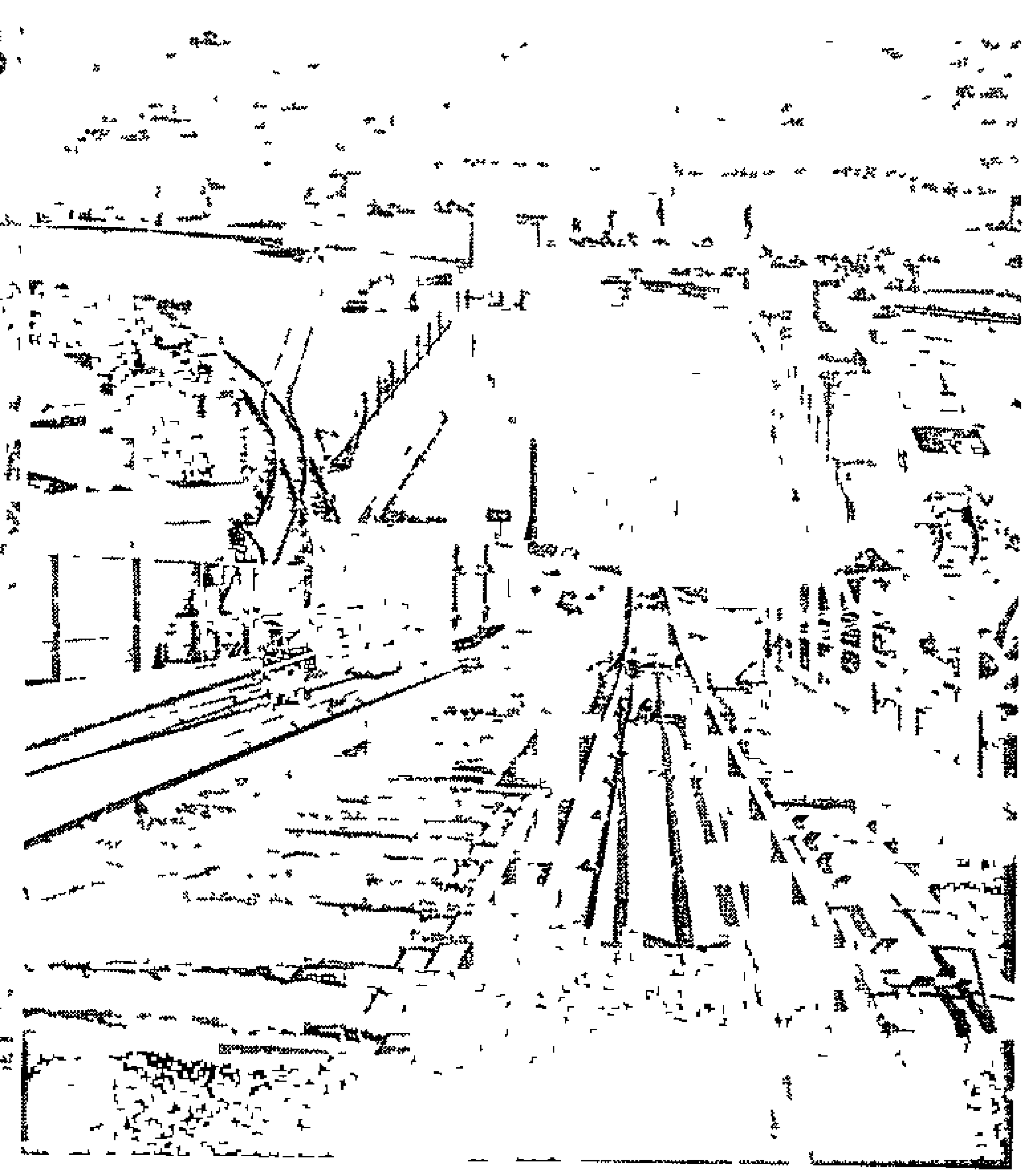
JCI built the old Carlton Hotel and developed Houghton Estate Its mining ventures included the rich Government Areas at Modderfontein For a mining house on the climb, platinum was an obvious acquisition.

While Potgietersrust was being developed, Merensky also bought options on the Rustenburg area, which turned out to be even richer than the other two deposits

Milling started at Potgietersrust in

Pouring silver gold at Rustenburg Plats





From this . . . to this

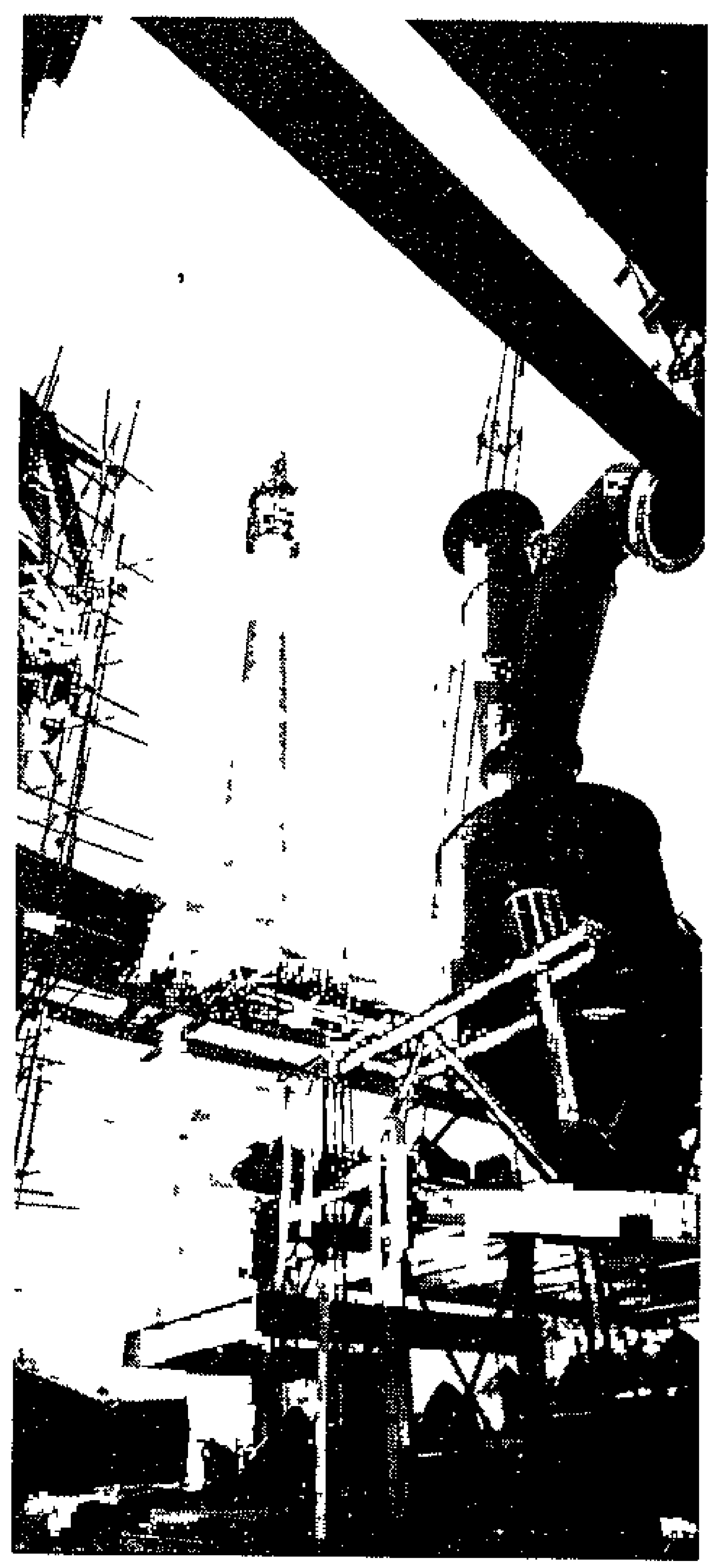
world demand, it is now about 1m oz

It is the largest underground mining operation in the world Preliminary refining is carried out at Rustenburg by Matthey Rustenburg Refiners, jointly owned by RPH and Johnson Matthey, who undertake further refining at Wadeville, and the absolute refining at the parent company in the UK

As a nice ending to the story, Merensky, thanks to Rustenburg, ended up a rich man

Finding the buyers for Platinum

Unlike gold, platinum has to be more aggressively marketed. And production has to be carefully watched to maintain price stability



The latest platinum producer price increase to $260 per oz means that in a space of ten months, the metal has been hiked by almost $100 Some analysts are talking the producer price up to over $300 in the near-term

Whether these targets are possible is an open question The platinum market is much smaller than gold's, and its development depends largely on the sometimes conflicting requirements of the three major producers, SA, Russia and Canada

Producers are highly secretive about how much platinum they release to a market which is far less well documented than gold. In 1977, total world gold production was estimated by Consolidated Gold Fields at 1 428,5 t or almost 46m ounces, of which SA produced about 49%

In SA, only third-ranking producer Western Platinum publishes details of its pgm production Rustenburg and Impala only talk in generalities

The table gives estimates of world platinum consumption and supply It puts SA at the top of the supplying league to the Western World with about 66% of the market In general terms, western world platinum consumption may conveniently be split as follows

- Jewellery — 35%-40%,
- Auto industry — 20%,
- Rest — 40%-45%

It does not necessarily mean that individual producers' sales mixes are in these proportions. Rustenburg's sales are

Massive...and a touch of mystery

217 FM 10/11/78

In tonnage terms, Rustenburg is one of SA's biggest mining operations. But don't ask for too many details

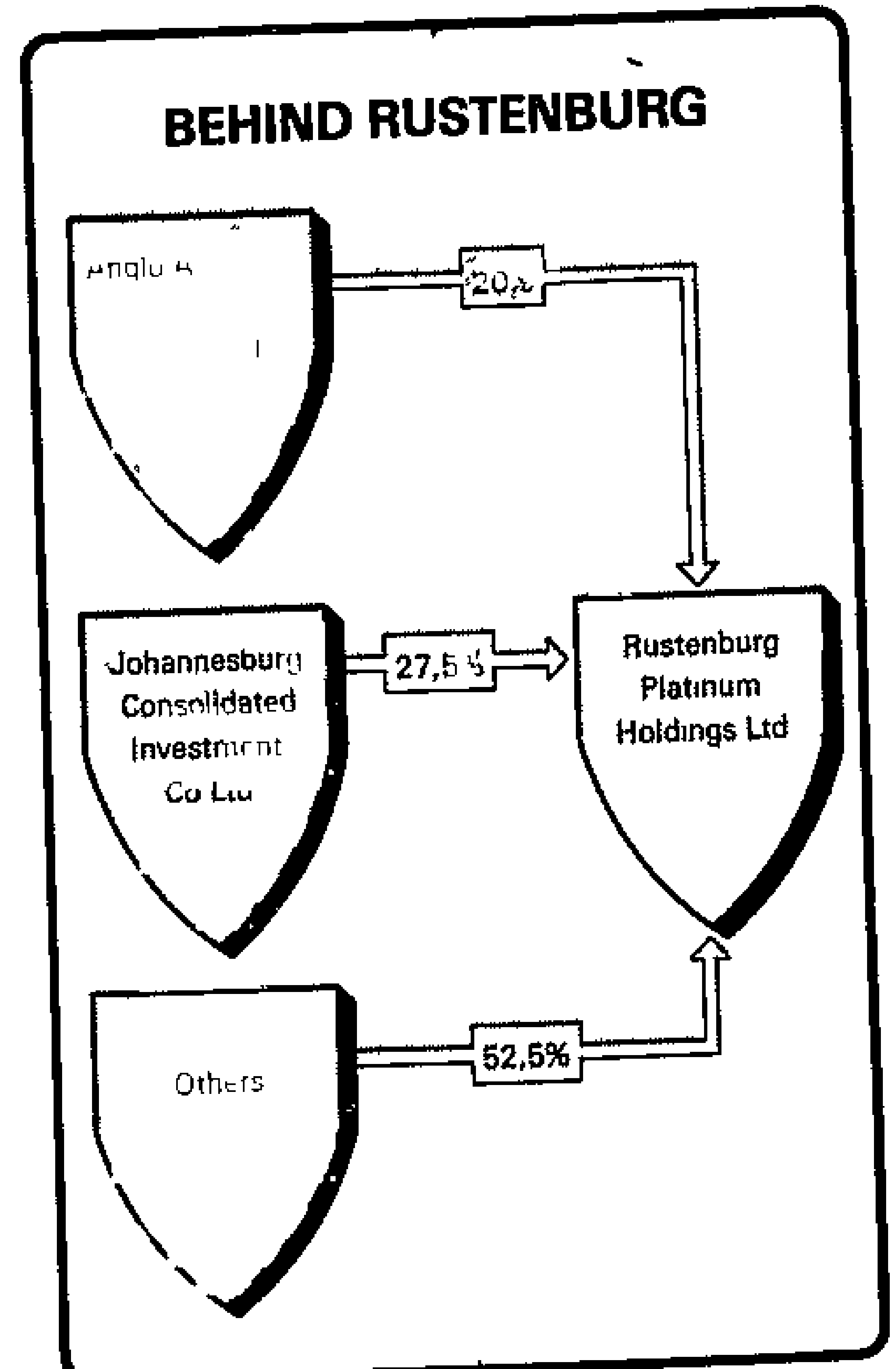
Most people living on the more densely populated Reef have some knowledge of what goes on in a gold mine. Because of its comparative isolation, the Rustenburg platinum mining complex remains something of a mystery, both in the processes used and the scale of operation.

Rustenburg Platinum Mines does not reveal the tonnages of ore mined each day. The final output of refined platinum is only referred to in the broadest terms. The shroud of secrecy ensures that competitors do not gain any advantage from this type of information. As one top official says, "a lot of people would like to open platinum mines these days."

What is no secret is that, because more ore has to be mined to produce platinum than is the case with gold, in pure tonnages terms, Rustenburg is one of the biggest mining operations in SA.

But the underground workings are not deep by SA standards and the miners do not have to go down more than 1 300 m. Yet they have to cope with greater heat problems than do the Reef's gold miners because of the geothermic gradient of the rock.

In platinum mining the nature of the ore body, which is a narrow tabular deposit, has allowed for gold mining methods of shaft sinking and tunnelling. Mechanical borers are used, although not, so far, the huge horizontal tunnel



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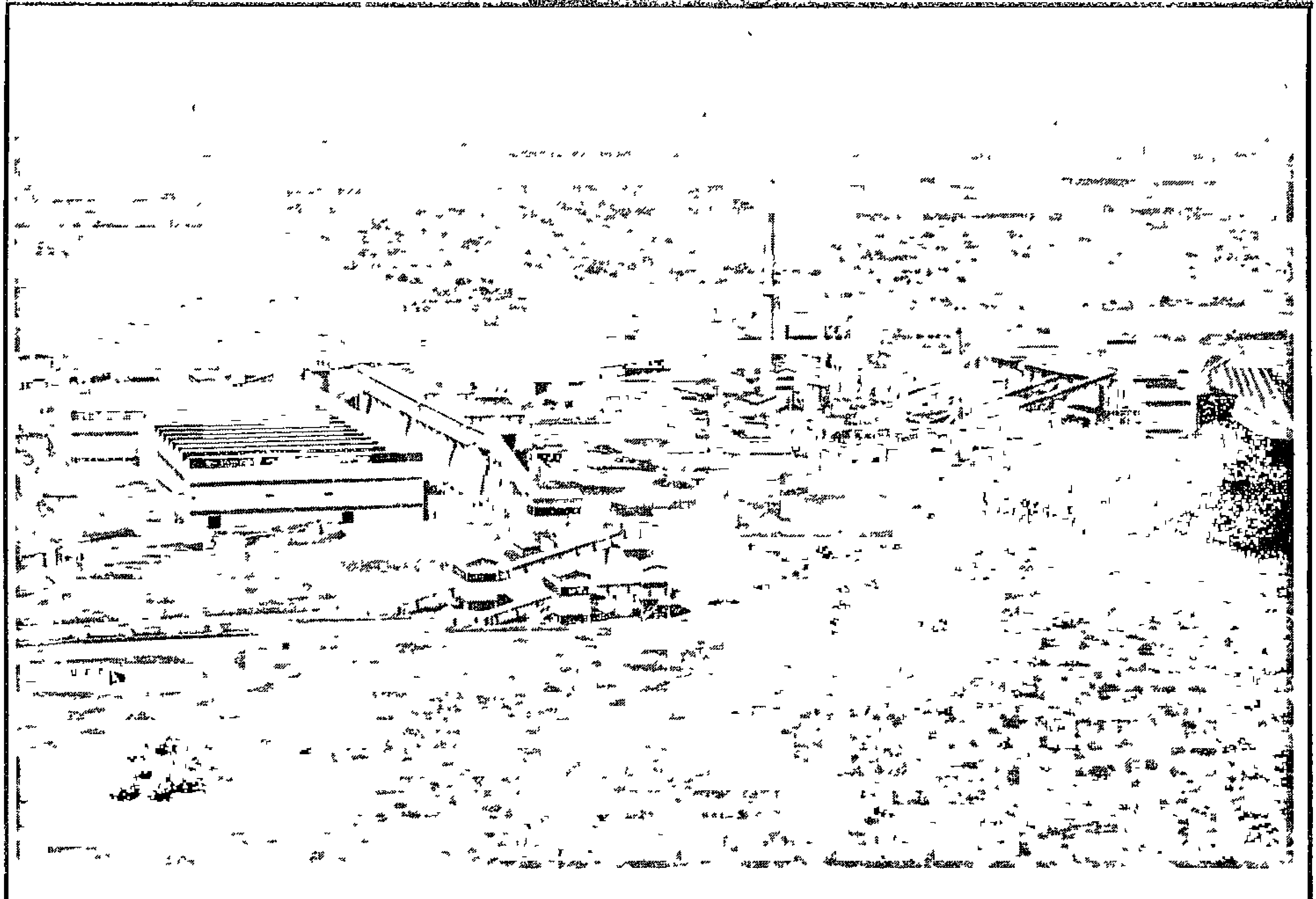


borer But with the amount of development tunnelling that is being done, its day could come.

Fortunately, the mineralised rock lies much nearer the surface than is the case with today's gold mines, but it is harder to mine

Once drilled and blasted, the ore is moved with scrapers from the stope faces into stope ore passes and from there by hoppers to the shaft pass system Here it is loaded at the bottom of the shaft into skips that are usually designed to take 15 t a time to the surface

The ore is then transported by surface rail to the nearest reduction works (the Rustenburg group operates six) where it is crushed, milled, and passed through a flotation plant which draws off a concentrate.

This is smelted and poured into ingots to form a matte containing the platinum, other PGM metals, nickel, and copper. This matte is taken to Matthey Rustenburg Refiners — a company jointly owned by Johnson Matthey and Rustenburg Platinum Mines, which operates three refineries.

The Rustenburg section of Rustenburg Platinum Mines is the largest of the three sections, stretching 30 km along the strike and containing eight vertical shafts Union and Amandelbult sections are

The second largest platinum mine in the world after Rustenburg Platinum is Impala It was launched by Union Corporation in 1967, with the initial aim of mining 100 000 oz of platinum a year. Production started in 1969 — and so did an expansion programme to push annual output to 850 000 oz

Depending on market demand, output has varied in the past few years between 700 000 oz and 750 000 oz.

The lease area covers 10 673 ha, with the Merensky Reef outcropping on one side and dipping to 1 000 m below surface on the other All of this lies in BophuthaTswana In addition, the company holds mineral rights to the east of Rustenburg at Marikana.

Impala has developed three adjacent mines — Bafokeng North, Bafokeng South and Wildebeestfontein. They employ 30 000 blacks The white staff live in Rustenburg, 17 km away, which also houses the main mine offices.

From the mineral processes plant on the mine, the matte is taken to the nickel and copper refinery at Springs. After these have been recovered the concentrate goes to Impala's platinum metals refinery close by where the platinum, palladium, rhodium, ruthenium, iridium and gold are refined

While Union Corporation is the largest single shareholder (47,07%) others are Bishopsgate Platinum (a holding company) with 21,68%, National Selections (5,03%) and Industrial Selections (5,03%), International Nickel SA (9,5%), and UC Investments (11,75%).

Bishopsgate and Impala Platinum are consolidating their equity interests to form a new company Bishopsgate is consolidating its 25m issues shares of 10c into 12,5m of 20c Then, in exchange for the outstanding 78,32% of Impala held by Union Corporation, UCI, Idsel, Natsel and International Nickel, Bishopsgate is issuing a further 45,15m of its own new 20c shares and changing its name to Impala Platinum Holdings with Johannesburg and London quotes

This will be the direct holding company of Impala Platinum and does away with the division between directly and indirectly held interests.

Impala markets its platinum group metals through a London subsidiary, Ayrton Metals An order placed with Ayrton means that the platinum can — within hours — be placed on a plane for anywhere in the world

To boost sales of platinum jewellery, Ayrton has opened The Platinum Shop in New Bond Street, London.

MSAULI ASBESTOS

FM 10/11/78 (217)

Battling the giants

It's not easy to push up sales when demand for your product is in the doldrums. Yet despite the worldwide building slump and increasingly strident warnings of the effects of asbestos on people's health, SA's biggest producer of chrysotile (white asbestos) has managed to boost its export earnings almost sixfold in the past eight years

Msauli Asbestos, a public company in the General Mining stable, last year earned R16m from exports, compared with R2,5m in 1970 Turnover has trebled in the past three years

One reason for this spectacular increase is that when Canadian producers were plagued by strikes in 1975, Msauli (among others) picked up some of their customers, especially in the Far East. "By hard work we have held on to those markets that we gained then," notes chairman Wally Walters "We have supplied their needs, been flexible in manufacture of the final product and paid close attention to consistent quality, packaging and unitisation "

Msauli's biggest markets are in Japan and South Korea, but it also sells chrysotile — which is used for asbestos cement sheet, roof and floor tiling and friction materials — in Europe, South America and the Middle East Despite tough competition from Canada, which produces about six times as much asbestos as SA, Msauli is also planning to break into other industrialised markets "We'll offer certain specialised grades and qualities," says Walters

Msauli's success in taking on the Goliaths of world asbestos — Canada and Russia — must have played a part in its winning an export award, SA is much further from the main consuming countries than its competitors, placing Msauli at a severe geographical disadvantage By pressure packing and containerisation, however, SA producers have managed to hold freight rates at competitive levels

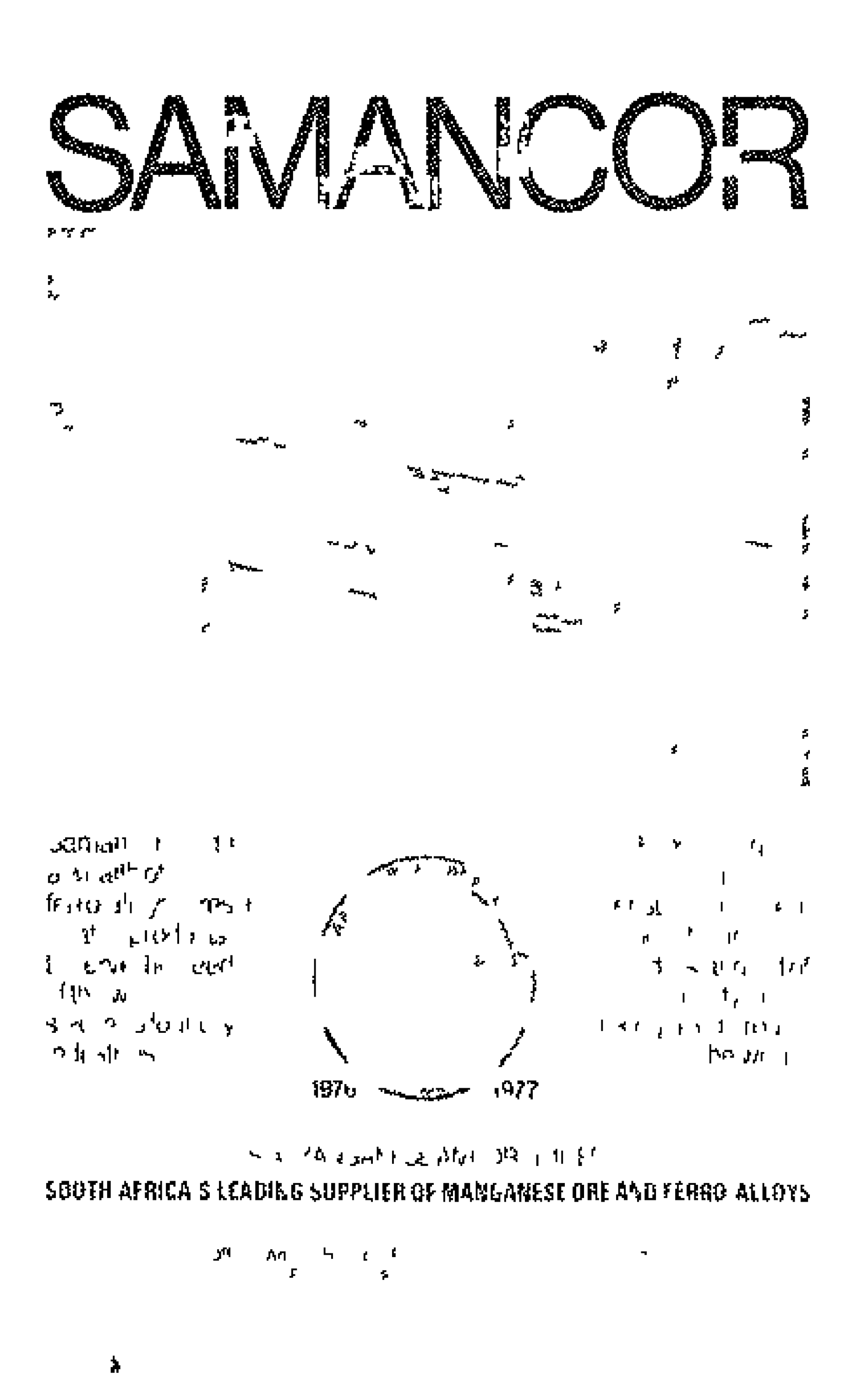
Asbestos producers face increasing resistance from environment protection groups, because of the alleged hazards of exposure to asbestos dust. The producers are doing their best to meet these criticisms — by for instance, offering to pack asbestos in paper bags which repulp when thrown into water Moreover, SA producers participate with their competitors in bodies such as the London-based International Asbestos Council to put their side of the argument.

Russia flooded the Far East with low-priced, poor quality fibres earlier this year, but consumers have continued to turn to producers such as Msauli for an increasing share of their purchases. Msauli's plant near Barbeton is now operating at 75%-80% capacity, and Walters reckons that stocks, which 12 months ago had risen to high levels, are now "just about right for comfortable trading. We are hoping to go on full capacity next year "

Many others apparently share his optimistic statement last month that "Msauli is on the upswing and in my view it will continue on the upswing " The company's share price has bounced back from a low of 100c a few months ago to around 340c

Walters cleaning the dust

HOW THEY USE IT



Some past winners of the Export Award are already telling the world about their achievement Samancor won the award in 1976, and one of its subsidiaries, Metalloys, was a winner last year. The above ad regularly appears in the London publication Metal Bulletin The centrepiece is the Export Award medallion

Paying the piper...but which one?

FM 10|11|78

217

~~109~~

The independence of BophuthaTswana has posed thorny tax and lease questions for the platinum mines

The question of who gets what from the platinum mines of the north-western Transvaal has been thoroughly complicated by the independence of BophuthaTswana in December last year

Rustenburg Plats and Impala Plats have each been affected in different ways. In essence, there is an intergovernmental agreement between SA and BophuthaTswana based on a formula which separates lease and tax before deciding what goes where. All payments are currently made direct to the SA government which takes the matter on from there

The lease aspect of the formula looks at what is taken out where, while the tax side is based on a split of assets. Just how tortuous this can become is illustrated best by Rustenburg Plats, which has two sections — Rustenburg and Union — which are split by the border So mining is conducted in one mine but in two countries at the same time. Rustenburg Plats' third section, Amandelbult, is in SA, but two of the company's five reduction works are in BophuthaTswana. The final refining of Rustenburg Plats' metal is done at Wadeville by Matthey Rustenburg Refiners

The position with Impala is simpler — but not much. All three mines are in BophuthaTswana and there is only one lease area. So the whole process from mine to matte via flotation is carried out there But the assay office and the mine general offices are in SA at Rustenburg, while the refinery is at Springs However, all three mines feed a common concentrator and smelter.

Unicorp director Ian Greig tells the *FM* that Impala did, in any event, pay royalties to the Bafokeng tribe and the SA Bantu Trust before the independence of BophuthaTswana Today he puts the breakdown in payments to BophuthaTswana and SA at about 70/30, though that is subject to an assessment on assets that has not yet been made.

Rustenburg Plats MD Ken Maxwell estimates that BophuthaTswana probably only gets 20%-25% of payments made by Rustenburg, but that would probably follow from the fact that it is not as closely tied to BophuthaTswana as Impala

On the labour front, Rustenburg Plats now employs more than 30% Tswanas compared with only 5% four years ago. Impala employs about 25% Tswanas including 550 women from local villages. They work as cooks, gardeners and clerks principally

Both mining companies enjoy excellent relations with Chief Lucas Mangope.

On the payments question, the position of the mining companies can perhaps best be summed up by Ian Greig: "I frankly don't care how the two governments unscramble the egg as long as I don't have to pay twice "

Training Tswana mine workers to mine their own minerals

Sun. Times 12/11/78 217

Asbestos glut puts 220 miners out of jobs

GENERAL Mining is to close down its Northern Cape Bretby mine and lay off 220 miners because of an oversupply of low-grade asbestos, writes **Ian Mull.**

Closure of the mine, which is one of Griqualand Exploration and Finance Company's five asbestos mines, will reduce Gefco's yearly production by about 10 per cent, the chairman, Wally Walters said.

"We have been trying to cut production for some time now. The stuff is pouring out of our ears," he said.

"Ultimately, the only way we could cut our production was to close the mine."

Only 10 per cent of white staff and seven per cent of black staff have been laid off. The rest of the Bretby mine staff will be transferred to Gefco's newer mine, Elcor

"This move must be seen as temporary, as we need to cut stocks for the annual first-half slowdown next year," Mr Walters said.

"This closure is not going to have any serious effect on our operation We are not despondent"

ZAAIPLAATS 217

In the melting pot

FM 17|11|78

Activities: *Independent tin mining and smelting company, the Balstein family of East London is the biggest shareholder*

Chairman: *W G D Routledge; consulting engineer. D D McWilliam*

Capital structure: *1,1m ordinaries of 25c Market capitalisation: R5,5m.*

Financial: *Year to July 31 1978 Borrowings: net short-term, R389 000. Current ratio: 1,3. Capital commitments· nil*

Share market: *Price· 500c (1977-78. high, 550c, low, 260c; training volume last quarter, 87 000 shares) Yields: 9,2% on earnings; 8,0% on dividend. Cover: 1,1. PE ratio· 10,9.*

Now that Rooiberg has decided to erect its own smelter, an important source of income could soon disappear. Last year Zaaiplaats' smelter output was 613 t (1977: 732 t) of which about 430 t (520 t) was bought in, most of it from Rooiberg As yet there have been no discussions between the two companies on the matter.

	'75	'76	'77	'78
Tin production (t)	844	631	732	613
Turnover (Rm)	6,6	6,9	9,4	9 8
Operating profit (R 000)	418	742	1 072	851
Earnings (c)	24 7	42,4	59 2	46 0
Dividends (c)	23	26	30	40

There are, of course, various possibilities to limit any impact Zaaiplaats' smelter is not particularly modern and it could become more profitable to have its concentrates smelted at the new Rooiberg facility Alternatively, concentrate production could be increased by greater emphasis on tailings retreatment There are 70 years of accumulated tailings available and, perhaps by pre-concentration, concentrate output of the present tailings retreatment plant could be increased at not excessive cost

Last year Zaaiplaats treated 33 431 t at the tailings plant Concentrate recovered amounted to 36 t at 55,7% tin. The plant operated at 74% of the total hours available, with stoppages because of water shortages This problem has been resolved, as has the one of upgrading feed Investigations are in progress to further improve recovery

Concentrate production from mining operations was 249 t (314 t) at an average 65,3% (66,6%) tin grade as mining grades were lowered in the wake of higher tin prices However, despite an average tin price of R10 360/t (R7 960), the lower sales tonnage of 879 t (1 096 t) meant that operating profit fell 20,6% to R492 992 But with no capex planned and improved liquidity, a higher dividend was possible

At 500c to yield 8,0% the shares are a limited market They look fully valued until the problems of possible lower smelter throughput and threats to the tin price from proposed US stockpile sales are settled.

Des Kilalea

R180m off De Beers market value in week

(217) RDM 18/11/78

By ELIZABETH ROUSE

HOLLARD STREET has taken a hard knock this week, strickingly reflected in a R180-million plunge in leader De Beers market capitalisation

Multi-millions were wiped out in Thursday's panic selling and although the market had a slightly steadier tone in mining sectors yesterday, this may have been due to short covering

Brokers noted that the slight recovery yesterday in some gold shares did not constitute a rally Nobody was prepared to take up positions ahead of the weekend pause and of next week's US gold auction.

Industrials' falls accelerated yesterday with losses outnumbering gains by eight to one and industrial leaders came under fire again. The overall decline in industrials ran into the multi-million bracket.

Some buyers have started looking at cheap stock, but there was no sign of institutions coming in to support the market.

The situation remains confused and volatile and the market closed on a apprehensive note.

Declines were stemmed in diamonds and platinums yesterday, but coals came in the firing line and the asbestos and antimony counters lost their immunity to the selling fever.

While some smaller gold counters crept up, high-priced equities continued to be hit and showed losses of up to 400c Week's declines ranged up to 550c.

Except for Anglo American, which recovered a little yesterday, mining houses and holdings continued to slide, and heavyweights reflected week's losses of up to 320c.

Lower-priced industrial leaders, such as Barlows, Protea, Abercom and Grinaker, were up to 30c down on the week Expensive equities such as Tiger plunged 100c.

De Beers came off a low of 687c to closed unchanged at 695c, down 50c on the week Anamint lost 250c overall to close at R72

Messina and Palamin were off in slack coppers Rooiberg maintained a 25c lead on news of its new smelter, but other tins were off

PLatinums were up to 10c firmer yesterday, but all finished 10c off on the week.

Coal losses ranged from 20c to 100c, with Amcoal off 60c on the week.

American favourites, such was Western Holdings, Randfontein and West Drie, were worst hit, chalking up losses of 550c and 325c. Freguls was off 200c, but other leaders, such as East Drie, were down mostly in the 75c range. Venters was relatively hard hit, having come off 70c over the week to 280c

Anglo American firmed 5c yesterday, cutting the week's loss to 30c at 610c GFSA lost 225c, Genmin shed 150c, Johnnies fell 175c and Unicorp (up 5c yesterday) came off 35c to 520c

Amgold retreated 320c overall, and other mining holding leaders were up to 30c easier on the week

Barlows showed a week's fall of 23c to 445c, Protea shed 18c and most other industrial holdings were off in the 5c to 10c range

SA Brews lost 7c to 123c over the week Prem Mill and Fedfood were off 25c and 30c respectively Furniture leaders Amrel and Afcol declined 20c

Volkskas weakened 25c in banks Senchem lost 30c, but Triomf finished 5c up on the week at 140c

One of the heaviest relative declines among industrials was a 33c drop in Gubb & Inggs to 140c

the estate was beautifully illuminated. However, since then we have been disappointed that the situation has gradually deteriorated in some areas. The contractor gave us an excellent guarantee of his work for one year including replacement of the globes which failed during that time, but unfortunately we are having no success in getting him to honour his obligation. Sadly this means that parts of the estate are again very poorly lit. The globes are extremely expensive, and our budget does not allow us to replace the globes (which should last up to 2 years) every few weeks. We are doing our best against the contractor, but it is proving very difficult. We are also looking into the possibilities of getting a maintenance contract for the lights from another contractor.

8. PAINTING THE CHIMNEYS OF THE HOUSES

This seems to be progressing very satisfactorily, weather permitting, with an average of 3 - 4 houses per month as an onward going project. If residents are dissatisfied with the work in any way when their houses are painted, please could they report this to Mr. D.S. Roberts (Tel. Office: 432086), as Mr. Roberts has kindly organized the work. The painting of the red chimneys is not included in the current contract, but this will begin as soon as the correct paint can be obtained. In the meantime it has unfortunately not proved pratical to remove splashes of white paint from the chimneys and residents are asked to bear with this situation.

9. FIRE ... OF SERVICE

Should the need arise, our nearest Fire Stations (who will come when called) are:-

Sports Club - (Membership necessary) - Constantia Sports Complex (near Alphen) - Tennis, Bowls etc.

...kai Forest (above Manor) - available from Mr. Bird, Forestry Dept., Tokai Road., or P.O. Box 88, Retreat. Tel. 721331

...o, locally situated) - Lismore Avenue Library - off Tokai Road.

...membership fee necessary) - Meadowridge - Tel. 728900

12. ...

...as about the improvement of the estate (must be cheap!), ...oblems we have discussed in this news letter, or the ...bourliness is asked, may I suggest, to contract the ...

If you get through all this, you have definitely got staying-power. ...anks for your attention.

Mary Greenhalgh
CHAIRMAN

URANIUM

Dutch dithering

217 x 21/11/78

Disclosures by Dutch anti-apartheid groups this week that uranium from Rio Tinto Zinc's Rossing mine in SWA/Namibia is finding its way to the Netherlands for further processing have confronted the Dutch government with a dilemma of allegiances the EEC or the UN?

It is claimed that the uranium is arriving in the Netherlands through fellow EEC members France, West Germany, and the UK Urangesellschaft of West Germany and British Nuclear Fuels buy SWA/Namibia uranium, process it into uranium hexafluoride in France and the UK, then send it to the Urenco plant in Almelo, in the Netherlands, for enriching From Almelo it goes to nuclear power stations in Germany and the UK

The Urenco plant is a joint venture by the Dutch and British governments and West German nuclear interests, and is the result of European co-operation on nuclear power. The dilemma of the Dutch begins with their rigorous opposition to apartheid. When the UN claimed to end SA's mandate over SWA/Namibia in 1966, the Dutch supported the move and recognised the legality of the UN Council for Namibia. When this council passed a "decree" to protect the natural resources of SWA/Namibia from unlawful exploitation, the Dutch backed its legal right to do so — the only European country to openly support the council.

The dilemma now is that through Urenco the Dutch are contractually bound to their EEC partners, and yet the UN council for SWA/Namibia could ask the Dutch to impound the uranium in terms of the decree Premier Andreas van Agt may be faced with a revolt by the Christian Democratic Alliance (CDA), the major partner in the centre-right coalition The CDA favours sanctions against SA, and has doubts about the desirability of nuclear power.

The opposition labour party MP specialising in sanctions, Relus Ter Beek, will raise the issue in parliament If the anti-apartheid and anti-nuclear lobbies join together Premier Van Agt may be forced to approach his EEC partners and request them to stop sending SWA/Namibian uranium to Urenco for enriching.

SA's atomic energy chief Ampie Roux is not unduly perturbed. "It is not SA Atomic Energy Board policy to divulge any information regarding uranium sales," he tells the *FM*. "The Dutch will have to sort out their own problem."

a refusal to re-employ an African. In other words, a rather narrow definition. However, where the African workers involved were covered either by an industrial council agreement, or an arbitration award, or a conciliation board agreement which was still in force, the machinery which the Industrial Conciliation Act provided would be preferred to settle a dispute provided the Central Bantu Labour Board had reported on the dispute to the Minister who was empowered thereafter to refer it to the Wage Board. In the case of a wage determination the conciliation machinery applicable to other racial groups would be used if the determination had been in operation for less than two years.

In 1973 there were 47 labour disputes with no stoppage of work involving 3 846 African workers. These were usually ... Bantu Labour Officers. A further 115 disputes, ... ould not be regarded as strikes occurred and the ... There were also 246

...tem of labour relations ...at when it was subjected ...loyers showed a ...n the State implemented

3)

...ly to overhaul the ... this regard. Its ... of Labour "... evoked wide interest, ...oposals for its improvement were received from most ...rganisations, from trade unions, individual employers ... a result the authorities altered the original Bill ...Bantu Labour Relations Regulation Amendment Bill.[25]

...l the three-tier system, which had operated for ... important differences.

..., 6 June 1973.

...icited by these Bills is recorded in: Muriel Horrell Survey of Race Relations in South Africa, 1973. R., 1974 pp.276-281 and 286-291.

COPPER

Recovery — but not yet

There will be no substantial increase in copper prices until 1982, and then the market will not enjoy a long upturn commensurate to the downturn of recent years, but will peak very quickly, probably in two years. This is one of the conclusions arrived at in the latest long-range copper report produced by the London-based consultancy Commodity Research Unit. The report adds that over the next 10 years, copper consumption is likely to grow at an annual rate of about 3,5%, but it will take some time for the current world stocks, variably estimated at between 1,75 Mt and 1,9 Mt, to be substantially eroded.

Depending on various suppositions, CRU told the *FM* prices could peak in the early-to-mid-Eighties somewhere in a range of \$1,20-\$1,40/lb, valued in 1977 terms.

Not everyone agrees with this somewhat gloomy prognosis, though. Observers close to the Paris-based copper exporters group, Cipec, for instance, this week told the *FM* that they detected that "demand would outstrip supply by 1980." The source added that there has been no new investment in recent years and "although the rate of increase of copper consumption has been down, it is now increasing." In deference to the CRU researchers, though, the source admits that "we are all guessing."

But whether the price upturn commences in one or three years, there now seems little prospect of the market or the producers themselves being artificially aided by an international copper agreement involving both producers and consumers, or any other worldwide price stabilisation scheme.

Consumers and producers have been holding a series of preparatory meetings on copper under the auspices of Unctad, but virtually no progress has been made. Another meeting, the sixth, is scheduled for some time during the first quarter of next year. But there seems little hope of a breakthrough. The main problem is that of cost. For a highly price effective agreement aimed at keeping international copper prices within a range of, say, \$0,90 to \$1,00/lb, the cost would be a staggering \$4,5 billion, according to the CRU reports. A scheme aimed at a price range of \$0,80 to \$1,20 would still cost \$1,3 billion.

But in addition, some key copper exporters are not too keen to become involved for other reasons. Some feel that Chile, which has never agreed to go along with the production cutback proposals of her Cipec colleagues — and hence they have not worked either this year or in 1975 — would find the discipline of an agreement at variance with her export mania, which has been a prime contributor to the large build-up of stocks in recent years.

In Paris the gathering feeling that copper producers have come through the darkest part of the tunnel is also likely to obliterate any lingering affinity for other proposed stabilisation schemes. For over a year now Rio Tinto, for example, has been pushing an intergovernmental loan scheme, whereby producers would receive loans to reduce output when prices drop below a certain level and these would be repayable when prices advanced back through the level. "If they didn't accept the idea a year ago, they're not going to accept it now," according to the Paris source.

One of the main problems is that the scheme would probably involve commercial lending backed by government guarantee — meaning that when prices recover producers would also be landed with interest payments.

The EEC may be of some help to two producers, Zaire and Zambia, when it launches its new trade/aid convention with former colonial countries in early

FM 8/12/78 217

RAND LONDON
Buying granite

Rand London's R500 000 takeover of Colorado Granite's Belfast quarry could add about 1c to earnings to give a total of 34c in the year to June 30 1979, says MD Bernard Holtshousen. R225 000 of the purchase price is to be paid immediately out of group resources and proceeds of the recent rights issue. The balance will be paid over three years.

The quarry has a current monthly granite output of 100 m^3, worth about R600 000 annually. Rand London plans to double this in the next six to 12 months at a cost of about R100 000, financed internally. Depending on European demand, output could be boosted by a factor of five in the next few years.

With the Kempslust coal mine on stream, Rand London needs a quick succession of manageable small mines to maintain growth. There have been several false starts. Nothing has yet come of the claims pegged on the East Champ D'Or, the iron ore mine has been closed and no improvement is expected at the troubled feldspar/lithium operation.

Holtshousen says the group is investigating an established coal mine, though no details are yet available. This year the company will drill three of the four properties over which it has coal options. Next year the fourth and largest will be drilled.

But any development is at least two years away. At June 30, before receipts from the R1,8m rights issue, Rand London had net current liabilities of R1m and long-term liabilities of R2,1m. So, depending on near-term cash flow from Kempslust, there could be constraints on funds available for capex.

In any event, the coal mines currently being examined are in Natal where weak inland demand is hitting regional producers. So even if Rand London does establish a new mine, its output potential could be limited by Natal trade allocations.

At this stage there is little to get excited about and investors need not chase the shares above the current 87c.

Des Kilalea

Financial Mail December 8 1978

AADS ... I 1978

Apri ... roep ... embe ... ring ... 0 nm ... Saterdag ... en E ... ie maand ... e de ... .00 nm;

3.3 Nagmaalvierings elke 2 maande om die beurt 10.30 vm en 6.00 nm;

3.4 Doop: Eerste Sondag in die maand 10.30 vm;

3.5 Doop- en Tugkommissie vierde Woensdag in die maand. Voornemende doopouers stel hul wyksouderling in kennis en ontmoet die kommissie saam met die ouderling onmiddellik na biduur;

3.6 Spreekuur met leraar in kerkkantoor: Elke Woensdag van 6.00 - 7.30 nm (voor biduur);

3.7 Dankoffers:

3.7.1 Elke Sondag in die maand;

3.7.2 By besondere geleenthede soos Nagmaal, Kersfees, Lentefees;

3.7.3 Elke diaken (en waar geen diaken in die wyk is nie: ouderling) hou 'n boekie met volledige naam en adreslys van lidmate wat 'n verdienste het;

3.7.4 Elke diaken sal verkieslik die laaste week in die maand die dankofferkoevertjies vir die volgende maand aan sy wykslede besorg, waarop die wyk, datum and die naam van die Lid ingevul is;

3.7.5 Wanneer die koevertjie ingelewer is, sal die diaken sy wykslede se dankofferbedrag invul in sy boekie en die Lid se „bydragskaart" tuis ook invul wanneer die nuwe koevert afgegee word;

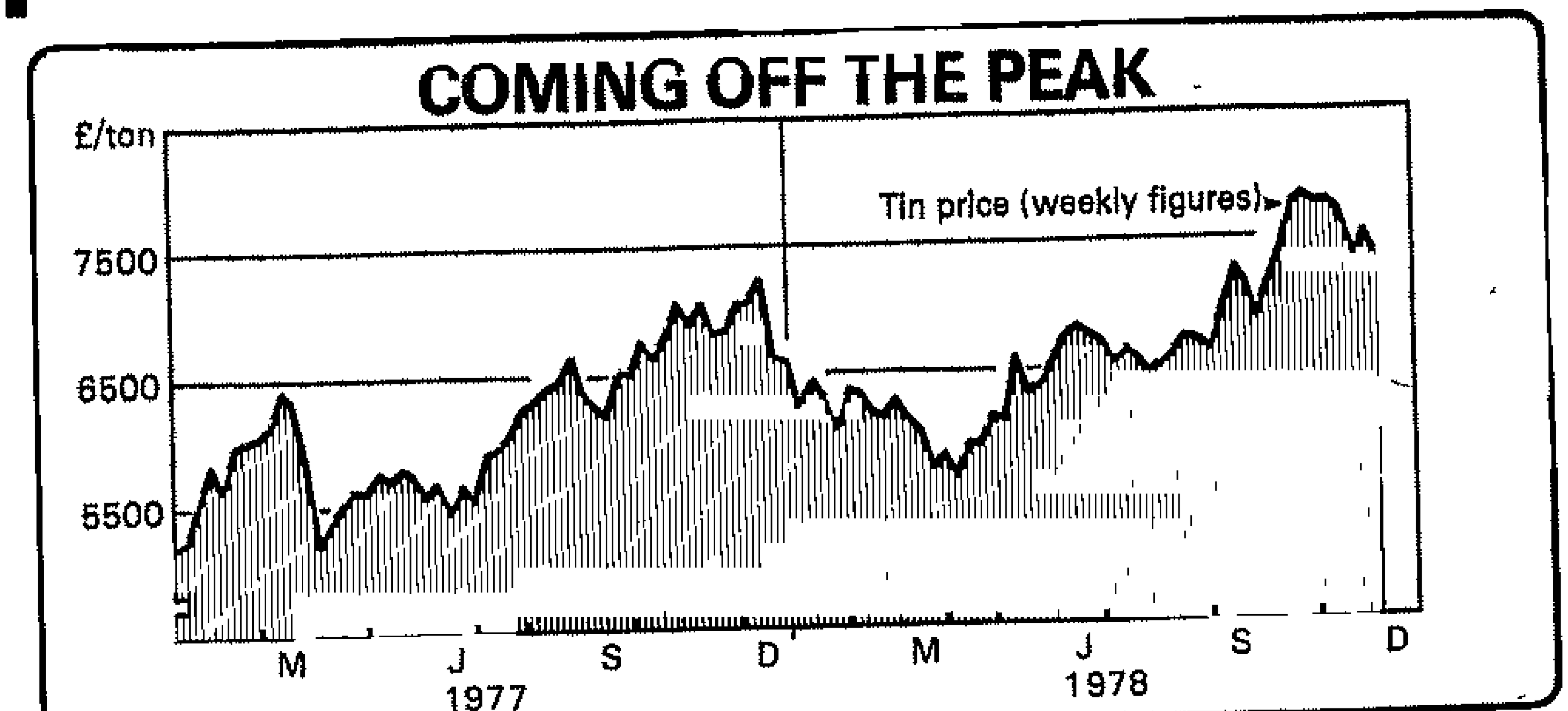
(217) FM 6/12/78

TIN

Stockpile disposal considerations

Tin prices look set to remain firm well into the early months of 1979 — and probably much longer if there are further Congressional delays to the US government's General Services Administration's stockpile release policy. As originally mooted, this is aimed at steadily disposing of 30 000 t of tin from the 175 000 t stock into the free market, a move probably coupled with a further release of 5 000 t into the London-based International Tin Council's (ITC) buffer stock. The move may or may not be linked to purchases of copper into the GSA stock.

In theory the releases would totally re-balance the world tin market which 12 months ago was facing a deficit of around 20 000 t but which is now thought to have dropped to around 5 000 t. In practice much will depend on the rate of any releases and the pattern of demand over the coming 12 months, London tin experts believe.



No substitution signs

Meanwhile, the very strong tin prices of the last year or so do not seem to be causing any significant shifts in the pattern of demand. Although aluminium and tin-free steel, for instance, are ever-present substitutes standing in the wings, there is no particular evidence, observers believe, that they are being increasingly employed at the expense of tin for purely price reasons. Producers, though, are thought to be concerned about such a possibility should prices continue strong and hence some, including the world's largest producer, Malaysia, which accounts for 30% of world output, are thought to favour measured US stockpile releases to dampen down the possibility of substitution. Others though, including Bolivia, the world's number two and highest cost producer, are not so sure.

Bolivia not only believes in high prices, but following the recent coup is helping to sustain them. Although the overthrow of General Juan Pereda by General David Padilla was bloodless, the situation remains unclear and a point of special interest concerns whether or not the change will result in any major shake-up of Bolivia's "tin diplomats" who frequent ITC meetings in London, and whether new replacements will be more hawkish on increases in the ITC's price range.

In turn there is speculation about whether Bolivia would try to encourage the establishment of a tin cartel should it believe producers are not provided with a sufficiently secure price safety net. In this respect the role of Malaysia would be critical. Although Malaysia's Primary Industry Minister, Paul Leong, publicly states his faith in continued co-operation with consumers within the ITC, some suspect that severe producer dissatisfaction in the longer term could increase the world's number one producer's interest in a cartel.

The ITC price range was last increased in July. The ceiling now stands at around £6 300/t and the floor at £5 000/t compared with the current cash prices on the London metal exchange of around £7 400. Thus if there is a demand falloff or if supplies are artificially boosted by GSA stockpile releases, prices could fall some £2 000 or so before the ITC buffer stock manager would be in a position to substantially mobilise his financial resources, although these are thought to be sufficient to purchase over 80 000 t of tin at levels just above the floor. Under the current price regime that would be of little consolation to producers. ITC representatives next meet to discuss prices in London in January, but there is little chance of upward movement, especially as the US is thought to be against any change.

Returning to what will continue to be the cornerstone of the tin market in coming months — the GSA decision — some suspect that it may be delayed for some time due to a reappraisal of the agencies' overall policy. There is a developing feeling that the copper industry should look after itself, especially given the marginally improving price climate, and not be supported by stockpile acquisitions, which, it was originally mooted, would be financed by tin sales.

Bruce Leeming, a director of LME ring dealing members Rudolf Wolff, for instance, thinks that a large quick release of tin, say, 30 000 t, "could be far less of a possibility than a few months ago." However, Leeming told the *FM* "there is a good possibility of an early release to the ITC."

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Assets		
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J.C. SANG.
Sec./Treas., CASA (W.P.)
12.9.78.

MTD (MANGULA)

Increasing production

Activities: *Operates copper mines north of Salisbury in Rhodesia Has a majority stake in Messina Rhodesia Smelting and Refining Controlled by Messina*

Chairman: *Commander H F P Grenfell.*

Capital structure: *20m ordinaries of Rh 50c. Market capitalisation: R20,6m.*

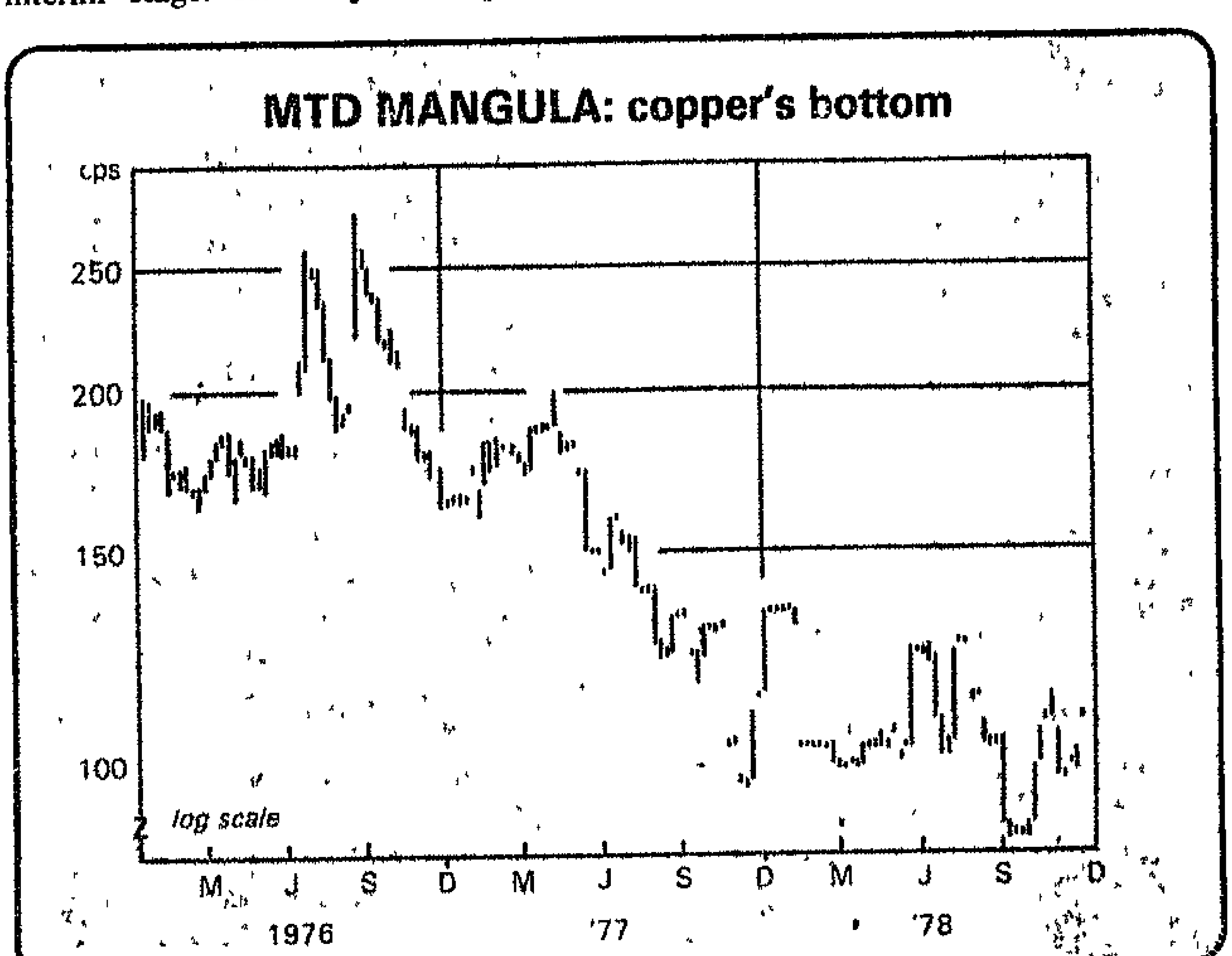
Financial: *Year to September 30 1977. Borrowings· net short term, Rh$2,4m. Current ratio· 1,1. Capital commitments: Rh$ 675 000.*

Share market: *Price: 103c (1977-78: high, 200c, low, 87c; trading volume last quarter, 20 000 shares). Yields: 18,2% on earnings*, 13,2% on dividend Cover 1,4. PE ratio· 5,5.*

**Excludes 20% non-residents' tax*

Increased tonnages and grade and higher copper prices improved second-half profits after 59% lower earnings at the interim stage. Half-way earnings were 4,5c (11c) while the second six months to September produced 10,6c (6,6c) which enabled Mangula to pay a 1,4 times covered 11c (Rhodesian) total dividend.

The exhausted Silverside Mine was closed, requiring a further R541 000 write-off from capital reserves after a R520 000 write-off the previous year.



Operating mines left in the company are Norah and Mangula. The majority stake in Merits produced no dividend income because of the "heavy borrowings" within that group. Merits' subsidiary, Lomagundi Smelting & Mining, earned a profit of Rh$2,1m (Rh$2,4m) but paid no dividend to Mangula after Rh$420 000 in 1977.

Norah Mine saw a full year at increased production with added concentrator capacity. A total of 526 000 t (340 000 t) was treated, exceeding target by 18 000 t Copper concentrate production of 4 804 t was 104 t better than expected Scheduled production for this year is 508 000 t ore and 4 885 t concentrates. Proved ore reserves at the mine amount to 2,7 Mt averaging 1,4% copper (1,22%), the increase due to good grades of the newly developed blocks between levels 7 and 9.

	'75	'76	'77	'78
Copper sales (t)	18 834	18 666	17 599	15 408
Metal realisation (Rh$m)	12,3	15,0	13,3	12,6
Pre-tax profit (Rh$m)	6,5	8,1	3,7	4,1
†Earnings (c)	21,4	30,3	17,6	15,1
†Dividends (c)	19	25	14	11

†*Rhodesian currency*

Extensions to Mangula mine's concentrator were completed five months before the year-end and production was a record 1,4 Mt, 101 000 t higher than 1977, but 41 000 t lower than target. Grade at 1,02% copper was lower than the 1,04% expected. Thus recoverable copper was 450 t below budget. 113 t was lost during a strike. Targets this year are 14 270 t recoverable copper from a throughput of 1,5 Mt.

The higher average Rh$873 (Rh$823) copper price received arose largely from two devaluations of the Rhodesian dollar. The parity changes compensated for declines in the LME copper price. Deputy chairman Ian Spence says it now appears that with the withdrawal of some world production, supply and demand are about in balance And production increases world wide are not expected until LME copper reaches £900.

In view of the copper market's underlying firmness relative to a year ago, with the mines "technically in good shape" and planned increased production, Spence forecasts improved profits for the year Capex is planned at Rh$675 000 (Rh$699 000) which should not inhibit dividends.

On a 10,6% yield after non-resident shareholders' tax, the share hardly reflects political considerations. Purchase decisions can safely be left until an acceptable Rhodesian settlement is reached.

Des Kilalea

MINING OTHER
12/1/79 TO 31/12/79

217

FM 12/1/79 (217)

MESSINA

Recovery's long road

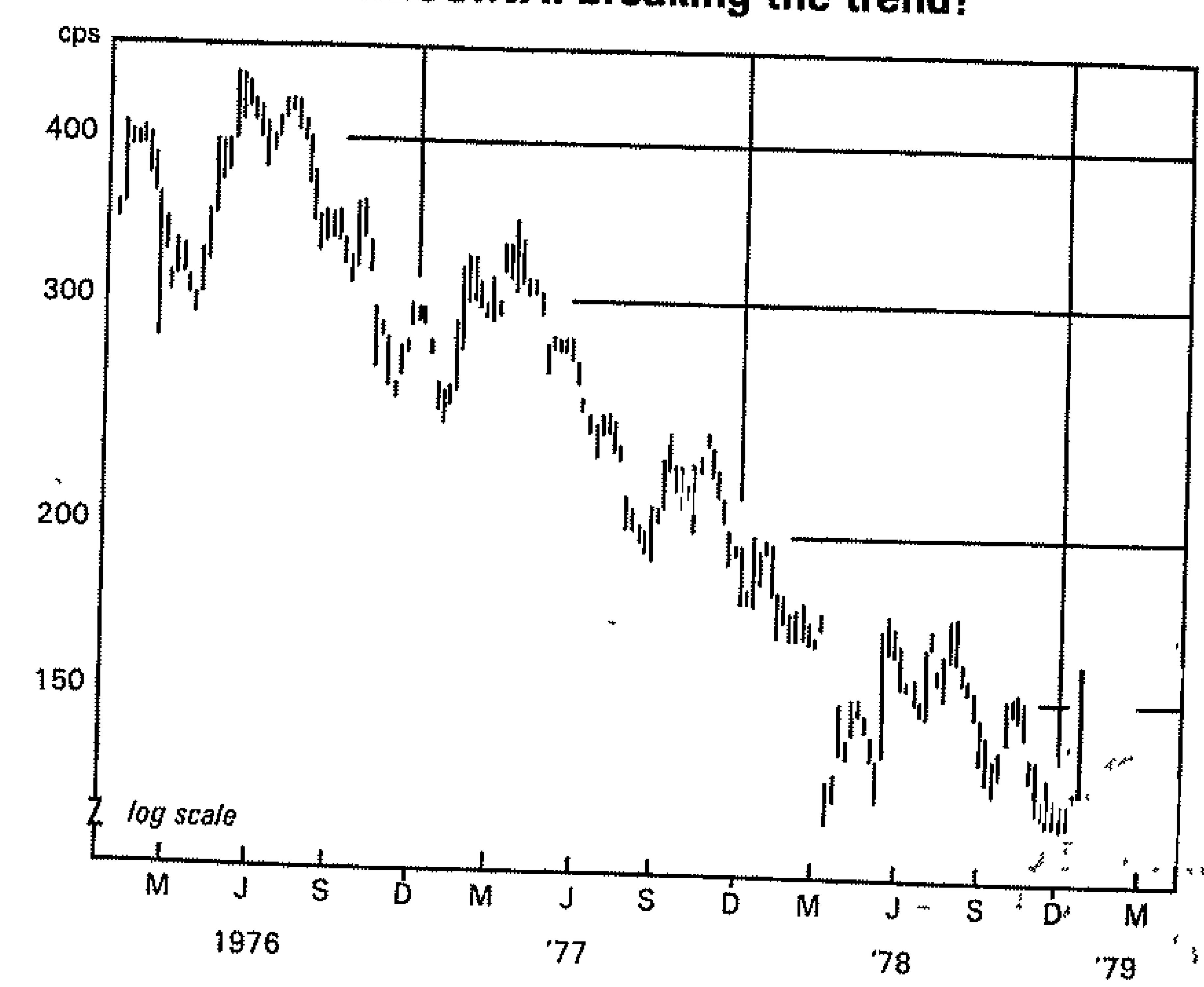
Activities: *Mining and industrial group. Copper interests include Messina mine, MTD (Mangula) (59%) and Merits (80%) in Rhodesia Datsun-Nissan is wholly-owned Holds 83% of equipment distributor Premier Metal.*

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

Capital structure: *11m stock units of 50c, 339 000 shares of 50c, 1c paid Market capitalisation R17,6m*

Financial: *Year to September 30 1978 Borrowings long and medium term, R31,9m, net short term, R15,5m Debt equity ratio: 48,3%. Current ratio 1,05. Group cash flow R8,8m Capital commitments R15,2m*

Share market: *Price 160c (1978-79 high, 180c; low, 120c; trading volume last quarter, 372 000 shares) Yields 12,2% on earnings, nil on dividend PE ratio 8,2*



	'75	'76	'77	'78
Copper sales ('000 t)	45,4	44,3	42,0	34,8
Turnover (Rm)	238 4	300,5	263,5	295,7
Pre-tax profit (Rm)	16 8	28 4	9,5	4,8
Earnings (c)	67 4	127 4	57,9	19,5
Dividends (c)	35	45	30	—
Net asset value (c)	785	898	858	858

Although the mining division managed to make some progress with productivity and grade, revenue flowing from reduced sales of copper at low prices was just not enough to offset the horrendous losses in the industrial sector. The main culprit was Premier Metal and its crane hire subsidiary, Leason Afmec. To a lesser degree there were also losses in Steelmobile Engineering and Autocast and there was the phasing out of Concorde to contend with

In a brutal pruning of industrial deadwood, a total of R8,5m was written off during the year, turning a total taxed profit of R2,1m into a loss of R6,4m after these extraordinary items. Premier wrote off loans of R1,6m and provided R4,6m against losses in disposing surplus equipment.

With this clean sweep there is now hope for Premier, so much so that Messina and fellow-shareholder Clark Equipment have agreed to recapitalise the company with an equity injection of R7,2m. This will take the form of converting a R2,3m loan account into equity, with Messina and Clark funding the balance in proportion to their shareholdings So Messina is in for a total of R3,5m.

Although container manufacturer Steelmobile incurred a R2m loss in the first half, new management, with a better order book, managed to contain losses to R985 000 for the full year While the Safmarine contract is evidently nearly complete, additional orders have been obtained that should ensure high plant operating rates at least until May this year Overall, profitability is expected to improve significantly.

As for Autocast, there is still excessive unused capacity in the foundry as a result of postponement of Phase 5 of the local content programme The load is, however, expected to improve significantly towards the end of 1979 From this point on, the company should become profitable It is apparent, though, that capacity will only be fully utilised once local castings become obligatory under government's Phase 5 rules, due to become effective on January 1 1980

Datsun, hit by the rising yen and a proliferation of new, competitive models, is proving to be "a real cause of concern" due to continuing demands for high capex This is not only inhibiting dividends to the holding company, but is also placing strains on its balance sheet

Datsun achieved a net income of R3,3m on a volume of 38 900 units, which was 3,8% lower than in 1977, and market share declined from 15,6% to 13,3% However, management hopes that market share will be regained with the recent launching of the "L" and "J" series. But it is becoming increasingly obvious that further price increases are inevitable in the wake of the rising cost of imported Japanese components. As such, prospects are gloomy for Datsun becoming a cash generator, even in the medium term.

On the mining front, profit before tax and interest fell from R12m to R8m, largely as a result of increased costs and lower sales of 34 800 t of copper (42 000 t) In Rhodesia, Mangula benefited from extensions to concentrator capacity at both Miriam and Norah, and from a technical improvement that enabled the smelting of accumulated refractory concentrates.

At Messina, however, a loss of R411 000 was incurred as unit costs rose

COPPER F.M. 19/1/79 (257)

Supply fears dominate

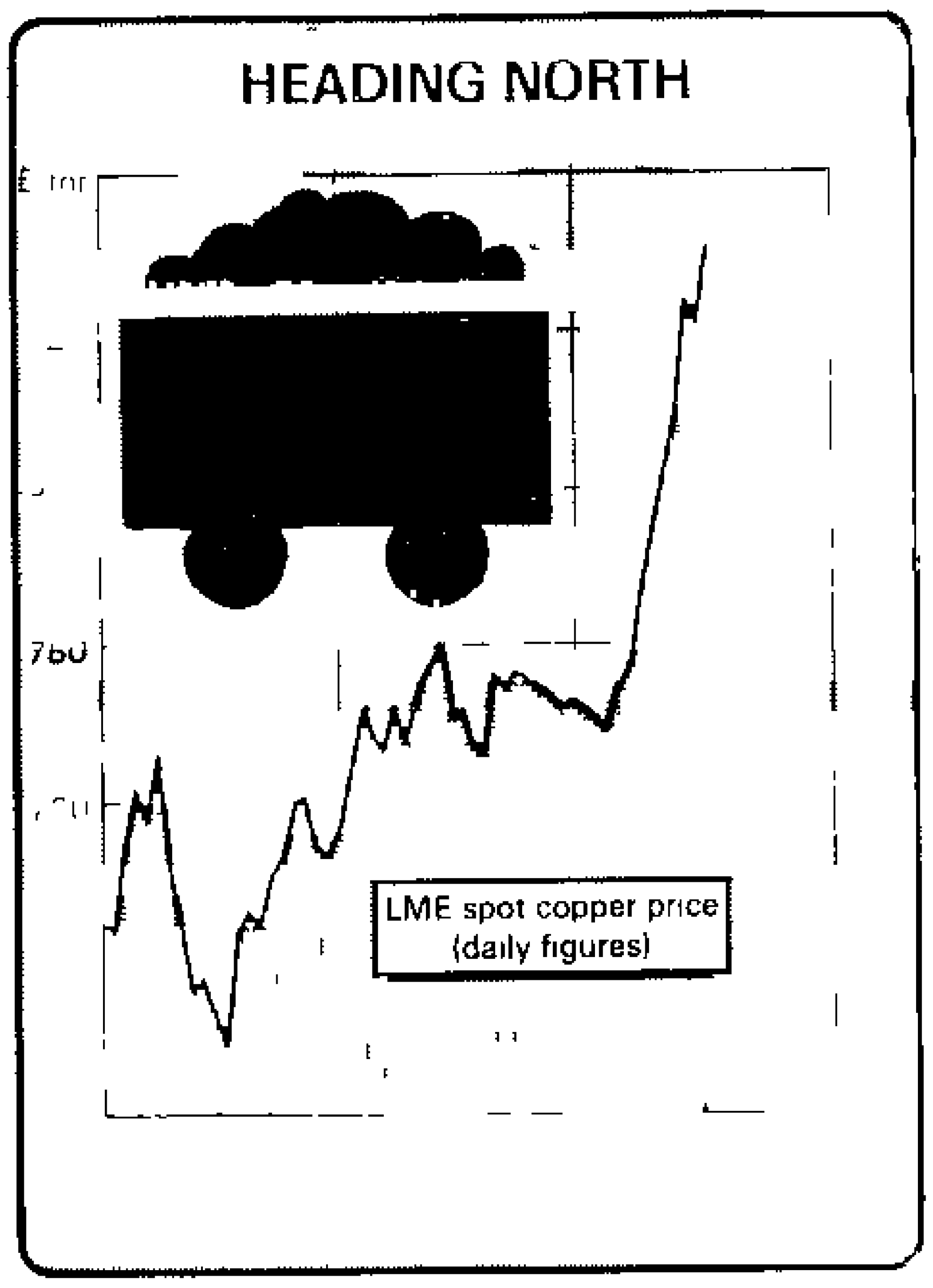
"With an air of optimism back in copper, reflections on an economic recession have receded in favour of a more tangible fundamental picture," comment commission house traders Bache, Halsey, Stuart in their latest commodity review Optimism there indeed is, but many traders are anxious to point out that the shifting fundamental position, which has seen prices rise 7,5% in the last month or so, is primarily a product of current and potential supply problems as opposed to a substantially altered demand picture Mid-week, copper wire-bars for delivery in three months time on the London Metal Exchange stood at £845/t — £60 or so up on mid-December levels

Physical offtake, however, has improved somewhat in recent weeks due to fabricators previously letting "reflections on an economic recession" dominate their thinking "A lot of people thought that there would be a downturn in economic activity, hence they didn't build up stocks," Brian Sheridan, a trader with LME ring dealing members Philip & Lion told the *FM*, adding "hence they recently have had to come into the market." According to Sheridan, the "minor surge" of recent weeks has been assisted by a limited availability of "good quality blister and concentrates."

Current and potential threats to world copper supplies seem to be growing weekly However, probably the major influence so far has been the recent news from Zambia that copper deliveries will be some 13% down in 1979, based on last year's officially estimated production of about 740 000 t, due to transport and production problems, and despite the reopening of the rail link to SA ports

Backlogs of copper at the state-owned mines of Roan Consolidated and Nchanga are still reported to be high — possibly in the 30 000 t to 40 000 t range — with further supplies holed-up along the Tanzam railway and at Dar es Salaam itself. Apart from congestion at Dar es Salaam, inefficient maintenance of the line and rolling stock are limiting shipments

Hopes that the Benguela railway would be fully operative by now and assisting copper evacuation from both Zaire and Zambia have been dashed. Although officially reopened in November, little or nothing has so far made the journey on a commercial basis Reports of repeated attacks of the line by Jonas Savimbi's Unita guerrillas have convinced many observers that the line is inoperable for the moment



Apart from the military threat, there is also the problem of spares, technical assistance and labour shortages, which Hughes, Henderson & Buzby, a firm of engineering consultants, is endeavouring to tackle with the assistance of the British Ministry of Overseas Development. Even if Savimbi's forces ceased their attacks on the line, observers believe it will still be several months before it would become operative

News from South America's two major copper exporters, Chile and Peru, is helping to underpin the price at the moment Although the proposed indefinite strike at Peru's major Cuajone Copper Mines has so far failed to get off the ground, the situation remains tense and a distinct market factor, traders point out.

Additionally, industrial relations in the Chilean copper industry are none too good, but more importantly the government of General Augusto Pinochet is facing a possible boycott by US trade unionists of Chilean copper imports The US is Chile's largest copper market, accounting for some 100 000 t in all forms annually So far US unionists, led by George Meany of the AFL-CIO, are continuing to examine the technicalities and ramifications of an officially orchestrated boycott before announcing a final decision

The effects of any US boycott, something which the country's leading copper producers such as Kennecott and Phelps Dodge have been urging for some time on purely commercial, as opposed to political, grounds, could have a mixed effect on the world copper price picture. It would probably enable US producers to build further on their domestic prices, currently standing in some cases at a 4-year high of US 75c/lb, but it could also mean that more Chilean copper would be available to the rest of the world. To the extent that if other trade unionists permitted its importation into Europe and elsewhere, prices could be checked in those countries

Meanwhile, in response to the tightening price situation, LME stocks are continuing to fall sharply Last week they were down a further 16 575 t at 352 757 t, roughly 300 000 t down from last year's record levels

you any suggestions

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to know the work?

Rapport 21/1/79

(217)

PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die jaar geëindig 31 Desember 1978

Aan die aandeelhouers,

Die direkteure lê die volgende verslag vir die twaalf maande geeindig 31 Desember 1978 voor.

PRODUKSIE EN VERKOPE
(Metrieke ton)

	Kwartaal geeindig 31 Desember 1978	Kwartaal geeindig 31 Desember 1977	Jaar geeindig 31 Desember 1978	Jaar geeindig 31 Desember 1977
Koper				
Produksie (Aantekening 1)	**27 197**	28 557	**114 688**	109 081
Verkope	**27 158**	29 277	**114 878**	104 231
Erts gemaal	**6 917 031**	6 766 657	**27 473 847**	24 863 927
Gemiddelde kopergraad	**0,50%**	0,54%	**0,51%**	0,52%
Konsentraat geproduseer	**83 429**	86 722	**330 883**	307 248
Verkope van ander produkte				
Magnetiet (Aantekening 2)	**12 888**	158 744	**116 597**	435 293
Swawelsuur	**25 204**	32 008	**116 759**	120 615
Vermikuliet (Aantekening 3)	**52 283**	37 797	**193 046**	154 380
Uraankonsentrate (kilogram)	**28 514**	14 474	**127 836**	92 050
Edelmetaalinhoud van anodeslyk (onse) (Aantekening 4)	**156 885**	150 284	**594 081**	583 590

AANTEKENINGE

1. Koperproduksie vir die twaalf maande geeindig 31 Desember 1978 sluit 37 metrieke ton in (1977 — 2 383 metrieke ton) wat by buitebronne gekoop is en Nul metrieke ton vir die kwartaal geeindig 31 Desember 1978, vergeleke met 497 metrieke ton vir die ooreenstemmende tydperk in 1977

   Na voltooiing van die uitbreidings aan die affinadery se tenkhuis, word al die maatskappy se koperproduksie geaffineer Produksie vir 1977 en 1978 is dus soos in die verlede as katodes in plaas van anodes aangegee

   Die styging in koperproduksie gedurende 1978 was die gevolg van die behaling deur die twee outogene meulens van hul ontwerpvermoe Installering van die twee vervangingsmeulrompe en ander komponente sal na verwagting teen die middel van 1979 plaasvind

2. Die laaste besending magnetiet na Kobe Steel van Japan ingevolge 'n 10-jaar-kontrak is in September 1978 gelewer Klein hoeveelhede magnetiet sal steeds aan verskeie Suid-Afrikaanse steenkoolmyne verkoop word vir gebruik in swaarmedia-afskeidingsaanlegte

3. Die styging in vermikulietverkope was hoofsaaklik te danke aan verbeterde toestande in die buitelandse konstruksiebedryf en verdere deurdringing tot die mark vir landboukundige aanwendings

4. Die hoeveelheid anodeslyk wat vir die kwartaal en die jaar geeindig 31 Desember 1978 as verkoop getoon word, is slegs voorlopig aangesien sekere aflewerings nog aan die vasstelling van die finale gewigte en essaiering onderhewig is

DIVIDEND NR. 46

Op 22 November 1978 het die direkteure 'n derde tussentydse dividend vir 1978 (Dividend nr 46) van 17,5 sent per aandeel verklaar wat op 28 Desember 1978 betaalbaar was aan aandeelhouers wat op 8 Desember 1978 in die boeke van die maatskappy geregistreer was.

Op las van die Direksie
RIO TINTO-BESTUURSDIENSTE
SUID-AFRIKA (EDMS) BEPERK
Sekretarisse
per J G P van der Merwe

Posbus 61140, Marshalltown
2107 Transvaal

18 Januarie 1979

production is heading towards the rated R120 000 t/year capacity But there will be an hiatus mid-year, when the two autogenous mills' cracked shells are replaced. This will involve some, as yet unknown, capex and a loss of production, details of which should be known when the annual report is released.

Sales of magnetite dropped to 116 597 t (435 293 t) as the contract with Kobe Steel, of Japan, expired. No great effort is being made to replace the contract for this high bulk, low revenue, material Vermiculite sales increased with improved foreign construction industry demand and penetration into agricultural markets. Last year three interim dividends totalling 42,5c (30c) were declared The final, to be declared within the next two months, should at least equal last year's 15c to give a total of 57,5c and a dividend yield of 5%.

But this is hardly relevant to market expectations. Increasingly the view is that copper is set for a run to over £1 000/t over the next couple of months. And if this price is averaged throughout the year total dividends of up to 100c could be on the cards. Meantime the market will probably continue to support the share price.

Both asbestos producers reported lower earnings for the year, though there are some signs of improvement. Costs have been well contained, particularly at Gefco. And with greater emphasis on external stock financing and lower capex, there could be further scope for higher dividends in 1979.

Gefco: Lower December quarter mill throughput of 100 000 t (104 000 t) and fibre recovery of 13,9% (15,4%) point to continuing market tightness despite higher December quarter sales. These were probably helped by buying ahead of Canada's traditional year-end price hikes.

On a year-to-year basis production costs remained almost unchanged at R232,9/t (R232,2) while selling costs rose to R113,2/t (R93) Help came from higher recovery grade and closure of some higher cost operations. At 380c the shares are 25c up on their year-end price and yield 14,5% It is an attractive yield, but near-term growth prospects remain limited

Msauli: Unlike sister company Gefco, near-term optimism on markets appears to be improving This is the message of the December quarter's mill throughput increase to 198 000 t (September 166 000 t). But fibre recovery has fallen marginally to 10,2% (10,4%), with a minor increase in revenue per ton. So there has apparently been no major shift towards production of shorter fibres.

With all major capex projects complete, there should be no difficulty maintaining last year's 52,5c total payout.

Des Kilalea

Yskor se Thabaz. op dreef

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Nat Pers 28/1/79

BY YSKOR se Thabazimbi-ysterertsmyn word daar tans goeie produksieresultate behaal.

In die Donkerpoort-groef word afval gestroop in 'n tempo wat die myn se begrote mikpunt van 42 000 bank m³ (130 000 ton) per week oorskry. Die produksie van ru-erts by Donkerpoort beloop 33 000 ton per week, terwyl die myn se ondergrondse seksies 30 600 ton per week lewer — Vanderbijl 10 200 en Delfos-Mostert 20 400. Met hierdie mengsel van ru-erts uit die groef en ondergrondse seksies produseer die aanleg veredelde erts teen 'n tempo van 44 000 ton per week.

Om egter hierdie goeie resultate te kon behaal, moes verskeie moeilikhede in sowel die groef as die ondergrondse seksies te bowe gekom word.

Toe daar in Donkerpoort met produksie begin is, moes teen die kontoere van die berg gewerk word. Boormasjiene het teen skuinstes gestaan en is met rusperband-stootskrapers vasgehou Omdat die masjiene nie op 'n gladde vlak kon ingaan en dadelik begin boor nie, het produksievertragings noodwendig gevolg.

Mettertyd is vlakke egter teen die berghang ingesny en kon boormasjiene ten volle benut word.

Oorkom

Thabazimbi het aanvanklik ook nie oor voldoende boormasjiene beskik nie Hierdie produksiebelemmerende faktor is toentertyd met behulp van twee kontrakteurs oorkom Een van hulle het hulp verleen met boor-, skiet-, laai-, en vervoerwerk, terwyl die ander een hom slegs op boorwerk toegespits het

Tans word daar nie meer van die kontrakteurs se dienste gebruik gemaak nie.

Sunday EXPRESS Business

Copper producers hit lossc

ONE of the companies worst hit by Zambia's problems is the copper producer Roan Consolidated Mines.

It has had to cut back production by 50 000 tons as against its bigger competitor, Nchanga Consolidated, which cut back by 33 000 tons.

The problems facing the copper producers in Zambia are myriad.

The market is still in a fickle mood and although the price has marginally lifted this has not stimulated the producers as expected.

Zambia has had to cut back planned production by 83 000 tons for the coming year because of transport problems, a chronic shortage of skilled labour (some 1 000 short of the 5 200 required) and the country's lack of foreign exchange to buy equipment and spares for mining operations.

Prices in 1978 scarcely kept abreast of inflation in the Cipec producer countries, and copper producers in both Zambia and Zaire are now trapped in vicious losses from which they do not seem to be able to break out.

Brokers have been mildly and cautiously optimistic about the copper price lifting in 1979.

This springs from the knowledge that major producers will be supplying less copper and thus forcing consumers to search out alternative supplies.

New mines are due to come on stream this year, ventures begun in the early 70's when prices were high, but doubts now centre on a sluggishness in the demand for copper this year.

On the scene, the pier.

Although price lift is the world's per producer,

The mine profit from last year of (1977: 109 081 would have

EDITED BY PENELOPE GRACIE

African is hap-

the news for cost cop- wa.

a useful sales 14 688 tons figure that higher but

for problems with the autogenous mills.

Across the border in Botswana is the debt-loaded Selebi-Pikwe.

This mine has at long last beaten its operating difficulties and has announced a record output of 4 000 tons of matte in December.

A rise in the price of copper-nickel would be a beam of hope for this mine, but to be effective it would have to be in the region of 50%. And that seems to be a highly unlikely event

ERKRAADSVERGADERING 27 MEI 1978

g 2 April 1978:

ule;

opgeroep;

k.

Desember 1978:

3.1 Kerkraadsvergadering elke tweede maand, derde Saterdag in die maand 2.00 nm;

3.2 Kerkraadsbiduur en Broederlike onderhoud in die maand tussen in, op die derde Sondag in die maand 5.00 nm;

3.3 Nagmaalvierings elke 2 maande om die beurt 10.30 vm en 6.00 nm;

3.4 Doop: Eerste Sondag in die maand 10.30 vm;

3.5 Doop- en Tugkommissie vierde Woensdag in die maand. Voornemende doopouers stel hul wyksouderling in kennis en ontmoet die kommissie saam met die ouderling onmiddellik na biduur;

3.6 Spreekuur met leraar in kerkkantoor: Elke Woensdag van 6.00 - 7.30 nm (voor biduur);

3.7 Dankoffers:

3.7.1 Elke Sondag in die maand;

3.7.2 By besondere geleenthede soos Nagmaal, Kersfees, Lentefees;

3.7.3 Elke diaken (en waar geen diaken in die wyk is nie: ouderling) hou 'n boekie met volledige naam en adreslys van lidmate wat 'n verdienste het;

3.7.4 Elke diaken sal verkieslik die laaste week in die maand die dankofferkoevertjies vir die volgende maand aan sy wykslede besorg, waarop die wyk, datum and die naam van die Lid ingevul is;

3.7.5 Wanneer die koevertjie ingelewer is, sal die diaken sy wykslede se dankofferbedrag invul in sy boekie en die Lid se „bydragskaart" tuis ook invul wanneer die nuwe koevert afgegee word;

2/....

Sun. Trib. 28/1/79 (217)

Asbestos mines remain strong

FINANCE REPORTER

COMING shortly after optimistic reports of prospects for the asbestos industry, December quarterly figures from General Mining's asbestos twins Gefco and Msauli can be taken as confirmation that the market is fairly strong at the moment

While Gefco excelled itself during the quarter, Msauli stood still though made satisfactory progress over the year as a whole

Gefco's net profits for the three months jumped by no less than 47 percent to R3 million though over the 12 month period the figure was lower than in the previous year, at R9 million against R11,9 million.

Deductions for prospecting, capital spending and loan levy last year totalled R2.5 million leaving R6,6 million available for distribution.

Gefco milled less ore during the year, at 450 000 tons as against 732 000 tons but because of the higher degree of efficiency fibre production fell only from 76 103 tons to 64 338 tons

Msauli for the quarter earned an unchanged R1,1 million while for the year net profits fell from R5.7 million to R3,9 million which can be considered satisfactory in the light of the forecast that business would be bad during the year

Msauli's lack of bounce in the December quarter is attributed to the lower stock off-take after the third quarter rush

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METALS

Where are they heading?

With few exceptions, base metals were hard hit by the world's economic slowdown But opinion is growing that the worst is over While direct local base metal investment opportunities are more limited than those for gold, investors are fast realising that some attractive investment situations are arising So what are the prospects for SA's more important mineral products?

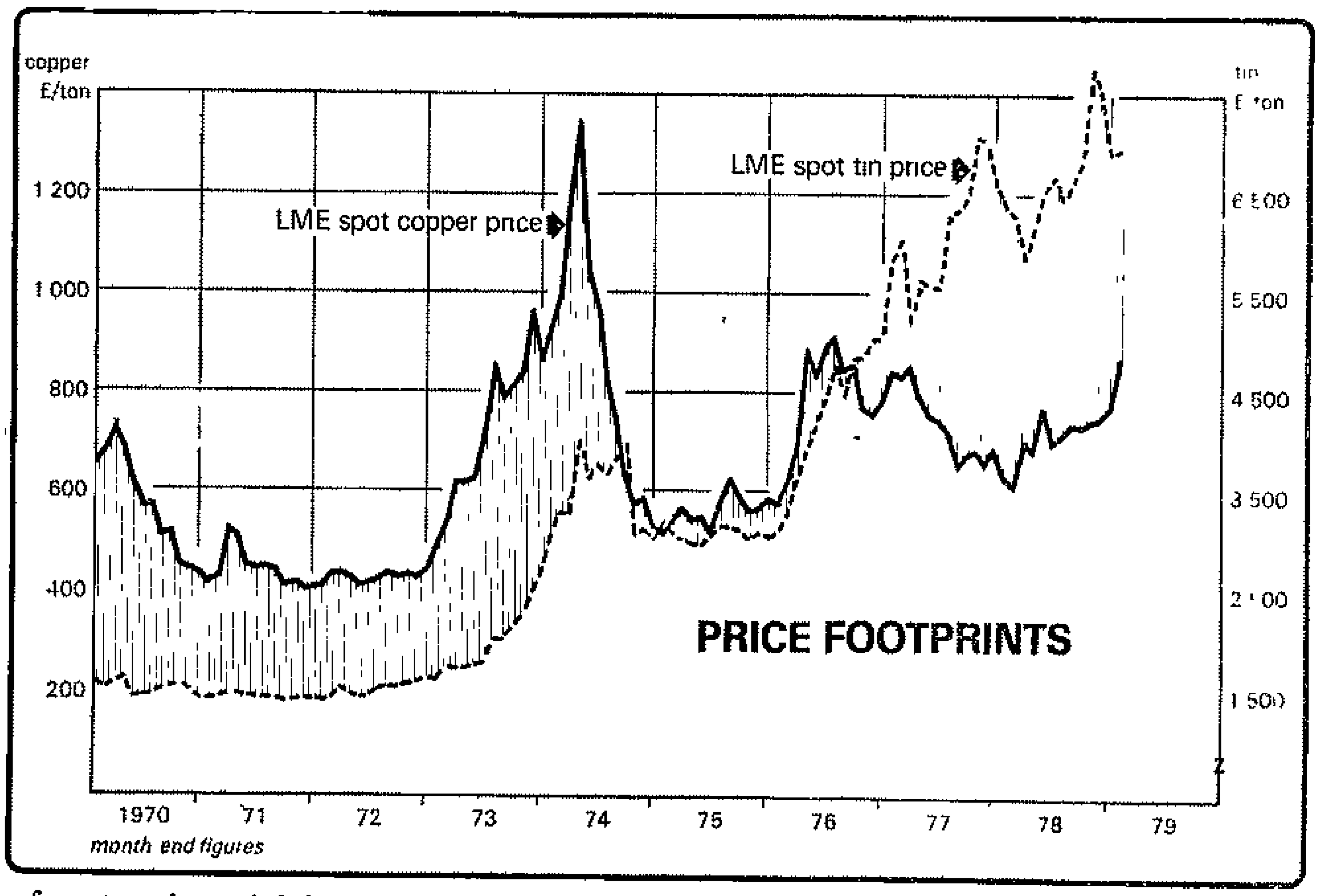
In this, the first of a two-week series, the *FM* takes a look at copper, tin and lead Next week we will follow with zinc, manganese, antimony, vanadium and asbestos.

The outlook for SA's key minerals, other than precious metals, can best be summed up as "mixed", say market specialists. All continue to suffer from sluggish industrial demand and the fear that 1979 will see a considerable decline in the growth of the US economy

One of the biggest mistakes, experts believe, is to consider that metal prices are "coming back", based on the performance of, say, copper, tin and lead. The prices of those metals have, indeed, performed well recently, but special factors are involved in each case. Added together they don't suggest a general takeoff in metal prices

Tin has been in a position of (improving) short supply over the past year. Starting 1978 with a worldwide deficit of around 20 000 t, it shot to new highs of over £8 000/t That deficit is now thought to be down to between 1 000 t-5 000 t. Prices, in the absence of new congressional moves in the on-going debate over possible sales from US General Services Administration stockpiles, are now coasting along just below £7 000/t, some £700 above the London-based International Tin Council's ceiling price. Whatever happens in the GSA hearings — and that is likely to be the key issue affecting the market over the coming 12 months — prices are not likely to drop below the ITC's defence levels, in the £5 000/t range.

The ITC could mop up about 80 000 t of tin from the world market, at its floor price of about £5 000/t. If the GSA releases tin after next July the floor is likely to be higher, following the ITC council meeting that month. Though this would commensurately reduce the amount of tin the ITC could afford, its finances would still provide an effective buffer. The metal may have problems in the Eighties due to competition, especially from aluminium, tin-free-steel and plastics, both from the point of view



of cost and availability

Copper's recent climb to the highest levels for 20 months is not as impressive as it seems at first sight It is a product primarily of current and potential supply difficulties and limited availability of good quality copper stocks, both in blister and concentrate form

There has been a dramatic reduction in stocks held by the London Metal Exchange over the last year, from a record 650 000 t to 331 000 t The week before last, stocks fell again, by almost 22 000 t, but dealers attribute this more to consumers covering against possible supply disruptions than to material being required for immediate consumption — though there has been some advance in industrial requirements In the short term some brokers see prices advancing further before being checked, possibly even touching £950/t for delivery in three months' time, compared to current levels some £50 lower

The metal's performance will depend largely on the extent of any disruptions to suppliers from the chief exporters. Zambia has already announced her deliveries in 1979 will be 13% down on last year's official estimate of 740 000 t due to production and transport difficulties Zaire, too, faces transport problems, especially because of the continued closure of the Benguela railway — and there is always the possibility of further trouble in Shaba with Katangan rebels

Meanwhile in South America the threat of strike action in Peru and Chile remains, whilst Chile also faces the threat of union action in consumer countries,

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**300,7**	**299,6**	**270,5**	**211,2**
% change on	—	0 4	11,2	42,4
P/E ratio	5 4	5,4	5 0	4 3
Div yield	7 2	7 2	7 9	10 3
UK *FT* Ind	**466,0**	**467,6**	**473,0**	**467,0**
% change on	—	—0 3	—1 5	—0,2
P/E ratio	8 0	7 9	8 1	8 1
Div yield	6 2	6,2	6 1	5 7
US Dow Jones	**851,8**	**846,9**	**811,4**	**769,9**
% change on	—	0 6	5,0	10,6
P/E ratio*	9 1	9,1	8 7	8,6
Div yield*	4 9	4 9	5 1	5 2
Gold price (in US $ on London)	**231,4**	**230,6**	**225,4**	**175,8**
% change on	—	0,3	2,7	31,6
Krugerrand (Rand)				
Public selling price	**233,3**	**230,4**	**227,0**	**175,5**
% change on	—	1 3	2 8	32,9

**Standard & Poor index*

Public buying price is 10% below, subject to negotiation

P.T.O.

especially the US, against its imports, for political reason

One abiding fear for copper consumers is that low prices over the past few years have not stimulated sufficient investment in new productive capacity to insure against another copper boom in the early Eighties when stocks, still well over 1 Mt will have been run down and demand will be stronger. This scenario could also harm producers in the longer term as the metal is facing stiff competition particularly in the heavy electrical cable sector, from aluminium, which, though advancing sharply in recent months, is still over $200/t cheaper than copper

On the positive side, though copper may gain substantially from solar heating in the next few years, in response to tighter crude oil prices. Copper is ideal for solar panels. According to some calculations the solar industry could require between 200 000 t-300 000 t of the metal by the mid Eighties

More immediately there is still a chance that the GSA could be authorised to purchase 250 000 t of copper into its stockpile, though such moves may be opposed in Congress by those who believe that the domestic US copper industry could provide adequate supplies in times of crisis

The special factor which has tipped the finely balanced lead market in recent months is unexpected high buying by Eastern Bloc countries particularly the Soviet Union. One estimate puts socialist country 1978 imports at between 80 000 t and 85 000 t. Cash lead prices are breaking new ground above £500 and the LME's stockholdings have been reduced to 15 000 t, compared to 67 000 t at the beginning of last year. Further purchases by communist countries could continue to squeeze the market, especially as no substantial shift from last year's refined lead production figure of 3 6 Mt is expected during 1979

An additional factor could be expanding demand from developing countries something which, according to the London based Lead & Zinc Study Group helped to counter balance small decreases of 2% and 3% respectively in European and US consumption during 1978

Longer term, the performance of lead is likely to depend more on the demand side of the equation than on supplies. This is primarily because the leading consumers, the US and Canada, are also large "safe" producers. Additionally, recycled scrap availability in consumer countries guards against the possibility of sudden, sharp supply cutbacks

The metal could be in for a testing time in coming years. A major use is in petroleum additives which could face problems due to on going research into lead pollution in urban centres from exhaust emission. Mounting oil prices could cut back demands for cars and consequently batteries (another big use) in the Eighties. On the other hand the steady shift towards lead calcium cells instead of lead antimony cells could boost primary lead demand as antimonial lead scrap would be ruled out as a feedstock

DATES TO REMEMBER

Last day to register for dividends:
Friday February 9: Blue Circle 12c, Cap Auto 3c, Everite 5 5c, Edfood 8c (S), Edfund 6 98c, ES Development 5c, GESA 70c, New Wits 8c, Selected Mining 7c, Vogels 8c
S = Special dividend

Meetings
Wednesday February 7. Samuel Osborn (S)
Thursday February 8. Ass Engineering (S)
All meetings in Johannesburg unless otherwise stated. S = special meeting

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BASE METALS

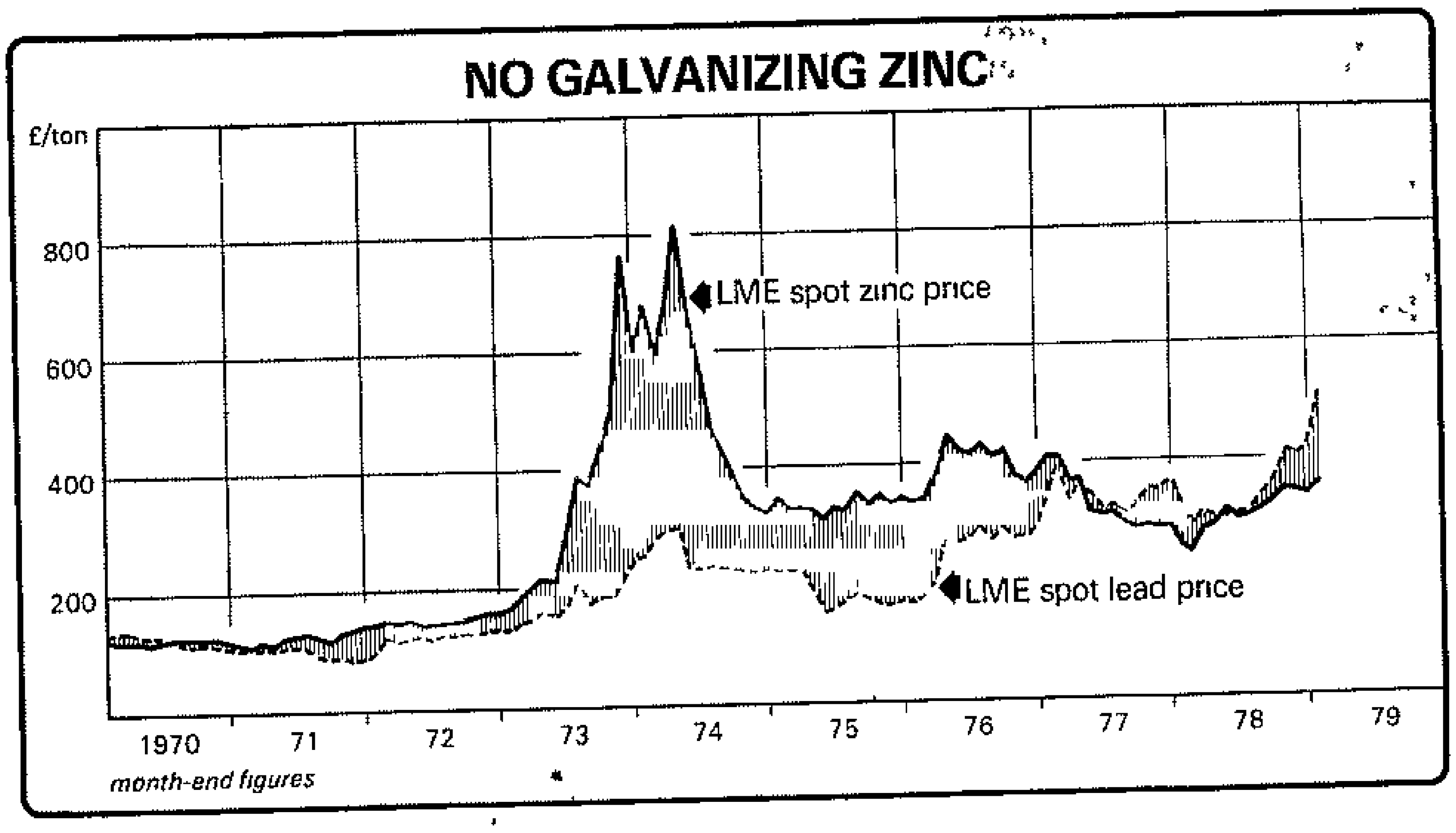
Linked to steel

Were we too conservative last week in our first article on SA's key minerals? Subsequent events in the copper market seem to indicate so

While we had expected three-month copper to touch £950/t from last week's levels of around £900, the London Metal Exchange quote got into gear and for a short while nudged £1 000 Though it is now trading back in the £980 area, copper bulls are far from pessimistic on the metal's potential over the next six months Once what they consider is a technical correction has been digested, the target could be for a steady rise to £1 300 or better by mid-year.

And there are few obvious reasons why this target should not be reached But while copper seems set for some go-go performance what of SA's other minerals?

Arguably a metal likely to face a tough time is zinc Though prices have moved up on the LME some £80/t or so over the last year to around £380/t, the market tends to remain fundamentally weak Its fate is inextricably linked to the performance of the steel industry, where depression reigns. Its usage there for galvanizing purposes has therefore been badly hit Further, its other major outlet, diecasting, is under pressure from plastics, especially as they are much lighter, a point of some importance especially to the car industry during a period of continually rising fuel costs



New process hopes

For weight reasons zinc galvanizing has also come under attack in the car industry, though there are hopes that one-side galvanizing and zinc "treatment" — two processes under development in the US — will stem the tide to a degree

Turning to other non-ferrous metals, the current and expected performance of the steel industry also tends, in several cases, to be a central consideration in predicting their performance For instance, the bulk of the world's manganese ore production of 24 Mt, of which the Soviet Union contributes about 8,5 Mt and SA 5,5 Mt, is used in the production of ferro-manganese for the manufacture of various steels Prices have risen over 100% in the last 10 years to around US 70c per ton but, according to one leading authority on the metal, "it's still dirt cheap" but it is "very unlikely" that it will improve much in real terms in the near future. However, he acknowledges that steel expansion plans in China and India could be of assistance

By comparison with manganese, the outlook for chromium is slightly brighter Though its performance is also linked to that of the steel industry, the metal is used in the production of stainless steel, which is one of the healthier sectors of the industry — and seems likely to continue to be with the promotion of both industrial and consumer stainless steel equipment and utensils

Additionally, chrome ore is used to line furnaces and with China rapidly increasing capacity there could be some spin-off for the metal there However, for the moment stocks are still high — in Europe they are reputed to total some 300 000 t and there seems little possibility of a strong advance from current prices of about $100/t unless either SA or the Soviet Union, each of whom produce roughly 2 Mt a year, suddenly develop production problems

Vanadium, of which SA produces roughly half the world's supplies, is also used in the production of specialist steels Here again little movement is expected from current ferro-vanadium levels of about $12,50/lb vanadium contained per kg, though the massive rise in the price of molybdenum over the past year to $42/lb could enhance the competitiveness of vanadium in certain specialist steel sectors

As far as antimony is concerned, the outlook does not seem to be too good either SA sells antimony ore on a more or less 50 50 basis to Associated Lead, of the UK, and National Lead, in the US However, its role in battery production could be undermined as mentioned earlier, especially due to weight problems Additionally its use as print metal is also declining due to new offset litho techniques At the moment the price stands at $2 800/t, underpinned somewhat by Eastern Bloc purchases

There are signs that the asbestos market could pick up in coming months, particularly for crocidolite and amosite, two varieties especially important to SA "It's not been very buoyant recently but it could be bottoming out now," says one industry source with asbestos connections in SA Apart from a cyclical downturn in demand in recent years, due to, for instance, depressed conditions in the construction industry, a prime cause of the market's sluggishness has been over-cautious stocking by consumers as a result of production fears in Canada

In 1975-76 that country's output was badly affected by a series of problems, such as plant breakdowns Consequently consumers, fearing a continuation of reduced supplies, built up sizeable stocks with the result that these have tended to insulate prices from increasing demand pressure Crocidolite is now quoted representatively at $735/t and amosite at $530/t Top quality chrysotile or white asbestos has moved up some 6% over the last year or so to around $550/t

The longer-term trend of asbestos prices, however, remains unclear They are inextricably linked to the various on-going studies into health hazards "All asbestos must be considered hazardous," says one asbestos industry source, "but it is generally regarded that crocidolite is more hazardous than the other two" However, for the time being experts believe amosite and crocidolite look set to continue to be in demand for various specialist applications

COPPER

Supply fears unabated

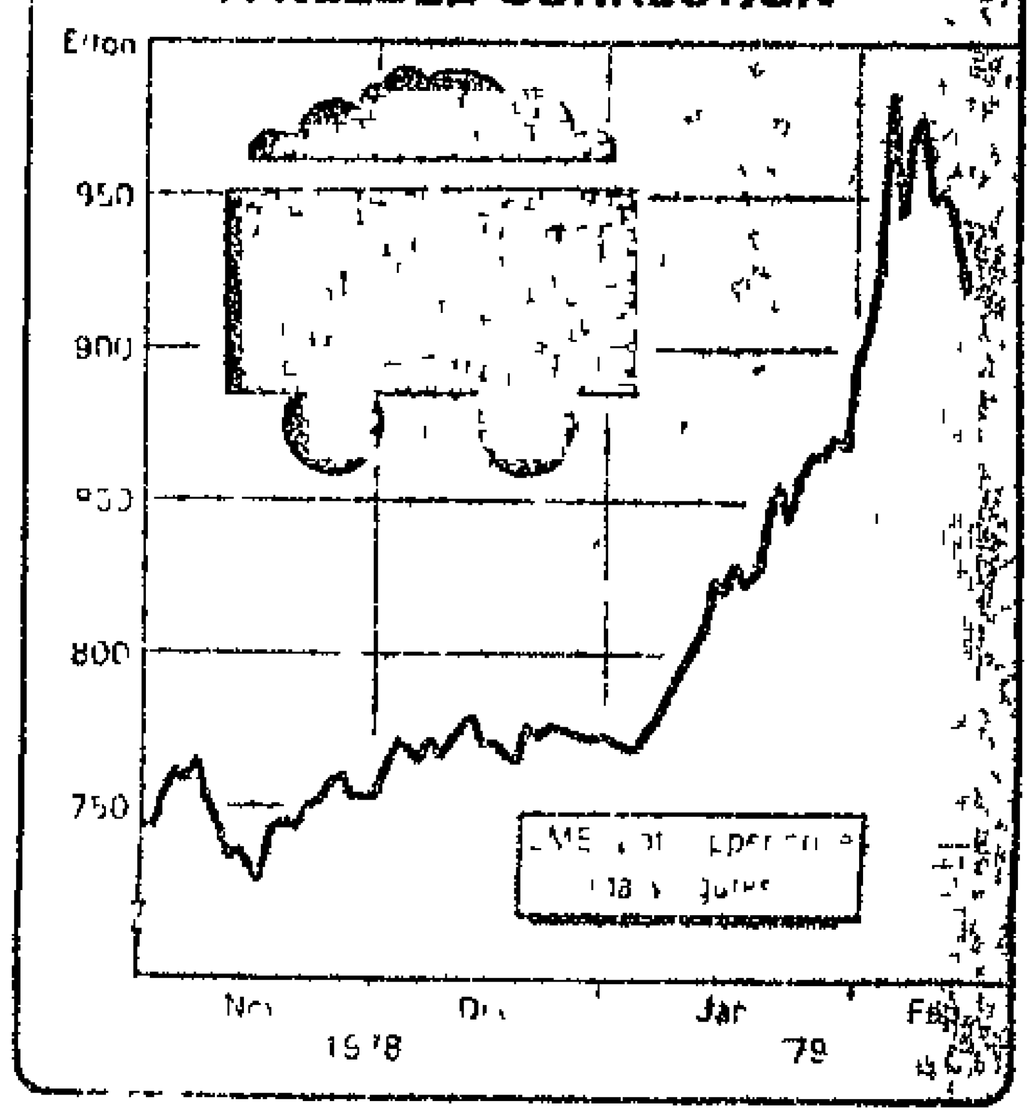
"**Copper's correction** continues, and while this could carry prices still lower in the short term, it will clear the way for a further advance in coming months," says Commodity research company Chart Analysis Ltd in its latest technical report. It is a view that enjoys considerable support around the London Metal Exchange, though there is some disagreement as to why copper prices seem likely to push upwards again through £1 000 level.

Midweek, copper for delivery in three months' time was quoted around £960, down from last week's four and-a-half year high of over £1 000, primarily due to speculative profit taking and a feeling in some quarters that rise had been "overdone." Basically there are two camps of opinion on the metal's likely advance. One stresses its fundamental supply-demand position with, on the one hand, increased demand being met by reduced supplies from the Central African copperbelt, while the other concentrates more on copper's role as a currency hedge in the face of growing world industrial and energy insecurity, the latter especially fomented by the Iranian oil crisis.

By its very nature the LME is unashamedly a speculative market — it has to be for metal merchants, producers and processors to hedge the price risks inherent in their business — and there can be no doubt that speculators played a key role in bidding up the copper price last week. With growing dollar insecurity in the currency markets in the absence of any firm US policy to get to grips with that country's payments deficit and fears — somewhat over dramatically expressed by energy secretary James Schlesinger — that the US and the West could be heading for an oil crisis due to the Iranian situation, those with large mobile resources have been piling into copper and other metals as a currency hedge.

Most metal dealers agreed that in the absence of any semblance of law and order returning to Iran in the near future, currency hedge demand is going to have an increasing influence on all metal prices. And turning to the arguments of

A NEEDED CORRECTION



the fundamentalists, it seems that copper could be one of the most attractive investments in coming months for a series of reasons.

Though the Belgian government is playing down its involvement in Zaire, it is known that in recent days Belgian troops have been flown to Kinshasa amid reports of some disorder around the capital. To what extent this is indicative of mounting general unrest, especially in the country's mineral-rich Shaba province, is not clear but at least it constitutes a

	Price Feb 14 1978 cents	Price Feb 6 1979 cents	Price Feb 13 1979 cents	Yield %
Industrials				
Afri Dist	275	355	365	5.8
Art Print	90	103	105	6.7
Bat	135	180	180	6.1
Cairns	125	118	115	7.0
Capn	67	57	55	12.7
[illegible]	177	195	195	6.7
C&I Hold	26	†	†	—
Cen Hold	52	55	58	7.8
Delta Corp	345	380	385	4.8
Fogars	98	128	137	6.4
Gat Tex	115	76	76	10.5
Gulliver	55	33	35	10.7
Hippo*	30	†	†	
Hippo Vall	60	33	34	
Macey	22	20	22	4.5
Mch Hold	33	30	[illegible]	9.7
Merlin	30	38	39	9.0
Morr Wear	[illegible]	28	30	
M&B Rho	8	48	50	6.0
Nat Food	63	76	81	6.2
P and C	137	165	165	[illegible]
Plate Glass	155	1[illegible]0	127	[illegible]1
Radio	40	[illegible]	45	6.7
Rho Abercorn	110	112	113	8.8
Rho Accept	265	265	275	5.1
Rho Bank	343	[illegible]58	383	5.4
Rho Cable	355	220	[illegible]	8.1
Rho Cem*	60	46	52	8.3
Rho Print	173	220	205	9.8
Rho Sugar	[illegible]3	45	[illegible]0	8.0
Rho Tread*	[illegible]	40	43	8.7
Rothmans	150	143	[illegible]	5.7
Salis Cem	80	68	[illegible]9	—
TA Hold	140	123	115	9.6
Tanganda	14	130	[illegible]3	12.8
Tedco	15	17	[illegible]	—
TS	245	3[illegible]5	3[illegible]5	6.3
Whitehead	72	77	[illegible]0	7.5
Mining and Finance				
Co Synd	[illegible]30	230	[illegible]3	10.2
Empress	[illegible]10	90	[illegible]03	7.8
Falcon	550	[illegible]	575	10.4
MTD (Mang)*	1[illegible]	198	205	7.8
Rho Nickel	[illegible]	50	70	4.3
Rio Tinto	7	107	113	7.1
Shangani	30	25	3	
Wankie*	110	112	1[illegible]5	7.8

*Locally registered with foreign listing

Cont

CIVIL AND ELECTRICAL ENGINEERING AND BUILDING SCIENCE COURSES

Week Starting	ORAL TUTORIALS	ORAL EXERCISES FOR MARKS	WRITTEN TUTORIALS	WRITTEN EXERCISES FOR MARKS	LECTURES
26 Feb.			First Meeting		
5 March	Introductions and Interviews		Prin… Purp… Moti…		
		SAX APPEAL	HOLID…		
12 March	Principles of Communication		Princ… Dete…		
19 March	Vocabulary		Gathe… Plann… organ…		
26 March	Planning a talk		Inter…		
2 April	Delivery of talk	MARK	Appro…	vocabulary	
9 April	Delivery of talk (Questionnaire)		Characteristics of Jargon (Monday class have TEST)		
		GOOD FRIDAY 13th April EASTER MONDAY 16th April			
16 April	Listening		CLASS TEST		
		VACATION 23rd to 29th April			
30 April	Feedback session/ Non-verbal communication		Appropriate style	Style	

further supply worry And there are plenty of them about

Zambia has stated that supplies this year are going to be 13% down and some fear the two prime causes, production and transport difficulties, are going to lead to further cutbacks still. Chile and Peru perenially seem likely targets for industrial trouble and Iran, too, again comes into the picture.

Last month the country's giant Sar Chesmeh mines were due to come on stream Originally it was hoped that during the Iranian year commencing March 31 the country would export some 100 000 t of blister copper, around one-sixth of Zambia's annual output, but there now seems little chance that this target will be met

Meanwhile, on the demand side, industrial offtake appears to be advancing, especially in the US where producer prices are now being quoted around record levels in the mid-80c/lb range. However, much will depend upon the rate of growth of the US economy during the second half of this year.

To a degree the copper price increase, though extensive, has been cushioned by the large stocks overhang which at one point totalled around 2Mt However, these have been falling sharply recently, especially in the LME warehouses, where total holdings of wirebars and cathodes now amount to some 308 950 t, less than half those held a year ago Additionally, apart from the overall decline in quantity, the quality of remaining stocks in many cases tends to be low — a factor of mounting cocern in an increasingly tight market

Asbes se toekoms lyk ál beter vorentoe

217

Deur DAVID MEADES Rapport 25/2/79

IN weerwil van die slapte op die asbesmark in die meeste nywerheidslande, lyk dit of daar in die tweede helfte van die jaar 'n taamlike oplewing in die wêreldwye vraag na hierdie mineraal kan ontwikkel. Só is die gevoel in mynkringe in Johannesburg.

Asbes word wêreldwyd hoofsaaklik in die konstruksiebedryf gebruik en die resessie van die laaste paar jaar het tot 'n wesenlike afname in die vraag gelei

Dit is ook baie duidelik uit die produksiesyfers vir Suid-Afrika se asbesmyne Die totale produksie het van 379 524 ton in 1977 tot 257 208 ton in 1978 gedaal, terwyl daar in 1976 368 334 ton geproduseer is.

Suid-Afrika voer die grootste deel van sy asbesproduksie uit en hierdie sektor het in 1977 'n rekord bereik toe hy meer as R133 miljoen aan buitelandse valuta vir die land verdien het Verlede jaar het hierdie inkomste tot R107,5 miljoen gekrimp, wat ook minder as 1976 se R111,9 miljoen was

Suid-Afrika het in 1976 die eerste keer 'n belangrike wêreldprodusent van asbes geword toe daar in Kanada, die wêreld se grootste produsent, produksieprobleme by 'n aantal myne was

Die Suid-Afrikaanse asbes het dié leemte dadelik gevul en is ondanks die daling in die wêreldvraag steeds stewig gevestig in die markte wat destyds verower is — selfs al is Kanada weer in volle produksie

Intussen het Suid-Afrika se asbes ook vir hom 'n naam van gehalte op die buitelandse markte opgebou en daar word peil getrek op die bestendige voorsiening van Suid-Afrikaanse asbes

Hoewel daar in die groot nywerheidslande nog geen tekens van 'n redelike oplewing in die vraag na asbes is nie, word die vraag in die onderontwikkelde lande al hoe groter.

Dit spruit hoofsaaklik uit baie groot woningbouplanne wat in hierdie lande beoog word met die oog op die geweldige fonds wat die IMF nou besig is om op te bou met sy gereelde goudveilings

En oor die langer termyn is daar weinig twyfel by kenners van die asbesmark dat die wêreld op 'n produksietekort afstuur. Behalwe die geweldige styging in die prys van kapitaaltoerusting vir die ontwikkeling van nuwe asbesmyne, is daar ook nog die oordrewe beheptheid in talle lande oor die gesondheidsaspekte van asbes

Weens openbare druk is daar in baie lande nou baie streng regulasies vir die ontginning van asbes wat dit vir produsente baie moeilik maak om uit te brei

Aan die ander kant het Suid-Afrika weens sy lang mynbougeskiedenis gesondheidsregulasies wat reeds baie jare lank streng toegepas word en daar is geen bewys dat die voorkoms van mynkwale erger by asbesmyne as byvoorbeeld goudmyne is nie

Die meeste Suid-Afrikaanse asbesmyne werk op die oomblik teen heelwat minder as hul produksievermoe en dit lyk nie of daar in hierdie stadium enige groot uitbreidingsplanne is nie. Cape Asbestos het sy Pomfret-myn verlede jaar teen 'n totale koste van sowat R10 miljoen uitgebrei

Msauli het 'n moderne aanleg wat in 1969 voltooi is, terwyl Gefco oor die laaste paar jaar die meeste van sy aanlegte gemoderniseer het

Suid-Afrika se asbes word hoofsaaklik in Noord-Kaapland in die Kurumanomgewing ontgin. Die afsettings strek oor 'n baie groot gebied, maar kom in kleiner geïsoleerde liggame voor Dit strek van Griekwastad tot in Botswana

En dit is baie moeilik om die werklike omvang van die land se asbesreserwes te bepaal, omdat so 'n groot deel onder die Kalaharisand lê en eksplorasie hier baie duur is

Copper stocks fall below 300 000 tons

28/12/79

(Mercury) Correspondent

(217)

LONDON — London Metal Exchange (LME) copper stocks declined below 300 000 tons for the first time since June 1975.

Mirroring the improvement in the copper price, LME stocks have been declining week by week from 645 000 tons a year ago to 296 300 tons at the end of last week

Further penetration of the Chinese into Vietnam kept prices firm, but the main reason is the turnaround from surplus into deficit

Commodity research unit estimates that identifiable world copper stocks have declined from 2,2 million tons at the beginning of last year to 1,76 million tons at the end of 1978 Metals analysts estimate, however, that world stocks are even lower than this level now

Hefty surplus

This appears to be a hefty surplus. But Mr Jim Cloy, economic adviser to Rio Tinto Zinc, has pointed out that normal consumer stocks are around 850 000 tons

Adding "normal" metal exchanges stocks of some 200 000 tons and necessary producer stocks of about 300 000 tons and merchant stocks of 100 000 tons, normal trade stocks are in the region of 1,45 million tons

With strategic stockpiles and inventories as insurance against the perrenial transport problems in central and southern Africa, the so-called world-wide stock surplus is effectively wiped out

If world stocks decline below the one million-ton mark, the situation could become very serious and prices could shoot up

LEAD SMELTER

A weighty decision

FM 2/3/79

217

Does SA's relatively small lead consumption warrant the R150m cost of establishing local integrated lead smelter? That is the question of the moment for Gold Fields South Africa (GFSA) and the National Institute of Metallurgy (NIM).

Sufficient quantities of other vital base metals are being produced to meet SA's needs GFSA's Zincor electrolytic refinery at Springs produces 75 000 t of zinc annually the smelters at Messina, O'Kiep and Phalaborwa 170 000 t/year of copper, while the Rooiberg, Zaaiplaats, and Iscor tin smelters account for about 3 500 t/year of tin

That only leaves lead. Present consumption is about 25 000 t/year, mostly imported as scrap from Australia, SWA/Namibia, and Zambia while a large circulating load is constantly being re-refined No primary or virgin lead is available from local sources.

Considering the strategic value of the metal, and the rich ore body at its Black Mountain Mine near Aggeneys in the NW Cape, GFSA has commissioned NIM to undertake a confidential study of the technical and economic viability of erecting a lead smelter

Details are being kept well under wraps at present, but the *FM* understands the major problem is cost Black Mountain, developed in conjunction with Phelps Dodge, will eventually produce about 100 000 t/year of lead concentrate and can easily meet the ore requirements of a conventional smelter.

Such a smelter would cost around R150m, but would have to produce 80 000 t/year of virgin lead to be viable. This would outstrip SA's requirements and it would be extremely difficult to unload the excess on the world market, given high transport costs, and competition from established producers.

NIM therefore envisages a 30 000 t/year capacity smelter using residues (lead-bearing "waste" currently being stockpiled after predominant metals have been extracted) supplemented by lead concentrates from local sources.

Why use residues when reserves with lead content as high as 75% are available? The *FM* understands that with residues lying idle at virtually every mining site, this would make a lead smelter far more economically viable. High content lead ore can still be exported, while precious metals remaining in the residue can be co-extracted as a sideline.

LARGE GROUPS

SALDRU/SA

TIME	A		
Tuesday 4.00-5.30 p.m.	Ms. J. N (2 Mr. S.F. (6		
Wednesday 11.00a.m.-1.00p.m.	Dr. J. Sm (1 Ms. G. Ra (1 Ross/Maswego/Moja (4)	(37)	(25) Mr. S. Tollman et.al. (71)
Thursday 11.00a.m.-1.00p.m.	Prof. P. Folb (60) Dr. J. Pearson (29) P. Burney (56)	Prof. G. Beaton (32) Prof. R. Kirsch (9)	Dr. T. Thomas (46) Ms. A. Claassens (40)
Chairman			
Secretary			
Venue	AA	BB	CC

UNION CORPORATION

Ready, steady . . .

217 FM 9/3/79

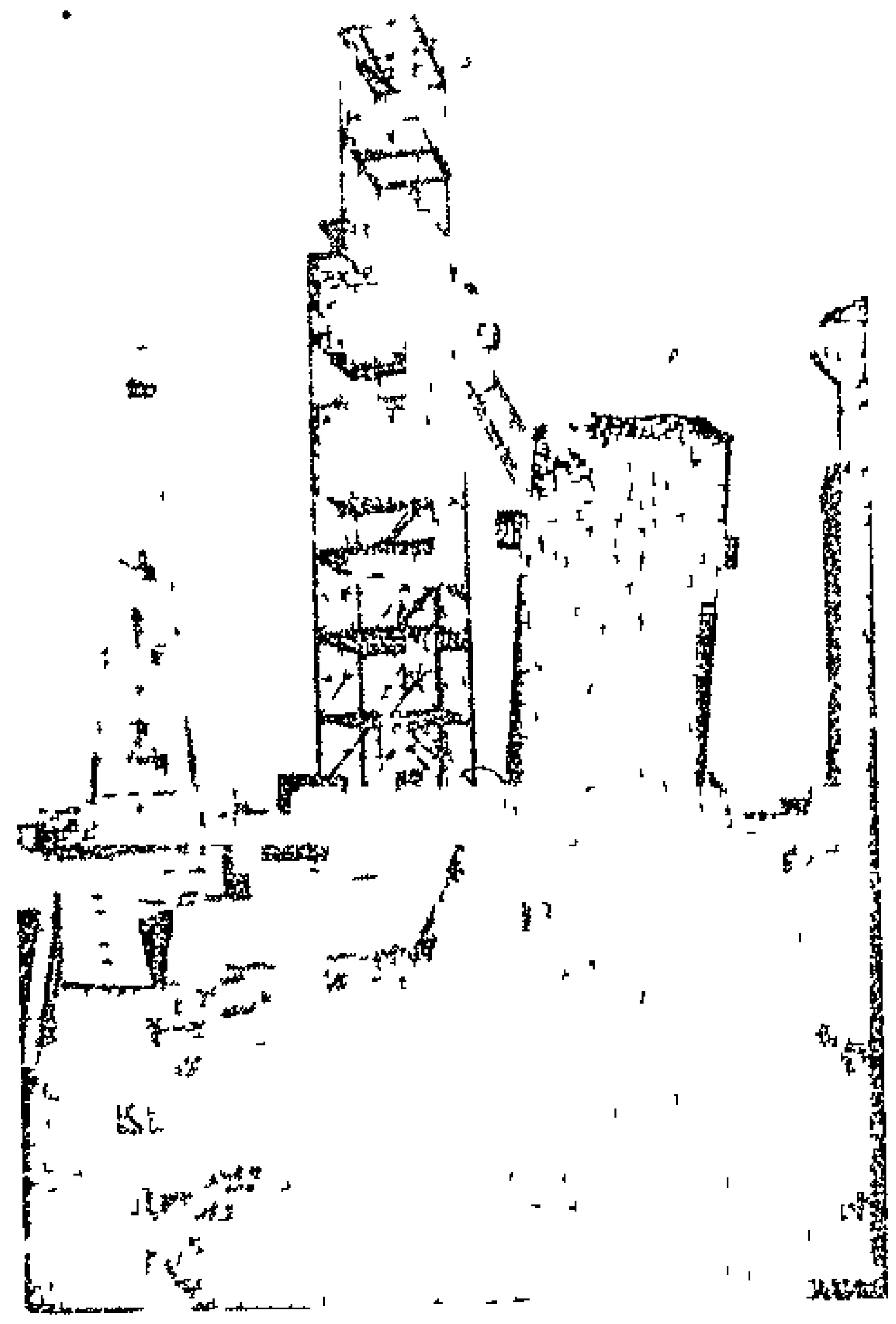
Two years ago, Union Corp cut its dividend to conserve funds for its heavy exploration and new projects programme. Since then, exploration expenditure has slowed, but with capex at Beisa steadily building up steam, the increase in the 1978 total payout from 38c to 47c is a clear statement of management's confidence that earnings are firmly underpinned.

Not, of course, that the group is necessarily about to embark on any new major projects except for Beisa. Base metal prospecting in Namaqualand has been less than encouraging. And, though prospecting near Beisa is encouraging, the group will probably want to see the new mine well on its way towards production before committing itself to another.

Meantime, projects such as Richards Bay Minerals now have to be brought up to satisfactory profit levels, while the relatively heavy gearing in some of the group's industrial interests might bear reducing.

On the back of higher gold and platinum dividends, investment income rose to R30m (R21,7m) Chairman Ted Pavitt is confident that group mines have cost increases well under control and on the basis that any price setbacks in the metals will only be temporary, a further investment income increase is likely this year In the unconsolidated accounts, it is investment income that counts when it comes to dividend declaration.

Profit on realisation of investments increased to R11,6m (R2,3m), though the figure was distorted by a R7,1m profit on the sale of a long-standing Mexican interest, Minera Frisco.



Beisa's headgear . . getting down to work

At the attributable level, the R24,8m profit improvement to R62,5m was largely due to improved income from mining and other investments That added R11,3m, while the Mexican sale kicked in with R7,1m and industrial subsidiaries added R5,8m attributable earnings

Dividend cover rose from 1,6 times to 1,9 times, partly reflecting difficulties in some of the industrial subsidiaries, such as Sappi, which led to little growth in distributable income from this source in the hands of the company

But Sappi's problems are fast being overcome, and if industrial dividend flows improve this year there should be scope for cutting cover

At end-1978, nav was 947c It is probably nearer 1 000c now, meaning that at the current price of 680c, the share discounts nav by 32% On a 6,9% yield, the share looks fully priced, but there remains the speculative appeal of further developments in the OFS

Jim Jones

Little miners slave day and night...

217

Star, 13/31 79

By Jaap Boekkooi

. . . Nibble, nibble, toil and quibble acids burn and cauldrons dribble . . . — so Shakespeare might have described the feverish activities of billions of germs which have become South Africa's latest "mine-workers"

And what's more, of all the billions slaving day and night at Buffelsfontein mine, near Stilfontein, not one joined the strikers this past week

The idea of using bacteria to work at Buffelsfontein's uranium extraction plant was tried out by General Mining's laboratories for years, and started in earnest eight months ago

And since then "mining by bugs" has been working marvellously. And virtually bug-free, if that's the phrase.

URANIUM

The germs used by the mine belong to the genus Thiobacillus ferro-oxidans. When they nibble low-cost salts and other inorganic chemicals they oxidise iron which in turn is used to leach out uranium.

As the latest issue of Nuclear Active, quarterly of the Atomic Energy Board shows, the germs, countless numbers of them, occupy a huge bacterial film oxidation tank, topped by numerous pipes and a catwalk, at the mine.

Apart from not going on strike the tiny mine-worker bugs get all their nutrients from the mine by-products.

They slave away best when kept at a temperature of 34 C, with plenty of fresh air blown over them by a mechanical aerator as they sit on cheap plastic racks.

ADAPTABLE

The mine has also found the germs only go

ADAPTABLE

The mine has also found the germs only go on strike, legal or wildcat, when the boss stops feeding them their daily nutrient salts.

But once feeding restarts their "work ethic" compels them to start oxidising again within an hour

Mr Eric Livesey-Goldblatt, manager of General Mining Laboratories, praises his new workers as "remarkably hardy" and easy to adapt to new circumstances.

Sun Times

Dearer fuel will force up copper costs

18/3/79

217

By DON WILKINSON

PALABORA Mining, the world's cheapest copper producer, will be hit by the rising cost of fuel this year.

In his chairman's review with the group's 1978 accounts, George Macmillan points out that dearer fuel is expected to add around R45 a ton, or about R5,25-million in all, to each ton of copper that Palamin produces

It's an increase which takes no account, incidentally, of any ripple effects of dearer fuel.

In 1978 the group was able, via stringent efforts at cost control, to cut its copper production costs from R948 to R935, which was something of an achievement.

At the same time, the comparative collapse in the metal price for most of the year was more than offset in rand terms by the depreciation against sterling of the US dollar, Palamin selling the bulk of its copper on the LME basis.

Consequently the group wound up with profits sufficient to increase the total annual dividend to 70c from 45c.

Because of past low prices, the opening of new mines has been inhibited and for various other reasons, including labour disputes and some increase in demand, there is, says Mr Macmillan, "a dearth of good copper available in the open market"

The result is that Palamin has been able to command substantial premiums for a sizeable proportion of its output"

Exchange rate aids Palamin profits

Star 19/3/79 (217)

By Colin Campbell

The higher cost of fuel is going to affect virtually everybody in South Africa. But for Palaborwa Mining Company, it is going to mean an additional R5,25m to the annual fuel bill — or a direct charge of some R45 a ton of copper produced.

There were a number of reasons for last year's sharp profit improvement — up from R18m to R25,7m (equivalent to a rise in net earnings from 64c to 91c a share), but in the main these were a control of costs, the fruits of a cost saving campaign, and improved operating efficiency.

This mine's general efficiency is well illustrated by the average cost of cathode copper produced — R935 a ton against R948 a ton a year ago.

Increased production from the expanded mine was also a factor, as was the weakness of the rand/dollar exchange rate against sterling — in which copper is priced. Though the copper price averaged £711 in 1978 compared with £750 a ton a year earlier, the actual price realised was R1 139 a ton against R1 108 a ton in 1977.

But for the exchange benefit, net profits would have been roughly R6,3m lower.

Chairman Mr G A Macmillan says that the recent strength of the LME copper price "portends a higher and more realistic floor price for copper which will benefit the copper industry as a whole."

Quarterly reports should give a clear idea of how 1979 is likely to turn out. The shares yield 6,1 percent on the 70c payment.

AFRIKANDER LEASE

(12.3)

Market caution

FM 23/3/79

Differing viewpoints make a market This is something that has been underlined this week following an announcement of plans for developing Afrikander Lease Ask any analyst in town what Afrikander Lease shares are worth and not one will give the same answer, divided as they are on cost and revenue estimates

Though, unofficially, spokesmen for the house concede that initial uranium recovery grades at the mine will be in the region of 0,8kg/t, the preliminary announcement takes the conservative line that average recoveries on a monthly milling rate of 50 000 t will be 385 t uranium a year, equivalent to 0,6417 kg/t Most agree, however, on gold of 0,77 g/t, but gold is less than 10% of revenue Except for some R1m a year to maintain production, will be for Vaal Reefs' account and Afrikander Lease shareholders do not have to provide additional funds

But from the nature of the profit sharing agreement, it seems that the house is taking an optimistic view on the relationship between profits and revenue

The royalty agreement, which gives Afrikander Lease a minimum royalty of 5% of revenue and then an additional amount calculated on the formula Y=50-1500/X% once operating profit exceeds 30% of revenue, means that it is in Vaal Reefs interests to aim either for profit to equal 30% or exceed 50% of revenue.

This is clear in that if overall profit is 30% of revenue, Afrikander Lease is entitled to 5% of revenue and Vaal Reefs to 25% When the profit to revenue ratio is 50%, Afrikander Lease receives 25% of revenue and Vaal Reefs 25%. But if the profit to revenue ratio is between 30% and 50%, Vaal Reefs share is *less* than 25% of revenue Thus, unless revenue is at least twice costs, Vaal Reefs would be better off if Afrikander Lease were run relatively inefficiently. I do not see either company allowing that situation to arise, so on the average recovery figures provided in the preliminary announcement and based on unofficial in-house estimates of unit costs including on-going capex of R30/t, it appears that the mine is being planned on contractual uranium prices of around $45/lb, a figure more or less in line with current spot prices.

For the time being, at any rate, investors are taking a cautious view on Afrikander Lease's potential. At the current 480c the share price appears to be discounting dividends of little more than 50c in 1982, when the mine will be treating its initially planned 50 000t/month

But if the in-house uranium-recovery target of 0,8kg/t is achieved, with uranium at $45/lb, working costs by then of R35/t, and gold at $250, distributable earnings of at least 85c in the hands of Afrikander Lease should be possible.

Meantime, at no cost to Afrikander Lease shareholders, there are as yet unofficial plans to raise mill throughput to 120 000t/month by the mid-Eighties. Even on the house's conservative average recovery figures, that points to dividend potential of 120c in about seven years.

Differences of opinion do make markets, but in this case I do not think that sellers at 480c are doing themselves any favour

Jim Jones

PALABORA

Fm 23/3/79

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Copper bottomed

Activities: *Operates open-cast copper mine and refinery in North-eastern Transvaal Also produces uranium, magnetite, vermiculite and sulphuric acid. Managed by RTZ which holds 38,9% of the equity.*

Chairman: *G A Macmillan; managing director A J Leroy.*

Capital structure: *28,3m ordinaries of R1. Market capitalisation: R325,5m.*

Financial: *Year to December 31 1978. Borrowings: long and medium term: R22,3m; net short-term, R13,4m. Current ratio: 1,35. Capital commitments: R10,0m*

Share market: *Price. 1 150c (1978-79. high, 1 250c, low, 620c; trading volume last quarter, 138 000 shares). Yields. 8,0% on earnings; 6,1% on dividend. Cover. 1,3. PE ratio: 12,5.*

	'75	'76	'77	'78
Copper sales (000t)	98,7	96,3	104,2	114,9
Turnover (Rm)	102,0	135,7	142,4	161,9
Pre-tax profit (Rm)	32,4	47,1	32,8	43,4
Earnings (c)	66,2	84,5	66,6	92,3
Dividends (c)	50	70	45	70

While LME cash copper maintains levels in the £1 000 region, the adverse effects of potentially higher costs should be offset at Palabora this year

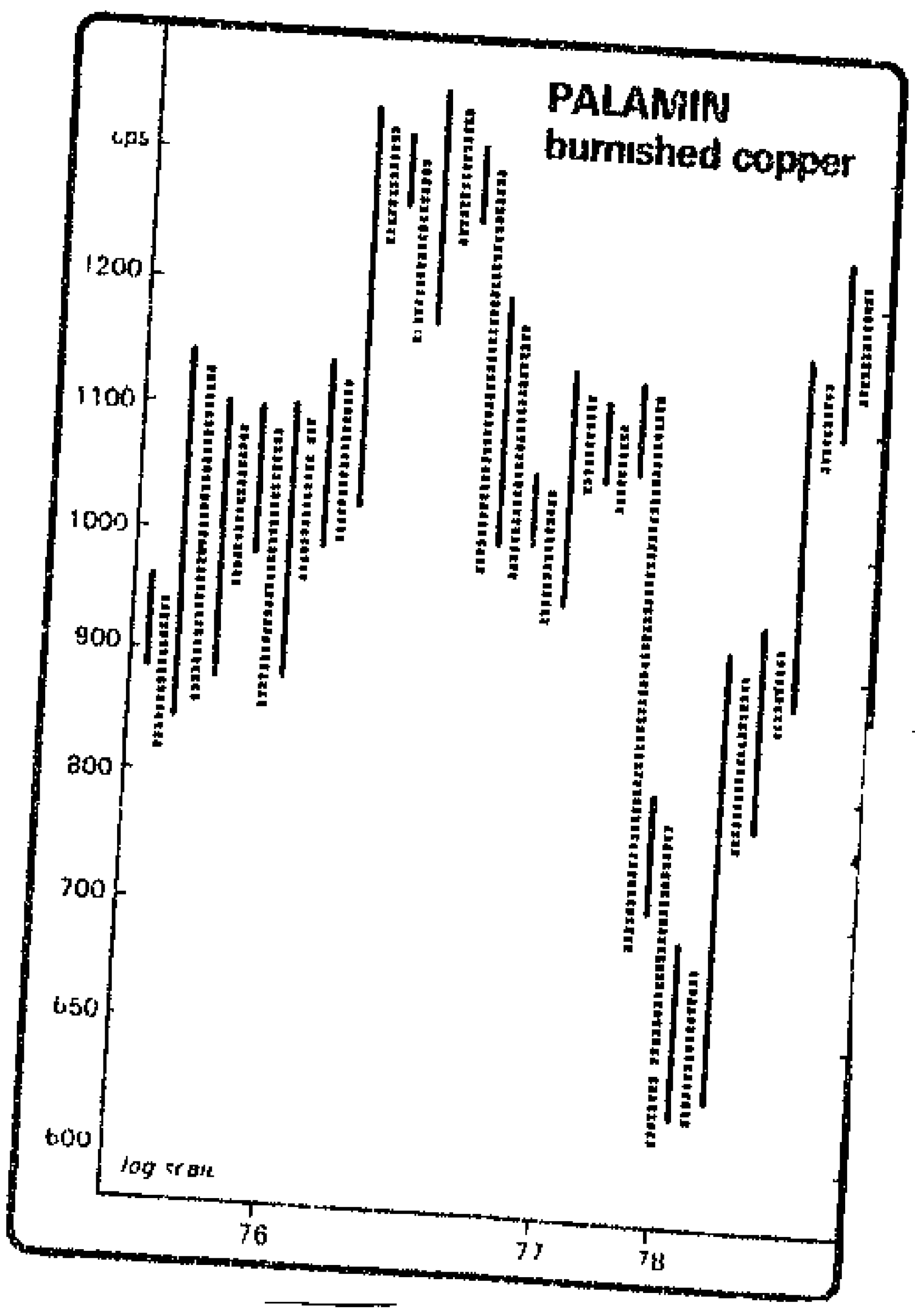
Apart from ironing out the few remaining technical problems with its new mills, the mine has completed its expansion programme to lift annual copper production capacity to 120 000 t and should now operate under steady state conditions

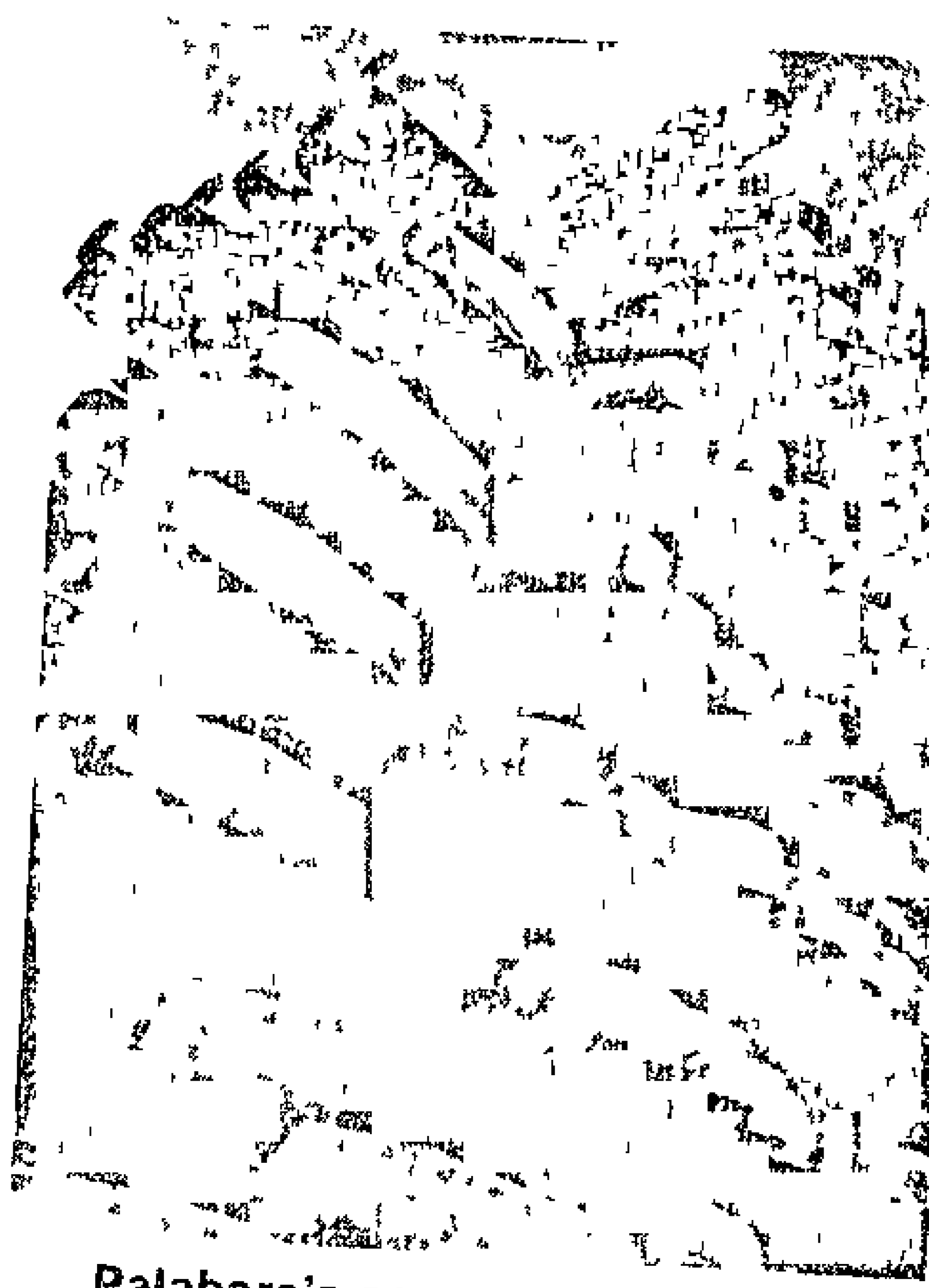
Last year, though the average copper ore head grade fell to 0,51% (0 52%), the cost of producing cathodes fell to R935/t (R948/t) The board attributes this to cost cutting programmes and the fact that the higher mill throughput meant a larger divisor into total costs In addition, of course the mine is now back to a normal stripping ratio after earlier abnormally high ratios as the open pit was enlarged to expose additional ore needed for the expansion programme What it meant was that while 27,5 Mt of ore were milled last year (1977 24,9 Mt), only 62,6 Mt (64,6 Mt) of waste were hauled from the pit, bringing the waste ore ratio down to 2,28 1 (2,6 1) A further marginal drop in the ratio should be possible this year

It is, however, doubtful that a further reduction of the stripping ratio and other cost cutting exercises will be sufficient to prevent a unit cost increase this year Chairman Alistair Macmillan points out that two fuel price hikes this far this year will add about R45/t to cathode copper costs And it is not possible to alter the haul trucks on which the mine depends for removing ore from the open pit

Even so, there seems little possibility of profit being lower than last year Almost everything is working in the copper price's favour as major consumers increasingly fear supply disruptions especially from central Africa

Last year on an average LME cash copper quote of £711/t, Palabora's cif





Palabora's copper . stacking up profits

realisation price averaged R1 139 So if the LME cash quote simply averages £1 000 this year, Palabora's average cif price should run at at least R1 500/t

This year, the faulty mills have to be repaired, with an estimated production loss of 5 000 t Even so, copper sales should exceed R170m (1978 R130,8m) Magnetite sales are now trifling with the ending of the Japanese contract, but this should be more than compensated for by greater sales of uranium and vermiculite

Last year, uranium production recovered to 140,9 t from 1977's abnormally low level of 86,7 t, and a further small increase should be possible this year

With the bulk of its expansion capex complete, Palabora can probably operate on annual capex of R5m in today's terms This year, R6,5m in long term loans is repayable, so on the basis of £1 000 copper and unit costs per ton of cathode copper in the region of R1 000, distributable earnings of 140c per share seem easily attainable and dividends totaling 125c possible

The market has anticipated much of Palabora's prospective earnings improvement in lifting the share to its current 1 150c However, even at this level on a prospective 10,9% yield the share remains attractive especially to investors with medium term objectives For short-term investors, there is speculative appeal if events in central Africa cause disruptions in copper exports

Jim Jones

Export sales of uranium soar to R500m, better to come

STAR 26/3/79 ② 2/7

By Michael Chester
Financial Editor

Export sales of uranium have soared to around R500m a year from only R70m five years ago and income is pointing still higher, the Chamber of Mines revealed in a news bulletin today.

The Nuclear Fuels Corporation, which processes and markets the entire uranium production from the gold mines, concluded new spot and long term sales contracts with overseas customers worth a staggering R1 300m in the 1977/78 financial year.

And the Chamber of Mines forecasts that the value of new contracts signed in 1978-79 will climb higher yet.

Encouraged by the growing demand and better prices, the mines have stepped up production by more than 60 percent in the past three years to increase total production of uranium oxide to more than 4 500 tons a year.

The number of producers has bounded from only seven mines in 1965 to 17 at the moment. Output is now rapidly approaching the levels achieved during the peak of the uranium boom in the 1950s when annual production almost touched 6 000 tons.

The Chamber bulletin says output will continue to increase over the next few years. At least one new mine will open as a primary producer, and several more existing gold mines may well start turning out uranium.

It estimates that the 1978 production level could be almost doubled by 1985.

Substantial improvements in the efficiency and extraction rates at uranium processing plants from significant technological advances have also started to have a big impact on the speed of the production climb.

SCHOOL OF
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Lipsey:
Gill:
Samuelso
Samuelsor
Alchian & ... Mainstream Economics,
Hunt & Sherman : Economics: Traditionaland Radical Views
Study Guides to Lipsey and/or Gill, Samuelson.

1. The Meaning and Scope of Economics

Scarcity and Multiplicity of Wants. "Economics as the science which studies human behaviour as a relationship between ends (goals, objectives) and scarce means which have alternative uses."
Wants and Resources. CHOICE. COST. Free and Economic Goods. The basic Economic problem. Is scarcity obsolete? Economic approach can be used with respect to most situations involving choice.

Gill, Samuelson, Lipsey
Galbraith, F.K.: The Affluent Society
Keynes, J: Economic Possibilities for my Grandchildren (Reading No. 84)

2. Economics as a Social Science

The nature of scientific method; model building; inductive and deductive methods; problems involved in applying scientific methods to studying economic behaviour; positive and normative economic statements.

Lipsey : Part 1
Samuelson: Chap. 1.

3. Basic Economic Processes and Concepts

Utility; Wealth; Production; Consumption; Exchange; Factors of Production: Land, Labour, Capital, Entrepreneurship; Investment; Saving.

Real and Money Income. Saving (Investment) luxury of the rich. "Vicious circle of poverty."
Specialisation (Division of Labour) a technique for overcoming scarcity - Technical and Economic Efficiency. Advantages and disadvantages of specialisation. Comparative advantage and specialisation. Specialisation limited by the size of the market.

Speight: Economics (Specialisation) Samuelson: Chapter 3 all inappropriate haunts for the gentle, courteous, pitying Mary, a field of battle seems to be the worst, if not distinctly blasphemous; yet the greatest French warriors insisted on her leading them into battle, and in the actual mêlée when men were killing each other, on every battle-field in Europe, for at least five hundred years, Mary was present, leading both sides. The battle-cry of the famous Constable du Guesclin was 'Notre-Dame-Guesclin'; 'Notre-Dame-Coucy' was the cry of the great Sires de Coucy; 'Notre-Dame-Auxerre'; 'Notre-Dame-Sancerre'; 'Notre-Dame-Hainault'; 'Notre-Dame-Gueldres'; 'Notre-Dame-Bourbon'; 'Notre-Dame-Bearn'; — all well-known battle-cries. The King's own battle at one time cried, 'Notre-Dame-Saint-Denis-Montjoie'; the Dukes of Burgundy cried, 'Notre-Dame-Bourgogne'; and even the soldiers of the Pope were said to cry, 'Notre-Dame-Saint-Pierre.'

The measure of this devotion, which proves to any religious ... sible cavil, its serious and practical

and yet ...

centuries, among the churches that belong ... and Transition period, are numbered by hundreds until they reach well into the thousands. The share of this capital which was — if one may use a commercial figure — invested in the Virgin cannot be fixed, any more than the total sum given to religious objects between 1000 and 1300; but in a spiritual and artistic sense, it was almost the whole, and expressed an intensity of conviction never again reached by any passion, whether of religion, of loyalty, of patriotism, or of wealth;

Anglovaal buys small chrome mine

STAR 30/3/79

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Anglovaal companies have bought Ntuane Chrome Mines which operates a small chrome mine about 50 km northwest of Rustenburg

Ntuane holds mining leases over 1 100 ha and is capable of producing chemical refractory, foundry and metallurgical products for world markets. Expansion of the mine will be related to sales contracts.

The LG 6 chrome seam is presently being exploited on a small scale Other seams could be opened up, depending on market prices

★ ★ ★

Basil Hersov cautiously predicts unchanged dividends for Assomang this year. Last year the group earned 521c a share and paid 105c Capital expenditure accounted for 383c a share equivalent to R13,6m

This sum was used largely to expand iron and manganese ore production During the year a new replacement manganese mine was brought into production A further large manganese orebody has been located and the programme for another new mine has been started, Mr Hersov reports

He says that the expansion of iron ore production facilities was almost completed last year and arrangements were made to use Sishen-Saldanha rail and port installations. Shipments have already started.

The Feralloys ferromang division worked at full capacity last year, but the ferro-chrome division worked below capacity Since the end of the year, however, demand for the product has increased.

Capex for the current year is estimated at R5m. — HF

perhaps never even parallelled by any single economic effort except in war. Nearly every great church of the twelfth and thirteenth centuries belonged to Mary, until in France one asks for the church of Notre Dame as though it meant cathedral; but, not satisfied with this, she contracted the habit of requiring in all churches a chapel of her own, called in English the 'Lady Chapel,' which was apt t~~o be as large as the~~ church but was always meant to be handsomer; and there, behind the high altar, in her own private apartment, Mary sat, receiving her innumerable suppliants, and ready at any moment to step up upon the high altar itself to support the tottering authority of the local saint.

Expenditure like this rests invariably on an economic idea. Just as the French of the nineteenth century invested their surplus capital in a railway system in the belief that they would make money by it in this life, in the thirteenth they trusted their money to the Queen of Heaven because of their belief in her power to repay it with interest in the life to come. The ... Queen rather ... the Virgin ... ed Byzantine ... tres was never ... this day the ... Rohault ... n of majesty ... er she is seen ... e felt her true ... gin would pe... ross. Dragged ... tence and im... by a Byzantine ... pelled by overpowering self-interest, the Church accepted the Virgin throned and crowned, seated by Christ, the Judge throned and crowned; but even this did not wholly satisfy the French of the thirteenth century who seemed bent on absorbing Christ in His Mother, and making the Mother the Church, and Christ the Symbol.

The Church had crowned and enthroned her almost from

CONS MURCH

(217) FM 30/3/79

Capex constraints

Activities: *Mining company operating in the Letaba district, Transvaal Produces a large part of the world's antimony concentrates. JCI is the largest shareholder with 25,2% of the equity.*

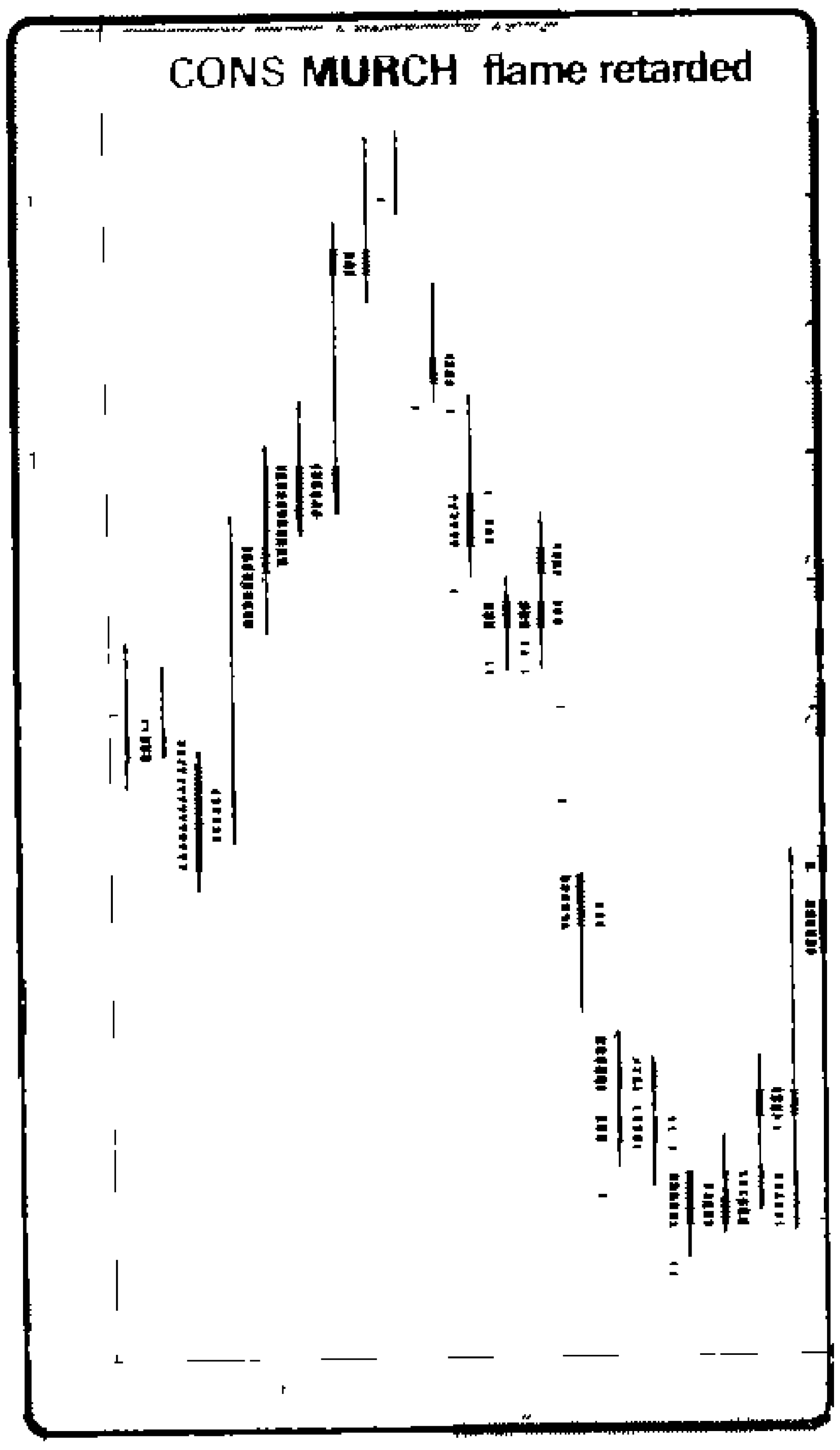
Chairman and managing director: *H Dalton-Brown; deputy chairman J M Meyer*

Capital structure: *4,16m ordinaries of 10c. Market capitalisation: R25m.*

Financial: *Year to December 31 1978. Net cash· R4,3m. Current ratio· 2,7 Capital commitments R871 000.*

Share market: *Price. 600c (1978-79: high, 690c, low, 355c; trading volume last quarter, 78 000 shares). Yields nil on earnings, nil on dividend.*

Is it time to start buying Cons Murch in anticipation of a recovery in the company's fortunes? In the past, at this stage in the share price cycle the answer would probably have been yes. But at least until this year's first quarterly report is pub-



CONS MURCH flame retarded

lished in April, investors are best advised to temper enthusiasm with caution.

There are several bull pointers. Year-end antimony concentrate stocks stood at 9 311 t, in the books at nil value, but worth about R8m cif at current prices, equivalent to some 110c a share after tax. A year ago, concentrate prices were about $17 per metric ton unit. Now they are around $20 and buyers are coming back into the market

For the present, however, fears over this year's dividend potential could restrain the share price.

	'75	'76	'77	'78
Concentrate output (t)	25 160	18 341	19 825	16 290
Turnover (Rm)	16,6	23,0	17 3	11 6
Working profit/ (loss) (Rm)	8 4	11 4	3 0	(1,2)
Earnings (c)	138 4	186 5	69 5	—
Dividends (c)	80	140	30	—

Last year, the mine operated at a R500 000 loss and cash flow considerations led to drastic cut-backs in the planned capex programme. At the same time, improved mining and treatment practices were instituted which helped keep the increase in unit costs down to 6% over the previous year However, the picture could be different this year.

Capex of only R271 000 was possible through deferment of shaft sinking necessary to expose further ore at depth. This cannot be delayed further without prejudicing the mine's ore reserve position and, on current estimates, capex will increase to R3m this year. With this could come an increase in primary development And as it is unlikely that a further substantial reduction in numbers of employee will again be possible, it would not be surprising if unit costs increase at a greater rate.

Chairman Tony Dalton-Brown is contradictory in his views on the antimony market On the one hand he reports that demand for Cons Murch's material has improved, with indications that sales this year should more nearly match production On the other, he gives a different view when he says that a planned extension to the crude antimony oxide plant has been deferred because of the poor state of the market.

On this basis, it is difficult to see the concentrate stockpile being run down significantly this year with a concurrent sharp improvement in earnings.

Much depends on how quickly demand recovers On the basis of monthly mill throughput of 50 000 t, recovery grades in line with the December quarter's, current concentrate prices, sales matching production, cost escalation of less than 10% and capex of R3m, the mine should do better than break even this year But even if no tax is paid (at end-1978 an assessed loss of R1,3m was available to be offset against taxable income), there could be little available for distribution.

On a slightly longer-term view, some of the technical problems plaguing the mine are being overcome. Improved flotation methods have cut antimony losses in arsenical concentrates while gold recovery should improve with completion this year of a recovery plant to treat the oxide plant's residues.

There is, little to report on prospecting. Drilling between Gravelotte and Beta shafts failed to disclose significant mineralisation and the same is thus far true of the underground drilling programme So the question mark over the mine's life remains as a deterrent.

For the present, investment is perhaps best left to investors seeking a jobbing situation Two quarters of improving production and sales could be the signal to buy for a short-term run, but it is difficult to recommend a buy to investors looking for a share to lock away *Jim Jones*

Af Lease U-mine to cost R94m

RDM 5/4/79

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By ADAM PAYNE

THE Afrikander Lease uranium/gold mine to be established by Vaal Reefs in the Klerksdorp area will cost R84 700 000 in 1978 money terms for the first phase of development — bringing it to production in 1981 — and including R3 200 000 in the years 1982-1984.

A further R10-million will be spent between 1986 and 1989 for sinking a second incline shaft

The mine's life is estimated at 17 years with a milling rate of 50 000 tons a month, says a circular to members of Vaal Reefs and Afrikander Lease outlining the plans for opening the mine Meetings of the companies will be held on April 26

The basic idea is for Vaal Reefs to open and operate the mine and for Afrikander Lease to receive a royalty of 5% of gross revenue

It is expected that most of the mine's output can be sold on long-term contract and that a consumer loan can be included in the sales agreement

If a consumer loan is negotiated, it would be used to finance the residual amount of capital spending on the mine after taking tax savings into account and would thus minimise the impact of this expenditure on the Vaal Reefs dividend distribution from normal operations even at conservative gold prices

No difficulty is foreseen in marketing production, say the technical advisers

During the life of the mine it will produce 6 000 tons of uranium and seven tons of gold

As the extent of the potential ore reserves within the main block to be leased to Vaal Reefs could support a much larger operation, the design of the new mine incorporates features which would enable the scale of operations to be easily expanded if necessary.

The selected mining reserves amount to 12-million tons of ore at an estimated uranium grade of 0,70 kg/t and gold grade of 0,78 g/t The orebody consists of two uranium-bearing conglomerates, the Upper and Lower Reefs at the base of the Dominion Group, outcropping in the north of the mining area

The reefs, which are heavily disrupted by faults, dip south and west and reach a maximum depth of 500m in the mining area, which is shallow by South African standards The reefs are separated by quartzite, varying in thickness from 3m to 25m

The Upper Reef, which constitutes the main uranium-bearing deposit, is present throughout the mining area and contains three relatively high-grade shoots extending from the existing incline shaft

High uranium values for the Lower Reef are present in a limited region south-west of the same shaft The gold values show that gold as a by-product will make a useful contribution to profitability

Considerable reserves lie outside the proposed initial mining area to the west and south and give scope for expanding mining operations should uranium prices warrant such a decision

The planned mining method involves the deepening of the existing Rietkuil incline shaft and the sinking of an inclined haulage A second incline shaft will eventually be sunk to replace the Rietkuil shaft

The average unit working costs, it is estimated, will be R27 a ton milled in November 1978 terms

Surface installations will be located to the west of the Rietkuil shaft on a site which will be centrally placed should mining operations be expanded

The envisaged process route comprises waste sorting and run-of-mine milling followed by pressure leaching in autoclaves to dissolve the uranium

Full details of Afrikander Lease uranium mine

Cape Times 5/4/79

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estimated at R84,7m in 1978 money terms, with a further R10m to be spent over the period 1986 to 1989 In addition, there will be minor recurrent capital expenditure throughout the mine's life

In return for Afrikander Lease leasing its main block of mineral rights to Vaal Reefs, Vaal Reefs will finance the entire capital requirements of the proposed mine and pay Afrikander Lease an annual royalty during the productive life of the mine

December start

Mining operations are planned to begin in December 1979, at about 15 000 tons of ore a month which will be transported to Vaal Reefs for treatment This should not adversely effect the level of Vaal Reefs present operations

Meanwhile, a separate treatment plant for the recovery of uranium and gold will be built by Vaal Reefs on the site of the new mine for commissioning in the first half of 1981

The capacity of the new plant is 50 000 tons a month milled and this throughput will be achieved about 12 months after commissioning

Thereafter average annual production is expected to be about 385 tons of uranium oxide and 460 kg of gold

The selected mining reserves amount to 12,0m tons of ore at an estimated uranium grade of 0,70kg/t and gold grade of 0,78 g/t The orebody consists of two uranium-bearing congolmerates The upper and lower reefs at the base of the Dominion group, resting uncomformably on granite and outcropping in the north of the mining area The reefs, which are heavily disrupted by faults, dip south and west and reach a maximum depth of 500 metres in the mining area They are separated by quartzite, the thickness of which varies from three metres to 25 metres

Upper reef

The upper reef, which constitutes the main uranium-bearing deposit, is present through the mining area and contains three relatively high grade shoots extending west, south and south-east respectively from the existing incline shaft

High uranium values for the lower reef are present in a limited region south-east of the same shaft The gold values show that gold as a by-product will make a useful contribution to the profitability of the venture

Considerable reserves lie outside the proposed initial mining area to the west and south, and give scope for expanding mining operations should uranium prices warrant such a decision

The planned mining method involves the deepening of the existing Rietkuil incline shaft to a vertical depth of 520 metres below surface and, further to the west, the sinking of an inclined haulage on reef following the ore body horizon from an outcrop position

Second outlet facilities will be provided by development holings on surface

The decision to expand the capacity of the mine could be made at any time without disrupting the proposed operations, except that the sinking of a second incline shaft would have to be brought forward However, the financing of an additional shaft system to exploit the deeper southerly extensions of the orebody would be necessary within a few years of extending the milling and treatment plant

Forecast milled tonnage over the life of the mine is estimated to be 9,4m tons and, on the basis of predicted extraction rates of 84,9 percent for uranium and 89,7 percent for gold (including losses from waste sorting), the average recovered grade is expected to be 0,64 kg/t for uranium and 0,76 g/t for gold

Labour

The total quantity of uranium oxide and gold produced over the life of the mine is therefore forecast to be about 6 000 metric tons and 7 000 kg respectively

Total labour requirements for the mine, after the expected level of production is attained, are estimated to be approximately 185 white employees, who will mainly be housed in the towns of Klerksdorp, and Hartbeesfontein, and 1 900 black employees who will be accommodated on the mine

Underground productivity should be high owing to the absence of the arduous physical conditions associated with deep-level mining

The average total unit working cost of the mine including wages, stores, power, other services and general overheads is estimated to be about R27 a ton milled in November, 1978, terms

Before commencement of detailed design work, the first phase of capital expenditure up to 1984 is estimated at R84,7m in 1978 money terms The expected timing of the phase one expenditure is 1979 — R14,2m, 1980 — R46,8m, 1981 —R20 5m, 1982/4 — R32m (Total R84,7-million)

Expenditure

Forecast expenditure after the commissiong of the new plant in 1981 relates to the deepening of the two shafts and additional capital development

The second phase of major capital expenditure to sink the second incline shaft is scheduled for the period 1986 to 1989 during which a further R10m in 1978 money terms is estimated to be spent

A similar pattern of annual cost escalation for capital items as that experienced over the recent past has been assumed

In addition, there will be minor recurrent capital expenditure throughout the mine's life

It is anticipated that the bulk of the mine's output can be sold on long term contract and a consumer loan can be included in the sales agreement

If a consumer loan is forthcoming it would be used to finance the residual amount of capital expenditure on the new mine after taking tax savings into account and would thus minimize the impact of such expenditure on the Vaal Reefs dividend distribution from normal operations even at conservative gold prices

No difficulty is foreseen in the marketing of the proposed mine's production The directors have worked out a proposed formula according to which the royalty should be paid to Afrikander Lease

General meetings of the members of Afrikander Lease and Vaal Reefs will be held on April 26 to approve the proposed arrangements for establishing the new mine — Sapa

Life of mine

A second incline shaft would eventually be sunk to replace the Rietkuil shaft, the total life of the proposed mine being estimated at 17 years (including initial stoping operations when the ore would be transported to Vaal Reefs)

The anticipated rate of mining would allow waste sorting on surface to upggrade the value of the ore sent to the mill The mining layout has been simplified as far as possible but allows for the expected incidence of faulting in the area

Development will be almost exclusively concentrated on the reef horizon with reef drives constituting the main transport levels

Most of the development rock will therefore be trammed as reef except for a small amount of off-reef tonnage which will be either stowed underground or hoisted as waste The design and size of the development ends will be such that light equipment and rolling stock can be used

Breast stoping will be employed with drilling, blasting and scraper cleaning techniques conforming to the conventional concentrated mining method

Support, which is not expected to be a problem because of the shallow depth of mining operations will be provided by mat packs and props

Ventilation

Ventilating air will be down cast through the incline shafts and after circulating through the workings will be exhausted by fans through various development holings along the outcrop A protective pillar will be left along the outcrop where no stoping will be carried out within fifty metres of the surface

Soviet return to platinum market seen

RDM 6/4/79

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By NEIL BEHRMANN

LONDON. — The major German precious metals corporations, Degussa and Heraeus, believe the Russians will re-enter the free platinum market this year.

Germany imported 11 tons (354 000 ounces) in 1977, of which just over three tons (100 000 ounces) were imported directly from Russia It is estimated that German platinum imports were about the same last year, and although direct Russian imports figures were not discolosed, Soviet platinum was sold on contract to German firms

The German estimates of Russian sales to the West last year are much lower than South African and London figures which calculated Russian sales on a contract basis at 450 000 ounces

In an interview in Frankfurt, Degussa's Mr Werner Knies reckoned that the Russians had reduced sales by about half to 350 000 ounces

He says there are indications that the Russians will sell more platinum this year. In recent weeks, the Russians have visited Japan to arrange new contracts

In an interview in Hanau, Mrs Edeltraut Calzado, who heads Heraeus' all-women precious metals dealing department, said she believed the Russians were about to return to the platinum market

Mrs Calzado believes that Russian sales last year were 250 000 ounces

"The Russians must come back to the market, but I believe that the Soviet Union will not dump platinum as it did in the early 1970s

"Their heavy sales in that period knocked the platinum price from a high of nearly $300 to around $150 Their supplies aggravated a market which was already encountering lower consumption because of the worldwide recession at the time"

Mrs Calzado says the Russians have become much more sophisticated in their marketing

"They have learnt that it is profitable to sell smaller quantities It could well be that the Soviet Union's platinum marketing will be similar to the gold sales policy when from time to time the producer withdraws from the bullion market"

Mrs Calzado foresees a more flexible Soviet sales policy for its platinum group metals — the major metals being platinum, palladium and rhodium It is possible however, that platinum will be sold on contract at a market-related price She reckons that Russia withdrew from the market because much more platinum was necessary for domestic consumption, especially for the chemical industry and the petrol-reforming industry.

Mrs Calzado and Mr Knies referred to the possibility of a mining disaster at the mines in Norilsk in the northern freezing region of Russia

European banking sources say that Russia is stockpiling platinum and silver Both are strategic metals and the Soviet Union could need silver for missiles European sources indicate that a combination of these reasons and sales to China account for the absence of Russia from the platinum market since August 1977 There have also been reduced Soviet sales of palladium, rhodium and nickel

The Germans report that physical or cash platinum is at a premium to forward prices because merchants are only accepting Russian platinum for dealing

They say that a pre-condition of the business is that the metal should be Russian and since there is little of this material around, free market platinum is at a premium — even though there are signs that the shortage is abating Some London dealers agree, but others say there is in fact a shortage, and that dealers are trading in platinum from all countries

There are also complaints that the South African producers are not supplying sufficient platinum to satisfy German consumers

Mrs Calzado is surprised that in spite of increased production of the SA producers, less platinum is being supplied to Heraeus on contract She says that Heraeus has been a good buyer over the years and the platinum it wants is for industrial use, such as petrol refining, glass fibre and nitric acid.

London platinum agents say the extra output of Rustenburg and Impala is for the motor industry on firm orders because of more stringent anti-pollution requirements

Mrs Calzado says it is unlikely that there will be resistance to the higher platinum price in Germany because in marks the appreciation has been much less than in dollar terms But she sees possible resistance in the United States

Mr Knies says Japanese platinum demand may abate because of higher prices

Rossing closes in on 5 000 tons target

RDM 6/6/79 (1) 0217 (2) 221

By ADAM PAYNE

RIO Tinto-Zinc's Rossing mine near Swakopmund in South West Africa, the largest uranium mine in the world, is at last about to reach its target of producing at a rate of 5 000 tons of uranium oxide a year

The mine's new solvent extraction plant — replacing one which was burnt down in May last year — is being run in to complete the circuit from mining in a huge open pit to production of yellowcake for supplying British Nuclear Fuels and other customers

The fact that Rossing is at last reaching its goal, which was first set for 1977, of 5 000 tons a year is a great achievement in the face of a series of setbacks

First, the recovery plant encountered severe problems, much of them brought about by the abrasiveness of the ore — a problem that has cost Randfontein gold mine's Cooke section many millions of rands

Among other difficulties at Rossing, for instance, it was found that the agitation in the leach tanks was insufficient Larger motors and bigger propellers were installed to help keep the material in solution

Because of these recovery problems, Rossing in 1977 decided to modify the plant at a cost of R35-million

Shortly after this work had been completed, a fire in May last year destroyed one of the two solvent extraction plants Another costly capital spending programme, for which insurance was claimed, had to be undertaken, but more problems occurred — this time on the labour front

At Christmas last year 2 000 workers went on strike This was done not because they claimed to be underpaid but because a modern system of employment and payment of workers had been introduced.

Rates of pay by South African standards are high, as they are at Palabora, but they were adjusted under the Paterson system in which workers are graded and paid regardless of colour

Under the regrading some men received rises up to 20%, other increases were lower, and men with small increases instigated the strike.

The men returned to work in a few days and discussions started and have been going on to settle problems and grievances

Rossing has been in production since mid-1976

The loss of capacity caused a reduction in production last year compared to the target set, but in spite of this Rossing surprised the City of London by contributing a small profit to the half-year results of Rio Tinto-Zinc

Other shareholders include the Industrial Development Corporation of South Africa and Total Oil

The RTZ results for 1978 are due shortly and I am told that the earnings will include a profit from Rossing, although it may not be reported in detail Tonnage and production figures will be provided

FM 6/4/79

ASSOCIATED MANGANESE

Expansion prospects

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

Chairman: *B E Hersov; technical director. G Sacco.*

Capital structure: *3,5m ordinaries of 50c. Market capitalisation· R106,4m.*

Financial: *Year to December 31 1978. Borrowings long and medium term, R2,6m, net short term, R4,5m Current ratio· 3,0. Capital commitments R6,3m*

Share market: *Price 3 000c (1978-79· high, 3 250c; low, 2 900c; trading volume last quarter, 950 shares). Yields· 17,7% on earnings; 3,5% on dividend Cover 5,1. PE ratio 5,7.*

	'75	'76	'77	'78
Ore sales ('000 t)				
Manganese	1 821	1 696	1 638	1 758
Iron	660	754	556	563
Turnover (Rm)	61,8	87,6	83,2	99,7
Pre-tax profit (Rm)	14,6	30,4	21,3	22,1
Earnings (c)	283	520	485	530
Dividends (c)	90	120	105	105

Though chairman Basil Hersov goes no further than to say that this year's dividends will be of the same order as last, shareholders can take encouragement from the fact that all recent capital projects are now complete.

The previously slowed Beeshoek mine expansion to service the US Steel iron ore contract has been completed and a new replacement manganese mine brought on stream With completion of these projects, capex this year is estimated at R5m compared with R13,6m spent on mining assets last year. Hersov reports that a programme for developing a new manganese mine has started. No estimate of likely cost is given, but apparently the mine will add to rather than replace productive capacity.

Timing of the new mine looks about right Both manganese and iron ore sales appear to have turned the corner. Completion of Beeshoek's expansion, particularly, indicates that US Steel is more confident of its future iron ore requirements

Subsidiary Feralloys ferro-manganese facility operated at full capacity last year and should continue to do so this year. Meanwhile, ferro-chrome demand is recovering, meaning that greater plant utilisation should be possible this year than last

Dividend growth prospects may not be particularly bright this year, but it is difficult to envisage anything but improvement over the next few years As usual, the company's financing remains ultra-conservative This year R1,8m in long-term debt is repayable with a further R2,4m to follow next year This will mean that the company could be virtually free of long-term debt by end-1980 and unlikely to increase gearing

Development of the new manganese mine will probably be funded as far as possible internally, with relatively minor reliance on short-term borrowings This should present little difficulty. Last year, funds from operations amounted to R23,6m, of which only R3,73m was distributed to shareholders This year, dividend cover will most likely increase, with retentions adequate for any conceivable capex.

Even so, there is room for a dividend increase this year, perhaps to the 120c level paid in 1976 This would put the tightly-held shares on a relatively low 4% yield. For the present share seems overpriced and can only be recommended to investors looking beyond the present capex programme

Jim Jones

fox

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GOLD SHARES

Reactions to Three Mile Island

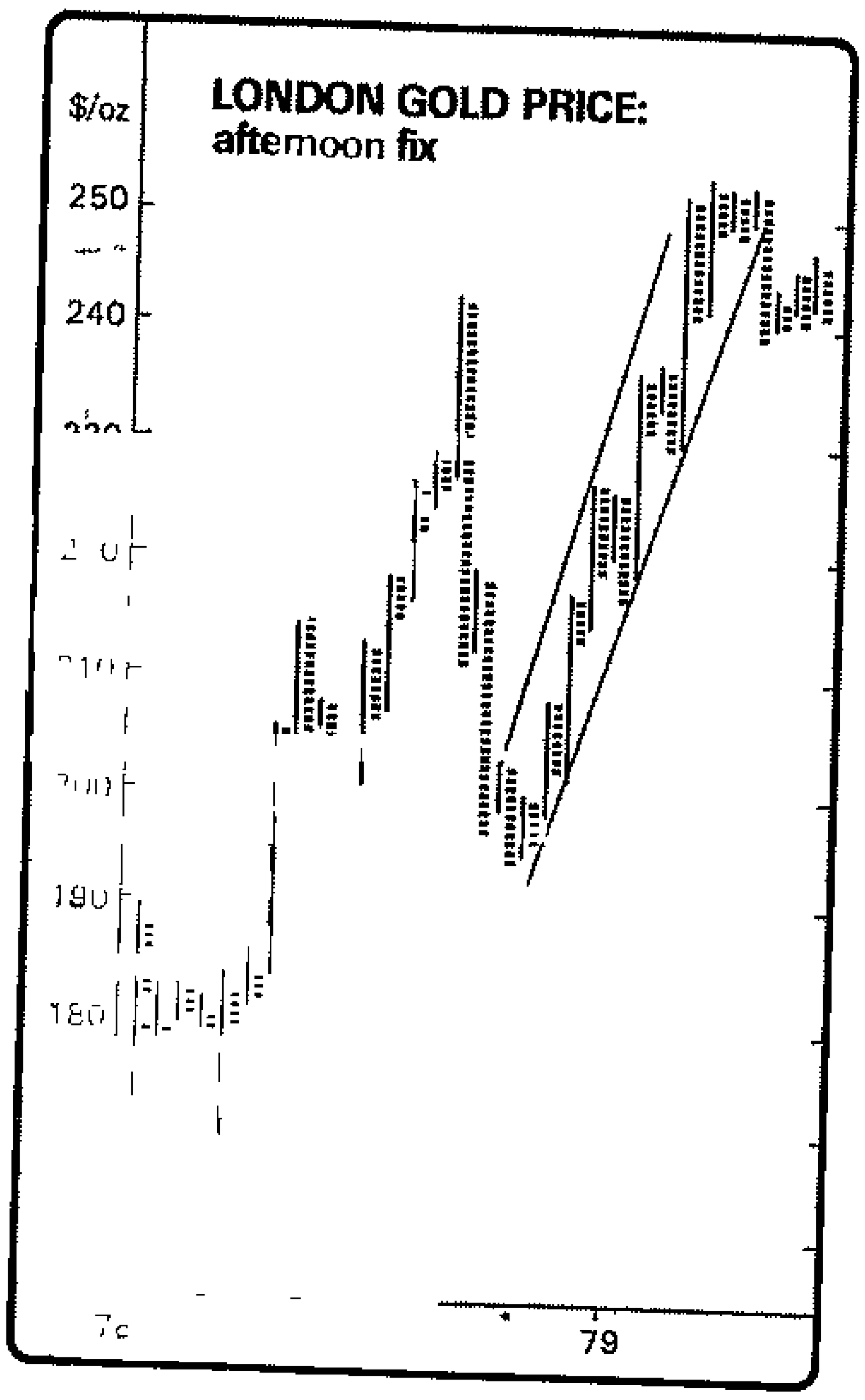
Will Three Mile Island sound the death knell of nuclear power plant construction? As far as Johannesburg is concerned, views tend to be coloured by whether investors are long or short of uranium shares.

Since last Wednesday, mines which are highly geared to uranium have taken a pounding. Afrikander Lease at one stage was 65c lower at 475c, Stilfontein hit 710c, down from 760c, while West Rand Cons shed 20c to a low of 355c.

The bear argument is easy to see If nuclear power stations are going to belch radioactivity all over the countryside then no more will be built and uranium demand will eventually evaporate. Local mining companies with interests in uranium are already making contingency plans for just such an outcome

But uranium bulls make some telling points.

If nuclear power station construction ceases worldwide, the developed countries will be faced with chronic power shortages within a very few years. There is simply not enough coal and oil to satisfy the world's power needs and shortages could precipitate a recession worse than anything seen in the Thirties That, the bulls reckon, is a more ghastly alternative than the relatively minor risk of nuclear accidents.



However, Three Mile Island could easily put a stop to eventual development of breeder reactors which produce their own nuclear fuel If so, medium-term prospects for uranium could be tremendous. Conventional reactors are uranium-hungry and relying on them alone for nuclear power would mean revising projected uranium demand in the Nineties upward by a large factor

SA uranium producers have thus far escaped the attentions of ecologists who have succeeded in delaying mining projects in Australia and Canada by several years If the latest news from the US fuels further delaying moves by ecologists in other producing countries, SA could become a supplier of last resort and probably at considerably higher prices than currently available on spot markets

Spin-off for gold

Finally, say the bulls, if nuclear power plant construction does grind to a halt, the result would be rocketing oil prices, followed by gold

Most likely, of course, is that following Three Mile Island there will be a general tightening of the already strict controls on reactor management and eventually business will resume as usual If that is the case there seems to be little point in being panicked into selling uranium stocks

On the other hand, at least near-term, there could be other good reasons to steer clear of gold shares Ahead of the IMF gold auction bullion was fixed marginally lower at $239,80 at Wednesday morning's London fix

While bullion stays below $240, near-term chart indications are of further drops to the $220 region over the next few weeks before a swift recovery which could carry gold to the $300 range by year-end

Four mines which have reported this week, all uranium producers or with uranium potential, drew up their annual reports before Three Mile Island They have all valued ore reserves at a relatively conservative $200 or more gold price and are all reasonably optimistic on uranium's prospects

Randfontein: Shareholders will get an up-to-date statement on the mine's position from chairman Bernard Smith later this month. Meantime, however, management faces a dilemma. As things are at present, the mine should exhaust its end-1978 R65m tax shield some time in the second half of this year.

Ideally, the mine would like to start establishing the proposed Cooke No 3 shaft complex before the present tax shield disappears But events at Three Mile Island could have put a spanner in the works. Moving towards the south at Cooke section, uranium grades tend to rise and gold to fall, so if there is a reaction against uranium over the next couple of months and sales contracts are less easily agreed, a delay at Cooke No 3 is more than likely

Dewatering Randfontein . . . more ore to the mill

Smith will be reporting in a few weeks on progress at the mine's treatment plants I understand that remaining problems affecting uranium production at both Millsite and Cooke section are relatively minor. According to consulting engineer Mark Madeyski, Cooke plant should reach its monthly 250 000 t rated capacity within the next couple of months

It had been planned that the Millsite gold plant would be closed or used merely for treating old dump material. Now the plan is to keep the plant operating at full capacity initially from surface stockpile ore though with increasing amounts of underground ore from Randfontein section

At Randfontein section de-watering is proceeding according to plan with a lowering of the water level to below 26 level slated to start within the next couple of months

Though re-establishment of operations at Randfontein section will tend to restrain dividends, there is plenty of scope for last year's 450c total payout to be at least repeated this year even with tax payments in the offing

Western Areas: As yet Nufcor has been unable to find an interested buyer for the mine's potential uranium output And events in Pennsylvania could make things more difficult

Pending a sales contract, preliminary development on the uranium bearing Middle Elsburg reefs has started but could be stopped promptly if it turns out that no uranium buyer is forthcoming In any event, with the exception of the F9EC reef, drilling results on the Middle Elsburgs are not particularly exciting Mining the uranium reefs would mean a cut back in production from the gold reefs, so some fairly careful calculations are needed to ensure that a switch in emphasis is worthwhile

Approaching target

There are no signs of a slow down in the mine's relatively heavy capex programme R14m capex is planned this year, effectively to maintain production

The mine is gradually approaching its target 370 000 t monthly mill throughput But with additional development needed, especially on the VCR, to maintain reserves and increase mining flexibility, the beneficial effect of higher mill throughput on unit costs could be offset Management's objective is a steadily increasing dividend, though chairman Philip von Wielligh warns that this policy could be constrained if a uranium go-ahead is given

Stilfontein: Under present conditions the mine's life is stated by chairman Johan Fritz at about five years Last year development rates were insufficient to replace ore reserves and the tempo is to be increased this year, especially in the area beyond the Kromdraai fault

Despite higher gold prices, no development is being done on the Commonage reef and judging by gold and uranium values exposed in development on the Livingstone-Johnstone reef, prospects of any significant additions to reserves from this horizon are poor

Much more important are Stilfontein's plans for re-treating its old dumps and current arisings for uranium The treatment plant is now expected to come on stream in the latter part of this year and reach full monthly capacity of 270 000 t before the year-end Uranium's contribution to earnings will be necessarily limited this year Next year, Stilfontein's 85% share of the slimes retreatment project should result in additional earnings of around 150c per share assuming a uranium price of $40.

This year, with capex planned at only R2,4m, there is scope for a dividend increase to around 80c even if bullion should average as low as $225

West Rand Cons: Gold's performance has resulted in a reprieve for the mine's gold plant with monthly mill throughput this year planned at 45 000 t But more important are the mine's uranium developments No details are given of contracts for the sale of uranium from Luipaardsvlei's ore, but expansion of uranium production capacity is not being funded with the help of consumer loans

With capex this year planned at R4,8m, dividends could be under considerable restraint despite plans to fund part of capex with bridging loans The stock of uranium available for sale at spot prices is relatively low, again a factor inhibiting earnings this year

Near-term there can be little let-up in development rates on the uranium bearing Bird reefs So though uranium section mill throughput is set to rise marginally to 85 000 t per month this year, unit cost increases will probably be at least in line with industry averages This year dividend prospects are not particularly bright, though a small improvement on last year's 17,5 cents total payout could be on the cards

Jim Jones

ROOIBERG

Capex plans

Activities: *Tin producer in Gold Fields group GFSA owns 24% of the equity*

Chairman: *R A Hope*

Capital structure: *2,1m ordinaries of 25c Market capitalisation R39,4m*

Financial: *Year to December 31 1978 Net cash R8,5m Current ratio 2,1 Capital commitments R3,3m*

Share market: *Price 1 900c (1978 79 high, 2 000c, low, 950c, trading volume last quarter, 123 000 shares) Yields 23,7% on earnings, 11,6% on dividend Cover 2,0 PE ratio 4,2*

Even on the conservative asumption that average tin price receipts are 15% down on last year's R9 627/t, chairman Robin Hope is confident Rooiberg can maintain its 220c dividend this year This forecast is based on the assumption that production and sales are in line with last year's

Last year, production of tin in concentrates declined marginally on reduced average head grade and overall recovery and on higher throughput At "C" mine head grade fell to 0,68% (0,70%) tin while ore milled rose to 241 000 t (230 000 t) "A" mine maintained head grade at 0,67% tin while it milled a lower 195 000 t (204 000 t)

	*'75	76	77	'78
Tin production (t)	2 798	1 9[illegible]1	2 2[illegible]4	2 2[illegible]
Tin sold (t)	2 858	1 921	[illegible] 098	[illegible] 3[illegible]
Revenue ton (R)	4 287	5 476	7 905	9 6[illegible]
Turnover (Rm)	12 2	10 4	16 6	22 8
Pre tax profit (Rm)	[illegible] 1	4 5	9 9	14 4
Earnings (c)	185 7	48 0	305 0	419 8
Dividends (c)	70	60	135	220

**18 months to December [illegible]*

Rooiberg's target this year is to improve the mine's overall efficiency and flexibility Capex for the year is planned at R5m of which R1,8m is earmarked for the new smelter and R1,6m for plant improvements and developments aimed at making available deeper ore at both the "A" and "C" mines

Though planned capex is well ahead of 1978's R2m it could be virtually entirely funded from year-end cash balances and therefore restrain distributions only minimally

However, as concentrates are diverted towards feeding the smelter in the latter part of the year something of a hiatus in sales appears inevitable Hope has based his maintained dividend forecast on unchanged production and sales this year At the "A" mine mill head grade will probably be marginally lower than last year though this should be offset by higher mill throughput

On the basis that concentrates of tin are sold this year at an average R8 200/t, revenue should be about R19m On about 11% higher unit costs gross profit should amount to around R10m After the tax shield of the R5m planned capex, available taxed profit should run at around R7,5m from which a repeat 220c total payout dividend would cost R4,6m

At 1 900c Rooiberg yields 11,6% On this basis the market is apparently unworried by the effect of any US GSA stockpile releases later this year In any event, they are likely to be orderly so as not to upset major third world producers Near term, the share probably has further upside potential with some weakness later in the year if metal prices soften on GSA sales

Union Tin's outlook has been transformed as higher tin prices make possible the mining of additional ore in the western section Underground operations can now continue for at least three years Capex for the year is estimated at R450 000 R500 000 was appropriated from 1978 profits

If there is a 15% reduction in the average tin price received and sales of concentrate remain about 400 t, gross revenue should be about R3m (R3 3m) On a 10% increase in cost of sales, a gross profit of some R1m seems possible A repeat of 1978's 18c dividend would cost R132 000 from net profits of about some R600 000 At 240c and yield of 7,4% the share seems over-priced, though there might be some speculative appeal if further life extensions are announced

Des Kilalea

RUSTENBURG 217 ~~210~~

Bull-bear bugs

FM 20/4/79

The bout of investor grumbling at Rustenburg's 5c interim payout did not last long. Bullish sentiment on prospects of a further producer platinum price increase quickly gained the upper hand.

More or less throughout the market, opinion is that both major producers will announce an increase to \$350-\$355 very soon. Couple that with Rustenburg's target of an annual production of 1,2M oz this year, and the gearing effect on next year's earnings could be tremendous.

On the other hand, the bears point out that at least for the remainder of the current year, production tied up in the pipeline could hold second half pre-tax profit down to not more than R80m after the first half's R59,6m. And that, as far as the bears are concerned, takes into account higher nickel prices in the wake of the Inco strikes and higher producer prices for the other platinum group metals.

There are other bear factors which have their strong proponents. Rustenburg's nickel is apparently not good delivery. And with the new LME contracts recently announced (*Markets* April 6), there is added incentive for Rustenburg to go ahead with its R35m nickel refinery plans thereby restraining dividends.

Rustenburg's platinum smelter has an annual production capacity of about 1,25M oz, so if there is to be any quantum increase in production from the currently targeted 1,2M oz, it could involve some relatively heavy capex.

For the moment, at any rate, Rustenburg is probably in a strong position as far as its customers are concerned. In the US the three-way auto exhaust catalyst is due to be introduced come September. And chairman Sir Albert Robinson has already intimated that further expansion to satisfy contractual sales will only be carried out with consumer guarantees against the risks of subsequent overcapacity.

Additional platinum output would also involve additional shaft sinking, though if this is done at the new Amandelbult mine, ore will be of higher than average grade and working costs below those at the Rustenburg and Union sections.

But it all adds up in the bears' minds to potentially heavy capex over the next couple of years against the background of uncertainty over Russia's likely marketing strategy. If Rustenburg reaches new production levels just when platinum reaches oversupply, the implications for earnings and dividends could be ghastly. And Rustenburg cannot run the risk of substitution if a longer term platinum shortage develops.

On the bull side, the renegotiated Ford contract starts taking effect in June. Inco is in no hurry to settle its strikes until it has run down its nickel stockpiles. And, perhaps most important, there is plenty of scope for Rustenburg to accelerate its debt repayment programme if it feels so inclined.

Taking a median through the bull and bear views, and on the assumption that Russia will not rock the boat, the second half could see an operating profit of R85m of which R10,7m will be earmarked for capex to maintain production. With long term borrowings reducing, other provisions and charges should not absorb more than R1,5m, leaving R72,8m pre-tax. After tax, that will leave distributable earnings of R41,5m before debt repayments, equivalent to 33,6c per share after the first half's 19,8c.

Even if the company does decide that retentions for prospective capex and debt redemption are necessary, there is plenty of scope for a final of at least 15c.

At 270c, on a prospective yield of 7,4% the share could have further to go in the run up to the final results and especially if a platinum producer price increase is posted before end-April.

Jim Jones

Yster kan R42 m. meer verdien

Rapport 30/4/79

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Deur ALPHONS DU TOIT

DIE uitvoer van ystererts deur Saldanhabaai sal vanjaar aansienlik styg en die geraamde syfer van 13,6 miljoen t sal met ongeveer 2,5 miljoen t oorskry word.

In die jaar tot 30 Junie 1978 is 12,6 miljoen t by Saldanhabaai uitgevoer. Vir Suid-Afrika verteenwoordig vanjaar se geraamde uitvoer van ongeveer 16 miljoen t sowat R42 miljoen meer aan buitelandse valuta.

Sedert die spoorlyn tussen Sishen en Saldanha in September 1976 geopen is, is die reuse-hoeveelheid van 29,7 miljoen t ystererts reeds uitgevoer. Die waarde hiervan was sowat R374 miljoen.

Van vanjaar se uitvoererts sal ongeveer 14,5 miljoen t deur Yskor gelewer word en die balans deur Associated Manganese, 'n filiaal van die Anglovaalgroep.

Maar die toenemende uitvoer van ystererts deur Saldanhabaai is net een deel van die volle verhaal. Die geweldige tonnemaat erts word tóg nie vlak langs die kaai van Saldanha ontgin nie.

Die myne wat die erts lewer, is inderdaad ver van die see geleë. Yskor se myn is by Sishen en dié van Associated Manganese by Beeshoek, sowat 10 km vanaf Postmasburg daar doer in die dorre Noord-Kaapland.

Ysterspoor

Dit is eintlik die Suid-Afrikaanse Spoorweë wat 'n uiters belangrike rol in die hele uitvoerproses moet speel. Dit is die Spoorweë wat die geweldige tonnemaat van Sishen na Saldanha moet vervoer. En om dit te bewerkstellig word die ysterspoor van 861 km gebruik.

Hierdie spoorlyn is aanvanklik in September 1976 geopen en in gebruik geneem. In daardie dae was dit deur Yskor bedryf.

Maar Yskor is beter bekend as vervaardiger van staal en in April 1977 is die hele spoorlyn, wat deur Yskor beplan en gebou is, met toerusting en al deur die SAS teen 'n koste van ongeveer R650 miljoen oorgeneem.

Vandag is die ysterspoor in integrale deel van die SAS se landwye spoornetwerk en tesame met die land se ander spesialiteitsaanleg, die steenkoollyn tussen die Transvaalse steenkoolvelde en Richardsbaai, van die modernste en doeltreffendste spoorlyne ter wêreld.

Mylpale

Mnr. Johan Marais, skakelbestuurder van die SAS, sê dat die spoorlyn in die loop van vandeesmaand drie belangrike nuwe mylpale bereik het.

● „Op Goeie Vrydag is die gebruik van diesellokomotiewe finaal uitgeskakel. Die elektrifisering van die trajek is voltooi en nou word reuse-Klas 9E wisselstroom-lokomotiewe gebruik om treine van 210 trokke deur die dorre landskap te trek.

● „Gedurende Maart vanjaar is 'n nuwe rekord opgestel 'n Totaal van 1,9 miljoen t ystererts is van Saldanhabaai in 17 skepe vir uitvoer verskeep

● „In die eerste week van die maand is nog 'n rekord behaal Dit was met die deurvoer van erts en altesame 373 000 t is van Sishen na Saldanha vervoer"

Wisselstroom

Die spoorlyn tussen Sishen en Saldanha is die tweede trajek in Suid-Afrika en die derde in die wêreld wat wisselstroom, pleks van die gewone gelykstroom gebruik Die ander in Suid-Afrika is die steenkoollyn en spesifiek dié trajek tussen Ermelo en Richardsbaai.

Die ander lyn is in Amerika en heet die Black Mesa-lyn. Maar vergeleke by die wisselstroomlyne in Suid-Afrika is dit maar 'n baba.

Hierdie lyn het 'n totale lengte van 130 km teenoor die 861 km van die spoorlyn na Saldanha.

„Om die treine van 210 trokke met 'n vrag van 17 850 t te trek, word drie van die nuwe klas 9E-lokomotiewe gebruik Altesame 25 van dié reuse is van GEC(SA) teen 'n kontrakprys van sowat R30 miljoen bestel. Een en twintig van die lokomotiewe is reeds in gebruik. Negentien van hierdie treine van 210 trokke loop elke week op die spoorlyn wat 'n volle vermoë van 22 miljoen t ystererts per jaar het, sê mnr Marais.

Wat die erts vanaf Associated Manganese betref, het die SAS 'n spoorlyn tussen die myn op Beeshoek en Sishen Op die oomblik word bloktreine van 90 trokke elk op dié trajek gebruik Maar om aan die stygende vraag te voldoen, word dié lyn reeds versterk.

Hierdie verbeteringe word teen 'n koste van R9 miljoen aangebring en sal vroeg in 1981 voltooi wees. Dan sal hierdie deel van die ysterspoor ook in staat wees om die massiewe lang treine te dra. Die spoorlyn tussen Beeshoek en Sishen is ook geëlektrifiseer, maar daar word van gelykstroom gebruik.

„Op die oomblik loop twee treine van 180 trokke elk tussen Sishen en Saldanha vir die vervoer van die erts wat by Beeshoek ontgin word. Hierdie vragte beloop sowat 10 620 t erts en die treine word ook deur die massiewe klas 9E-lokomotiewe getrek. Die 21 treine wat dus weekliks op die ysterspoor beweeg, verteenwoordig ongeveer 70 persent van die volle ver-

Vervolg op bl. 3, kol 1

Rapport

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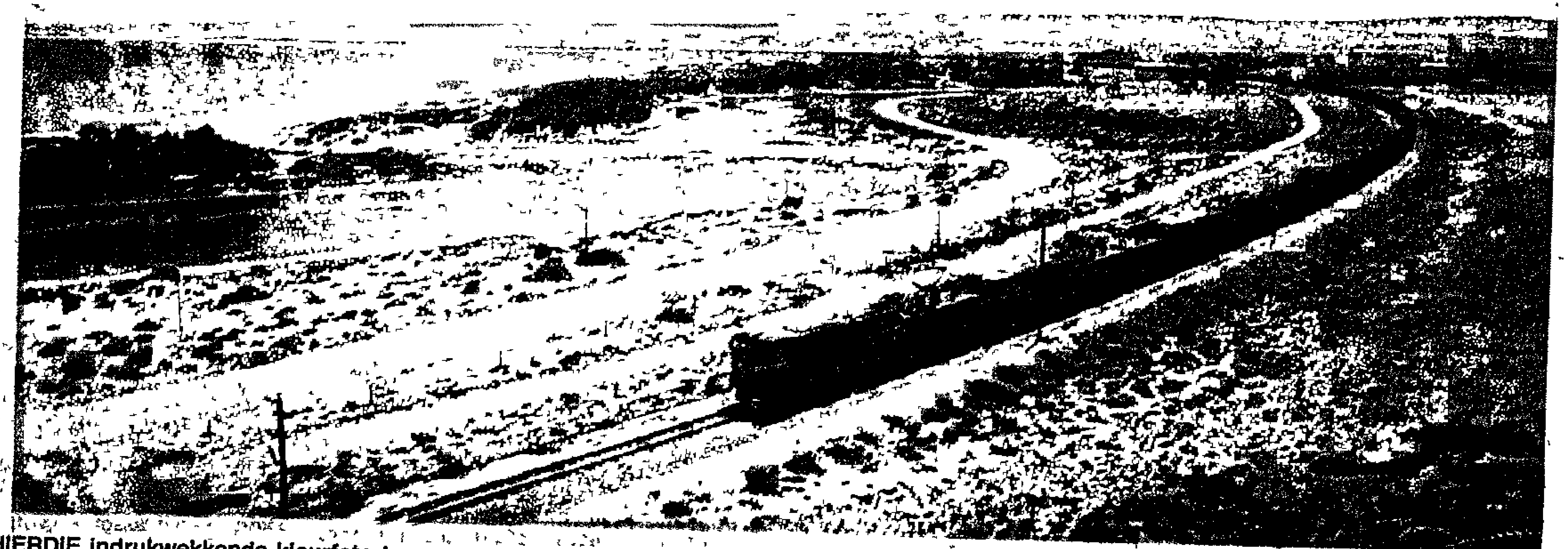

HIERDIE indrukwekkende kleurfoto toon een van die reuse-ertstreine op die ysterspoor tussen Sishen en Saldanhabaai. Die foto wat uit die lug geneem is, toon die trein na aan die einde van sy tog van 861 km deur die dorre landskap van die Noord-Kaapland. Die hele trein is meer as R10,5 miljoen werd. Die drie klas 9E-lokomotiewe kos R1,2 Miljoen elk. Die 210 trokke is R6,3 miljoen werd (r30 000 per trok) en die vrag van 17 850 t ystererts is sowat R500 000 werd.

Hawe maak reg vir Aggenys

Vervolg van bl. 1

moë van die lyn," sê mnr Marais.

Die kaai en ander geriewe op Saldanhabaai word intussen teen 'n koste van R9 miljoen gemodifeer vir die voorsiening van geriewe vir die uitvoer van lood- en koperkonsentrate vanaf Aggenys

Skakel

Hierdie uitvoer verteenwoordig 'n addisionele 165 000 t, maar die verwagting is dat hierdie tonnemaat ook aansienlik sal styg.

● Suid-Afrika se twee uitvoerspoorlyne, die Ysterspoor en die Steenkoollyn is van onskatbare waarde in terme van buitelandse valuta. Die ysterspoor het reeds R374 miljoen aan buitelandse valuta verdien, terwyl die steenkoollyn, wat ses maande ouer is, reeds uitvoersteenkool ter waarde van R480 miljoen gedra het

Die Suid-Afrikaane Spoorwee is die noodsaaklike skakel tussen die land se minerale-rykdom en die markte van die buiteland Soos dr Kobus Loubser, hoofbestuurder van die SAS, op 'n geleentheid onlangs gesê het. „Dit is maklik om te besef hoe nutteloos hierdie rykdomme (soos steenkool en ystererts) sou gewees het as ons nie oor die nodige vervoermiddels beskik het om hulle na die hawens en uiteindelik die oorsese markte te vervoer nie."

PLATINA SE OES LYK BELOWEND

Beeld 6/5/79

217

Deur DAAN DE KOCK

PLATINAMYNE, danksy die sterk verbetering wat daar die afgelope tyd in die produsenteprys van die metaal ingetree het, behoort vanjaar besondere goeie resultate te toon en die dividende behoort ook aansienlik hoër te wees.

Die produsenteprys van platina het in 'n kwessie van 16 maande verdubbel van 175 dollar per ons tot 350 dollar per ons.

Die voordelige uitwerking van die verhoogde prys is reeds in die eeste ses maande van die genoteerde platina-myne se resultate gesien. Rustenburg Platinum het byvoorbeeld sy wins in die ses mande tot 28 Februarie opgestoot van slegs R300 000 tot R24,4 miljoen, wat in 'n groot mate aan die hoër prys toegeskryf kan word. Die ander groot produsent Impala, het ook aansienlik beter gedoen in sy eerste ses maande

Rustenburg behoort in die tweede helfte van die boekjaar 'n bykomende inkomste van ongeveer R30 miljoen te verdien vanweë die hoër prys wat na raming R18 miljoen tot sy nabelaste wins sal voeg. Die maatskappy behoort in die tweede helfte van die jaar 'n wins in die omgewing van R45 miljoen te toon wat die totaal vir die jaar op R70 miljoen behoort te bring.

As hy R22 miljoen aan skuld terug betaal en ongeveer R10 miljoen aan kapitaalprojekte bestee sal hy nog R32 miljoen oorhou waaruit dividende betaal kan word. In sekere kringe word 'n slotdividen van 15c voorspel wat die totaal vir die jaar op 20c te staan sal bring

Lydenburg Platinum, wat vir die grootste gedeelte van sy wins van Rustenburg afhanklik is behoort ook aansienlik baat by die hoër prys te vind.

Kenners is in hierdie stadium huiwerig om voorspellings oor die moontlike verloop van die platinaprys te maak, maar in sekere kringe is daar menings dat dit miskien kan afplat. Baie hang egter van die goudprys af.

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Removal halted

POST 10 APR 1979

THE removal of 5 000 Easter[n Cape] people to Glenmore on the [...] border – in what appears to [be the] first stage of a massive r[emove]ment of 40 000 people – h[as been] temporarily halted, pending [a Sup]reme Court ruling.

It was argued in the Grahams[town Sup]reme Court that the eviction or[der issued] by a local magistrate was irregula[r].

The matter was postponed unt[il ...]

According to Professor Rodney [Davenport] of Rhodes University, who is also c[hairman of] the Glenmore Action Group, the re[movals would] ultimately affect about 40 000 Ea[stern Cape] people

He said it is expected there would be a "clean up" in the province of all squatters and "economically inactive people" living in "Black spots", illegal shack developments, or in areas prescribed for other race groups under Group Areas legislation

Mr Henry Fischat the lawyer representing 1 500 people of the farm Klipfontein, confirmed this week that 95 families out of 190 had been carted off in lorries before the removal was stopped

He said only a very substantial minority" of them — said to be less than a dozen families — had gone to Glenmore voluntarily

A number of people claimed they were coerced by police and officials but this has been denied.

Mr Fischat is visiting Glenmore to take statements from people and said he may take action to have families returned to Klipfontein

The forced removal is seen against a statement by the Minister of Plural Relations Dr Piet Koornhof last week that people will only be moved to Glenmore on a voluntary basis

The State plans to move the families into a 500-house temporary township with the purpose of getting them to work on the building of 5 000 houses in a R26-million modern township

So far the plan has included

• Moving 300 people from Kenton-On-Sea to a ship

The action group managed to halt these removals when it brought to Dr Koornhof's attention that most of the people were pensioners and children

• Moving 150 Klipfontein families living with permission free of charge on a farm owned by a [...] [...] family [...] the [...] [...]

• [...] to the [...] [...] [...] area who [...] according to [...] in [...] broadcast last week

The [...] [...] insistence on letters of consent follows mounting allegations of forced removals and a court application by two squatters last week calling for an interdict halting the miss[...]

been formed by representatives of the Black Sash Institute of Race Relations, The Progressive Federal Party and several other community groups.

COPPER EXPORTS

Missing the chances

FM 11/5/79

South African copper producers are unable to take full advantage of the prevailing high prices — mainly because of a dearth of new orebodies, says Palabora Mining chairman Alistair McMillan

He adds that most local producers are operating close to capacity at the moment, and the few mines which are on a care and maintenance basis, such as JCI's Otjihase in SWA/Namibia, will need a further hike in price before they are brought back on line Total SA production in 1978 was 205 745 t, and exports were worth over R147m

Although local producers are not generally able to take advantage of the firmer price by upping exports, they do at least benefit from the rise Most of them have LME price-related contracts. In some cases they may miss out in a short-term burst of high prices, but the long-term trend will be reflected in SA mines' income

Profits up

O'Okiep this week announced profits of almost R1,2m compared with last year's loss of R2,04m, and managing director Gordon Parker points out that continued profitability depends on international copper prices. There are "reasonable grounds," he adds, to expect the current levels to hold or possibly improve Prieska's first quarter profits were almost three times as high as in October-December

An Anglovaal spokesman reckons that Prieska is working at full bore Further expansion is unlikely because of the high debt burden. The outlook for the mine, he says, is "very fair "

A Messina spokesman, likewise, says it's impossible for the group to expand production significantly in the immediate future because of the lack of physical development over the past few years. A new programme was instituted last year but it will take some time before it becomes operational

Most industry experts reckon the low prices of the last few years are over. The current £1 000/t mark should at least be maintained for some time, although there could be a seasonal fall-off in the European summer as speculators withdraw temporarily. Worldwide production is still tight, with the Zairean situation getting worse, if anything, and production on Zambian mines still difficult On the other hand, the opening of SA railheads to Zambia has alleviated the stockpiling at the pits considerably

The only countries really able to take advantage of the high price are the US and Canada, which tend to operate open-cast mines, which can react more quickly to the market.

Tenants hit by water shortage

POST 9 April 1979

[THER]E is a serious [short]age of water in parts of Molapo [town]ship, Soweto

[...] clothes and dish[wash]ing, cooking, gar[den] watering and all [...] requires water [...] not be satisfacto[rily] done by some of [the] residents

[T]he residents are complaining that their taps have been closed for the past month at weekends They have had to fetch water from the other parts of Molapo where water is available

According to one of the women, some of the men have been to the West Rand Administration Board (Wrab) to complain They were told that the water was closed because their children play with it

Another said that she had heard that the water will be closed until more money was added to the rent. They were afraid to have their names mentioned because the Wrab might evict them, they said

The past week was the worst for them because they say the water was on and off the whole week They have not been able to do anything in their houses

Wrab officials were not available for comment yesterday

Communities

[...] es, except [...] workers, [...] more, the [...] Mr Louis

He said that since Thursday when the board gave an undertaking in the Supreme Court that only squatters who specifically requested removal would be shifted about 50 families had been moved to Glenmore

He said there were now about 140 families at Glenmore and about 50 left at Klipfontein Those at Klipfontein near Kenton included about 30 families headed by registered employees and 20 families who refused to move

He said the worker families would soon be rehoused at the nearby Kenton emergency camp

Since Thursday, squatters who expressed a desire to be moved to Glenmore, were asked by the board to sign a letter of consent.

In an interview from Grahamstown yesterday the chairman of the newly formed Glenmore Action Group Professor Rodney Davenport, said it was inexcusable that the Department of Plural Relations was refusing to allow journalists to visit Glenmore

The public ought to be encouraged to take an interest in the resettlement There can be no possible objection if it is seen to be done properly " Professor Davenport said

He said the burning question was the long term prospect of work at Glenmore Commuting between Grahamstown and Glenmore by workers was ruled out because return bus fares were R1,80

The authorities were gambling with people's futures What work would there be in five years time when the Glenmore settlers had finished building the proposed 3 000 house township there, he asked

The government does not appear to have learnt the lesson at Ilinge Dimbaza and other resettlement areas where long term work prospects did not meet expectations, he said

In an interview last week the Deputy Minister of Plural Affairs and Administration Dr Willie Vosloo said it was hoped to eventually establish light industries and agricultural projects at Glenmore None of the long term plans had been finalised yet he said — DDC.

Squatter leader vanishes

POST 8 April 1979

By MANDLA NDLAZI

MR SHADRACK SINABA, leader of the Daveyton squatters, has disappeared from home after being warned by riot squad police not to hold any more public meetings

A member of the Daveyton Community Council Mr Sinaba was warned after more than 60 shacks on the fringe of the township had been demolished by the East Rand Administration Board police on Tuesday

His son Mr Ezra Sinaba (21) told SUNDAY POST yesterday that two white policemen in camouflage uniform warned his father on Thursday

"They came home and I heard them tell my father not to hold public meetings any longer They gave him no reasons and whilst the two spoke to him the others remained in their cars outside the yard," he said

He said when his father did not return home on Friday it was rumoured that he had been arrested

"I've left this to the older members of the family to investigate," he said

Normally, he said his father would tell the family if he would not return

"This now gives us the impression that something must have happened to him and it could be that he has been arrested," said Ezra

At the local police station yesterday Sgt E N Hlatshwayo who was in charge said Mr Sinaba was not held by them If arrested he said he could have been taken in at some other police station

(217)

For full text see
Acts 1979

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

Registered at the Post Office as a Newspaper — *As 'n Nuusblad by die Poskantoor Geregistreer*

Price 20c Prys
Overseas 30c Oorsee
POST FREE—POSVRY

VOL. 167] CAPE TOWN, 11 MAY 1979 — KAAPSTAD, 11 MEI 1979 [No. 6436

DEPARTMENT OF THE PRIME MINISTER

No. 1008 11 May 1979

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 47 of 1979: Uranium Enrichment Amendment Act, 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1008 11 Mei 1979

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 47 van 1979: Wysigingswet op Verryking van Uraan, 1979

GENERAL EXPLANATORY NOTE:

________ Words underlined with solid line indicate insertions in existing enactments

ACT

To amend the Uranium Enrichment Act, 1970, so as to provide for the recovery of losses and damages caused to the Uranium Enrichment Corporation of South Africa, Limited, and for matters connected therewith.

(Afrikaans text signed by the State President.)
(Assented to 3 May 1979.)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

Insertion of sections 7C and 7D in Act 33 of 1970

1. The following sections are hereby inserted in the Uranium Enrichment Act, 1970, after section 7B:

"Accounting officer

7C. A director, or an officer of the corporation, designated by the board, shall be the accounting officer charged with the responsibility of accounting for all the moneys received, and for all payments made, by the corporation.

Recovery of losses and damages

7D. (1) If any person who is or was in the employ of the corporation caused the corporation any loss or damage because he—

(a) failed to collect corporation moneys, for the collection of which he is or was responsible;

(b) is or was responsible for an irregular payment of corporation moneys or for a payment of such moneys not supported by a proper voucher;

(c) is or was responsible for fruitless expenditure of corporation moneys due to an omission to carry out his duties;

(d) is or was responsible for a deficiency in, or for the destruction of, or damage to, corporation moneys, stamps, face value documents and forms having a potential value, securities, equipment, stores or any other corporation property;

(e) due to an omission to carry out his duties, is or was responsible for a claim against the corporation,

the accounting officer contemplated in section 7C shall determine the amount of such loss or damage, and may order, by notice in writing, the said person to pay to him, within 30 days from the date of such notice, the whole or any part of the amount so determined.

(2) If any person who is in the employ of the corporation and who has in terms of subsection (1) been ordered to pay an amount, fails to pay such amount within the period stipulated in the notice in question, the amount shall, subject to the provisions

(217)

For full text see Acts 1979

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

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VOL. 167] CAPE TOWN, 11 MAY 1979 KAAPSTAD, 11 MEI 1979 [No. 6437

DEPARTMENT OF THE PRIME MINISTER

No. 1009 11 May 1979

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 48 of 1979: Tiger's-Eye Control Amendment Act, 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1009. 11 Mei 1979.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 48 van 1979: Wysigingswet op die Beheer van Tieroog, 1979

GENERAL EXPLANATORY NOTE:

[ ] Words in bold type in square brackets indicate omissions from existing enactments

__________ Words underlined with solid line indicate insertions in existing enactments

ACT

To amend the Tiger's-Eye Control Act, 1977, in order to define the meaning of the expression "holder" in relation to the right to tiger's-eye in respect of any land; to make further provision in connection with the conveyance of tiger's-eye; and to provide for the forfeiture to the State of money or any other consideration, property or security involved in illicit transactions in tiger's-eye; and to provide that certain persons who have in their possession on a certain date more than a certain quantity of tiger's-eye, shall forward to the Secretary for Mines statements specifying the mass of that tiger's-eye; and for incidental matters.

(English text signed by the State President)
(Assented to 3 May 1979)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows —

Amendment of section 1 of Act 77 of 1977

1. Section 1 of the Tiger's-Eye Control Act, 1977 (hereinafter referred to as the principal Act), is hereby amended by the insertion before the definition of "mine" of the following definition

"'holder', in relation to the right to tiger's-eye in respect of any land, means the person in whose name such land is registered in the deeds registry in question or, if the right to tiger's-eye in respect of such land is severed from the ownership of such land, the person in whose name the right to tiger's-eye in respect of such land is registered in the deeds registry in question;"

Amendment of section 9 of Act 77 of 1977

2. Section 9 of the principal Act is hereby amended—

(*a*) by the substitution for subsection (1) of the following subsection.

"(1) Subject to the provisions of **[subsection]** subsections (1A) and (4), tiger's-eye shall only be conveyed by road from the land on which it was mined or from any place or premises where it is stored or is otherwise kept or present and only to the railway station nearest to such land, place or premises, and shall only be despatched by rail from such railway station, and only to the railway station nearest to the place or premises where such tiger's-eye is to be stored or otherwise kept, and shall only be conveyed by road from the last-mentioned railway station and only to the last-mentioned place or premises."

(2.17) FM 18/5/79

TC LAND

Buying into asbestos

Has there ever been good reason for selling the farm unless it is to pay the mortgage or move on to greener pastures? With no apparent mortgage problems, the latter seems to be the main factor underlying the planned sale of Cape Industries' SA asbestos mining operations to TC Land

Terms of the proposed deal are due for release in a couple of weeks, but at this stage a tag of anything less than R30m-R40m would mean a sale at bargain basement prices

Cape Industries, which is 69,6% owned by Charter, has as its main activity the manufacture of asbestos products in the UK But its SA mining operations which produce crocidolite (Cape Blue) and amosite asbestos are not critical to the UK manufacturing operations Cape Blue usage is banned in that country, and the company's exports from SA are largely to Germany, the US and the Far East

Last year, asbestos mining contributed £4,2m (£6m) to Cape Industries' pre-tax profit — equivalent to over R4m after tax Asbestos profits remain under pressure, with adequate supplies available from major producer Canada, and little prospect of a near-term improvement

Even so, that would hardly be any justification for a sale pitched on a low earnings multiple In today's asbestos market an 8-times multiple seems reasonable, valuing Cape's SA mining interests at about R35m And Cape would doubtless want cash not shares

Though no precise details of Cape's local assets are available to shareholders, such a price is in the right ballpark Last year, Cape completed its new Pomfret mill at a cost of R10m But just what is Cape planning with the sale cash? Diversification of interests in the UK and Europe is one possibility The sale to outsiders of SA mining assets by any part of the greater Anglo group is, as far as I am aware, unprecedented, and would probably only be contemplated, especially for a profitable operation, if there were bigger fish to catch

But it is unlikely that this is part of Anglo's overall strategy to raise funds in the UK in anticipation of a bid for control of Cons Gold and indirectly GFSA (*Fox* May 4) The cash would be put to better use in expanding UK and European building and insulation interests which last year weighed in with £104m turnover and £8,7m pre-tax profit compared with mining's £25,7m turnover and £4,2m pre-tax profit

From TC Land's point of view, how would such a deal be financed? It needs diversification away from coal and chrome with major projects in the former nearing fruition and chrome unlikely to recover fully until the mid-Eighties

TC Land's chairman Tony Petersen . . . blue chips

At end-September the company had net cash of R19,9m, and in the six months to end-March retained a further R14,5m taking into account the deferred tax provision But all this might not be available for acquisitions

However, TC Land should have little problem raising additional funds if necessary either through borrowings or a rights issue At the current 3 700c share price, raising R35m would mean issuing around 1m shares — equivalent to a 14% increase in issued capital If so, and if a rights issue is offered to shareholders, the share price could be under restraint for the next few months

Jim Jones

Financial Mail, May 18 1979

(217) FM 18/5/79

BOTREST

Exercise in futility?

Activities: *Holding company with an 85% interest in Botswana-based copper/nickel producer BCL Limited.*

Chairman: *I K MacGregor*

Capital structure: *18,0m ordinaries of P2. Market capitalisation R10,4m*

Financial: *Year to December 31 1978 Borrowings long and medium term, P229,7m; net short term, P14,2m Current ratio. 0,6 Capital commitments P30,2m.*

Share market: *Price 58c (1978-79 high, 76c, low, 18c, trading volume last quarter, 113 000 shares).*

Production	'77	'78
Copper (000t)	11 8	14 6
Nickel (000t)	12 5	16 0
Turnover (Pm)	56 6	56 5
Operating profit (loss) (Pm)	(5 9)	2 0

As the years roll by, Botrest continues to drain cash with no evidence that it will ever be a payable proposition It has been a disaster for principal shareholders, Anglo and Amax, and, perhaps, the only rationale for them continuing to throw good money after bad is that they wish to keep on the right side of government.

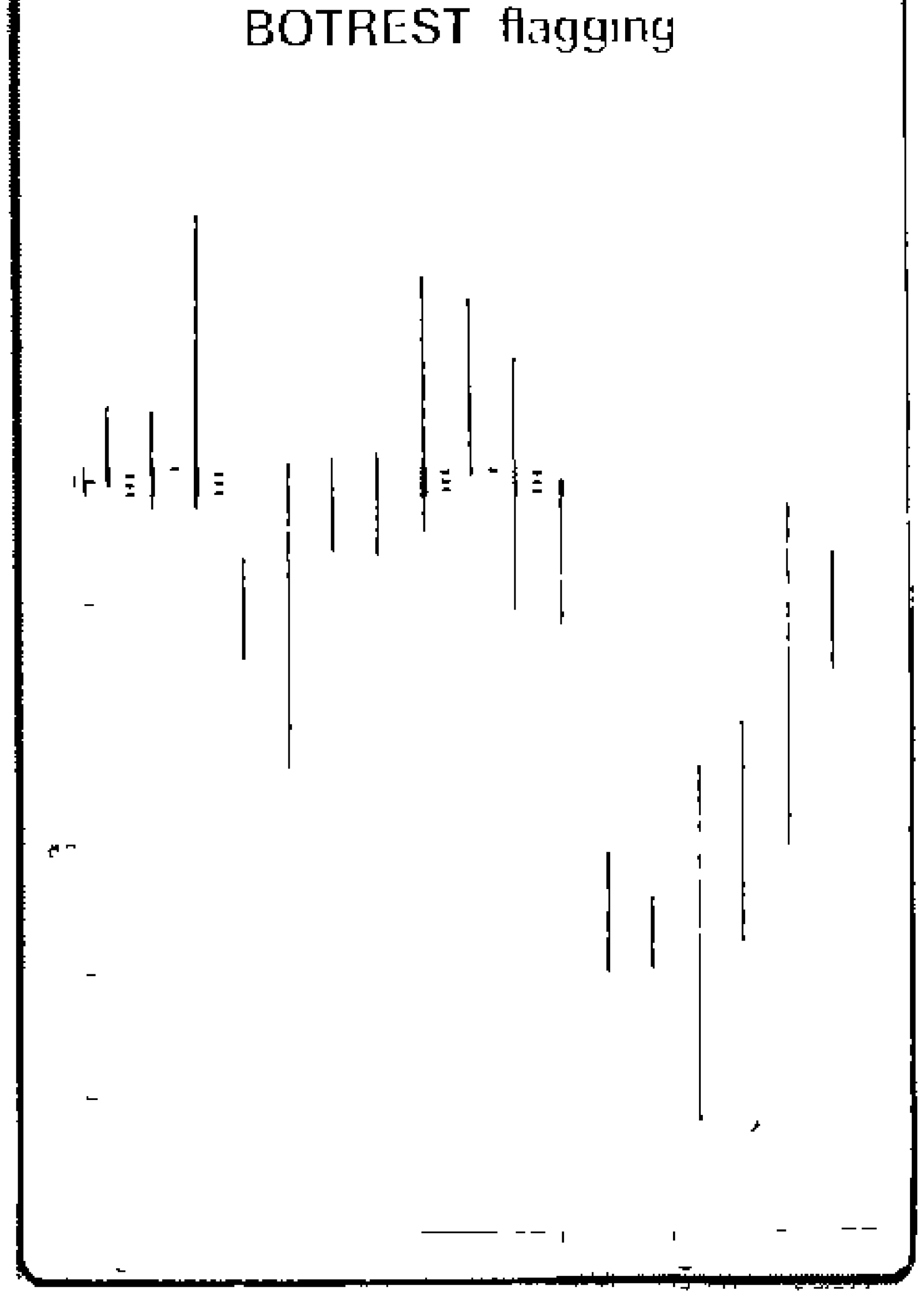
Granted, operational stability was achieved last year, with the smelter running at 94% of design capacity. And with a 22% increase in matte production to 39 500 t, Botrest earned its first operating profit of pula 2m (1977: P5,9m loss) after paying royalties of P2,3m (P1,7m) But, after deducting interest of P26,9m, the loss on current operations was P24,7m (P31,6m).

Although production increased, total sales revenue for the year was roughly the same as in 1977 due to lower nickel prices. The average nickel price realised was 10% lower at US $1,97/lb and copper, at $0,62/lb, was 5% higher.

While the prices of copper and nickel were disappointing, that of cobalt rose substantially from $6,40/lb in January to $20/lb by December. Although cobalt in Botrest matte amounted to only 261 t, it is now significant enough to justify further steps to increase production.

As if metal price problems were not enough, appreciation of the mark against the dollar continued to have a serious impact on Botrest's financial position. Notwithstanding expensive forward cover, the loan from Kreditanstalt fur Wiederaufbau increased in pula terms by P8,3m in 1978, and has increased by P38,3m since the loan was drawn down.

The financial reconstruction which


BOTREST flagging

replaced P75m of major shareholders loans with 10% cum red prefs was designed substantially to reduce the interest burden from P27,8m to about P21m. Nevertheless, interest paid last year totalled a little-changed P26,9m.

The main effect, then, was to reduce principal shareholder exposure by P52,5m to P119,1m Overall, though, long-term and current liabilities increased by P5,7m to P124,9m, "mainly as a result of the strengthening of the DM."

While capex totalled P14m during the year, another P28m is planned for the current period — and substantially more will be needed if continued development is to be assured. To date, perhaps not surprisingly, Botrest has not found a source of additional funds. So, unless expansion plans are shelved, it looks as if Anglo will again need to come to the rescue, possibly involving ZCI and Minorco as well. Matters are not helped by P11m loans due for repayment this year

Both Amax and Anglo committed themselves to continued support back in 1977 by agreeing to fork out up to P41,8m to meet Botrest's cash requirements to December 31 1981 (other than for air pollution control) and the development of the second mine at Selebi. They also gave a direct commitment to provide up to P10m until December 31 1983 for pollution control and P22m for the completion of phase 2 of the project

The major projects planned provide for extended access to ore, rectification of plant defects, higher plant throughput and increased metal recovery rates. So far, the third flash furnace electrostatic precipitator has been commissioned, development of the underground mine at Selebi is under way as is the rail link between Selebi and the plant, and a 220 t/day oxygen plant is due for completion by the end of this year

Once expansion has been completed, the net result should be to raise the processing rate by 14%, improve metal recovery by 8% and increase matte production by as much as 20%

Chairman Ian MacGregor warns, however, that despite these measures, the extent of losses already incurred and the group's heavy debt burden, together with dividend restrictions imposed by lenders, it is unlikely that any dividend will be declared in the foreseeable future. And that probably holds true no matter what happens to copper and nickel prices this year

Which makes the share price of 58c more than somewhat academic. *John White*

217. FM 25/5/79

MESSINA

Copper to the rescue

Despite the achievement of a R5,9m pretax profit (R3,5m loss) on the back of higher copper prices in the six months to March 31, and prospects of a slightly better second-half performance, Messina is not yet out of the wood

Mining income rose sharply to R8,2m (R2,0m), when compared with last year's R8,6m total as copper headed towards the £1000/t level But although mill throughput fell to 1,4 Mt (1,5 Mt), resulting in a decline in recoverable copper to 13 900 t (14 100 t) smelter production rose to 14 900 t (14 600 t) helped by higher purchases of outside material Income was helped by the increased 17 400 t (16 400 t) sales as metal stocks were drawn down

Stripping out Mangula's R6,0m (R1,3m) first-half mining income, reversal of the Messina mine's continued loss-making position helped lift the contribution from other mining sources by 214% to R2,2m (R0,7m) But Messina mine still needs considerable development to re-establish adequate ore reserves and that will remain as a drag on distributions until next year

A pressure burst at Mangula's Miriam shaft was responsible for decline in mill throughput Mangula milled some 910 000 t (934 000 t) Consequently, copper production of 1 000 t was lost However, recoverable copper rose to 8 600 t (8 000 t), reflecting the improved grades in the newly developed blocks between 7 and 9 levels

Sales-production match

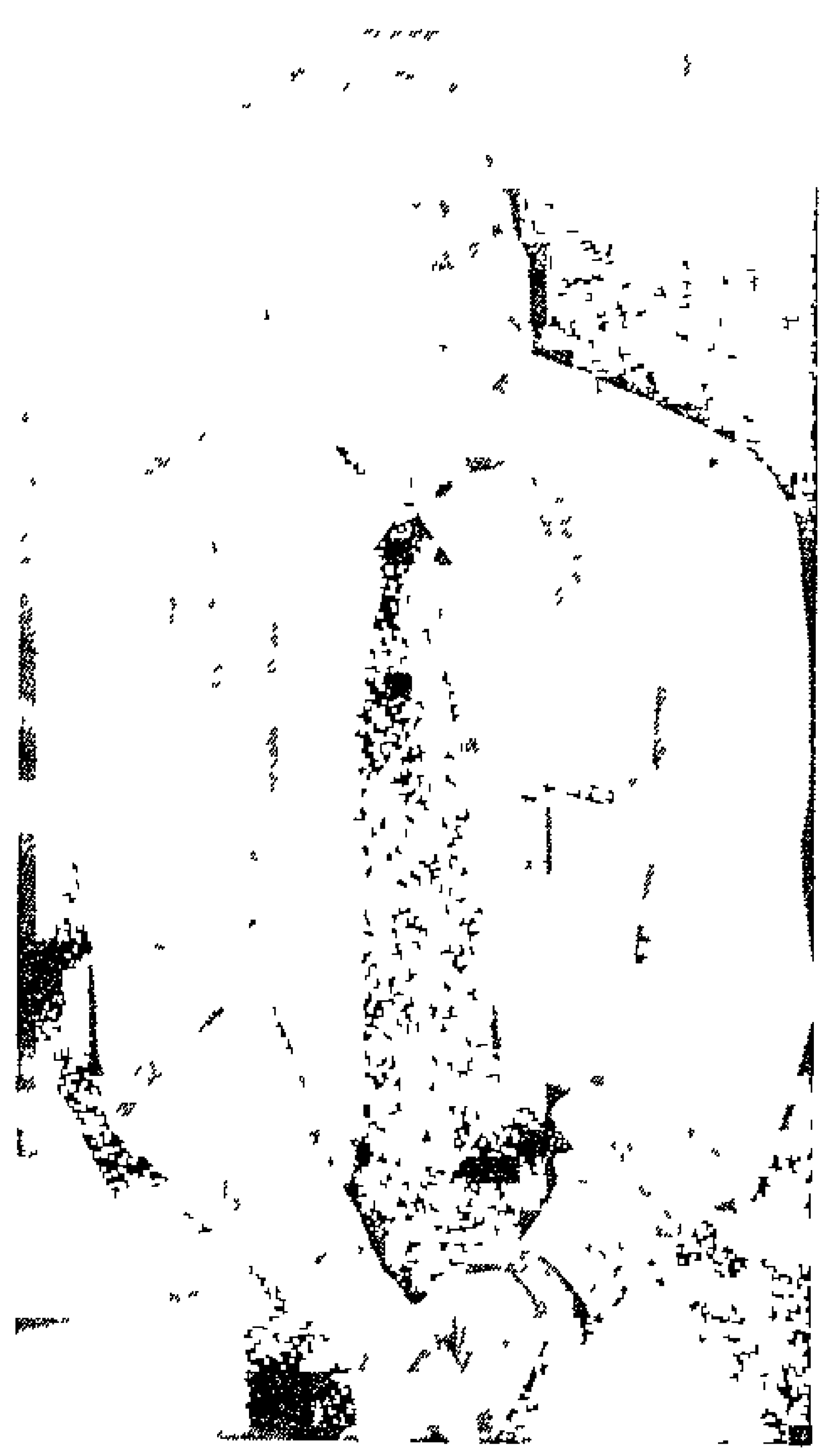
Mangula still has to recover from the effects of the pressure burst, which will limit availability of new copper And as stocks probably cannot be reduced further without affecting the group's marketing, second-half sales should closely match production That indicates a sales tonnage drop to around 15 000 t and means that if LME copper prices average £950 in this half, against the first half's £800, income could in fact decline further from the first half

Industrial interests still continue to maintain profitability First-half income from this division rose 217% to R4,7m (R1,5m) due to cost-cutting in most subsidiaries But the improvement was already established in the second half of last year when the industrial subsidiaries kicked in with a R4,4m income

Premier Metals and Clarke Equipment are looking a lot better However, it is unlikely that these subsidiaries could reach break-even by the year-end, but that they are still loss-making situations

"We are still concerned about Datsun's capex necessary for tooling to comply with the Phase 5 commercial programme next year," says deputy MD Dave Thomson

Since completing the Safmarine container contract, Steelmobile has become almost wholly dependent on body pressings for the motor industry But as long as high volumes are maintained, this company could make a useful contribution, albeit at a lower level without the Safmarine con-



Messina's MD Bill Wilson . . . looking for reserves

tract to help absorb part of fixed cost overheads

The contribution of Autocast is unlikely to be significant this year, but a significant improvement is expected early next year as the motor companies require more locally-manufactured parts to comply with Phase 5

Providing copper does not collapse and industrial earnings can maintain their advance, following first-half earnings of 16,3c a total of 34c could be on the cards If so dividends could resume, but there is little doubt that declarations will inevitably be cautious and take into account developments in Rhodesia

Peter Pittendrigh

217 FM 25/5/79

COPPER

Off the boil

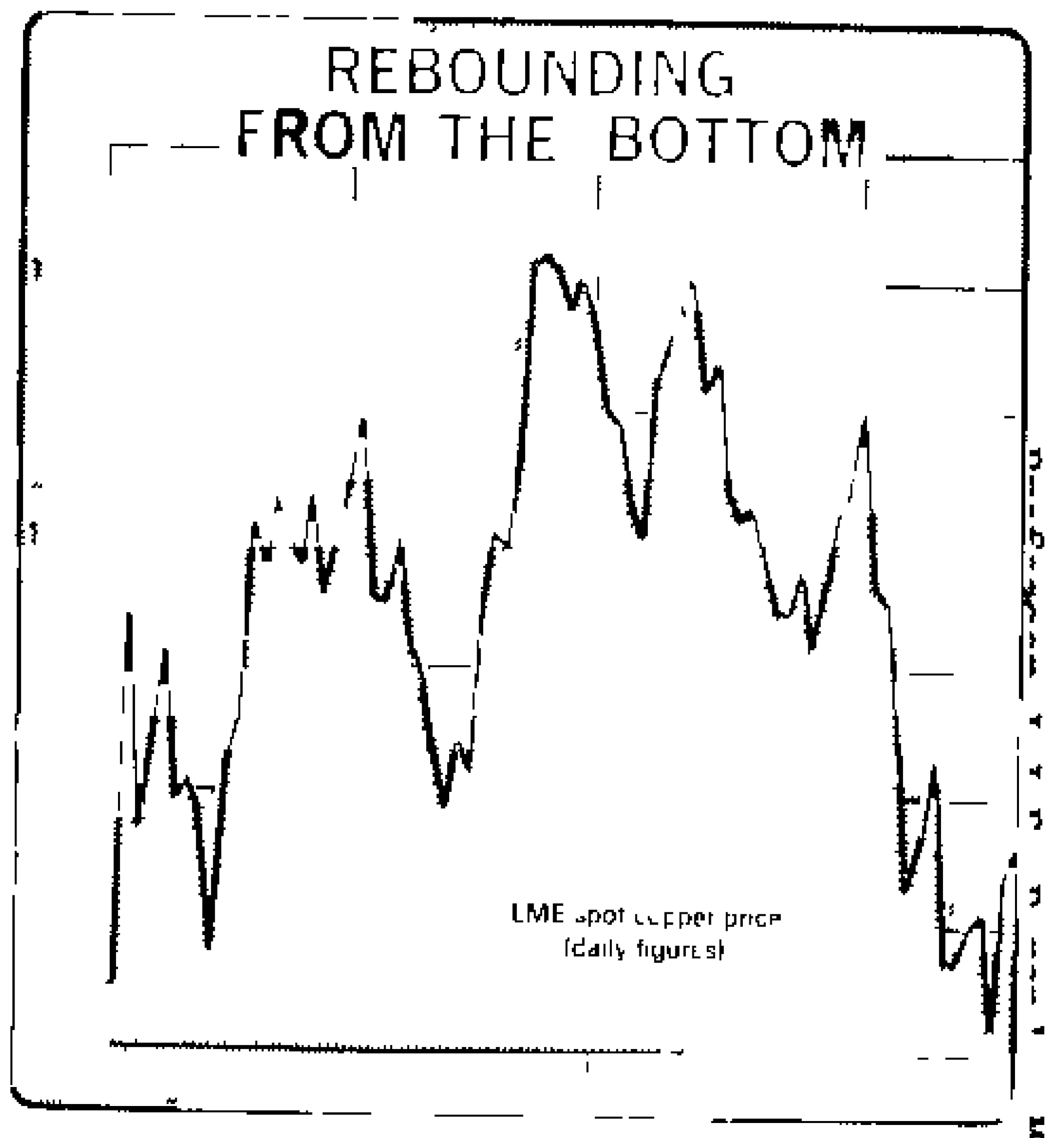
A number of copper dealers have had their confidence shaken regarding the metal's performance In the last few weeks prices slid downwards from over £1 000/t at the end of April to current levels of around £940 At one point prices for spot delivery metal on the London Metal Exchange tested the psychologically important £900 barrier, while in the US quotations posted by the major producers, such as Kennecott, Phelps Dodge and Anaconda, tumbled from record levels of around $1/lb back, in some cases, to below 90c/lb

Although the market was long overdue for a correction, the extent and speed of the decline took many by surprise An essential ingredient was the heavy unwinding of speculative positions on the LME and also on New York's Comex Copper Terminal There were several reasons for this The news from the Central African copperbelt — Zaire and Zambia — remains fundamentally bullish because of persistent production and transportation problems However, many felt that copper prices had been propped up for too long at around £1 000 by the region's problems, especially in the absence of fresh "bullish" intelligence

Additionally, in recent weeks several producers in North America have announced plans to restart old copper operations or to launch new ventures According to one analyst the latter could add a further 200 000 t to the area's capacity by end-year — roughly equivalent to a third of Zambia's annual output Elsewhere Mexico's La Caridad operation is scheduled to produce around 150 000 t annually within the next few months

These attempts to increase output are coming at a time when the US is heading for a distinct slow-down in economic activity — a trend which was predicted a long time before the leap-frogging jumps in oil premiums posted by Opec countries Premiums could easily increase both the length and depth of the previously short and mild recession initially forecast, analysts note In turn this could seriously afflict US copper consumption, which last year reached a record 7,3 Mt precisely at the wrong time for producers, who are ploughing in substantial investment funds

Another factor which could easily depress copper further in coming weeks is the possibility of a solution to the Inco's strike at Sudbury The near resolution earlier this month helped drive copper down much further than current levels and could easily do so again as it would mean an extra 150 000 t of the metal coming onto the market annually



Given that industrial consumption is likely to cool off in the second half of this year and that producers are going to try to increase supplies, many believe that the market in coming months could once again begin to turn on the ability or otherwise of the Zaireans and Zambians, who together provide roughly one eighth of world output, to maintain a reasonable flow of copper onto the market at the reduced levels which for the moment have been discounted by speculators and traders as a central market factor

However, most view this current turnaround in copper prices as a short-to near-term affair, assuming, that is, that the world oil shortage does not plunge the West into a deep recession

The likelihood is that when the US and other industrialised countries resume generally firm growth rates again, even the current expanding copper production capacity will be hard-pressed to keep pace with demand — and the early Eighties therefore continues to be viewed as a time of sharply rising copper prices

	Price May 23 1978 cents	Price May 15 1979 cents	Price May 21 1979 cents	Yield %
Industrials				
Afri Dist	300	435	435	5 3
A t Print	80	105	107	6 5
Bat	180	215	215	5 1
Cairns	130	130	127	5 9
Capri	54	55	50	7 0
Caps	86	120	125	5 2
C&I Hold	16	14	13	—
Clan Hold	62	58	59	8 9
Delta Corp	340	415	415	5 1
Edgars	96	175	175	6 9
Gat Tex	120	98	100	8 0
Gulliver	48	48	50	7 5
Hipaper	30	115	108	6 5
Hippo Vall	45	40	41	—
Macsys	23	17	18	5 6
Mash Hold	23	44	45	7 8
Merlin	30	54	53	6 6
More Wear	28	53	52	—
M&R Rho	63	68	68	—
Nat Food	60	104	108	4 6
P and C	160	125	125	4 8
Plate Glass	125	155	160	5 6
Radar	40	55	55	3 6
Rho Abercom	92	130	133	7 6

Ander lede:
Mnr K. Bosman
Professor A. Cupido
Mnr N. Daniels
Mnr Achmat Davids
Professor R J. Davies
Professor J.J. Degenaar
Mnr René de Villiers
Dr I.D. du Plessis
Mnr H.W. Middelmann
Eerw. M.T.L. Moletsane
Professor A.D. Muller
Sheik A. Najaar
Mnr Victor Norton
Professor N J J Olivier
Mnr L Phillips
Professor H.P. Pollak

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

(*d*) the redemption of such shares
... shall be provided t

ERGO FM 15/6/79 17

Reclaiming profits

Ergo's annual report is a sorry tale, with one technical problem followed by another Last year, of the R10m capex, 15% was spent on post project modifications This year a further R4m of the R7m earmarked for capex will go towards upgrading defective or inefficient equipment

In the year to end-March, Ergo is budgeting for gold production of 5 500 kg and sulphuric acid of about 450 000 t, which are way off the 7 000 kg and 530 000 t targets set in the prospectus This year's

The first two quarters of the current year are, however, unlikely to see the major benefit of plant modifications Some work will not be completed until end-September

In order to improve recoveries, Ergo is investigating the possibility of installing an activated carbon process which could cost R4m to R5m In addition, a cobalt recovery system has been suggested to assist uranium production because of cobalt poisoning of the resins This could cost R3m While a go-ahead of these modifications could be given this year, financing would presumably have to come from loans if the 50c total is to be paid

In some three years, however, the need for higher recoveries will be greater as slimes from the high grade Springs No 2 and No 3 and the New State Areas dams will be exhausted This could inhibit dividends, particularly when the tax shield expires

The need to increase revenues could push the house into an investigation of a uranium plant which, say some analysts, could improve recovery from the current 20% to about 75% because much of the metal is in solution However, the cost could be something of the order of R70m, which would most likely have to be financed through some form of equity participation NIM is currently working on new recovery techniques which could be incorporated in any new plant

Currently the share stands at 530c to yield a prospective 9,4% The operation is highly geared to the gold price, which still appears to be on the way up The yield is fairly attractive, but a purchase might best be left until the June quarter results are available in about four weeks, and proof of cost containment and improving grades is available

Des Kilalea

(4) ... section contained, be applied ... this ... to be issued to members of the compar ... ipany

(5) (*a*) If a company has redeem ... within one month thereafter give notice thereo ... ifying the shares so redeemed.

(*b*) If default is made in con ... 2), the company shall be guilty of an offence.

(6) For the purposes of subsecti ... ference shares of no par value, means that par ... ference shares redeemed or to be redeemed.

(7) This section shall also appl ... emption reserve fund created by a company pr
[Sub-s. (7) add

99. Conversion of shares into ce ... onverted any of its shares into preference sha ... pany are liable, to be redeemed, the provisio ... e shares.

[S. 99 substituted by s 6 of Act No. 111 of 1976.]

100. Conversion of shares into stock.—(1) A company having a share capital, if so authorized by its articles, may by special resolution convert all or any of its paid-up shares into stock and reconvert such stock into any number of paid-up shares.

(2) Where a company has converted any of its shares into stock, the provisions of this Act which in terms apply exclusively in respect of shares, shall cease to apply to so much of the share capital as has been so converted.

101. Share warrants to bearer.—(1) A public company having a share capital, if so authorized by its articles, may, with respect to any paid-up shares, or to stock, issue a warrant (in this Act termed a share warrant) stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant.

(2) A share warrant shall entitle the bearer thereof to the shares or stock therein specified, and such shares or stock may be transferred by the delivery of the share warrant.

102. Variation of rights in respect of shares.—(1) If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class

Taking the heat off asbestos

21/4/79 WM

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SOUTH Africa's ailing asbestos mining industry was saved from serious losses, particularly between 1975 and 1977, by Ace Haniel International's tremendous warehousing capacity at Durban and Port Elizabeth, and by their preparedness to absorb a chronic production surplus.

About that time the Soviet Union and Canada began flooding the world's asbestos markets by undercutting existing rate structures

"This situation was aggravated by a scare which came in the wake of reports — mainly from major outlets such as the United Kingdom, Australia and the United States — that working with asbestos in bulk constituted a danger to health

As the local asbestos mines continued production unabated, one of South Africa's important export markets for the commodity, Iran, stopped buying as a result of political upheavals there late last year

These factors resulted in a dramatic fall-off in demand for asbestos-based products, at least as far as the white asbestos was concerned The so-called Cape blue asbestos, said to be of unequalled quality for the manufacture of certain goods, was not affected

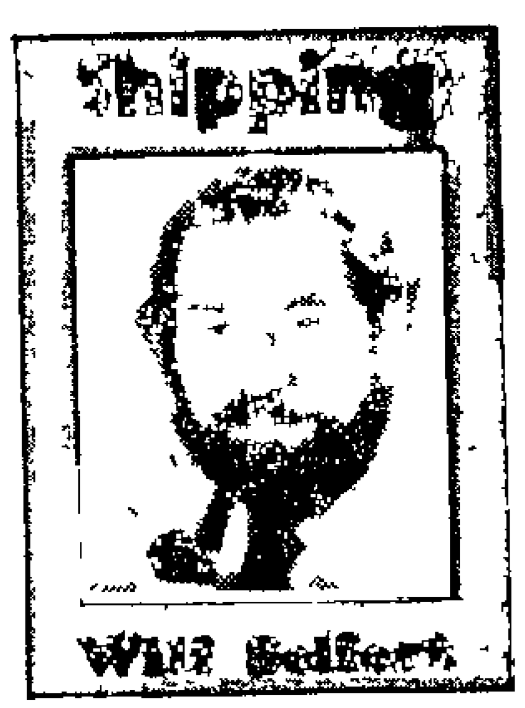
"Had we not gone out of our way to accommodate that massive surplus, production would have been curtailed, many jobs lost and foreign exchange earnings cut," says Ace Haniel International's general manager in Durban, Mr Denis Everitt

EXPANDED

Their Maydon Wharf establishment started business in 1973 as a tiny bond store warehouse with a floor space of 600 m² Today, that capacity has expanded to 14 500 m² and constitutes the country's biggest privately-owned complex of this type And further growth is planned

"We started handling asbestos transhipments in 1975 Monthly stockholding at the time was about 2 500 tons, or 50 000 bags At present, our monthly average totals 12 500 tons with peak periods of up to 15 000 tons (300 000 bags)," says the company's Durban operations manager, Mr Colin van Rensburg

Although mountains of white asbestos had been stockpiled as a result of the adverse export conditions,



last year saw the easing and, in fact, normalisation of the situation

South Africa's asbestos exports are now picking up well and if that trend continues it should be "business as usual within the next six months," the men told me

Bagged asbestos arrives at the Ace Haniel International warehouse in rail trucks The main bulk storage building has three rail sidings which together can deal with 60 trucks simultaneously

Strategically placed, five 5-ton Demag overhead gantry cranes can reach any spot in the 14 500m² floor space while six forklift trucks are on standby for special assignments and emergencies

GIGANTIC

Warehouse cargo transit figures are gigantic Incoming traffic averages 2 500 tons a month and outgoing movements during the same period average 200 rail trucks

Regulations introduced after the "health scare" over asbestos prescribe that the commodity has to be conveyed in stretch-wrapping or by other dust-free means such as containers Ace Haniel International believes that the export future of asbestos lies in the boxed method

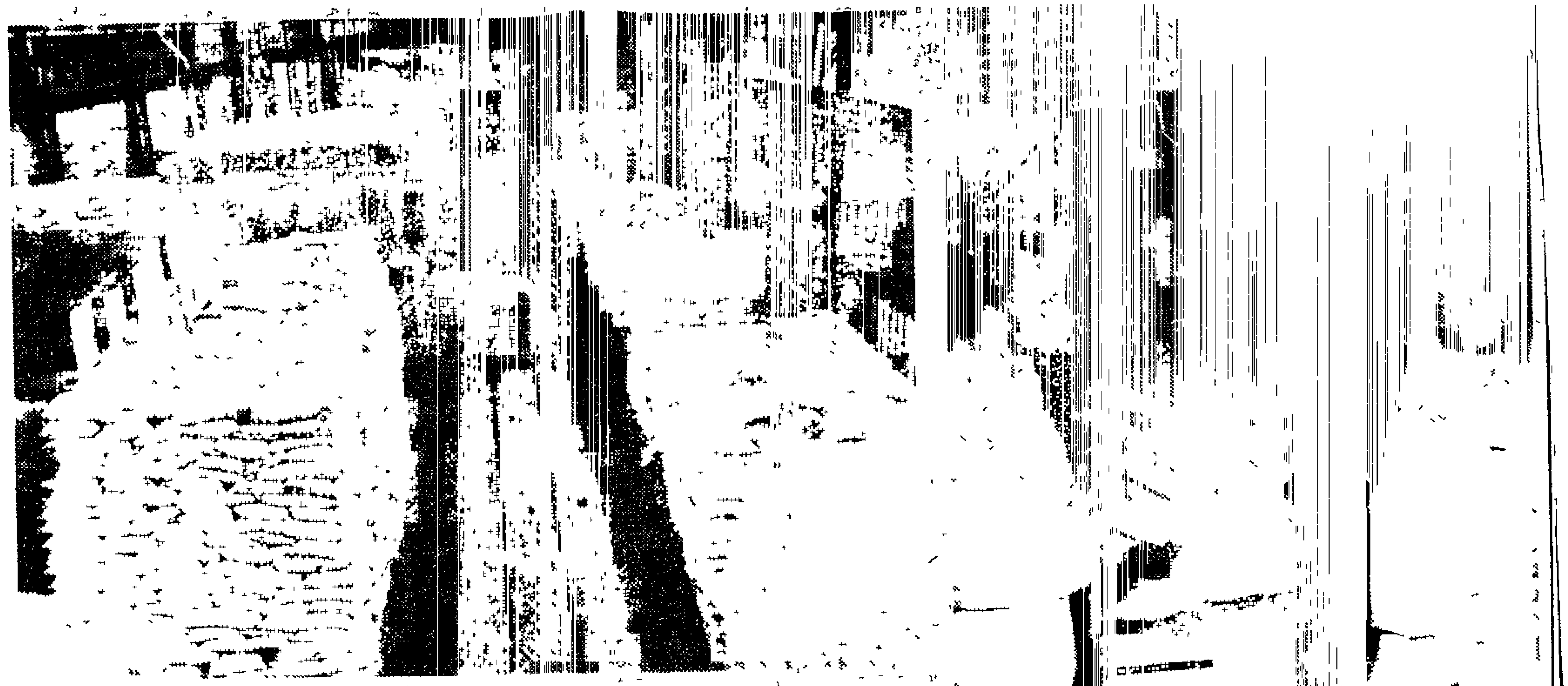
Their locally designed and built baling press compresses asbestos bags into units ideally suited to container packing which enables them to pack 18 tons of asbestos into a TEU instead of the previous 12,5 tons

EXPANSION

The biggest quantity of asbestos stored at the company's Maydon Wharf warehouse was 12 500 tons at the end of April The largest storage mass — including other goods such as glass, tea, agricultural produce, steel, chrome and timber — was 18 500 tons.

Mr van Rensburg expects the warehouse to handle 200 rail trucks with [illegible] f the three lines during the current month.

Now Ace Haniel International are planning expansion projects treating asbestos as a specialist field. Although they are equipped to tackle almost any type of cargo, for which the largest of the three sidings has been put aside, the other two are used exclusively for asbestos transhipments



A SECTION of Ace Haniel International's huge main warehouse in which large quantities of white asbestos are stored Right operations manager Mr Colin van Rensburg (left) and general manager Mr Denis Everitt, of the company's Durban branch, in the area where asbestos bags are packed into compressed parcels by the special baling press seen in the background.

Stannic's coking coal lease makes history

(217) Sun. Times Business 24/6/79

By MIKE THOMPSON, senior general manager, Stannic

THE most noteworthy lease written in South Africa to date, packaged by Stannic and financed by the Standard Bank Group, is a $300-million lease over an entire beneficiation plant to process blend coking coal to meet the future requirements of the SA Iron and Steel Corporaton — the State-owned steel producer

The contract made financial history in South Africa as it is the largest ever lease of its kind in the world

It was tailored to meet the corporation's specific cash flow requirements at a time when long-term off-shore financing for South African projects was not available due mainly to the steep downturn in the economic climate

Strategically the development of this project is of significance to the South African economy as the alternative would have been to import metallurgical coal at prohibitive cost

The subject of my case study, however, is not the Iscor lease but a much smaller, albeit more interesting lease

Before moving on to this subject, I would like to discuss some of the important considerations which have relevance to instalment credit and leasing from the point of view of the corporate customer

There are two types of contract — hire purchase and suspensive sale Both govern the sale of goods on instalments

The difference between the two has its origins in the legislation introduced to control this business

Broadly speaking, hire purchase contracts provide for the sale of consumer durables such as TV sets and motor vehicles to the private consumer Under these contracts, the purchaser buys goods and pays for them over a period of time Ownership vests in the seller until the final instalment has been paid

The mechanics of the transaction are that the bank buys the goods from a trader on behalf of the purchaser and then sells them to the purchaser on instalments over a predetermined period

Plant and equipment, if purchased on instalment credit terms, will invariably form the subject of a suspensive sale contract It is a very convenient method of acquiring goods as the terms of repayments can be tailored to suit even the most demanding cash flow requirements

The size of the transaction need not be an inhibiting factor as the very large transactions can be syndicated We are involved at the moment in the syndication of a synthetic rubber plant which will cost around $200-million

There are two aspects of taxation that have fundamental relevance to a consideration of leasing, as opposed to suspensive sale as a medium of financing productive plant and equipment

These aspects hinge upon the significance of ownership as compared with use of plant and equipment, and the treatment thereof for taxation purposes The purchaser who buys on suspensive sale is the owner of the equipment for taxation purposes notwithstanding the fact that legal title is retained by the seller until his final instalment has been paid

The equipment will be reflected in his balance sheet as an asset and the instalments that have to be paid, as a liability

For taxation purposes the purchaser is permitted to depreciate the asset in his books and he is also entitled to claim the so-called "incentive allowances" that apply to new and unused productive plant and equipment

These incentive allowances include investment allowance and initial allowance

Investment allowance: Tax-paying bodies may deduct from income for taxation purposes an allowance equal to 30% of the cost of the asset in its first year of operation To qualify for this very significant benefit, the plant under consideration must be both new and unused The allowance was introduced as an incentive to promote productive processes and in effect is no more than a tax concession

Initial allowance: The initial allowance, although also a great value in the first year, is not quite as significant as the investment allowance It is, in fact, an acceleration of depreciation as the taxpayer is permitted to depreciate the plant for tax purposes by 25% of the cost thereof plus that year's portion of the remaining depreciable value

To the extent that it represents an accelerated tax shield, however, in discounted present value terms the initial allowance has considerable value to the taxpayer

From the foregoing it will be seen that the owner of the new plant and machinery derives very significant taxation benefits in the first year of operation of the equipment Arising out of the allowances and ignoring normal depreciaton, the after-tax value at a tax rate of 42% is 58% of the 55% which equals 32% of the cost of the plant

I would now like to turn to leasing and before discussing the taxation implications of the incentive allowances on the use of plant by this method, I should like to clarify precisely what we mean by a financial lease

A financial lease is a contract under which the user, the lessee, obtains the use of equipment in exchange for the payment of a stream of rentals The financial ease differs from the operating lease in what the lessee is committed to paying a stream of rentals which, over the period of the lease, recoups the capital cost of the asset together with interest thereon

Strictly speaking, the lessee should never obtain ownership of the equipment although, in practice, it is possible for him to purchase the equipment at the end of the lease period on certain specific terms

In fact, the lessee is normally given three options at the end of the lease term These are

1 To continue to lease the equipment for a secondary period on the basis of a nominal rental

2 To dispose of the equipment on the lessors behalf

3 To acquire ownership of the asset by purchasing it at "fair market value"

The purpose of introducing the concept of the incentive allowances before discussing leasing was deliberate and was done to emphasise the very significant difference in the treatment of these allowances

Under a leasing contract, ownership of the equipment vests in the lessor as do all the taxation benefits thereof, including the incentive allowances

The lessor derives these benefits and brings them into the calculation of rental, thereby reducing the rental that the lessee will pay

This means that from the lessor's point of view his after-tax yield requirements are satisfied in part or in full by the tax allowances and the interest the lessee will pay will, in fact, be negative

Having described the operation of suspensive [...] financial leasing I would like to move on to one of the most interesting transactions that we have put together in South Africa and which helped a German company further its interests in the Republic

The company is BMW which, following the successful introduction of the "7 Series" in Europe decided to manufacture the vehicle in South Africa The Standard Bank Group was consulted on financing alternatives and for various reasons, the most important of which was the utilisation of the incentive allowances, recommended a lease

It was decided to structure a type of "leverage" lease in terms of which Stannic's investment was geared up by the introduction of debt funds specifically to finance this lease.

These funds were provided by the Bayerische Vereinsbank of Munich, one of the main bankers to BMW AG The Bayerische Vereinsbank contributed loan funds equal to approximately 85% of the capital cost of the equipment and the balance was financed by Stannic

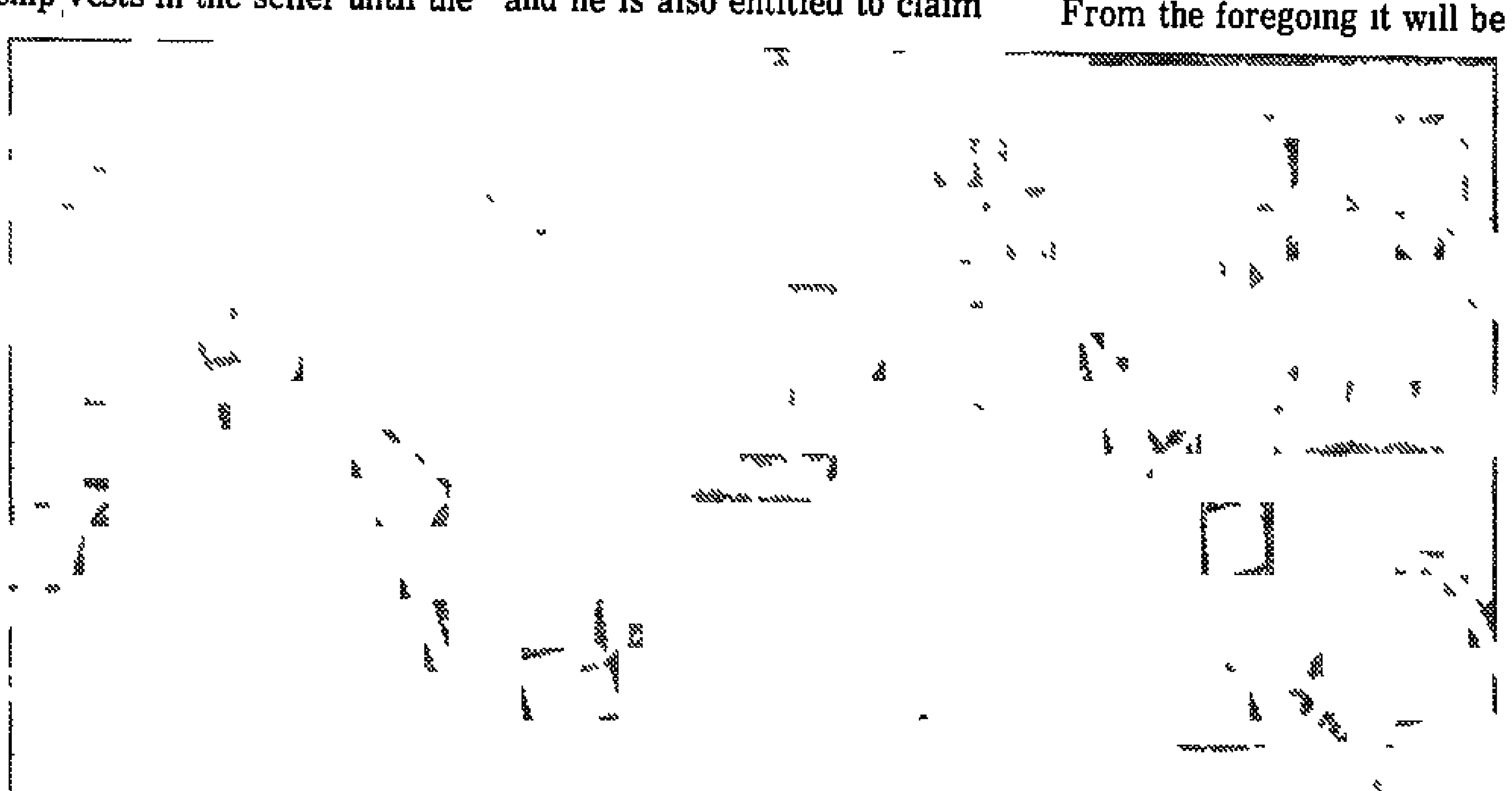
Stannic entered into a lease agreement with BMW (SA) (Pty) Limited in terms of which plant and equipment purchased from BMW AG was made available to the local company

BMW AG was paid the purchase price of the equipment by the Bayerische Vereinsbank and by Stannic who simultaneously entered into a loan agreement with the Bayerische Vereinsbank in respect of the 85% they contributed

The repayment terms of the loan agreement were arranged so that instalments coincide with rentals payable by BMW (SA) (Pty) Limited The total payable to Stannic by BMW (SA) (Pty) Limited is less than the capital cost of the plant and the rate of interest payable by the local company is therefore negative

The reason for this is due to a combination of the incentive allowances which accrue to Stannic and to the differential interest rate on the back-to-back loan and the rate of return required by Stannic

As BMW (SA) (Pty) Limited did not have a sufficiently large tax base to enable it to take advantage of the incentive allowances, Stannic has, in fact, acted as a conduit through which foreign loan capital was introduced into the transaction and through which the value of the incentive allowances have been channelled through to BMW (SA) (Pty) Limited in the form of extremely low



Seen in conference: Mike Thompson (left) senior general manager, Stannic, and Manfred Schutte, of the Standard Bank International Division.

Old and new — that's how the IMF sees us

A trade profile

	South Africa	France	Spain
Total population (mill people)	24	53	37
Gross national product (GNP) ($ Mill)	40	381	116
Manufacturing contribution to GNP (%)	22	28	18
Mining contribution to GNP(%)	13	0,5	0,5
Imports, exports as % of GNP	55	41	32
Foreign trade as % of world trade	1,1	7,4	1,8

Structure of South Africa's foreign trade

Main exports (excluding bullion)	Percentage of total
Base metals and minerals	33
Precious stones and coins	24
Agricultural produce	19
Main imports (excluding oil, arms)	
Machinery	32
Transport equipment	19
Chemicals	10

South Africa's major trading partners

Country	Importance as a market for S.A exports (%)	Importance as a supplier of S A imports (%)
United States	19	16
United Kingdom	17	17
West Germany	9	20
Japan	11	13
Africa	7	4
France	4	8
Italy	3	4

Important South African metals and minerals as percentage of Western World reserves and production

Mineral	Share of reserves	Share of production
Vanadium	90 (1)	53 (1)
Platinum group	89 (1)	73 (1)
Chrome ore	84 (1)	51 (1)
Manganese ore	77 (1)	37 (1)
Gold	64 (1)	73 (1)
Fluorspar	46 (1)	11 (2)
	High (large)	25 (2)
	18 (2)	27 (2)
	16 (2)	13 (2)
	8 (2)	15 (2)
	4 (5)	7 (6)
	6 (6)	5 (7)

World shown in brackets

...ion in South Africa (percentages)

Oil	Electricity	Coal and derivatives	TOTAL
	14	43	62
	7	3	14
	9	1	11
		1	13
		48	100

By ANDRE HAMERSMA, group economist, Stanbic

THE IMF classifies South Africa as a "more developed primary producing country" along with Australia, New Zealand, Spain, Greece and Portugal

The economic structures and international trade experience of these countries have, in fact, much in common

There are, however, a number of important distinguishing features, one being its dualistic nature

In some respects the economy is modern and highly-developed, as can be seen from the importance of manufacturing in overall activity

But other sectors remain in early stages of adaptation to the demands of the modern world

Another feature is that the South African economy is "open" or trade intensive

Imports and exports account for no less than 55% of total activity Mining, particularly gold mining, is significant as an earner of foreign exchange, but also accounts for no less than 13% of gross domestic product

Gold alone, is responsible for more than 30% of all foreign exchange receipts Even excluding gold, which is regarded as a monetary asset, South Africa is an important trading nation It ranks about 20th in the world, being responsible for more than 1% of world trade

It is not surprising that primary commodities, such as base metals and minerals and precious stones and coins, should form the bulk of our exports

What is significant about the composition of this trade is that it includes both industrial metals and minerals, which tend to move in sympathy with world industrial output, and hedge metals and minerals which tend to flourish in times of world inflation and uncertainty

In addition, through coal and uranium, our exports have a significant energy component

South African exports have proved to be relatively stable and resilient throughout periods of international recession, inflation and energy shortages

Imports (excluding oil and arms) are mainly capital and intermediate goods, like machinery, transport equipment and chemicals These account for approximately 80% of the total

Because of the nature of its trade, South Africa's commercial links are mainly with the highly-developed industrialised countries, and more particularly with the United States, Britain, Germany, Japan, France and Italy

Last year, the United States replaced Britain as South Africa's major trading partner

West Germany has consistently increased its share as a supplier to South Africa, in recent years, and now has a commanding lead in this respect

Since 1972, the French share of the South African market has increased steadily from 3,5% to 8% last year

Southern Africa has one of the main concentrations of mineral resources in the world The other concentrations are found in the USSR and in North America

The only important minerals which have not yet been found in meaningful quantities in Southern Africa are oil and bauxite

That there is significant scope for further exploitation of many natural resources is suggested by the fact that, in many instances, the share of production lags behind the share of reserves

Domestic energy resources are mainly coal and uranium Hydro-electric power offers only limited potential Solar energy may become more important in future

South Africa's energy sources and consumption are reflected in the adjoining table

Energy use is predominantly based on electricity (generated principally from coal) and coal and coal derivatives Combined, these account for 80% of overall energy consumption

Imported oil represents only 20% of energy consumed, which is low in international terms

Comparable figures for other countries are Switzerland 69%, Germany 53%, France 66 % and Italy 69% Japan's dependence on oil is even higher

Oil is used in South Africa mainly in the transport sector (10% of all oil imports) and then again, mainly in private transport

To reduce its dependence on import oil, South Africa is extending its facilities to produce fuel and chemical feedstocks from coal

An oil from coal project, requiring investment of some $7 000-million, at current prices, is at present underway in the Eastern Transvaal, which will make it the largest individual industrial complex in South Africa

Once on stream, it is estimated that SASOL II, with its extensions, will produce 50% of South Africa's fuel requirements, based on 1978 consumption figures

Obviously developments on the political front are crucial in assessing South Africa's longer term growth potential

It is clear, however, that if South Africa can be effectively isolated from her traditional trading partners, it must have a serious debilitating effect on the country's growth potential

Against this possibility one must weigh up the vast natural resources and an abundant pool of unskilled labour

A further positive factor is that current economic policies in South Africa emphasise the improvement of the longer-term functioning and effectiveness of the economy

They are aimed at reducing government regulations in all spheres of activity There is a firm belief in the right of private ownership and a confidence in the power of the market mechanism to ensure the optimal use of resources.

In the financial sphere this is reflected in low rates of growth in nominal government spending and disciplined monetary management

A further cornerstone of policy is the firm commitment to safeguard the interests and honour contracts with non-nationals

It is my conviction that this mix of resources and sound management will ensure a resumption of strong economic growth in the 1980s

In this way, our economic performance can be instrumental in solving our social and political problems and become the source of our survival

First ore shipment from new manganese mine

JOHANNESBURG — Middelplaats Manganese, Anglo American Corporation's first manganese mine which has been developed at a cost of R50m near Kuruman in the Northern Cape, has despatched its first ore shipment through Port Elizabeth

The maiden shipment of 14 360 tons of manganese ore was loaded onto the ore carrier, Australind, and shipped from Port Elizabeth on June 20 bound for a customer in Western Europe A second shipment of approximately 50 000 tons of ore will be sent to another customer in Japan early in August

The first trainload of 5 850 tons of ore from Middelplaats left Mamthawane station, which is situated close to the mine, on April 23 and a further five train-loads of similar tonnages have followed since then

Loading of the ore is carried out at the mine's rapid loading terminal which is capable of loading 6 000 tons of ore in 16 hours

Trains carrying the manganese on the 950 kilometre haul to Port Elizabeth comprise 100 trucks and have a length of 1,7 kilometres

The mine is to be officially opened by Mr Harry Oppenheimer, chairman of Anglo American Corporation, on August 29 and when at full production, Middelplaats will produce approximately 1,1 million tons of ore annually

Production for 1979 is estimated at 200 000 tons and this output has already been sold

Development of the mine started in the second half of 1976 and two accesses to the ore-body have been constructed

A 484 metre deep vertical shaft has been sunk to provide hoisting capacity for the ore mined, while a 6 metre wide by 4 metre high inclined service ramp has been developed to allow the transport of men, materials and equipment down to the mining zone This ramp has a total length of 2,5 kilometres

Mining operations will be fully mechanized using hydraulic drilling jumbos and diesel powered rubber-tyred loaders with 23,5 ton capacity trucks. — Sapa

Rustplat steps up probe of UG 2 Reef

26/6/79 RDM

(217)

By DON ROBERTSON
Mining Editor

RUSTENBURG Platinum is sinking a prospect shaft on its claim near Potgietersrust, a move which is thought to be the first indication that the company has taken a final decision to develop the UG 2 reef.

First indications that Rustenburg was prospecting in the area were given as far back as 1976 when the directors revealed that a pilot plant had been set up at Driekop, which falls within Lebowa, in order to learn more about the reef and the associated problems in mining it and recovering the metals from it

In the inital stages, most of the ore to feed the plant was drawn from the farm Hackney, but development from an old, vertical shaft on Driekop was advanced towards the reef so that the ore could be mined and tested

The UG 2 lies under the currently-mined Merensky reef and contains the various Platinum Group Metals as well as chrome Metallurgically, however, the UG 2 reef differs from the Merensky reef and it is necessary to use a different recovery process to beneficiate the various metals

The pilot plant then was expected to be in operation for about a year

In 1977, the directors said that operations were continuing in an effort to develop a suitable recovery process. The 1978 report re-iterated that these efforts were continuing

However, late in 1978, international contractual engineers Foster Wheeler announced that it had developed a new smelting process which successfully produced platinum from the previously unexploited UG 2 ore body

This led to hopes that a number of new mines would be developed in the Bushveld Igneous Complex.

Most important of these was expected to be a project by Texasgulf, which holds the American and South African rights to the recovery process. The company holds the mineral rights over 10 000 ha in the area Texasgulf is considering the development of a new mine at a cost of about R250-million.

It is expected that a major product from the mine, apart from platinum group metals, will be chrome

The Bantu Mining Corporation has also expressed interest in the reef as a development for the Lebowa homeland It will require outside finance for any project and so far nothing further has developed

Rustenburg Platinum is the third group interested in the area and has carried out considerable drilling and research

The sinking of the prospect shaft, in the area where platinum was first found in South Africa, is seen as significant It is understood that a tunnel will be developed from the bottom of the shaft to further exploit the reef

It will be a fairly narrow shaft and not particularly deep, but the cost involved suggests that Rustenburg is fairly committed to further exploitation Nobody from Rustenburg was able to comment on this yesterday

The UG 2 reef and its qualities have been known for a long time It contains more platinum group metals than the Merensky reef, particularly rhodium The difficulty in the past has been the problem of separating these from the chrome content

For full text
see Acts 1979

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REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

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VOL. 168] CAPE TOWN, 27 JUNE 1979 / KAAPSTAD, 27 JUNIE 1979 [No. 6530

DEPARTMENT OF THE PRIME MINISTER

No. 1369 — 27 June 1979

It is hereby notified that the Acting State President has assented to the following Act which is hereby published for general information —

No 82 of 1979: National Institute for Metallurgy Amendment Act, 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1369 — 27 Junie 1979.

Hierby word bekend gemaak dat die Waarnemende Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No. 82 van 1979. Wysigingswet op die Nasionale Instituut vir Metallurgie, 1979

GENERAL EXPLANATORY NOTE:

________ Words underlined with solid line indicate insertions in existing enactments

ACT

To amend the National Institute for Metallurgy Act, 1965, so as to empower the National Institute for Metallurgy to conduct metallurgical research and research into the properties, composition, recovery, extraction, processing and utilization of minerals and mineral products (other than fuel of an organic chemical nature) in any territory outside the Republic; to provide for the application to the president, officers and employees of the said institute of allowances, bonuses, subsidies and other similar benefits which are applicable in the public service; and to provide for the secondment of an officer or employee in the public service to the service of the institute, and of an officer or employee of the institute to the service of the State or another state or of any board, institution or body established by or under any law, or of any other body or person; and to provide for matters connected therewith.

(English text signed by the Acting State President.)
(Assented to 15 June 1979.)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

Insertion of section 3A in Act 90 of 1965

1. The following section is hereby inserted in the National Institute for Metallurgy Act, 1965 (hereinafter referred to as the principal Act), after section 3:

"Institute may exercise powers in territories outside the Republic

3A. (1) The institute may, at the request or with the prior approval of the Minister, undertake metallurgical research and research into the properties, composition, recovery, extraction, processing and utilization of minerals and mineral products (other than fuel of an organic chemical nature) in any territory outside the Republic on behalf of any person (including any government or administration) in any such territory.

(2) Subject to the provisions of subsection (3), the provisions of this Act shall, in so far as they can be applied, apply *mutatis mutandis* in connection with the exercising by the institute of its powers in terms of this section as if the territory in which it so exercises its powers is within the Republic.

(3) Research under subsection (1) shall be undertaken subject to such terms and conditions as may be agreed upon between the institute and the person (including any government or administration) on whose behalf research is to be undertaken, and approved by the Minister.

Uranium potential in Nylstroom coal beds

X (217)

28/6/79 RDM

By ADAM PAYNE

SOUTH AFRICA would be able to produce up to 13 000 tons of uranium oxide a year in the early 1980s should the demand arise, the president of the Atomic Energy Board, Dr A J A Roux, said at the opening of the South uranium plant at Vaal Reefs mine yesterday.

He said that was a conservative estimate, and he was confident South Africa would be able to maintain this level well into the next century.

Production totalled 4 674 tons of uranium oxide in 1978, representing 11,4% of Western world output. Annual earnings at present amounted to about R500-million.

Dr Roux said South Africa's total uranium resources recoverable at a cost of $30 a lb or less were 355 000 tons.

Resources recoverable at $50 or less a lb amounted to 625 000 tons of uranium oxide.

"About 9% of the country's resources occur outside the Greater Witwatersrand Basin, the most important being the recently discovered uraniferous coal deposits of the Nylstroom area, followed by the occurrences in the Southern Karoo.

"No decision has, however, yet been made regarding the ultimate viability of these deposits."

Discussing expansion at Vaal Reefs mine, he said that on completion of the extensions, the combined treatment capacity of the complex's uranium plants would be 750 000 tons a month, of which the Vaal Reefs South plant alone would account for 240 000 tons a month.

This increased capacity, calling for a capital outlay of R90-million, should increase revenue by R60-million a year.

Research into improved extraction techniques had never abated and following the adoption of new processes, the efficiency of uranium recovery was expected to exceed 90% in the near future.

Discussing the world energy situation, Dr Roux said "The energy supply which could be attained in the next few decades is easier to predict than is the demand for energy because energy supply is determined primarily by technology.

"Studies performed by organisations internationally prominent in the field of energy have indicated that, by the year 2020, the total annual primary energy supply could reach 1 000 exajoules, or more than three times today's supply.

"Coal, nuclear and solar resources will be called on to provide about two-thirds of the world's energy supply by that time, of which it is predicted about 30% will be provided by nuclear energy from fission.

"This is based on an essential but dramatic penetration of electric power supply by nuclear energy and an unprecedented development of uranium mining on a worldwide scale."

COMMENT: A signicant part of Dr Roux's speech was his statement, not made before, that the discovery of uranium in coal deposits in the Nylstroom area is of more significance than the deposits in the Karoo where several tubular deposits have be found.

Dr Roux's optimistic forecasts follow the presidential address by Mr Philip von Wielligh to the Chamber of Mines, in which he said the uranium outlook was encouraging.

He said that a worldwide review of nuclear power operational difficulties would be made following the Three Mile Island accident.

He was confident that the results would confirm the fact that nuclear generators were essential in a world faced with shortages of other fuels.

Iraqi threat

BAGHDAD. — Iraq will impose an oil embargo on Canada if it moves its embassy in Israel from Tel Aviv to Jerusalem, says the official Iraq news agency.

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'SA uranium production is increasing'

KLERKSDORP — For South Africa to keep its position as one of the leading uranium producers, it would have to maintain a high level of reserves of the mineral, the president of the Atomic Energy Board, Dr A J A Roux, said in Klerksdorp yesterday

Opening South Africa's 16th currently operating uranium plant at Vaal Reefs, Dr Roux said in order to do that "we must not only spend wisely but must ensure that our limited resources of manpower receive the best training in the field of nuclear technology"

Dr Roux said "South Africa, I am pleased to say, has a reputation as a reliable supplier of uranium Its production has steadily increased in recent years and in 1978, 15 plants owned by 18 producers produced a total of 4 674 tons of uranium oxide representing 11,4% of the Western world's production Annual earnings currently amount to about R500-million

"The Klerksdorp area accounted for 44% of total production in 1978, half being due to Vaal Reefs — a truly magnificent performance

'The Atomic Energy Board, in collaboration with the mining industry, has conservatively estimated that, should the demand arise, South Africa will in the early 1980's be in a position to produce up to 13 000 tons of uranium oxide a year," Dr Roux said, confident the country could maintain, or even exceed, this figure well into the next century

The private sector were spending ever increasing amounts on exploration — by 1978 the figure was nearly R21-million, with the State contributing an extra R800 000 for airborne surveys alone

Dr Roux acknowledged the "responsible attitude" of South Africans towards the use of nuclear energy — an attitude he said was unclouded by the emotionalism so often encountered in other countries

He also paid tribute to the mining industry and especially to the Anglo American Corporation "for the immense contribution it makes to the national well-being, and for the efforts devoted to uplifting a large portion of our population and providing greater job opportunities for them"

Through its enlightened and progressive approach Anglo had played a major part in making South Africa, regardless of colour or creed a great country to live in," Dr Roux said — Sapa

The induna is caught in what can be described as a double bind imposed by management - he is expected both to control the hostel and represent the inmates to management. Because he is an appointed official he cannot fulfil this role satisfactorily. In particular, the miners do not respect the induna who casts himself in the role of a traditional chief, but this does not prevent him, unpopular though he may be, from wielding the extensive power granted him by management in order to victimise those who have fallen foul of him and favouring those who have ingratiated themselves.

Tension exists between the clerks and the indunas. The clerks are on the whole arrogant and corrupt, but the ordinary miner can and does play the clerk off against the induna.

217 FM 29/6/79

TIN

Weakness ahead?

Tin's recent rapid climb could be the rise before the fall — and some analysts are predicting that the fall could give tin producers quite a jolt. Midweek prices for immediate delivery tin were cruising along at just below £8 000/t on the London Metal Exchange, around £500 higher than levels ruling in mid-June.

Prices for metal for delivery in three months time have not mirrored this increase and the market's backwardation has therefore doubled to around £800, underlining a shortage of tin for immediate delivery in Europe. This shortage, analysts stress, is purely technical and likely to be short lived. One LME source even suggested to the *FM* that apart from shipping delays, there is a possibility the shortage is being exacerbated by purchases on behalf of producer interests anxious to keep prices firm ahead of next month's International Tin Council meeting in London when an upward revision of the ITC support price range will be discussed.

However as soon as this period of temporary shortage passes by, market sources believe that the tin price could face strong downward pressure. By October some suspect that the price could be as low as £6 000 as the tin market steadily continues to move into surplus. During last year prices were fuelled to record levels by a tin market deficit of at one stage over 20 000 t. This however has steadily been bridged and in the next few months some are expecting the market to move into surplus to the tune of 4 000 t to 5 000 t. The prime reason for this is steadily increasing output in Thailand, Malaysia, Indonesia, Australia and Brazil.

The only major producer which does not seem to have responded to the recent record prices is Bolivia, the world's second largest, which faces a multitude of labour and technical problems associated with high-altitude mining.

How large a surplus?

However this scenario only involves the likelihood of a developing "economic" surplus. The overall excess of supplies could be much larger if the US releases "political" tin from its General Services Administration stockpile, which currently contains 175 000 t of the metal — roughly equivalent to one year's world consumption. The possibility of GSA releases has been under discussion in Washington for some time as part of an overall rethink of US stockpiling policy which since the second world war has encompassed a multitude of raw materials ranging from cobalt to duck feathers. However, the Armed Services Committee has blocked releases until stockpiling policy is clarified. And to a degree this has now been achieved with the Senate approving stocks sufficient to see the US through a three-year war or similar emergency.

The House of Representatives had already approved broadly similar legislation, though the two bills will still have to be married together on certain aspects of stock finance. Once this is done the way will be clear for individual inventory adjustment, including tin sales. To date, releases of between 10 000 t and 35 000 t have been discussed. But apart from the extent of overall releases, their timing and the mode of their disposal will be essentially important to the market. Assuming that releases begin within the next few months it could mean, some suspect, a further 5 000 t to 6 000 t of tin being added to the mounting economic surplus — and that could send the prices down below £6 000. Although some increase in the ITC's floor price (which the organisation has ample resources to defend) is expected in July, the new level may not be higher than £5 700 — an increase of £700. Support buying by the ITC would come in above that new level, but a persistent stock build up could nevertheless pressure the price well down towards it.

VOLKSKAS INDUSTRIES

On June 15 we wrote that Volkskas' industrial interests are now under the direct control of Volkskas Industrial Bank. The correct position is that newly-created subsidiary Volkskas Industries controls these interests and it is this subsidiary which could be reversed into Bonuskor.

RDM 2/7/79

(217)

Uranium mine ahead of schedule

WELKOM — The development of South Africa's "hush-hush" mine — the Bisa mine 25 km south of Welkom — "is slightly ahead of schedule", Union Corporation officials told visiting journalists yesterday

The mine will be the first in the country to primarily produce uranium with gold as a by-product

The R200-million project (in 1978 money terms) is under tight security wraps watched over by the Atomic Energy Board.

No details of the grade ore reserves of uranium-bearing ore or details of sales agreements may be given, but the mine has concluded a long-term contract covering a "substantial portion" of its uranium oxide output from 1983 onwards.

An initial production rate of 100 tons of ore a month is due to be reached in 1982

The main shaft at Bisa has now reached a depth of 170 m of the planned 1 070 m .

The ventilation shaft was down to 560 m of the planned 675 m by the end of last month

Workers have just started on the mill and uranium and gold extraction plants .

The latter will be the first in South Africa to make large-scale use of the "carbon in pulp" recovery process which is expected to give enhanced gold recovery

Union Corporation spokesmen said that the timing of a public share issue in Bisa had not yet been decided on . — Sapa.

5/7/79 N.m (217)

U.S. slaps N-ban on South Africa

PRETORIA — Enriched uranium ordered by South Africa from the United States would not be delivered, the president of the Atomic Energy Board said here yesterday.

Dr. J. W. L. de Villiers said South Africa's payment for 12kg of enriched uranium had been returned.

The uranium was ordered for the Safari One reacter in 1975.

No alternative source for enriched uranium had been found but investigations and negotiations were in progress.

South Africa did have the technology to enrich her own uranium but the Government would have to decide whether this should be done, he said.

Safari One was already affected as it could only operate at about one-eighth of its capacity. This was affecting isotope production and the energy board's research programme.

Although South Africa had been expelled from the Board of International Atomic Energy Agency in 1977, she still had good international nuclear contacts.

If South Africa began producing enriched uranium in commercial quantities, it would be prepared to supply friendly countries subject to their "complying with certain conditions", Dr. de Villiers said.

Exports

The U.S. hinted that the uranium would not be coming two years ago when President Carter ordered an overall policy review on enriched uranium exports to countries which had not signed the Nuclear Non-Proliferation Treaty.

South Africa has not signed.

U.S. officials pointed out that the review was not specifically aimed at South Africa, but the then Prime Minister, Mr. John Vorster, accused the U.S. of reneging on its pledge to provide Safari One with the strategic mineral.

American officials claimed small amounts of highly enriched uranium had been delivered to South Africa. — (Sapa.)

frequency of inter-settlement contact would have increased and with it the probability of friction would have grown. The level of stress would have increased until fission occured when groups would have moved away, settled and formed the nuclei of new cultures. Each of these nuclei could have acted in turn as a centre for fission and further expansion.

In this model, as was the case for the continuous spread model, carrying capacity has been defined as psycnological tolerance and the problem of limiting resources remains.

A flow diagram and computer simulation of the discontinuous spread model were prepared (Fig.3, Appendix 1).

DATA

Quantitative data . The rates of population growth used in the simulations were two, three and a half, and four per cent per annum. The values were

5/7/79 RDM (217)

US stops uranium sales to SA

By GERALD REILLY
Pretoria Bureau

THE UNITED States is now closed to South Africa as a source of highly enriched uranium, the president of the Atomic Energy Board, Dr J W L de Villiers, said in an interview yesterday

Government authorities in the US had refused an export permit for the enriched uranium

However, reports that the payment had not been returned were inaccurate In fact, the money had been repaid to the board

Asked where South Africa could now look for alternative supplies Dr De Villiers said. "We are investigating this problem now and negotiations are in progress"

It might be possible for South Africa to produce its own enriched uranium, using its own process, but this, Dr De Villiers said, would need a decision at Government level

Until a new source was found, however, Dr De Villiers said, the production of isotopes by Safari One would be affected

was conceptualised as a series of concentric circles. The perimeter of each circle was set at 10 km away from the previous circle.

Cultural data. The bevelled/flutted complex corresponds, at least in broad outline, to the eastern stream (Phillipson, 1977). However, there are a number of problems associated with the eastern stream. Nkope has been included in the eastern stream and has been used as a link between Early Iron Age cultures in eastern and southern Africa. Huffman (1978) has shown that some of the cultures included in the eastern stream, notably the Transvaal group, do not have a high relationship to either the Nkope-Gokomere axis or to Silver Leaves material and should be excluded from the eastern stream. Similarly, Nkope has occasional fluting and bevelling which has been used to tie it to the eastern stream, but as this feature was not common (Robinson, 1973; Table 2) and it would seem that Nkope probably belonged to a different tradition.

Phillipson (1975, 1977) has suggested that the expansion occured as a linear continuum with Urewe as the earliest and Silver Leaves as the latest group. The linear continuum is based on the floruit analysis (Phillipson, 1975) and has marked differences from the reconstruction derived from pottery analysis which suggested that Urewe and Kwale were related through a common ancestor (Soper, 1971b). The simulations were carried out over both possible reconstructions:

Simulation 1. Urewe ⟶ Lelesu ⟶ Kwale ⟶ Silver Leaves
Simulation 2. Kwale ⟶ Silver Leaves

RESULTS

Simulation 1. The discontinuous spread model produced a faster rate of expansion than the wave of advance model. Rates of less than one kilometer per year were generated by the wave of advance model (Table 1) and these were an order of magnitude lower than the rates from the discontinuous spread model (Table 2). The rate of spread for a culture in the discontinuous spread model was similar to the rate generated by the wave of advance model (Table 3). Different input populations had little affect on the rates for the wave of advance model (Table 4) but did affect the internal culture expansion rates for the discontinuous spread model (Table 5). The differences in the rates of spread within a culture, for the discontinuous spread model, resulted from high populations inputs being spread over a large area . Only a relatively small area was colonised before fission occured. Therefore the time taken to reach the critical population density was short and this produced fast rates of expansion.

Simulation 2. The rates of advance for the wave of advance model remained the same as in simulation 1. This was also true for the within culture expansion rates derived from the discontinuous spread model. Appreciable differences were found in the overall rate of expansion, with rates from Kwale to Silver Leaves expansion being much faster (Table 6) than from Urewe to Silver Leaves (Table 2).

(217)

SPESIALE PAD VIR BLACK MOUNTAIN

DIE provinsiale administrasie van Kaapland het pas 'n spesiale pad van 160 km voltooi, wat die sleutel is tot die ontsluiting van die minerale rykdom van die Swartbergmyn by Aggeneys tussen Pofadder en Springbok in Noordwes-Kaapland.

Goudvelde van Suid-Afrika en Phelps Dodge van die Verenigde State, mede-eienaars van Black Mountain Mineral Development Company, is feitlik gereed om erts van die myn met die nuwe pad langs te begin uitvoer.

Die pad verbind die myn met uitwykspoor 10 van die Sishen/Saldanha-spoorlyn

Sink-, lood- en koperkonsentrate sal met vragmotors van die myn na die spoorwegpunt vervoer word en sal dan daarvandaan per spoor na die kus geneem word vir uitvoer.

'n Padvervoerkontrak van vyf jaar is toegeken aan Jowell's Transport van Springbok, wat 'n lid van die Trencor-groep in Kaapstad is. Die eerste wavragte sal na verwagting die myn vroeg in Desember verlaat

Om die eerste fase van die vervoerkontrak te behartig, het Jowell's 'n bestelling ter waarde van meer as R500 000 by Sigma Power Corporation geplaas vir tien Mack-voorspaneenhede

Elke Mack-eenheid sal 'n kombinasie van twee sleepwaens met 'n totale gelaaide, algehele massa van 88 t trek. Toestemming is reeds verleen vir hierdie buitengewoon swaar vragte, wat die beperking van 49 t kragtens die Padvervoerwet ver oorskry.

Die Mack-verspreider, Sigma Power Corporation, is onlangs gestig as 'n volkome outonome volfiliaal van die Sigma Motor Corporation, met die doel om vragmotor- en grondwerktuigbesigheid te behartig

Sigma Power het langtermyn-verspreidingsooreenkomste met Hitashi en Komatsu ten opsigte van grondwerktuie, en met Mack en Mitsubishi ten opsigte van vragmotors, asook vir Komatsu- en Ameise-materiaalhanteertoerusting.

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c) Ander lede

Mnr K. Bosman

Mnr H.W. Middelmann

Eerw. M.T.L. Mol...

...verslagjaar het die navorsing van die ...lgende behels

...en Politieke Verandering in Suid-Afrika

...is 'n paar jaar gelede aangepak. 'n Onder-... kleurling bevolking van die Kaapse Skier-...nneem. 'n Aantal tydelike navorsings-

...van die Maat-... verteenwoordiger ...g gehou en die ...n. Terwyl geen ...d hulle geraad-...se program raak.

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergader-...

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriele firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April)

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

MARLIN FM 20/7/79 (217)

Fishing for exports

Activities: *Quarrying and extraction of granite principally in the Belfast and Rustenburg areas of the Transvaal Associate companies extract and market quartzite and slate, and carry on certain engineering activities on a minor scale Formerly Lemor Investments and before that LHL Engineering*

Chairman: *P B Gain*

Capital structure: *3,1m ordinaries of 50c, 400 000 11,8% "A" red cum prefs of 10c, 1,6m 10% "B" red cum prefs of 10c Market capitalisation R4,9m*

Financial: *Eight months to February 28 1979 Borrowings long and medium-term, R150 000 Net cash R71 000 Debt equity ratio 16,3% Current ratio 1,4 Net cash flow R274 000 Capital commitments Nil*

Share market: *Price 155c (1978-79 high, 155c, low, 25c, trading volume last quarter, 230 000 shares) Yields 1,9%* on earnings, Nil on dividend PE ratio 52,5**
**Annualised*

Peter Gain . . more details needed

It is to be hoped that chairman Peter Gain will be more forthcoming at the agm on August 2 than the brief three lines confirmation that his expectation of taxed profit for the year to February 28 1980 remains unchanged at R1m

While understanding that Marlin does not wish to disclose more than necessary to the outside world, and competitors in particular, about its lucrative granite activities, we feel that outside shareholders are entitled to a broader picture. After all, it was not so long ago that Marlin was a shell company with the name of Lemor, controling the non-operational assets of what was once LHL Engineering

The share is currently standing at a high of 155c, giving yield of 6,4% on the forecast dividend of 10c and an earnings yield of 17,2% on the forecast 26,7c

	'79
Return on cap %	3,1
Turnover (Rm)	1,9
Pre-tax profit (R'000m)	61
Earnings (c)	2,0*
Dividends (c)	—
Net asset value (c)	81

*Annualised

With the small number of shares in outside hands and a flurry of trading activity in the last quarter (236 000), it appears that the market is anticipating a better result than that forecast at the time of the transmuted listing statement The forecast 10c dividend would be covered 2,7 times by anticipated earnings There could be "gold" in that granite, particularly since the entire production is exported and is thus not dependent on the gyrations of local building and construction industries

The market is obviously anticipating better than forecast results, but until the company is more forthcoming, potential investors are advised to be cautious, particularly at current price levels Nevertheless, Gain's track record with Elgin Fireclay speaks for itself Indications are that the granite operation has potential to expand considerably without flooding foreign markets and there is some possibility of producing waste rock for roadstone which could reduce granite production costs

Edward Hung

results and dividends

		Pre-tax profits Rm 1978	1979	Percentage change	Earned cents per share 1978	1979	Paid 1978	1979
Bankovs	A	§0,6	§0,7	+13	9	10	6	6
Kohler	I	6,8	9 0	+32	50	66	18	27
Marlin	A	0,2	♦0 1	—	5	▼5	—	—
National Trading	I	1,4	2 1	+55	19	24	4	6
Toncoro	D	—	—	—	—	—	—	—

Sector	Dividend Amount cents	Register by	Payable about
Banks & Finance	—	—	—
Paper & Packaging	*27,00	28 9 79	19 10 79
Other Mines	—	—	—
Engineering	*6,00	27 7 79	17 8 79
Building	‡5,00	27 7 79	24 8 79

A = Annual report § = After tax figure I = Interim * = 6 months ♦ = 8months ▼ = Adjusted to 12 months D = Dividend ‡ = Annual

issues

COMPANY AND TERMS	Nil paid letters: Last day to register	Listing begins	Issued	Listing closes	Last day for splits	Date offer closes	Fully paid letters of allotment: Listing begins	Issued	Listing closes	Last day for splits	Shares listed	Shares issued	Prices of letters (cents): Take up price	Price Jul 9	Price Jul 16
CULLINAN — Rights issue details to be advised	20 7 79						Preliminary announcement								
FEDFUND — Rights issue 1 new unit for every 2 units held at 105c	20 7 79						Preliminary announcement								
GIC — Rights issue 2 new shares for every 5 shares held at 95c	22 6 79	25 6 79	29 6 79	18 7 79	19 7 79	20 7 79					19 7 79	8 8 79	95c	—	3
METKOR — Rights issue 70 new 10½% cum con non redeemable pref shares of 50c each for every 100 ord shares held at 50c	3 8 79	6 8 79	10 8 79	29 8 79	30 8 79	31 8 79					30 8 79	21 9 79			
OVENSTONE — Rights issue details to be advised	20 7 79						Preliminary announcement								

217 N.M 23/7/79

Lake bank may hold uranium

SALISBURY — Geologists are taking another look at the chances of striking uranium in Zimbabwe-Rhodesia

One expert has said there was "a strong suggestion" the strategic mineral may be found on the south bank of the Zambezi

A recent air survey of Zambia, in which gamma ray detectors were used, found "a very promising uranium prospect" at Siavonga just across the border from Kariba, wrote Dr Alan Reid in the July issue of Zimbabwe - Rhodesia Science News

He is a member of the physics department at the University of Rhodesia

"Geological evidence strongly suggests the existence of similar south bank deposits — which could most easily be located by an airborne radiometric survey," Dr Reid wrote.

Security

Such a survey picks up gamma radiation from the uranium and records it on magnetic tape

The tape in turn is used to prepare maps showing the highest intensity of radiation

In 1977 the Anglo American Corporation proposed such a search over five areas between Wankie and Copper Queen but was unable to carry it out because of the security situation.

"An air survey plane is particularly vulnerable to terrorists because it must fly at a uniform altitude and in a uniform grid," Dr Reid said

In an article in the annals of the Rhodesia Geological Survey published earlier this year, the director, Mr E R Morrison, mentioned that previous undisclosed prospecting had taken place since 1977 near Sinamatella, on the lake shore south-west of Kariba

Discoveries

"Uranium mineralisation in the vicinity of Sinamatella, which has been known since 1958, was re-examined," Mr Morrison wrote. No other details were given

Mr Morrison also wrote that "particularly promising" prospecting areas for uranium had recently been identified as a result of discoveries in neighbouring countries

But he cautioned that "no economically significant uranium deposits have been discovered" in Zimbabwe-Rhodesia

"However, in view of recent discoveries on the Zambian shore of Lake Kariba, in the Beaufort West district and elsewhere in the Karoo and in the western part of the D'mamra belt in South West Africa, the uranium-bearing potential of this country must be reassessed." — (Sapa.)

SA well placed as mineral supplier

217 25/7/79 Star

By Lynda Loxton

The current world oil crisis may be followed by a "minerals crisis" which will place unprecedented demands on South Africa's transport infrastructure, says the president of the Chamber of Mines

Mr Dennis Etheredge delivered a paper on the transport needs of the mining industry in the 1990s at the seminar.

He said the Minerals Bureau had predicted South Africa's mineral sales, valued at 1977 prices, would have nearly doubled by 1987 In addition to the expected increase in mineral mining in other parts of southern Africa in the near future, this would make present transport facilities inadequate in both the short or medium term

South Africa had a high proportion of the world's reserves of key and strategic minerals Apart from the Soviet Union, mining in other areas had been inhibited by economic factors, said Mr Etheredge

He said the complacency of free world countries before the fuel crisis hit home had prevented them from taking action much earlier Similarly, no real action has been taken by them to ease their vulnerability to a shortage of minerals

"The world is currently moving into a recession but I expect this to be short-term and that South Africa will increasingly become the focus of attention as a key supplier of raw materials," he said

"We may even experience something of a 'minerals crisis' as world demand for minerals grows, requiring the unlocking of our vast mineral resources which have so far barely been tapped.

If there was a "new minerals takeoff," South Africa "will be well placed with its coal-based energy resources, supplemented by nuclear energy, and extend its transport system to cope with such a situation"

Mr Etheredge said he did not like speculating on the mining industry's future transport needs, but the industry was looking hard at the situation brought about by the oil crisis, "for the cost factor of transport can be critical to the competitiveness of some of our minerals."

FM 22/1/71

BASE METAL QUARTERLIES

Increasing pressure

There are exceptions, of course, but while world economies drift [illegible] metal prices are coming under increasing pressure. Tin particularly has [illegible] from the upward price [illegible] which characterised the market [illegible] weeks ago. The then [illegible] for immediate delivery [illegible] prices hovering around the [illegible] are gone. And with [illegible] coming from most major producers, the current LME cash quote of [illegible] reflects a cooler attitude among [illegible]

Along with everything [illegible] metal and [illegible] exhibiting signs of [illegible] Almost worldwide [illegible] under pressure meaning [illegible] demand [illegible] antimonial lead batteries and flame-proofed auto trims.

Whichever way it is looked at, it seems that nothing short of [illegible] can reverse the situation [illegible] with it increasing [illegible] fortunes [illegible] impossible to blame [illegible] take a chance on the metals [illegible] bullion could build up a [illegible] head of steam to [illegible] Rooiberg [illegible] mine [illegible] prospect [illegible] unlikely to [illegible] months. There is also [illegible] threat to A mine grades [illegible] disappointing drilling and [illegible] results in the [illegible]

Similarly [illegible] the C mine [illegible] values [illegible] though [illegible] been [illegible] following [illegible]

encouraging development sampling results have been disclosed at Vellefontein's first stoping block Whether ore grades from this source will compensate for declines at A mine remains, however, to be seen

Capex of about R3,8m is planned for the current half year, with commissioning of the tin smelter slated for the final quarter While tin prices maintain their current levels, there should be no funding strains, with the prospect of a 100c final to follow the 90c interim

Union Tin. At this stage and while tin prices hold their own, Union Tin has a life expectancy of at least 3,5 years But this is a minimum, apparently A measure of management's confidence in continuity of operations is the R150 000 increase in capex planned for the year

Capex of about R400 000 is planned for the current six months, meaning that the final dividend may not be substantially better than last year's 10c Even so this should not detract bulls of the shares, heartened by announcement that the potential for further exploration on a broader base has again been reviewed and that drilling to test the mine at depth is starting

Cons Murch Following the unexpectedly high 30c interim, retained earnings from the first half's operations are more than adequate to fund this year's remaining planned capex The mine remains relatively cash flush, and at end-June had concentrate stocks of 5 916 t in the books at nil value but worth around R5m cif at current prices

Even so, it is probably safest to remain cautious of the shares at least until third-quarter results show that production and sales are on an improving path

Unlike before when the mine was at a low, concentrate stocks are not particularly high, and it should be remembered that with the mine's unique accounting system, full tax is payable on sales from stocks So stocks on hand are only worth about 75c per share after tax

At the same time, the antimony market has yet to prove that volume demand and prices can be maintained In addition, there is no indication that the mine has a better life expectancy than the eight years estimated by chairman Tony Dalton-Brown at the agm No doubt one day the share will stage one of its famous run-ups, but at risk of appearing ultra-bearish, I do not think the time is now

Jim Jones

45-64	0,92	[illegible]						
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91

0-1	0,02	0,03	0,00	0,10	0,12	0,14	0,02	0,04
1-4	0,01	0,01	0,02	0,00	0,12	0,14	0,02	0,04
5-24	0,02	0,01	0,04	0,04	0,02	0,04	0,03	0,02
25-44	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

XIV CONGENITAL ANOMALIES

	W		A		C			
	M	F	M	F	M	F		
0-1	1,57	0,76	0,60	1,03	1,24	0,79		
1-4	0,05	0,04	0,05	0,05	0,05	0,02		
5-24	0,01	0,00	0,01	0,01	0,01	0,02		
25-44	0,00	0,00	0,00	0,00	0,00	0,01		
45-64	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00
65+	0,02	0,01	0,00	0,00				
ALL	0,04	0,02	0,03	0,04				
NO.	87	43	9	14				

XV CERTAIN CAUSES OF PERINATAL M[illegible]

	W		A					
	M	F	M	F	M	F		
0-1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

COPPER

217 FM 3/5/79

Looking green

The copper market is in deep trouble again. Only a few months ago trade and industry experts were anticipating an average price of well over £1 000/t throughout this year, after a prolonged period of depression in the world copper industry characterised by sluggish industrial demand and record inventories, which at one stage threatened to substantially exceed 2 Mt.

This week, copper wirebars have been trading nervously at just above £800 on the London Metal Exchange the internationally accepted barometer of conditions in the world copper market A week or so ago things looked worse still when copper wirebar prices dropped below the psychologically critical £800 level — and indeed copper cathodes, traditionally at a discount to wirebars, continue to trade well down in the £790s

The problem is that copper, a mass-produced metal with a host of industrial applications, especially in the electrical industry, has caught a severe case of the recession bug Additionally, producers have tended to react over-enthusiastically to previously-improved price levels And as far as sterling copper price quotations are concerned, they have been further depressed by the ever-mounting value of that currency against the hard hit dollar

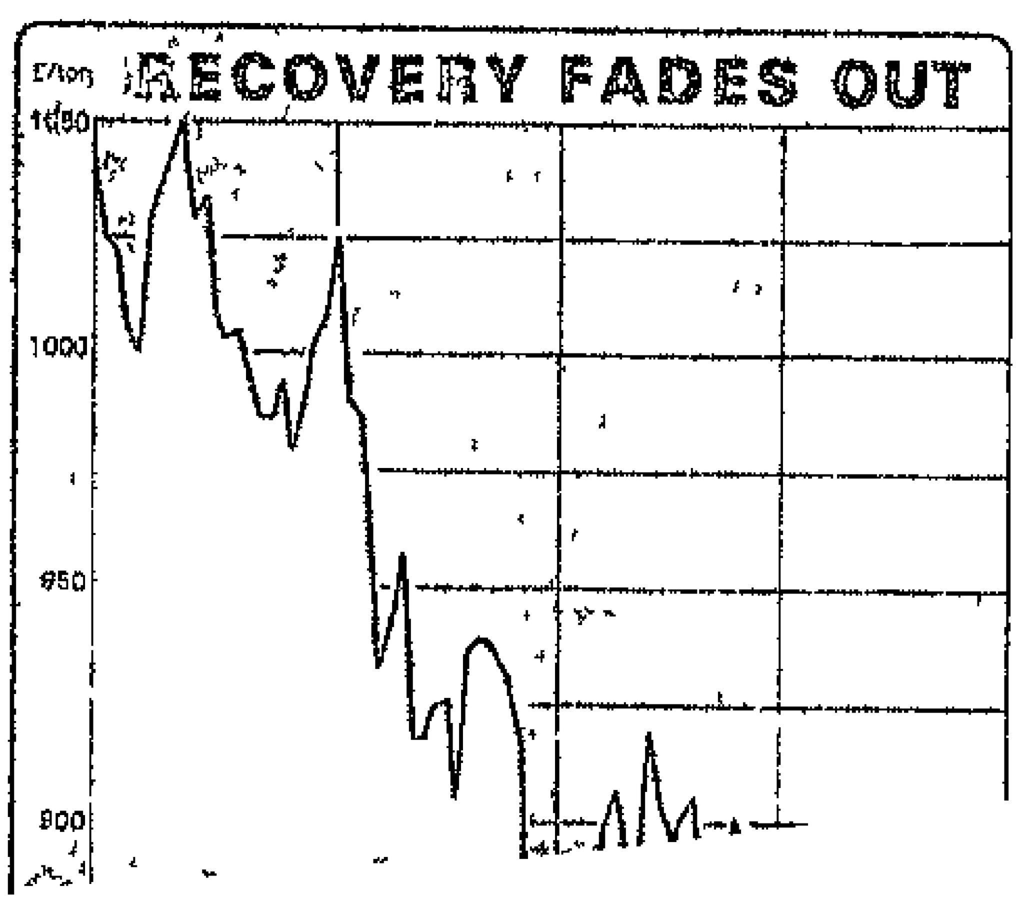
Summing up the situation in its latest market report commission house traders Bache Halsey Stuart comment the complete lack of confidence in the dollar, coupled with the recession which the West is rapidly sailing into, must seriously jeopardise the base metal's prospects for improvement" The company feels that only a change in the fortunes of the dollar or "a hitherto unpredicted fundamental development" will give LME copper prices "the necessary impetus"

Originally the copper market was expected to weather the forthcoming mild downturn in western economic activity reasonably well

Though the rapid price increase which saw the metal rise to well over £1 000 over the last six months or so was not expected to be maintained, those predicting a return to around £800 were definitely in the minority The situation, of course, changed substantially in the wake of Iran's decision to reduce oil supplies and the consequent decision by Opec to raise oil prices to a level roughly 50% above prices ruling a year ago In turn this has caused many people to suspect that the West is heading for a much deeper than expected economic recession and that is bad news for such a commonly consumed metal as copper, analysts point out

Meanwhile an unfortunately over-euphoric reaction by copper producers looks set to continue to take its toll on the copper price In the US, for instance, most leading copper producers announced plans this spring to boost output after four years of cutbacks This alone, some analysts suspect, could this year add a further 200 000 t to world copper supplies — roughly equivalent to one third of Zambia's annual output Additionally, Mexico's giant La Caridad copper mine recently came on stream — it is likely to be producing around 150 000 t of copper a year — though mercifully for other producers Iran's massive Sar Chesmeh complex has still to be activated due to the revolution and its aftermath

The severity of the market turnaround caught a number of participants in the key LME market by surprise — with some brokerage concerns making substantial losses But where does the price go from here? "With sentiment about the economy gloomy and sterling possibly rising further " says London brokerage house Intercommodities Ltd , "the upside potential in copper at present looks limited and prices could fall further ' According to LME ring dealing member R [illegible] — the severe bout of either transport or production problems in the Central African copperbelt or industrial hitches in Chile or Peru major analysts are expecting minimal price movement in either direction in the near future and for the time being the world's producers will have to learn to live once again with depressed price levels



signposts

	Current	Week ago	Month ago	Year ago
RDM 100	**315,3**	**311,5**	**305,9**	**255,2**
% change on	—	1 2	3 1	23 6
P/E ratio	4 8	4 8	4 8	4 8
Div yield	7 5	7 6	7 6	8 5
UK FT Ind	**454,2**	**467,0**	**479,5**	**495,5**
% change on	—	- 2 7	—5 3	—8,3
P E ratio	7 0	7 3	7 8	8,2
Div yield	7 1	6 8	5 9	5 4
US Dow Jones	**846,4**	**829,8**	**835,6**	**860,7**
% change on	—	2 0	1 3	—1,7
P/E ratio★	8 1	7 9	7 9	9,5
Div yield★	5 2	5 3	5 3	4 8
Gold price (in US $ on London)	**298,9**	**305,9**	**282,1**	**202,8**
% change on	—	- 2 3	6 0	47 4
Krugerrand (Rand)				
Public selling price	**284,8**	**294,9**	**274,2**	**208,3**
% change on	—	—3 4	3 9	38,1

★ Standard & Poor index

Public buying price in 10% below subject to negotiation

217 3/8/1979

ASBESTOS

Grounds for concern

As usual, half-time reports from the two quoted asbestos producers contain the *caveat* that results reflect seasonality in fibre sales. But though second-half sales should be higher than first-half, few analysts are prepared to count on any major near-term improvement in asbestos markets. This, coupled with the weakness of the Canadian dollar, the currency of the world's major producers, means there could be problems for local producers in achieving any meaningful year-end rand-denominated price increases.

Msauli: Last year, second quarter asbestos sales were made at an average price of R208,2/t. This year, they were recorded at R201,4/t. But this cannot be seen in isolation. This time last year, fibre recoveries averaged 11,1%, so this year's second quarter 9,6% recovery, indicating a lower percentage of shorter fibre recovered and, presumably, sold is an added indication of stiff competition in world asbestos markets.

Not that Msauli's management appears to be particularly worried about results for the full year. Though mill throughput advanced to 226 000 t from the first quarter's 198 000 t, unit production costs advanced to R87,1/t (R83,2/t) of fibre. The interim dividend has been hiked to 20c (17,5c) from first-half available earnings of 22,2c (18,6c)

A poor year-end?

Normally, second-half sales are ahead of first half, especially as consumers stock up during the fourth quarter ahead of normal year-end posted price hikes by the Canadian majors. Nonetheless, there are grounds for caution on this year's second-half results Last year, second-half available earnings were 39,8c and a 35c final declared

Capex this year was slated in the annual report to be some 50% higher than last year's R651 000, pointing to more than R700 000 — equivalent to 10,9c a share — being spent in the second half Until world economies start recovering, there may be little scope for year-end Canadian benchmark price hikes and thus some reticence on the part of consumers to stock up ahead of them Until third-quarter results confirm the normal second-half sales and profit upturn, at 345c the shares seems fully valued.

Gefco: Much the same marketing considerations apply as to sister mine Msauli But in addition, mining operations appear to have moved into lower-grade areas with a drop in fibre yield to 12,7% from the first quarter's 14,4% At this stage, it seems unlikely that the lower yield was due to lower production of shorter fibres as second-half sales revenue slipped to R544,6/t from R546,8/t in the first quarter.

Increasing mill throughput has resulted in better unit cost control, though on a per ton of fibre basis, any gains were more than counteracted by the lower average yield

On first-half available earnings of 16,6c (23,2c) a 20c (24c) interim has been declared So unless the second half shows a major improvement in turnover and profit, it might be difficult to repeat last year's 31c final even though second-half capex is slated to be lower than the first half's R682 000

Jim Jones

c) Ander lede:

Mnr K. Bosman	Mnr H.W. Middelmann
Professor A. Cupido	Eerw. M.T.L. Moletsane
Mnr N. Daniels	Professor A.D. Muller
Mnr Achmat Davids	Sheik A. Najaar
Professor R.J. Davies	Mnr Victor Norton
Professor J.J. Degenaar	Professor N J.J. Olivier
Mnr René de Villiers	Mnr L. Phillips
Dr I.D. du Plessis	Professor H.P. Pollak
Professor J.J.F. Durand	Mnr W.J. September
Professor J.B. du Toit	Mnr Franklin Sonn
Mnr A. Flederman	Mnr P.M. Sonn
Professor R.F. Fuggle	Regter J.H Steyn
Mnr G.J. Gerwel	Mnr R. Tobias
Eerw. D. Guma	Professor R.E. van der Ross
Professor A. Paul Hare	Professor J H. van Rooyen
Dr Gertrud Heydorn	Mev. S. Walters
Mnr F.A. Jacobs	Professor F.A.H. Wilson
Mnr H.M. Jimba	

d) Twee Ere-Fellows·

Professor J L. Boshoff
Dr Sheila T. van der Horst

Lede word na die Algemene Jaarvergadering van die Maatskappy uitgenooi en kies elke drie jaar 'n verteenwoordiger op die Beheerraad. 'n Verkiesing is in 1978 gehou en die huidige ampsdraer is Biskop A.W. Habelgaarn. Terwyl geen verpligtinge aan lede opgelê word nie, word hulle geraadpleeg in verband met sake wat die Sentrum se program raak.

NAVORSING

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Ondersoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

Company to mine Transkei marble

17/8/77

UMTATA — A newly-formed Transkei company has the sole mining rights of the rare Port St Johns Travertine marble and expects to be in full production within four months, it was learned here yesterday.

The financier of the Transkei Exploration and Mining Company (Pty) Ltd, Mr Hannes Faul, said the company already had South African orders for uncut blocks of Travertine, and there had been inquiries from America, France and the Middle East.

The second phase of the Travertine production involves a cutting and polishing plant in Umtata. Mr Faul expects to begin exports to Middle East and American markets by February next year.

Cut and polished Travertine is to be sent to the East London harbour in containers, from where it will be exported overseas. The company also has a contract with the Transkei Development Corporation for the road transport from the mine to Umtata goods yards, according to Mr Faul.

Friends (... van die American ...
Committee
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en verskei
ontmoet. H
en opvoedku
aan Nederla
gram ontvang
Gereformeerd

Professor J.
Program, het
in Natal en
en industrie.

(b) konferen

Gedurende 19
bygewoon·

Jaarlikse ... en Raadsvergadering van die Suid-A... tuut vir Rasseverhoudinge, Kaapstad (Januar...

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

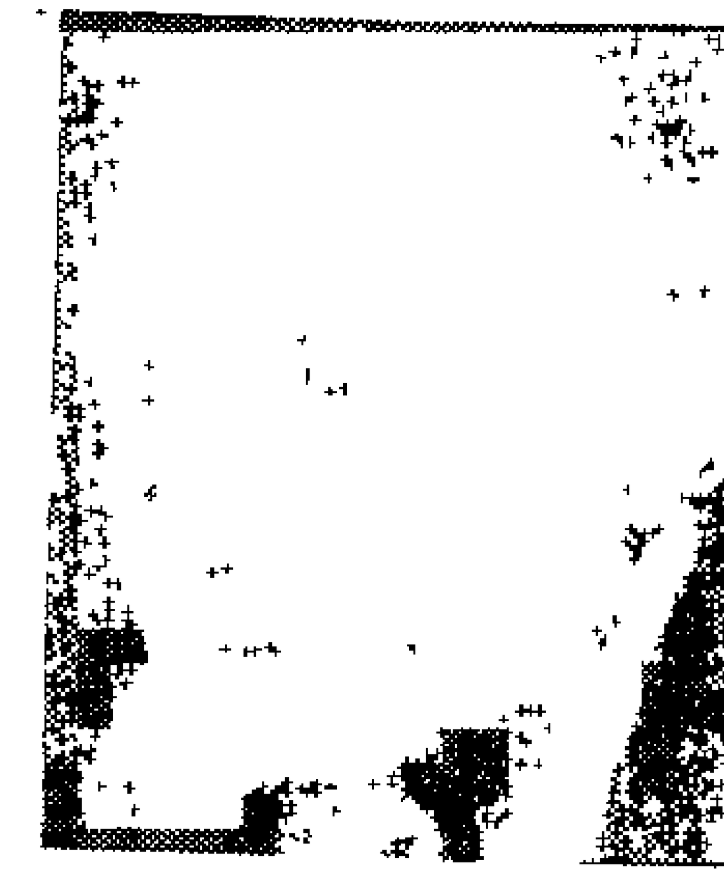
Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

SUNDAY TIMES, Business Times, August 12, 1979

217

ium experts k boom forecast

Eliot Janeway ... among those who predicted a big shortage



n predictions 16% upwards

and, currently a year, could tons in 1980, 8 000 tons) to 1985 (give or ons) and to 1990 (plus or ons)

piles of urani-ly stand at and according to Mr Barry Lloyd, manager of the Australian Ranger Export Development Company, this amounts to four years' inventory

The institute says forecasts of uranium output to the mid-1980s are reasonably certain

Based on conservative assumptions, the institute estimates that 35 000 tons were produced in 1978, compared to 41 000 tons in 1979, 44 000 tons in 1980 and 64 000 tons by 1985

South African and SWA output will rise from 9 500 tons in 1979 to 11 500 tons in 1985

From these calculations it can be seen that annual supplies can easily match demand. "Given sufficient incentives, the uranium producers could increase output substantially beyond these estimates", and the institute calculates that, given favourable conditions, production from exploitable resources could be 79 000 tons in 1985.

The institute says the strong recovery of the uranium market since 1973 encouraged vigorous exploration and development activity in many countries

Barring a major disruption of the market, the industry should be able to produce sufficient uranium to satisfy all possible demand scenarios

"If total installed nuclear capacity in 1985 is less than 260 000 megawatts, a production surplus could develop (The estimates are 257 000 to 285 000 megawatts)

The Metal Bulletin reports that sales of South African concentrates are fetching a premium in the spot market

The premiums of \$5 to \$8 a pound are being paid because the South African authorities apply less stringent conditions on end-use and waste handling

Potential difficulties with Australian unions are also encouraging buyers to approach South Africa.

The bulletin says that uranium concentrate sales have fallen under \$40 a pound. Slower buying from the US and Japan is accompanying increasing output, particularly from South Africa and Canada

The market has been adversely affected by the Tennessee Valley Authority's attempt to void its long-term contract to purchase 17-million pounds of uranium from Algom, Toronto the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given ... sources in different proportions, th... by means of Linear Programming, thou... usually be presented in the simplifi...

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of ... objective. But what tools are avail... ives themselves? Can anything be sa... to be given to particular diseases or... more to child welfare clinics or care...

Overall criteria are needed, and they ... way that they can guide these detailed ... Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally ar... on this basis but in categories such as ... es', etc. A separa... groups or age groups

. Pole, an econo-

... determined ... it to con- ... are primarily ... rmining basic ... ompared to ... icapped against ... uestion of ... ug therapy ... tivities to ... This distinc- ... der vintage - ... hrough that ... s, which attempts ... osition of the ... rces from ... , in a broad ... the latter is ... to the ... to make a distinction ... basket of outputs and ... which each output is t... sense, a question of t... a question of techniqu...

He adds.

"In practice, it is not ... distinction between tec... utilities in the health ... question whether to tre... community is a technica... whatever are the society... group? But community ... good thing in itself. ... the medical and economic ... politicians and administ... but the economist's conc... and fast ... values or ... view, the ... or in the ... way to fulfil ... ment of this ... able as a ... t to muddle ... , and the ... s them,[9]

Programme budgeting, then, e... aration, sorting out from the multiplicit... can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

BOTREST

Still no light

2/17 FM 31/8/79

Botrest's controlling shareholders must have breathed marginally more easily as higher copper and nickel prices moved the company into an operating profit situation But that is hardly any cause for rejoicing among outside shareholders Their prospects of receiving a dividend are as remote as ever

On a marginal improvement on last year's first-half nickel production and a decline in copper output, Botrest has reported a first-half operating profit of P6,7m (loss P210 000) (R1=P0,99 — Botswana's unit of currency is the pula) But that was more than absorbed by higher interest charges of P16,4m (P14,4m)

Meantime, of course, during the first half of this year, nickel and copper prices were generally advancing, while copper is now showing all the signs of a recessionary set-back In the near term, any declines on the copper front could be offset by stronger nickel markets, with the price still holding on in the $3/lb region But there is the risk that once the effects of Inco's 8-month strike have been absorbed, nickel prices will get in line with those of other recession-prone metals

All in all, despite Botrest's first-half improvement, the picture remains bad

With end-June capex plans of P36,8m and no indication that this will result in any significant profit improvement, the company remains a severe cash drain What has yet to be seen is how long the controlling shareholders can or will continue to put up funds Clearly, the longer the mine remains in the red, the less inclined outside borrowers will be to have their loans exposed At end-December they had total outstanding loans of P110,6m with repayment spreads of up to 10 years

At 55c, the share price is purely academic and, as usual, shareholders are advised to sell

Jim Jones

R 250 m Beisa mine holding its secrets

Star 2/7/79

(217)

By Michael Chester,
Financial Editor

While the Atomic Energy Board holds back on information about individual mines and their exports and selling prices, it provides a national overview which shows the growing importance of uranium.

New calculations put South Africa's annual earnings from uranium at about R500m a year, accounting for 11,4 percent of total Western world production.

On current planning, output of uranium metal will rise from 3 961 tons last year to 8 200 tons by 1984. Depending on demand, production could be lifted by around 11 000 tons a year by the mid-1980s.

The new Beisa uranium mine now in embryo 25 km south of Welkom, which looks likely to prove the costliest of the jewels to adorn the Union Corporation coronet, has become the most secret mining venture in South Africa

The secrecy is enforced by the Atomic Energy Board in its blanket embargo on the release of details about uranium production and shipments, now to be regarded as classified information.

DISMISSED

However, one gains the impression that Union Corporation in fact rather enjoys the security wraps, at least for the moment, while it strives for a head start over its rivals in the exploitation of the uranium and gold deposits on the southern fringe of the Witwatersrand Basin extension

The news embargo entitles them to stay mum when quizzed about the possible riches and longer-term prospects of the mine

It is ironical that Unicorp dismissed the exact site as a disappointment on the negative results that emerged from first borehole tests made back in 1938

Interest was reawakened when a uranium-bearing reef was located on a return of the drilling gear in 1972, when the oil crisis was stirring and the world started to take a more urgent look at supplies for future expansions of nuclear power programmes

The tempo of exploration was put at full speed and a year ago the formal go-ahead was given for the first new mine in South Africa planned primarily as a uranium producer with gold as a by-product, rather than the other way round.

UNLOCK

Hints of the size of the treasures it is hoped to unlock come with estimates that capital expenditure will run as high as R250m by the time the Beisa mine is in full production in 1982 — by far the biggest bill paid by Unicorp for a new mine because of the inflation spiral

But nerves are relaxed in the executive suite at Unicorn House in Johannesburg already with production of an initial 100 000 tons of ore a month still three years away, a long-term contract has been negotiateed to absorb a "substantial portion" of the uranium oxide

FINANCE

Here again th esecurity embargo comes in to block the identification of the buyer, the direction of the shipment, the value of the contract, the precise amount of uranium oxide

Such secrecy may only become a problem if and when Unicorp presses on with the idea of an offer of shares to the public

Both Anglo American and Gold Fields have joined Unicorp with adrilling operations in the area

But not a word or a hint from the Beisa team as it pushes into the lead

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra. dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede Tans is daar 57 lede en hulle sluit die volgende in

a) Drie stigterslede·

Mnr J.G. Benfield
Mnr H L. Kennedy
Mnr P.G.T. Watson

b) Sewentien persone wat gedurende die afgelope 10 jaar lede van die Beheerraad was (* dui stigters-lede aan):

Professor E.V. Axelson
Professor J.F. Beekman
Professor J F. Brock
Mnr C S. Corder*
Professor W.H.B. Dean
Dr J.P. Duminy*
Professor G.F.R. Ellis
Biskop A.W. Habelgaarn
Mnr E.V.E. Howes*
Professor M.F.Kaplan
Ds. W.A. Landman
Mnr G.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

Anglo will have to wait for manganese profits

By SIMON CORNISH, Mining Correspondent

WITH the opening this week of Anglo American's first new base metal mine in 10 years, a look at the strategy of the men who control 44 Main Street could only be fascinating.

As chairman Harry Oppenheimer said when he performed the official opening of the R47,4-million Middelplats managanese mine in the Northern Cape, the manganese mining business is a peculiar one in that 90% of the ore extracted world-wide is produced by just five companies — now Anglo is sixth

Significantly, Oppenheimer said the group is determined to expand its manganese mining operations.

Anglo's Highveld Steel and Vanadium is now turning high profits — and is the world's prime source of vanadium. It is obvious that Anglo has the same high expectations for an expanding role in manganese.

But expectations they must remain for the moment, because the manganese market reflects the malaise that has struck the United States and — to a lesser extent — the European and Japanese economies over the last five years.

Practically all manganese is bought by the steel industry.

The price has slipped from the 1974-1975 plateau and market predictions are that it will be a few years before there is a firm upward move.

Middelplats is a highly mechanised, flexible operation with an initial target output of over a million tons a year, together with an ability to step-up output when market openings warrant it.

A recovery rate of 75% has been achieved. The workforce is a lean and compact team and, as Oppenheimer stressed, the output per man underground in manganese mining is twelve times higher than in gold mining.

Particular attention is being given to rigorous grade control, and customers' specifications are met with absolute precision.

South Africa's current output of manganese is about 5-million tons a year — mined by SA Manganese and Associated Manganese. The bulk of the output is exported, and constitutes about one fifth of world production.

But SA reserves, an estimated 9-billion tons, are the largest in the Western world.

Middelplats has given a new and healthier meaning to the term 'commuter-mineworker'.

Almost all the mine's Black labour comes from nearby Bophuthataswana. After a five-day working week during which they are accomodated in the mine hostel, the men can spend weekends at home with their families.

(2107)

Star 12/9/79

SA 'can sell all its uranium'

The Star Bureau

LONDON — South African mines will be able to sell all the uranium they produce, in spite of possible surpluses on the world market over the next five years

"But the prices we get will be world prices which might not be very exciting for the next year or two," according to Mr Dennis Etheredge, chairman of Anglo American's Gold and Uranium Division.

Mr Etheredge was commenting on a paper on the world supply and demand balance in uranium delivered at the Uranium Institute's annual symposium which started in London yesterday.

While the outlook was for a balance in demand and supply and a possible surplus, Mr Etheredge pointed out that the forecasts included production from marginal mines. Many of these would close in the absence of stronger prices, he said.

FORCES

Mr Jack Edlow, of Edlow International of Washington, an international group specialising in the transport and handling of uranium, said: "There is no shortage of uranium now

"The non-market forces which pushed the price up from 25 dollars a pound to over 40 dollars when Westinghouse found itself short of 62m pounds of yellowcake a couple of years ago have receded. In fact, non-market forces are now working the other way in the shape of opposition to nuclear plans after Harrisburg"

Mr Pierre Erkes, general manager of Synatom, the Belgian nuclear fuel group, considered the implications of the Uranium Institute's supply-demand study and concluded that a "satisfactory equilibrium" should remain possible "at least until 1990."

The "low" estimates of world production capacity were 44 000 tons in 1980 rising to 64 000 tons in 1985 and 78 000 tons in 1990

JAARVERSLAG
1978

SENTRUM VIR INTERGROEPSTUDIES
(Geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie))

Posadres:
p/a Die Universiteit van Kaapstad
Rondebosch
Republiek van Suid-Afrika
7700

kantooradres.
Leslie Social Sciences Building

DIE OORSPRONG EN DOELSTELLINGS VAN DIE SENTRUM

Die Sentrum word grootliks gefinansier deur die Abe Bailey-Trust wat ingevolge die testament van Sir Abe Bailey gestig is. Dit is geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie) - 'n maatskappy beperk deur garansie en sonder 'n aandele-kapitaal kragtens die Maatskappywet 1973 (Wet Nr. 61 van 1973).

Financial Mail

F.M. 13/7/79

217

URANIUM

SA's secret

"Nuclear energy is as deeply involved in politics as oil — if not deeper" - **Dr Ampie Roux, chairman of the Uranium Enrichment Corporation, in an interview with the *FM* this week**

Many years ago, when the government decided to start work on its secret uranium enrichment process, there was a fair amount of public criticism — and scepticism — over its plans As in the case of Sasol's oil-from-coal project, it was argued by many that such expenditure could not be justified when both oil and enriched uranium could be imported far more cheaply

Both decisions have shown themselves to be prescient, even if fortuitously so SA faces the possibility of total exclusion from the world oil markets, and the US has shut off the supply of enriched uranium — at least for the time being

Now, the *FM* learns, SA is not only in a position to meet locally the needs of the Koeberg power station, but could supply sufficient enriched uranium to meet all Escom's needs as far as additional power stations are concerned — should the decision be taken to expand its production capacity accordingly Moreover, says Dr Roux, should government give the green light it would be a relatively easy matter to go commercial and export enriched uranium if market conditions warranted it

"I have no doubt in my mind that when we've expanded the pilot plant (this expansion was authorised by government in February last year, and is well under way), and if the market opens up again, we'll consider this kind of further development " he adds

Dr Roux says the current expansion of the pilot plant to a production plant will mean SA should soon have a "semi-commercial" unit, and one that could develop further should government decide to take this course "There are no plans yet, as this would be a matter for the government, not the corporation to decide," he explains

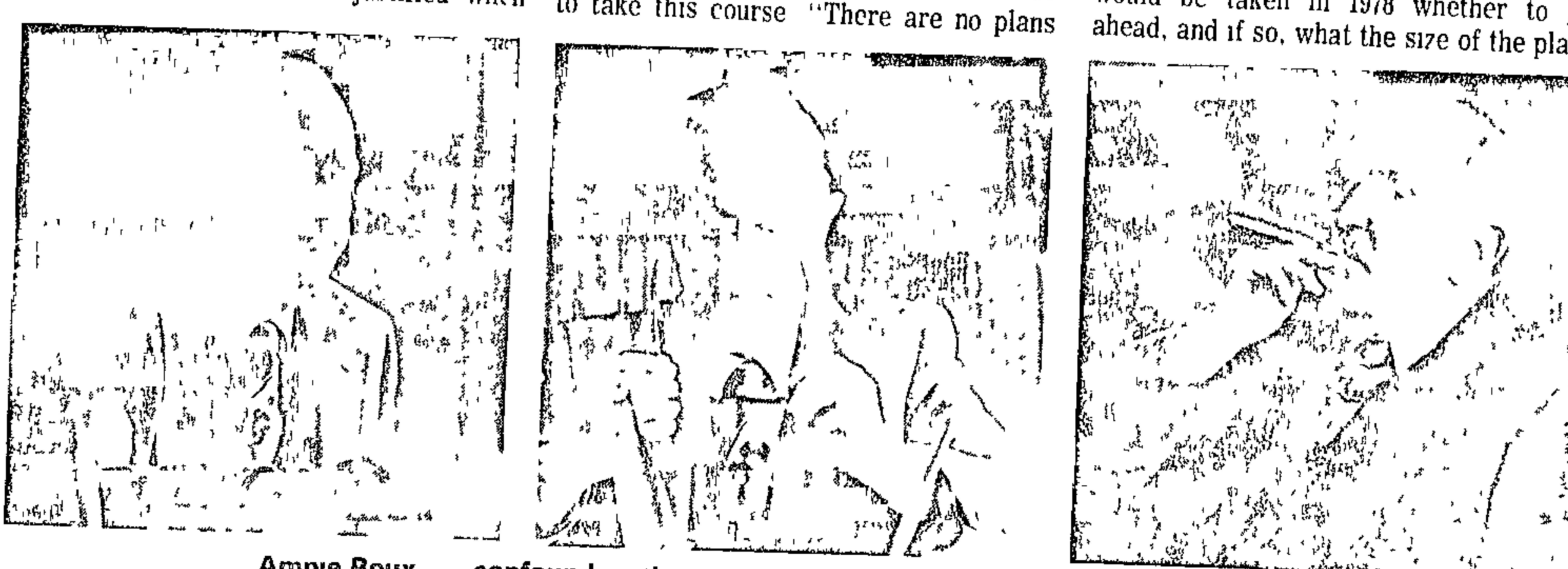
In the past, however, government has met virtually all Roux's requests on behalf of Ukor And if SA's negotiations for highly enriched uranium from the US finally break down, sources close to Prime Minister P W Botha believe he will encourage Roux to go full steam ahead

Significantly, too, Roux believes the international demand for enriched uranium will increase substantially by the mid-Eighties "There's an overproduction of separative work (enriched uranium) right now How long it will last is not easy to say But I think the market for enriched uranium will start opening up again after the mid-Eighties because that will be the only way the world will be able to meet the demand for electricity generation " At the moment, however, there is more than enough produced by countries such as the US to meet the world's requirements And it was this problem that caused SA to suspend plans for Ukor's development some years ago

Says Roux "Before the pilot plant came into operation we had given consideration to the next phase, which we had hoped would be a large-scale plant We always said, however, that a decision would be taken in 1978 whether to go ahead, and if so, what the size of the plant would be

In fact we took a decision earlier — in 1977 — because it was clear that the market for enriched uranium was such that there was no room for a large scale plant At that stage, we decided as a first step to expand the pilot plant into a production plant for our own needs, and not for marketing enriched uranium elsewhere in the world That is what we're doing now "

If, as most experts believe, the market situation alters to such a degree that SA reverses this decision, Ukor would have to produce enriched uranium, not only in volume, but at an attractive price Can this be done? Roux reckons it is quite possible "If we expand the plant to a large enough size, we could produce at a competitive price," he avers



Ampie Roux . confounding the nuclear critics, prescient — and ready to export?

P.T.O

Surplus uranium market expected

13/9/79

(217)

Mercury Correspondent

LONDON — The general consensus among delegates at the fourth annual symposium of the Uranium Institute here is that the uranium market will remain in surplus over the next few years.

Mr Dennis Etheredge, head of Anglo American's gold and uranium division, said South African producers would not have any difficulty in selling their uranium. However, they would be subject to world market forces as far as prices were concerned.

Mr Etheredge expects prices to remain flat at least in the next two years and with the uranium spot price trading in a range of 41 to 43 dollars, he pointed out that the price had actually declined in real terms over the past year

Oversupply

Mr Barry Lloyd of Ranger Export Development, the marketing agent for Australia's Peko-Wallsend operations, also said that until 1985 an oversupply situation was likely Thereafter, rapid production expansion was necessary to meet producer needs

Mr Jack Edlow of Edlow International Company, a U S company in the nuclear materials transport field (clients include the Atomic Energy Board of South Africa and the United Kingdom Atomic Energy Authority) says there is no shortage of uranium in the United States

Inventories

He says that inventories in the industry range from two to four years and there is more than sufficient uranium to meet demand

All these experts and the Uranium Institute itself flatly contradict the claims of U S economic and political commentator Elliot Janeway, who claims there is a shortage and that the uranium market will boom

The experts, however, do not believe that the market will slump. "They expect a

balanced situation with more than sufficient supplies to meet demand In other words, they do not foresee any dramatic improvement in the price, although there could be short-term temporary dislocations.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small … who like it. To make the radish … n a double cross, then put them in … open up.

---o0o---

Ethne Beard, Port Elizabeth

chopped onion
salt and pepper

… hot. Chop up the bacon, mix … mayonnaise. Season with a little …

1 cup cucumber, peeled and diced
1 cup cooked green peas

…uts and peas with French dressing. …lise. Cover with greaseproof paper for use.

… and 2 T lemon juice.

---o0o---

SPRING GREEN SALAD — May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green left on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a … dressing and serve in a glass bowl. Garnish with … of mint and parsley.

---o0o---

CURRIED GREEN BEAN SALAD — Mrs Futter, E…

2 lbs sliced green beans
2 chopped onions
1 d salt, level
2 cups water

Boil the beans (sliced) with salt and onions till … pour off the water.

Sauce:
1 1/2 cups sugar
1 d curry powder
1 heaped T flour
1/2 bottle vinegar

Mix the curry powder, flour with a little water. Mix well, so that no lumps form, and then add the sugar and vinegar.

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---o0o---

Silver's role in gold chase

217 RDM 24/9/79

By NEIL BEHRMANN

LONDON. — The silver market has had an important influence on gold in the past month because extraordinary speculation filtered from one market to the other. Although it is a chicken and the egg situation, any adverse development in the silver market could affect gold — this time downwards

Although there is no certainty that this will happen, brokers report that there are several speculators and brokers who are in financial distress

These traders have been badly hurt even though the silver price doubled in London in a mere six weeks and rose by 85% in the United States

Dealers report that the seeds of the rush into silver which catapulted into a dramatic rise of 35% in a single day were sown on September 13 On this black Thursday for the silver bears, both gold and silver dipped in early trading on Comex and the Chicago Board of Trade Several speculators sold short, hoping to buy silver back at a profit at a lower price

But within minutes, the price surged to the maximum limit allowed in a single day's trading The bears could not get out of the squeeze and the more sophisticated speculators bought in London the following day to cover their short sales

Unfortunately for them prices rose even higher and many were forced to cover in at huge losses

A silver contract in New York consists of 5 000 ounces, so a rise of $3 is a loss of $15 000 dollars for a bear In London the contract is 10 000 ounces and a fluctuation of £2, as happened on one day, means a loss or gain of £20 000

Dealers say there were dramatic increases in margin, but trading continues to be hectic with prices ranging between £7 and £8,50 in London and $13 to $16,50 an ounce in New York

However, there have been enormous profits as well, mainly by wealthier investors who have been able to take delivery of silver

Some dealers attribute silver's sharp gains, especially in August and early September, to Mr Norton Waltuch, a veteran commodity trader and member and director of Conticommodity Services

The dealers say Mr Waltuch was amassing a huge position for a group of undisclosed clients

Some believe these clients demanded delivery and suspect that they are Arabs Yet others talk of Bunker Hunt

Mr Waltuch's mere appearance on the floor of Comax one day reportedly moved the silver price up by 30c in a matter of minutes

Another theory is that the Soviet Union has been a big buyer of silver

Mrs Rosemary van Musschenbroek, director of Metals and Minerals Research Services, studies the silver market, and says that when the price was around £3,60 an ounce in London and $7 in New York, large US consumers bought silver in expectation of a rise in price It was already evident that there would be a shortage of silver

World consumption exceeds production of silver each year and the balance must be met from secondary sources — the melting of coins, scrap and sales from India.

India's silver supplies were built on huge imports in the late 1800s and early 1900s Some people estimate that during this period Indians bought 3 000-million to 4 000-million ounces of silver The wealth of an Indian woman is measured on what she wears, so silver bracelets and the like are in demand

In February this year, the Indian Government banned silver exports

Mrs Musschenbroek estimates that Indian silver exports will fall from 28-million ounces to 10-million ounces this year

To take matters worse, fewer governments and individuals are prepared to sell their silver coins now that prices are heading skywards

217

Koeberg ... on stream in 1982

DR. J. P. HUGO, deputy president of the Atomic Energy Board, contributed this article

WITH the coming on line of the Koeberg nuclear power station at Duynefontein in the Western Cape in 1982, nuclear energy will start playing its role in supplying the national grid with electricity.

By 1985, some 12 000 GWh will be sent out annually by Koeberg — almost 10 percent of the total in the grid

By the year 2000, the figure for nuclear power is predicted to reach some 8 000 to 60 000 GWh, fully ' percent of the total

Extrapolating to the year 2020, this percentage could rise to 25 or more

In anticipation of nuclear energy being harnessed worldwide to an ever greater extent, South Africa has embarked on an intensive search for new deposits of uranium

Should the demand arise, the Republic could in the mid-1980s be in a position to produce about 11 000 tons of uranium a year, a production figure it should be able to maintain well into the next century.

Current annual earnings from uranium sales at present stand at some R500 million

To complement the increased production of uranium, extraction metallurgy techniques have been continuously refined to ensure the greatest possible beneficiation of uranium ore

Following the incorporation of ferric and pressure leach processes, as well as other new techniques, the percentage of uranium recovered is expected to exceed 90 percent

Dr. J. W L de Villiers, president of the Atomic Energy Board, said recently that if South Africa uses its energy resources efficiently, it will be able to provide adequately for its own electricity needs well into the next century.

If economically justifiable, it will be feasible to erect nuclear power stations in the Eastern Cape Province and in Natal.

"We must use our resources in a complementary way," he said, adding that nuclear energy should play a very important role in South Africa's future electricity generation.

Considerable research has gone into the development of fast breeder reactors.

A 1 200 MW prototype commercial reactor is at present under construction in France, and it is quite possible that power stations based on the fast breeder reactor will in the not-too-distant future come into their own.

The main attraction of fast breeder reactors is their low consumption of natural uranium in comparison with current commercial reactor types.

They will use only 1 or 2 percent of the uranium required by the current types when producing the same amounts of energy

South Africa may also introduce fast breeder reactors in the future if they are economically justifiable and can be built and operated with adequate safety

Looking further into the future, one must take into account the great likelihood of a breakthrough in fusion technology.

Such an achievement would revolutionise the nuclear power industry and would place almost unlimited resources for electricity generation at the disposal of mankind.

In spite of the opposition from some quarters to nuclear power, Dr de Villiers is convinced that it is the cleanest and least polluting form of energy.

The amount of radioactivity reaching the environment from a conventional coal-fired power station is many times greater than that from an equivalent nuclear station.

It is a simple fact that no one has yet died as a direct result of radiation arising from nuclear power generation

This potentially enormous source of energy is being safely harnessed for the betterment of man's natural environment and hence for the enhancement of economic and industrial development throughout the world.

(217) FM 28/9/79

COPPER

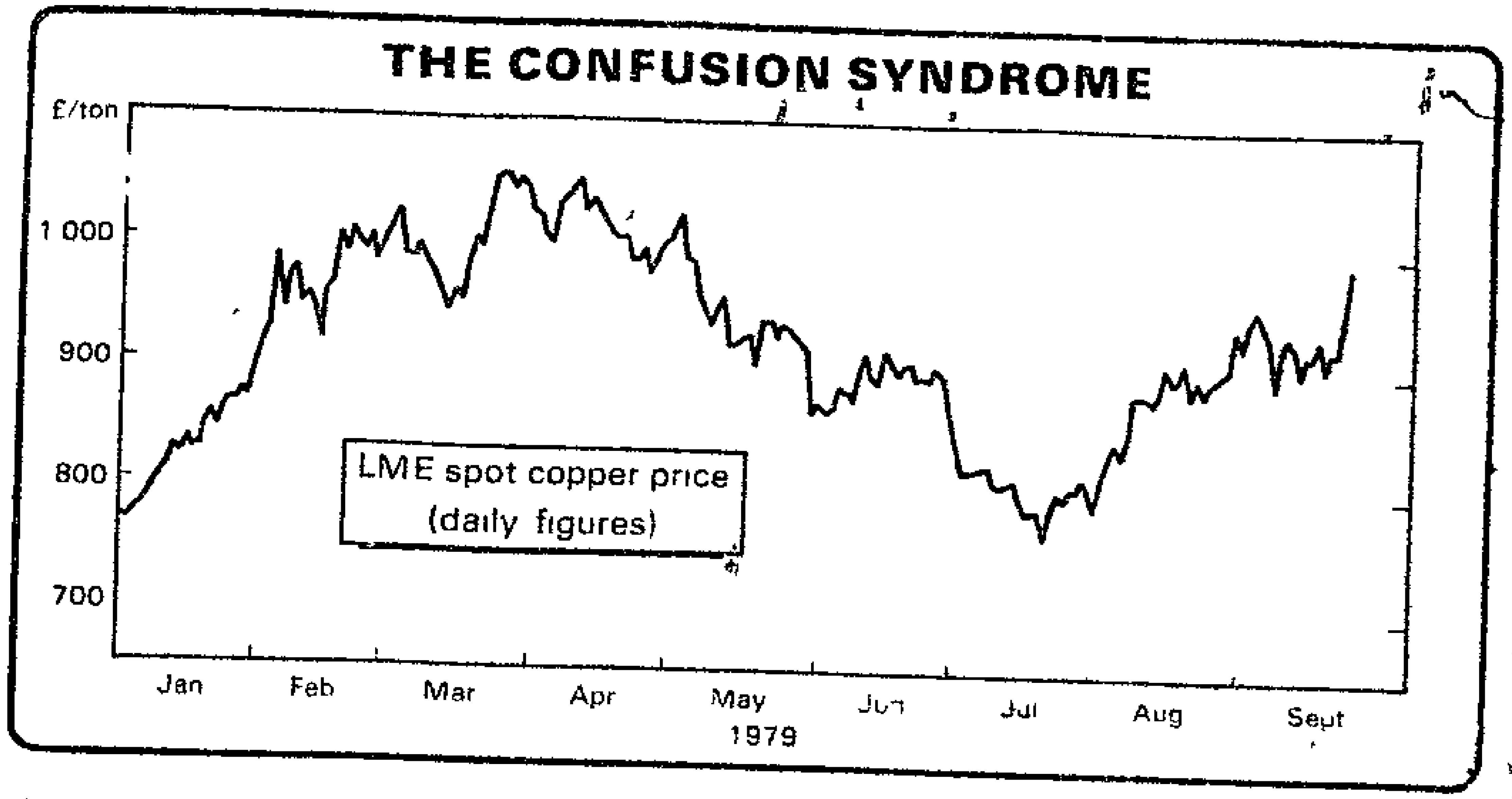
Conflicting views

The copper market is in a strange mood After the long retreat from the mid-March high of £1 070/t to a July low of £750, roughly the level at the beginning of this year, the market has clawed upwards again, not without setbacks, to trade nervously — in terms of copper wire bars for immediate delivery on the London Metal Exchange — to around £1 000

With recession looming, that is a considerable surprise to some analysts "All in all, a fairly confused picture," says LME ringdealing member Rudolf Wolff & Co But the market nevertheless has its distinct bulls and bears

According to Bache Halsey Stuart, a major commission house operation which straddles the North Atlantic, "without fresh news and the prevailing thin trade interest we are becoming increasingly pessimistic for the market " The company adds that it feels the market is "precariously balanced at the moment," pointing out that supply constrictions, such as the continued problems facing the African Copper Belt, must be weighed against "a potentially deepening recession"

On the other hand Rayner-Harwill, a dealing and consultancy firm, does not share this pessimism "We continue to believe that we are in a bull phase on the copper market," the company comments, advising its clients to "play the market from the long side "



So what is the cause of this dichotomy of views and the copper market's comeback in recent months, despite looming recession? Irrespective of the possibility of copper demand being sharply hit by a recession especially in the US and Europe, the fact remains that for instance, in the first half of this year demand outpaced new supplies The latter, according to London-based consultant Commodities Research Unit, being 5,6% down compared to the same 1978 period Furthermore, according to London commodity trader Prescott Commodities, "there is a widespread shortage of good quality cash metal

Stocks in LME warehouses have continued to decline from record levels of 645 000 t in January 1978 to around 158 000 t Meanwhile the IMF anxiously eyeing the Zairian economy has predicted that that country will this year only produce 350 000 t of the metal compared to 410 000 t last year The key question is this to what extent can supply hiccups in coming months counterbalance any generalised decline (and in some countries there is already evidence of a decline,) in industrial offtake for the metal '

The market has asked itself that question many times in recent months — and keeps getting different answers

PLATINUM

(217) FM 5/10/79

Time for caution

If there is one thing SA producers are not going to do, it is go overboard on free market platinum's gallop through the $600 level The fact that free market metal peaked at $645 on Tuesday is, rather, cause for some concern

As Impala's Ian Greig points out in his latest chairman's statement, imports by the world's largest platinum jewellery market, Japan, slipped 7% during the first half of this year And that was before free market metal had really tested the previous peak of over $400

Impala sinks into new ground . . . but where will demand go?

Adding to this, Rustenburg MD Ken Maxwell warns that lower-income Japanese buyers are currently resisting higher platinum jewellery prices The resistance is mitigated to a certain extent by the fact that gold and diamond jewellery prices have also advanced, but high platinum prices could put the kibosh on developing jewellery markets in Europe and North America And, according to Johnson Matthey in London, Japanese imports are currently running at a monthly 60 000 oz compared with averages of 100 000 oz last year

Rustenburg's 15c (8c) final dividend declaration following the 5c (nil) interim underlines the company's caution On a 60% higher metal sales turnover, as producer platinum prices were steadily hiked to $380 and other pgm followed suit, Rustenburg's net operating profit advanced 165% to R158,8m (R59,9m) At the after-tax level, and taking into account a R25,7m (R17,2m) provision for renewals and replacements, attributable earnings were 202% ahead at R77,9m (R25,8m)

But as far as Rustenburg is concerned, caution is the order of the day Rustenburg has repaid its entire R48,5m long-term debt, meaning that if markets do fall apart next year, it has a strong balance sheet on which to base further borrowings

Meantime, however, following Impala's announcement of a R45m-R55m capex programme aimed at boosting notional annual production capacity to over 1m oz, Rustenburg's capex seems set to advance to around double last year's R47,2m Expansion capex is slated at around R50m, ongoing capex at around R30m, and R28m is earmarked over the next two years for Rustenburg's 50% participation in Matthey Rustenburg Refiners' planned nickel/copper refinery

Expansion capex will no doubt be underpinned by customer guarantees, but it still means dividend restraint this year even if there are further producer price hikes around the corner

But much depends on the free market's volatility The $30 August producer price hike to $380 followed closely on a near-term bottoming of the free market price And that may have contributed to the free market's latest lift-off So given that the producers are happiest with a stable market, they may be circumspect in further increasing their quotes

Just what difficulties could be in store if higher producer quotes are posted is clear from Russia's recent behaviour Though the Soviets have only been delivering contractual platinum at an annual rate of around 400 000 oz since mid-1977, compared with around 700 000 oz previously, they have hit snags It was largely the reduction in Soviet sales to the West that triggered platinum's price rise of the past two years But the Soviets, though selling on a "long-term" contractual basis, tend to set prices monthly at levels related to the free market

Now, Western consumers are balking at Russian prices and reducing their offtakes, with the result that Russia this week has largely turned to Western metal traders On that basis, despite platinum's attractions as a speculative hedge in line with advances in precious and non-precious metals, additional free market supplies could cause an early price crack And though it is unlikely at this stage of the game, platinum price declines could be self-feeding

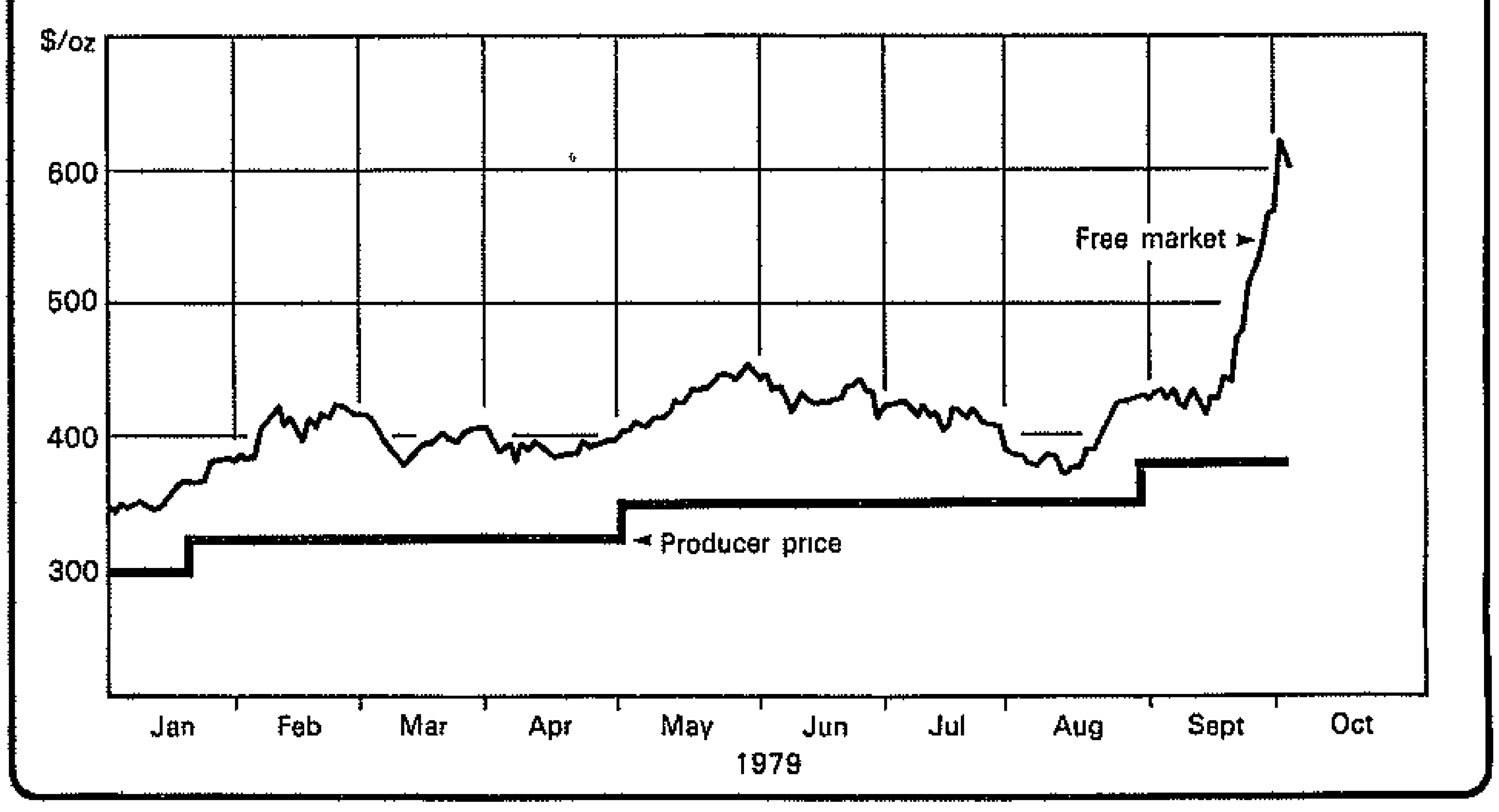
The market's view

The market has given its view on platinum's near-term prospects After advancing from 355c last Wednesday to a high of 395c on Tuesday, Rustenburg's price slipped back to 370c on Wednesday ahead of the disappointing dividend announcement Impala's price movements were similar, closing last Wednesday at 455c, peaking at 470c on Tuesday and reversing to 443c by this Wednesday's close The two producers' movements were no reflection of golds' performances, with the *RDM* gold index advancing 42,2 points from Wednesday's close to 417,1 on Tuesday

What it adds up to is that, at least near-term, investors should take a leaf from management's book and be ultra-cautious on platinum Both producers are set for substantial earnings advances this year on the back of higher average pgm and nickel prices, but both should remain conservative on dividends Current share prices could be discounting a post-slump improvement — if the slump eventuates

Jim Jones

PLATINUM PRICES IN THE SPOTLIGHT



Palabora Mining Company Limited

F.R. 17/10/79 217

Directors: G A Macmillan (*Chairman*), A J Leroy† (*Managing Director*), W H Burt† (Alt C R Netscher), A E Buxton*, G H Edwards, A G Frame*, C H Geach, C A Macaulay‡, P Malozemoff†, (Alt M J M M Crichton), G R Parker, E Pavitt (Alt L W P van den Bosch), P J van Rooy, N F Warren†, R W Wright, C B E *
*British †U S A ‡Canadian

To the shareholders,

The directors present the following report for the nine months ended 30 September 1979·

PRODUCTION AND SALES
(Metric tons)

	Quarter ended 30 September **1979**	1978	Nine months ended 30 September **1979**	1978
Copper				
Production	**29 444**	32 737	**82 533**	87 491
Sales	**28 644**	31 885	**85 666**	87 720
Ore milled	**6 672 914**	6 938 771	**19 971 287**	20 556 816
Average copper grade	**0,48%**	0,50%	**0,49%**	0,51%
Sales of other products				
Magnetite	**14 790**	32 487	**45 672**	103 709
Sulphuric acid	**24 612**	32 937	**77 153**	91 533
Vermiculite	**59 818**	36 894	**133 154**	140 764
Uranium concentrates (kilograms)	**28 732**	42 548	**114 121**	99 322
Precious metal content of anode slimes (ounces)	**119 276**	156 770*	**381 529**	409 569*

*Adjusted

DIRECTORS' COMMENTS

1. In a circular dated 23 August 1979, shareholders were informed of the decision to proceed with a further expansion of the open pit mining operation both in depth and in lateral extension.
   Shareholders were also informed that participation of the Phosphate Development Corporation Limited (Foskor) in the new project was essential to ensure its economic viability and that Heads of Agreement establishing the principles of this participation had already been signed
   A final agreement embodying terms which will be of considerable economic benefit to your Company and to Foskor was signed by both parties on 8 October 1979
   This agreement has now been referred to the Minister of Mines for his approval
2. The 1978 Annual Report stated that there would be an estimated loss of about 5 000 tons of copper production while the defective shells of the two autogenous mills were being replaced in mid-1979 This estimate assumed a total change-out period of 120 days for both mills
   When the construction programme for this was finally drawn up, the period was reduced to 72 days but due to detailed pre-planning and an intensive construction effort the change-out was completed on 3 August 1979 in a total of 58 days. As a result it is estimated that only 2 400 tons of copper production were lost
   Production in 1979 has also been adversely affected by a drop in the average copper head grade from 0,51% copper in 1978 to 0,49% copper this year The decrease arose from the necessity to mine in areas of lower grade ore which occur spasmodically in the orebody and which have to be removed to ensure the orderly development of the open pit mine

By order of the Board
Rio Tinto Management Services
South Africa (Pty) Limited
Secretaries
per. G H. Edwards

P O Box 61140
Marshalltown 2107
Transvaal

18 October 1979

BASE METALS R17

Holding their own

FM 26/10/79

Metal markets, suffering the recession syndrome, did not react to news that the US Senate had authorised the sale of 35 000t of surplus tin from GSA strategic stockpiles The LME tin cash quote fell marginally to £7 350 (£7 470) with London opinions that the GSA metal is unlikely to start reaching the market until next January at the earliest

Reasoning behind this is that the Senate's Bill must now be reconciled with the one passed by the House of Representatives The difference between the two is reported to concern the disposal of 140m oz of silver London traders, apparently, expect the silver sale will be scrapped, but by the time the legislative processes have been followed, it will be some months before the tin can be released

Local producers, however, continue to benefit from high tin prices, although Rooiberg and Union reported lower profits for the September quarter The companies maintain that tin supply balances demand, and that the GSA releases, although comprising about 18% of annual Western world consumption, will not greatly affect the metal's price In any event, the US still has to pay attention to complaints from third-world tin producers

Rooiberg Production for the September quarter was 513t (484t), but sales fell to 432t (551t) However, the sales position for the nine months to end-September is considered satisfactory at 1 509t (1 815t)

After the "A" mine's June quarter grade fall, the overall average yield rose to 0,6% (0,57%) tin Grade at "A" mine improved to 0,5% (0,45%)

Average revenue per ton for the third quarter was R11 354 (R11 145), with the year to date averaging R11 019 (R9 182) Despite higher productivity, cost per ton of tin sold increased 4,1% to R5 382

The new smelter came into operation on October 4 Full production should be reached next year

If this year's sales equal 1978's 2 369t, then, assuming an average tin price for the year of at least R10 000, gross profit could be around R13m By end-September, gross profit was R9,2m

With a further R2,5m capex planned in the final quarter, after a similar amount in the first nine months, the tax rate should work out below last year's 35% So a taxed profit, before capex, of about R9,5m (R9,3m) is likely, leaving room to hold last year's 140c final after the 90c (80c) interim, putting the share on a 10,2% prospective yield

Union Tin· Results were better than expected in the September quarter with grade well up at 0,66% (0,48%) following intersections of several patches of high-grade ore Sales slipped to 95t (108t) from production of 131t (92t) because of a change in contractual sales of flotation concentrates going to the US instead of Europe This quarter, production is expected to fall to the average for the year to date

Average revenue rose to R10 137/t (R9 935) but higher unit costs cut profit to R4 021/t (R4 778) Gross profit from operations fell to R382 000 (R516 000), giving R278 000 (R386 000) attributable earnings before capex Capex for the nine months to end-September was R299 000, and the year's total is expected to be about R600 000

A 9c (6c) dividend was declared in July, and a repeat of last year's 12c final appears likely, putting the share, at 245c, on a prospective 8,6% yield

Zaaiplaats In line with other producers, the mine benefited from recent high tin prices, and reported taxed profit for the quarter to end-July of R268 000 (R123 000) Taxed profit for the year was R687 000 (R491 000), from which an unchanged 40c dividend was paid A question mark hangs over this year's profits, once the Rooiberg smelter comes into operation, Zaaiplaats will lose about 70% of its smelter throughput Production from its own mine last year amounted to 300t (285t) of concentrates Presumably shareholders will be given some indication as to future plans in the annual report There is, of course, speculative appeal in tailings re-treatment

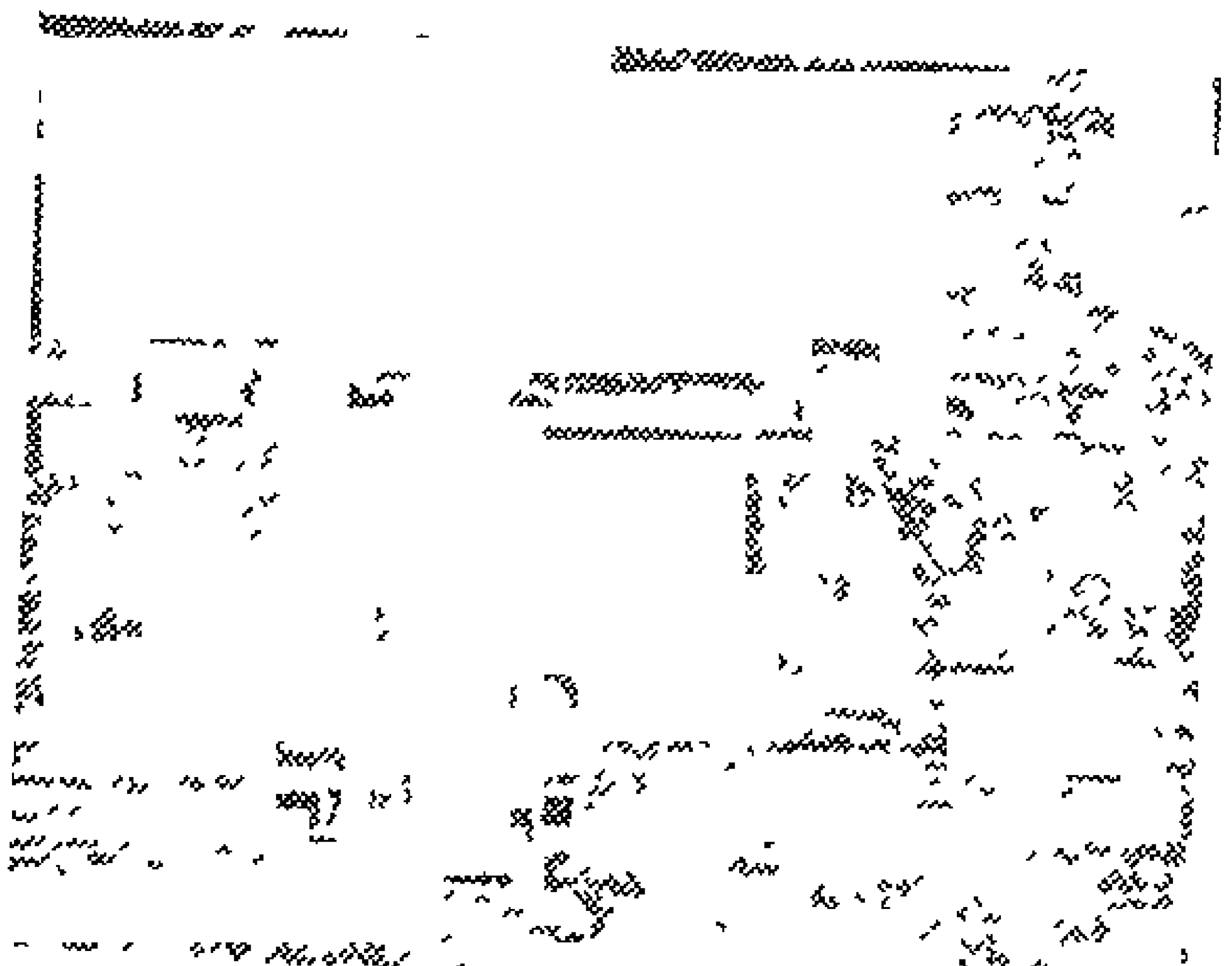
Cons Murch· When the mine returned to the dividend lists with a 30c interim, there was a perceptible change in market sentiment towards the share With the mine's technical difficulties largely overcome, grade had apparently stabilised, while concentrate sales in excess of production gave a substantial boost to earnings

But the September quarter's sales decline to 3 941 t, from production of 5 082 t, throws up doubts as to likely performance for the rest of the year As usual, the quarterly report carries the *caveat* that sales revenue depends on quarterly shipments, which can vary widely But that is

SUNDAY TRIBUNE, OCTOBER 28, 1979

More and more companies prospecting in the arid veld

The great Karoo atom rush . . .



Drillinf in the search for uranium in the Karoo has been stepped up

By CHRIS WHITFIELD

THE Karoo is in the grip of atom fever with news that several major mining companies have stepped up their uranium prospecting activity in the area and with indications that full-scale mining could soon be a reality.

At least five major mining companies are carrying out tests or preliminary boring in the area.

The sinking of a prospecting shaft by the Esso Mining Company on Ryskuil Farm, 55 kilometres from Beaufort West, has been widely interpreted as an indication that full-scale uranium mining could be iminent.

Now farms in the areas are fetching record prices because of the interest being shown by uranium hunters.

Mining prospectors have been taking extensive options on prospecting rights from farmers who own land in a rough line from Beaufort West to Sutherland and east from Beaufort West to Graaff-Reinet.

Farmers are getting an average of R1-a-hectare for these prospecting rights, and earn up to R4 000 for these concessions, farmers said this week.

If suitable mineable deposits are found the farmers could get at least R150 a-hectare for their land, they told the Tribune.

The atom fever was sparked several years ago when indications of uranium mineralisation were found during prospecting for oil in the Karoo.

At one stage about 13 companies were prospecting on a small scale in the area.

Now the sinking of the Ryskuil prospecting shaft earlier this year has plunged the area into a second wave of atom fever.

Since last year five large mining companies, with headquarters in Johannesburg, have been buying up prospecting rights in the Beaufort West, Aberdeen, Graaff-Reinet and Sutherland districts.

A manager of Esso, who said his name could not be used, said the company had been exploring uranium mining in South Africa for about five years.

"We are still gathering information on the Karoo project," he said. "At this stage we have no results to release. It's going to be a very long continuing process," he said.

He declined to comment on the amount of land Esso are prospecting on.

It is understood Esso have sunk several thousand test holes on Ryskuil and surrounding farms.

Geologists from other companies have been testing boreholes and sinking equipment down dry boreholes in their search for uranium.

Spokesmen for both the Newmont and Johannesburg Consolidated Investment Mining companies confirmed this week that they had carried out initial drilling investigations in the Karoo.

A JCI spokesman said they were involved in exploratory drilling. "We have been sinking test shafts to determine the ground structure and where the seam lies," he said.

He said he could not estimate how much land was involved in their prospecting but said it was "lots of farms in Sutherland".

In July this year, the 1979 edition of the prestigous Mining Annual Review, published in London, suggested that the R50 000-million-a-year multinational oil giant Exxon (Esso is a subsidiary of Exxon) could be the first group to mine uranium in the Karoo.

The report adds that, despite the political risks, South Africa is seen as the world's most reliable uranium producer.

Meanwhile the price of farmland has rocketed. Last year ground sold for R30 a hectare. Today the same land fetches between R40 and R60 a hectare.

A spokesman for the Atomic Energy Board in Pretoria has estimated that the energy potential of South Africa's uranium could be in the order of twenty times that of official extractable coal reserves if fast breeder nuclear power reactors were used.

If such uranium were to be used in the presently available thermal nuclear power reactors, the energy potential of uranium reserves would be about one-third that of coal.

ASBESTOS QUARTERLIES (2 17)

Caution needed

For the past couple of months the two quoted asbestos producers have been in a steady, if unspectacular, downtrend And that despite the market's knowledge of a normal second-half sales advance

Preliminary announcements on year-end price increases have been made by the market-dominant Canadian majors But though price indications are favourable, they have to be seen in the context of a weak Canadian dollar In addition a growing world recessionary climate could impact adversely on asbestos sales especially if construction industries slacken

Reflecting the market's doubts on asbestos near-term prospects Msauli and Gefco have for many months rated high dividend yields Although management is aiming as far as possible to maintain payouts, near-term dividend growth prospects appear limited And until real growth prospects appear the shares are unlikely to be re-rated

Msauli The mine does not reveal sales tonnage directly But on the figures provided it seems that sales advanced to almost 24 000 t from 21 000t in the June quarter There is nothing abnormal about that second-half sales are normally ahead of first-half as consumers tend to stockpile ahead of expected year-end price increase

However some of the mine's vulnerability shows up in the quarter's results As nearly as I can estimate costs per ton milled were essentially unchanged on the quarter helped by a mill throughput increase to 240 000 t (226 000 t) But other factors outweighed this achievement

Usually a recovery grade fall indicates a decline in the proportion of shorter fibres produced This time round judging by the increased proportion of shorter fibres sold the recovery drop to 8,1% (9,6%) was largely due to underground dilution of ore

Price pressures

Prices will probably remain under pressure for the rest of the year particularly if the rand maintains its strength against the dollar And if the normal pattern of higher fourth quarter sales is followed a higher proportion of shorts in the sales mix could mean lower average revenue per ton

From the first three quarters operations the mine has retained R366 000 equivalent to 8,8c a share If dilution problems persist this year there will probably be little relaxation of costs per ton of fibre produced In that event it is difficult to predict a final dividend much greater than the 20c interim

Gefco Mining continues to move into lower grade areas with recovery dropping to 11 1% (12 7%) on the quarter And the drop played havoc with costs per ton of fibre produced despite apparently good unit cost control

The company is reported to be reopening one of its previously mothballed mines pointing to growing confidence on market conditions Whether this presages a general improvement remains to be seen There have been rumours that Gefco is party to an agreement whereby blue asbestos is swapped with a normally antagonistic power for strategic minerals not produced in SA. If so, the effect will be seen in better earnings during the next few quarters.

But this could be accompanied by a further narrowing of margins if a greater proportion of shorter fibres is sold and if additional ore tonnages have to be drawn from low grade areas

The 20c interim dividend absorbed more than was available from first half earnings From earnings during the first three quarters, retentions amount to 3,6c Sales should improve this quarter ahead of implementation of year-end price hikes. Even so, it is difficult to foresee a final greater than the interim.

Jim Jones

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2 · The Cape Times, Thursday, November 15, 1979 (217)

Caledon waits to reap manganese riches

By YAZEED FAKIER

AN AIR of impending change hangs over the quiet Boland town of Caledon in the wake of this week's announcement of the discovery of a rich belt of manganese — expected to swell the municipality's coffers by R250 000 in royalties a year

The Mayor of Caledon, Dr P A Botha, said yesterday that the residents were thrilled at the prospect

Secondary industries are bound to flourish once mining development has taken hold in the heart of the south-eastern Cape town, a wheat and barley-growing area

But for the butcher, baker and supermarket-owner, it was business as usual yesterday when the Cape Times visited the 167-year-old town

The manganese reef was discovered by accident by two geologists passing through the area after it had been exposed by workmen building a road on the Garden Route to Port Elizabeth

The Town Clerk, Mr J C Kaltwasser, was not surprised at the find "We knew the manganese was there 25 years ago, but at that time it was not economically viable to exploit the mineral Now the company which the geologists work for has decided to exploit the mineral and are prepared to pay R2,50 a metric ton"

The income of the Caledon municipality is based on rates, an income of royalties at the rate of R250 000 a year was "what we smaller municipalities need," Mr Kaltwasser said, although 'one must give up certain things for development,'' he conceded

Dr Botha said the manganese find would "give us a push and help us a lot The geologists have estimated that we have six million tons of manganese and 600 000 metric tons can be exploited per annum, which means that it will take approximately 60 years to exhaust the supplies"

The company, a German consortium with head offices in Hamburg, would begin operations in two months' time

He had suggested to the council that instead of developing the hot-water springs — the town's major attraction — at its present site, it should be developed with an international five-star hotel at the Caledon wild flower gardens

The manganese reef will be worked by people from Genadendal, Hawston and Botrivier

(217)

FM 16/11/79

ZAAIPLAATS

Into the dumps

Activities. *Independent tin mining and smelting company 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 R4,1m*
Financial. *Year to July 31 1979 Borrowings net short-term, R129 000 Debt equity ratio 5,9% Current ratio 1,7 Net cash flow R258 000 Capital commitments R126 000*
Share market: *Price 375c (1978-79 high, 550c, low, 260c, trading volume last quarter, 55 000 shares) Yields 10,7% on earnings, 17,1% on dividend Cover 1,6 PE Ratio 5,8*

	'76	'77	'78	'79
Tin production (t)	631	732	613	776
Turnover (Rm)	6,9	9 4	9 9	12 2
Pre-tax profit (Rm)	0 7	1 1	0 9	1 1
Earnings (c)	42 4	59 2	46 0	64 2
Dividends (c)	26	30	40	40

The continued strength of the London Metal Exchange tin quote — currently £7 500 t despite US plans for tin sales from strategic stockpiles — indicates that an even higher average tin price could be achieved this year But though this would normally be a bull point for Zaaiplaats, there remains uncertainty over the effect of the loss of the Rooiberg smelter concentrates

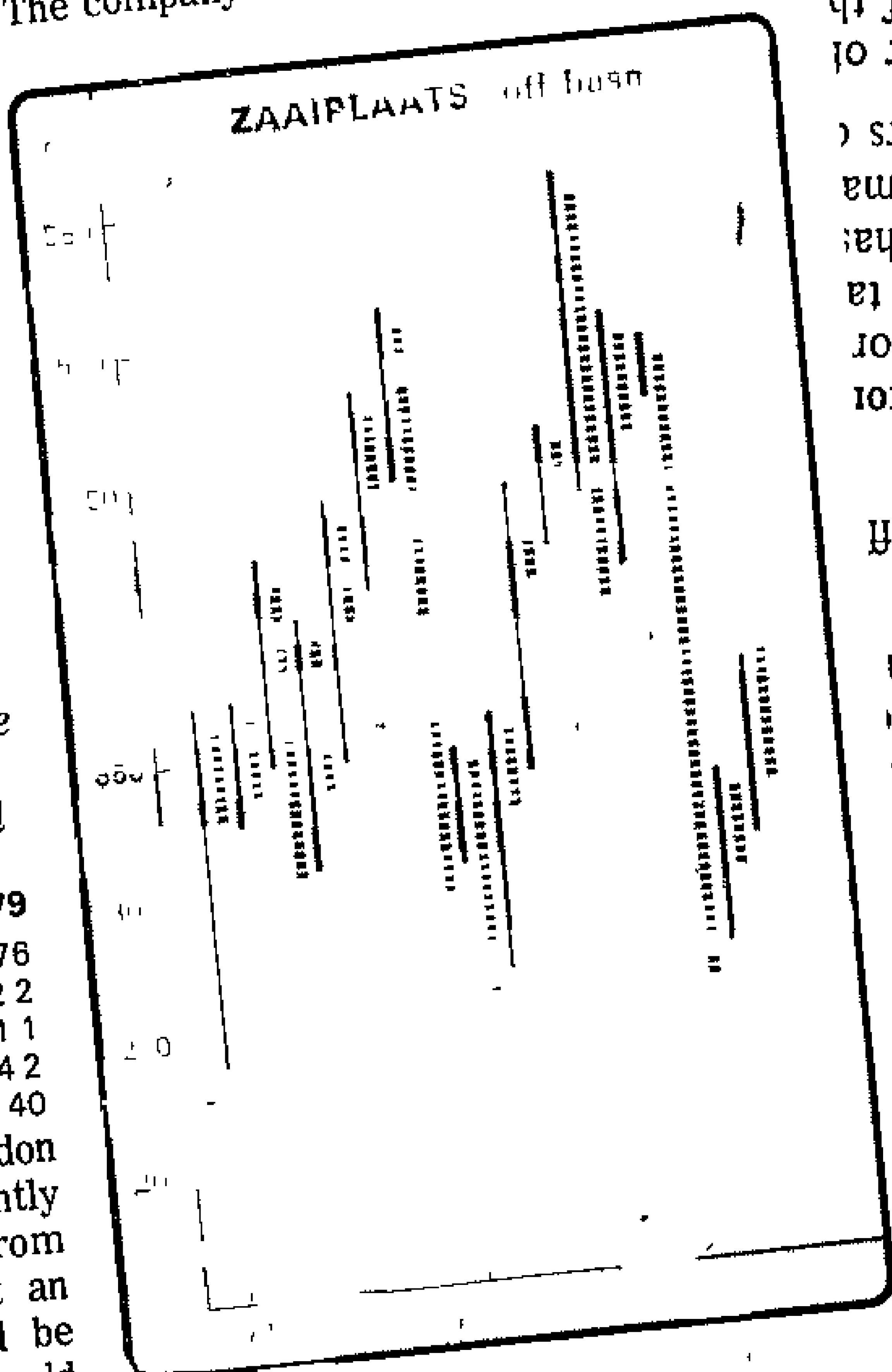
Last year Zaaiplaats obtained an average R12 770/t (R10 360/t) for its 926 t (876 t) tin sales, which include metal produced from bought concentrates Consequently turnover, including smelting revenue, rose to R12,2m (R9,9m), resulting in an operating profit of R1,1m (R851 000)

Taxed profit rose 40,0% to R687 000 (R490 000) but with uncertainties over the company's future an unchanged 40c dividend was paid This was also partly due to the need to conserve funds R60 000 to accommodate tin price fluctuations, and R154 000 to cover capex Capex was mainly applied to a new tailings treatment plant

Although chairman Quentin Routledge points out in his review that the board is reviewing "the whole policy of operations" and considering whether to continue smelting operations on a much reduced scale, smelting oerations could remain attractive at current tin prices Certainly, the fact that the No 1 smelter has been rebuilt and fitted with redesigned smelters and new pre-heaters, which have increased capacity by 10%, indicates management optimism

However, it is known that the directors are characteristically cautious, particularly in the light of the fluctuating tin price

As far as underground ore reserves are concerned, there is little doubt that operations can be sustained at current levels for many years In addition, plant throughput could be increased following commissioning of the new tailings plant The company has intensified its search for



ore in the downward extensions of the Parktown, Grey Pipe and Week sections

Although management has not given figures on expected production from the new tailings treatment plant (probably because it does not know what the concentrate output will be), it hopes that tailings retreatment will largely replace concentrates previously smelted for Rooiberg Last year, only 300 t (285 t) of 62,34% (64,29%) concentrates were derived from Zaaiplaats' own operations

The existing tailings plant has been beset with problems in the last two years First, it was unable to operate at full capacity because of flooding, and last year the plant utilisation declined to 60% (74%) due to drought conditions However, last year it produced an unchanged 36 tons of concentrates The new plant comes on stream early next year

Until initial results from the new tailings plant are known, doubts could continue over the share's worth It is unlikely, given management's previous approach, that significant capex will be applied to expanding output from underground On this basis, distributable profits should be maintained this year, with scope for a dividend advance to 50c The share's prospective 13,3% yield discounts production uncertainties, but investors should make up their own minds on tin price moves

Peter Pittendrigh

is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970 Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require emphasis Firstly, whilst being affected by the incidence of the diseases in question, these rates are also influenced by their fatality rates, for example, a decrease in the mortality related to Tuberculosis will not only be influenced by a decreasing incidence of this disease but also by improved prevention at primary, secondary and tertiary levels of intervention which will consequently decrease the fatality rate and, therefore, the associated mortality.

Secondly, it should be appreciated that although the calculation of rates is important for comparative purposes since they take into consideration the underlying population, for the providers of health care the actual numbers are also of importance. This is particularly true for those groups which contribute a comparatively large proportion to the total population, for ... The different demographic pro-

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

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either e_0 or e_{45}, have reached expectations of Life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of Life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

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Chrome mines face shutdown

24/11/79

RDM (217)

By ADAM PAYNE

SOUTH African chrome producers are seeking a 10% to 15% rise in prices to overseas consumers and say that if the increase is not agreed on, some mines will be forced to close.

Closures will apply to large mines as well as small and there will have to be rationalisation of production by groups controlling several mines.

These groups are headed by General Mining and Rand Mines.

Chromite producers have exported larger quantities of ore than ever before in the past year because of the firmness of the stainless-steel industry, but three factors are now affecting them:

● The rise in the rand of 4% to 5% against the dollar has reduced income proportionately as prices are in dollars. A price increase of 10% would fail to outweigh the price erosion, in real terms, since 1977.

● Freight rates have increased by about 15% so raising the cost to consumers and hardening their resistance to a producer price increase.

● Mining costs have gone up by at least 15% and are still rising fast.

Negotiations of 1980 chromite contracts are under way with European buyers. Japanese buyers, who operate under a fiscal year from April to March, have not yet started talking.

The price increases agreed on between producers and consumers for various grades last year were minimal, so the producers consider their case for a rise this year to be stronger than previously.

One of them said he expected a rise to be agreed on, but warned: "If consumers are short-sighted and squeeze the producers, refusing to pay more, there will be mine closures as there were with fluorspar.

"After the fluorspar mines closed, stocks were run down and now there is a shortage of fluorspar, causing a higher price rise than there would have been if the mines had remained open. The same could happen with chromite."

The market for chromite depends on stainless-steel production, which has been at a record level in Japan and at high levels in the United States and Europe.

Stainless-steel production is expected to be maintained until the middle of next year. Orders are largely for capital undertakings, such as Chinese petrochemical plants, that will take some time to complete.

However, there is caution in Japan that there could be a reaction after the record production this year.

Factors in South Africa's favour in the international chromite market are:

● Iran has virtually ceased to supply ore.

● An increasing quantity of Turkish chromite has been used domestically and a high-priced export policy in recent years has inhibited buying.

● Russian exports have also fallen with the main exports of lower-grade material of 36% chrome content, which is not always suitable for the independent smelters in Europe. South African ore averages about 45%.

● Indian exports are limited to the lower grades and almost all Finnish production is used domestically and is even lower grade than the Russian.

One factor that could strengthen the market next year is the possibility of West German purchases for stockpile later in 1980.

Proposals have been made for stockpiling a year's supply of 500 000 tons.

In the past more than half of Germany's supplies have been from South Africa and because of the reduced shipments from other countries, South Africa could supply a larger proportion.

A firm decision on German stockpiling has yet to be taken.

SUNDAY TIMES, Business

A. Times 2/12/79 (217)

Manganese set to soar by 1985

By ANDREW MCNULTY

SOUTH AFRICAN manganese producers will in the future take on a rapidly growing importance as suppliers to the world.

By 1985, foreign exchange earnings from manganese ore and alloys will soar

Foreign earnings from ore alone totalled R88-million last year

Mining output and furnace capacity for the production of ferro-alloys will be increased heavily in the next 10 years

Pieter Streicher, managing director of Samancor and chairman of the Ferro-alloy Producers' Association, told Business Times this week that capacity can reasonably be expected to double in the decade and this will mean commissioning a new 60 000-ton to 70 000-ton furnace every two years

Mr Streicher, who has just returned from the United States and leaves today for Brussels where he is to report to the Europeon Economic Commission on South Africa's manganese resources and reserves, says the country has gained a powerful reputation as the Western world's most important source of this metal

"The three local suppliers have established excellent relations with overseas customers," he says

The increasing cost of energy worldwide is expected to make conditions for manganese alloy production more favourable for countries such as South Africa, which has relatively cheap energy sources and good infrastructural support

Manganese alloy output is swinging away from industrialised nations, particularly those dependent on oil-based electrical power generation

Domestic production in the EEC, United States and Japan is likely to decline in favour of South Africa, Mexico and, to a lesser extent, Australia, Brazil and possibly Norway

High-carbon ferromanganese production in the United States fell from 500 000 tons in 1975 to less than 200 000 tons in 1978

South Africa, on the other hand, had a total manganese alloy output in 1978 some 20% above that of 1977 and projected 1979 output is up another 40% The country's manganese alloy exports now account for a 10% share of world exports

By 1985 this will reach 20% and could exceed 25% by 1990, when it is expected to stabilise

Alloys production will be far more lucrative than ore exports.

Demand for alloys is a function of steel, whose demand is expected to rise at a rate of about 3,5% a year until 1990

Production is energy intensive, and this will help lift prices sharply

Ore prices have been weak for some years

Pressures on local producers include devaluation of the dollar against the rand, freight expenses and higher mining costs, and the producers are looking for a 35% increase

South African producers' costs remain probably the most competitive in the world and they also produce high quality ore

In the short-term to about 1981, however, ore prices may drift further downwards as new producers such as Anglo American Corporation's Middelplaats reach full production

All three local producers — Samancor, Anglovaal's Associated Manganese and Middelplaats — stand to benefit, but the biggest benefits will accrue to the groups moving most rapidly towards alloy production

Technical trends will also play a role Consumers in Japan in Germany have been swinging towards silico-manganese rather than high-carbon ferro-manganese, and Samancor is now the biggest exporter of silico-manganese

TABLE II

	WHITE		ASIAN		COLOURED		BLACK	
	Male	Female	Male	Female	Male	Female	Male	Female
Rheumatic Heart Diseases (390-398)	115 1.2%	121 1.5%	28 2.5%	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%

Argus, 7/12/79 (217)

ALUMINIUM PRICE TOUCHES NEW HIGH

By A C Parker

LONDON. — At least one base metal — aluminium — was not overshadowed this week by the stampede into gold and silver.

It touched a record high of £843 a ton in the three months position before easing to £812,50 in the middle of the week

The high was caused by a shortage of nearby metal, which also pushed up the cash position to £920 at one stage before it fell back to £854

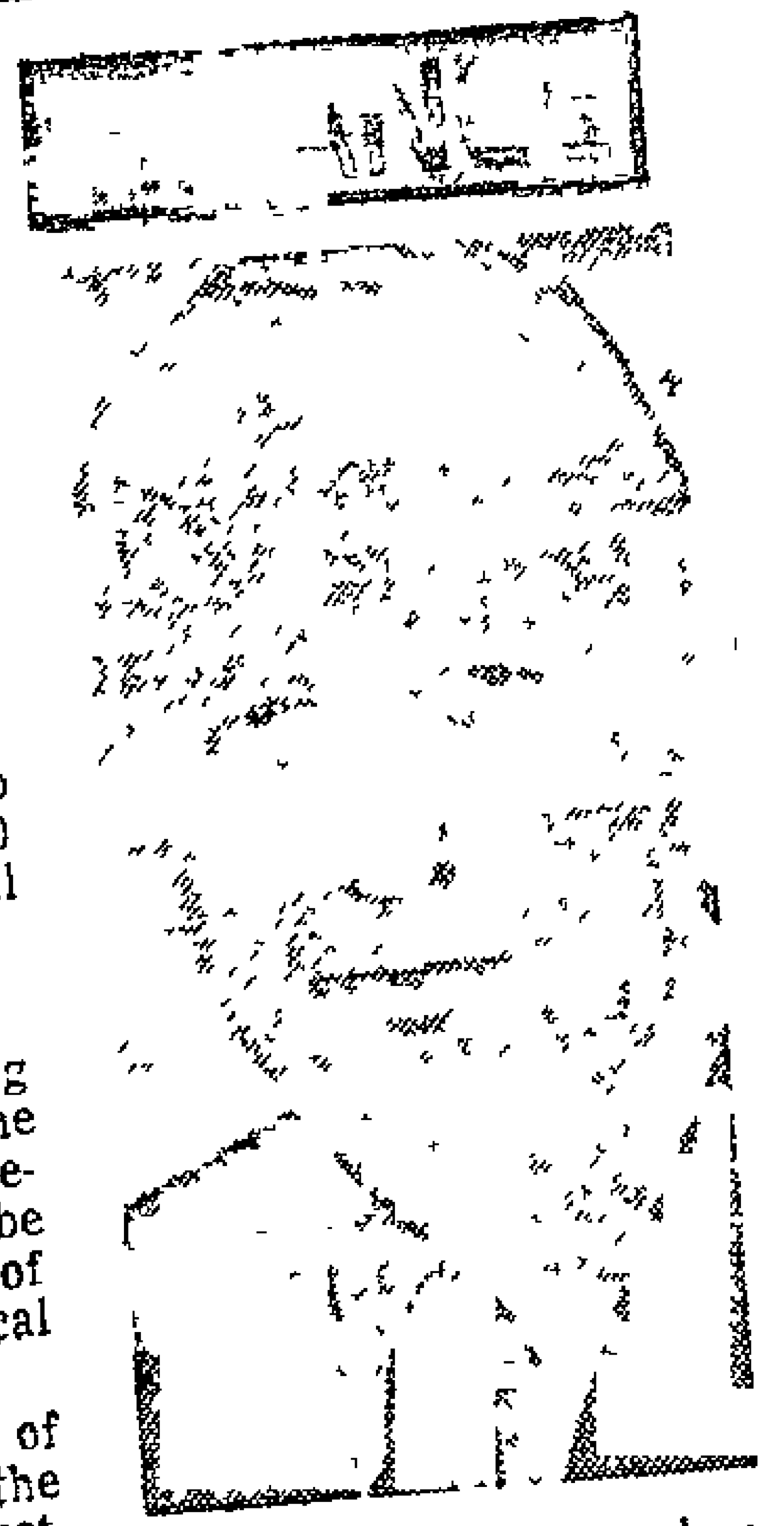
CONTRIBUTING

One factor contributing to the firmness and the backwardation was a report that India would be importing 90 000 tons of the metal in this fiscal year.

Tightening supplies of copper, together with the soaring gold market, pushed three-month metal up to £1 039,50 a ton before it eased to £1 007,50 at midweek

ZINC provided one of the week's surprises by staying firm Three-month metal held at £341,50 a ton at midweek.

Silver absorbed some of the stampede into precious metals with three-month metal touching 935p an ounce before settling back at 898,50p at boom continues



Mr Jack Nolan has been appointed president of Frasers. Mr Nolan served as chairman of the group from 1972 up to the time of his retirement in 1974 He will be the second person to hold the office of president of Frasers The first was the late Lord Fraser of Lonsdale

II

0-1
1-4
5-24
2 5-44
45-64
65+
ALL
NO.

III

0-1
1-4
5-24
2 5-44
45-64
65+
ALL
No.

S. Times 9/12/79 (217)

Tin price optimism boosts producers

By ANDREW MCNULTY

ANALYSTS are predicting continued good results from the three local tin producers — largely bolstered by optimism for the tin price.

This is in spite of uncertainties in the market about the effects of a new smelter at Rooiberg.

Tin is almost alone among base metals in being relatively resistant to a downturn in industrial economies and the London Metal Exchange (LME) price is likely to hold at its present high levels even if a recession in the US and Western Europe does occur

The LME price was £7 600 this week and has moved between the £7 300 and £7 700 levels over the past year

From a technical viewpoint the chartists say continued upward movement is indicated

For about a year now sound fundamentals have been clouded by expectations that the US General Services Administration would release tin from stockpiles

In the short term this would depress the LME price and Robin Hope chairman of Rooiberg Tin the biggest South African producer says a drop to £6 500 is possible in such an event

Immunity from recession enhances investment outlook

From longer-term considerations producers would welcome the move as it would discourage development of substitutes

An analyst at Commodity Brokers in Johannesburg believes an early release of the metal by the GSA is unlikely

Like all the base metals, the long-term future for tin is bright because there has been little investment in new capacity and serious shortages could occur in the next five to 10 years

But the case of tin is different as it is probably the most resilient of base metals It is consumer — rather than industrial — demand oriented its biggest use being in tinplate and demand for its products usually remains strong during a downturn

Demand is further strengthened because the rising aluminium price has reduced that metal s attractiveness as a substitute for tin

Another factor has been the hardness of the pound against the dollar and a weakening of the pound will tend to soften the LME tin price

On the supply side there has been little indication that the three main producers Malaysia Brazil and Thailand will increase output significantly in the short term Bolivia in particular has been clouded by political events

London tin stocks can fluctuate wildly but now stand at only 1 400 tons

Of local tin shares Rooiberg remains a sound, quality proposition with a long life and is certainly the least speculative in the sector, although the shares are difficult to obtain

The mine has just commissioned a R1 8-million smelter which will smelt the mine s full output by next year and will later probably smelt concentrates from fellow Gold Fields mine Union Tin

The chairman has forecast last year s dividend of 220c will be maintained this year and this will yield 9 2% at the current 2 500c price

Market estimates for the current year range from 220c to 250c, which would yield 10%

Union Tin is a speculative share and the mine s life is now estimated at three years But it could produce good profits while the tin price holds

Last year Union paid 18c to give a historical 7,8%, and the interim this year was up from 6c to 9c Shipments hampered profits in the third quarter but if they recover a total 22c could be paid for a prospective 8 1%

The picture for Zaaiplaats is changed now that Rooiberg s smelter is coming on stream

Until now Zaaiplaats had the country s only smelter and bought Rooiberg's concentrate for processing

Quentin Routledge the chairman, says smelter throughput has fallen by 75% to about 25 tons a month The lower volume will also cause unit costs to rise

The mine will continue smelting on this basis which Mr Routledge says will be profitable

However the more profitable tailings recovery operation is expanding Capacity to treat an additional 72 tons a year will be available early next year

The mine was paying a high price for Rooiberg s concentrate and one stockbroker's analyst believes the reduced smelter throughput will benefit rather than depress profits Mr Routledge agrees

Zaaiplaats paid 40c last year to yield an historial 11,1c The analyst predicts 55c for 1979 and 1980 which yields 15,2% at the price of 360c

As mentioned earlier, the quality Rooiberg is difficult to obtain A good way in is through Vogels, GFSA's base minerals holding company which derives half its income from tin and nearly 20% from Apex coal mine

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S. Times 16/12/79 (212)

Chrome mines threatened

By ANDREW MCNULTY

SOME local chrome mining operations may be threatened with closure as a result of a decline in real prices received for chromite on local and international markets.

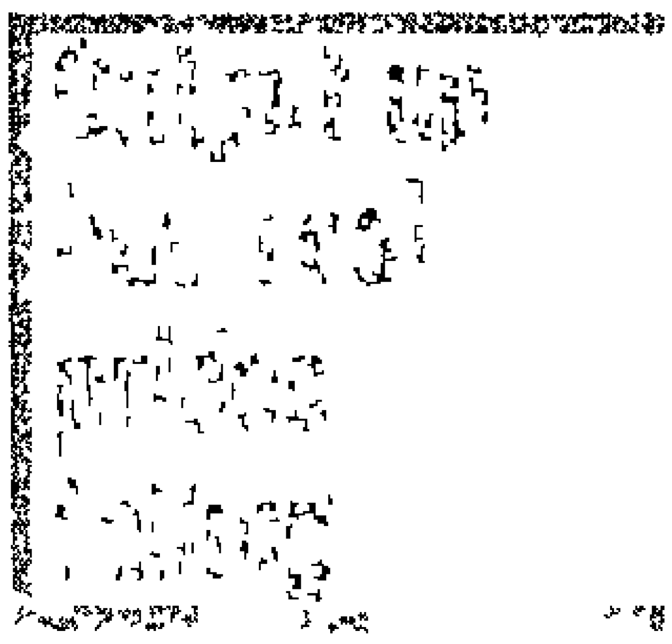
Added to falling real prices since a base level in 1977, has been rapidly rising costs, particularly those connected with ocean freight, and intense local competition has placed considerable pressure on smaller mining operations

The trend of a falling real-term value of high carbon ferrochromium in world markets has continued since 1974 when prices were at a peak

High carbon ferromanganese exporters will require a price rise of 10 to 15%, from about 46c to 48c a ton, to about 50c to 52c a ton — just to maintain the real-term value of prices

Uncertainties clouding the possibility of a price rise include the effect on the market if Rhodesian producers re-enter the picture with large tonnages at competitive prices

Pieter Streicher, managing



director of Samancor and chairman of the Ferroalloy Producers' Association, told the Institute of Mining and Metallurgy in London last week that, from a South African viewpoint, the situation is exacerbated by the rise in the value of the rand relative to the dollar

"Receipts, consequently, in rand terms have been even less rewarding," he says

However, a price rise in real terms could be forthcoming before 1981

Mr Streicher had earlier warned the association that it would be unwise to try to achieve market penetration at all costs

The creation of too much capacity carries the danger of an overhang of stocks in the market place, invariably resulting in low prices and slow recovery

South African ferrochromium exports — and production — have grown spectacularly this year

The 1979 figure is now likely to be some 25% above the 505 000 tons for 1978

Further growth at an average annual rate of over 20% is expected until 1981

"This is due largely to the high cost of electrical energy in the EEC, Japan and the United States associated with ferrochromium production and a desire from these countries' steel industries to avail themselves of advantages arising from importing ferrochromium from South Africa with its relatively cheap energy component reflected in its favourable price",

Local chromite production is expected to total some 4,5-million tons in 1980, with individual mines producing quantities varying from 3 000 to 80 000 tons a month

Chromite production will increase at 13% a year until 1981, and then at 6,8% until 1990, giving an average growth rate of about 8% over the whole period

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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 proportional improvement in the expectation of life. Thus, if the mortality associated with any of the diseases included in Fig. 6 are reduced by 50%, then the increase in the expectation of life will be 50% of the ...rovements indicated.

...ception of Neoplastic Diseases and Diseases of the Circulatory ...en, the 'coloured' community stand to gain most from measures the control of any of the selected diseases included in Fig.6. ...ar importance are the Infectious and Parasitic Diseases, ...ich are frequently amenable to the implementation of relatively ...ods of prevention.

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...s wish to thank the Board of the Colonial Mutual Life ...ociety for their generous financial assistance.

D, Times 16/12/79

217

New upturn in world demand for titanium

By ANDREW MCNULTY

A SUDDEN upswing in world titanium markets during 1979 is smoothing the way for the R250-million Richards Bay heavy minerals project's build-up to full production

Titanium slag is the main product produced by the Richards Bay Iron and Titanium (Pty) (RBIT), which faced heavily oversupplied markets as it started producing at the end of 1978

Price levels for its products were reported early this year to be averaging 15% lower than the 1976 levels when the project was announced

Processing difficulties further compounded the problems faced by RBIT — the most expensive new mining project in South Africa

When full production is reached in 1980 RBIT will be the world's biggest beach sands mine Estimated output is rutile 56 000 tons, zircon 115 000 tons, titanium slag 399 000 tons and low manganese pig iron 217 000 tons

Shareholders are Union Corporation (30%), Quebec Iron and Titanium (40%), Industrial Development Corp (20%) and the SA Mutual (10%)

Managing director Bruce Grierson confirmed to Business Times that titanium minerals markets in general have moved strongly with prices for some products trending upwards, but declined to comment further as a statement is to be made in January

The authoritative London Mining Journal says few metals have experienced greater upswings of fortune than titanium

"Currently, supplies are coming under increasing pressure as production capacity is outstripped, with delivery periods lengthening and prices rising considerably "

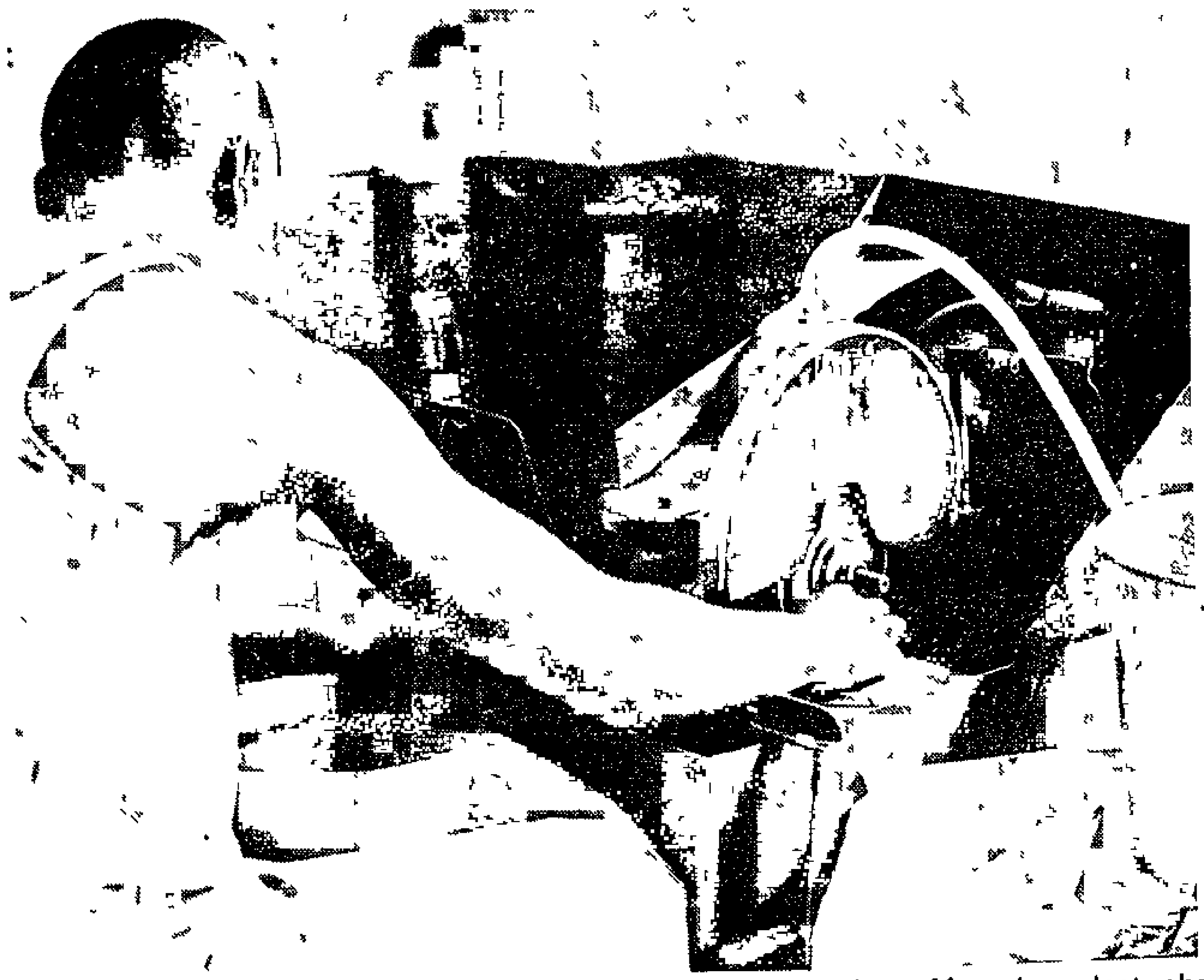
C	B	
F	M	F
119,02	91,30	88,18
16,21	10,23	9,93
1,25	1,64	1,12
4,96	4,78	3,70
17,87	18,06	15,57
71,79	53,38	45,89
11,00	8,77	8,13
12847	18348	13062

XVII ACCIDENTS, POISONINGS AND VIOLENCE (EXTERNAL CAUSE)

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,85	0,69	0,70	0,31	1,18	1,24	0,32	0,19
1-4	0,49	0,21	0,31	0,27	0,63	0,61	0,21	0,20
5-24	0,71	0,22	0,68	0,20	1,40	0,38	0,68	0,12
25-44	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26
45-64	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31
65+	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53
ALL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
NO.	1973	677	333	104	2175	652	1868	324

XVI SYMPTOMS AND ILL-DEFINED CONDITIONS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,54	2,10	1,24	7,00	6,86	19,69	19,83
1-4	0,04	0,04	0,21	0,35	0,75	0,77	2,58	2,48
5-24	0,01	0,01	0,09	0,06	0,08	0,03	0,21	0,23
25-44	0,05	0,05	0,28	0,17	0,42	0,31	0,72	0,78
45-64	0,44	0,18	1,73	1,04	1,73	1,02	3,80	3,64
65+	1,84	1,95	8,32	6,56	8,55	5,71	14,69	14,84
ALL	0,22	0,23	0,56	0,38	0,83	0,65	1,80	1,96
NO.	463	485	199	134	943	761	3765	3145



Left Mr George Swanson — the "king" of blue lace agate reclines on his supply of money-earning rock

One of the few people still working Many have lost jobs through the cut-back in the semi-precious stone industry

Special investigation by STEPHEN WROTTESLEY

SA's tiger's eye industry faces ruin

18/12/79

(217)

Mr Jack Susman — the tiger's eye industry is dying

THE TIGER S EYE industry is rapidly moving to destruction Unless urgent government action is taken, employees in all facets of the industry will find themselves unemployed and South Africa s entire semi-precious stone production might find itself ruined

This emerged during an extensive Cape Times investigation lasting several weeks in which both prospectors and gem-cutters blamed the decline of the R3 million industry on legislation introduced in recent years to control the semi-precious stone

However this could not be supported by government statistics When the Cape Times requested figures for the amount of Tiger's Eye mined in the last year and export amounts, the Department of Mines said they were unable to assist

The legislation — the Tiger's Eye Control Act gazetted in 1977 and the ammendment gazetted this year — was cited by those involved in the industry as the root cause of the decline

Mr Jack Susman, chairman of the South African Gem Cutters Association, said yesterday that tiger s eye was the backbone of the cutting industry and was the reason for foreign concerns buying in South Africa

But through an 'ambiguous section in the act relating to tumble pieces of tiger's eye, partly processed stone was being exported to places like Hong Kong and Taiwan where they were being processed and resold at prices far lower than those found in South Africa

Without the tiger's eye drawcard, international buyers were purchasing all their semi-precious stones on other markets, a move that was slowly killing South African businesses

Re-assess

Mr Susman appealed to the government to re-assess the tiger's eye situation before it was too late The industry can still be saved but the Department of Mines had to make certain changes, he said

He said that the department should control everything to do with the physical mining of the stone but that the Department of Commerce should handle the issuing of permits to the gem cutters and exporters

The Department of Mines did not have the neccessary experienced personnel to manage the tiger s eye cutting industry, he said

Mr Susman said that due to lack of knowledge, thousands of rands in foreign exchange was being lost annually Due to the legislation, certain people were exporting partly processed items at ridiculously low prices

He cited illegal export, ineffective control and inexperience as the causes for the decline in the tiger's eye industry As a result of the present system poor quality stone was being released on the international market

Meanwhile, one of the former prospectors for tiger s eye Mr George Swanson, of Springbok, also blamed the legislation for the decline in the industry

The stringent legislation had forced prospectors into finding other sources of income He claimed that the mineral industry had "never been so good" but legislation had "killed tiger's eye"

Legislation against the export of tiger's eye had killed off mining competition and this is the reason for the collapse of the industry

Mr Swanson, of American extraction whose family has lived in the Springbok area since 1937, was being asked about the collapse in the industry during a Cape Times investigation

Mr Swanson, looked upon as the leading prospector in the "land of samples" — the north western Cape — was the discoverer of the only known source of blue lace agate, now adopted as the symbol of world ecology

More wealth

He claims there is more wealth in his concessions in South Africa and SWA than on the Reef His business runs from a large house in Springbok and various outhouses It is in these outhouses that the wealth from the ground is stored

To the sound of wild peacocks in the dry hills outside Springbok, he described the decline of the tiger's eye industry.

"The legislation against exportation killed off competition," he said

Prospectors moved into other areas Where there were 38 prospecting concerns in the past, there are now three

The legislation, stringently controls the exportation of tiger's eye as well as its sale in South Africa in a rough state

The Cape Times wrote to the Department of Mines for information about the export and mining of tiger's eye In terms of the legislation, the information requested should have been in the department's files

In reply, the Cape Times was told 'Particulars of tiger's eye articles exported under authority of an export permit, as well as the desired information in connection with the quantity of tiger's eye mined during the past five years, are contained in voluminous files which would take quite a time to work through in order to make the neccessary extracts to compile the statistics required by you "

"As this department does not have the staff to spare for such a task, more important work would be seriously affected should your request be attended to "

Blue lace agate — taking on where tiger's eye left off

Plat producer price $420 on firm demand

RDM 20/12/79

(217)

By ADAM PAYNE

IMPALA Platinum and Rustenburg Platinum Holdings increased their producer price for platinum from $380 an oz to $420 an oz yesterday, reporting that demand is firm.

They also increased their price of palladium from $135 an oz to $150 an oz. The $135 level was set in September. Palladium, with nickel, is one of the two main metals produced after platinum.

The iridium price was raised to $350, having been $300 an oz since March 1976. Only small quantities of iridium are produced.

Mr Ian Grieg, chairman of Impala, said that the free market price at $646 an oz yesterday morning had "gone mad" in sympathy with gold and silver. This was a rise of almost $50 overnight.

He said the supply-demand situation, on which Impala and Rustenburg based their pricing, was about in balance, although a little tight.

"It is not tight to the extent suggested by the free market price," he said. "However, we are confident we can sustain $420."

A Rustenburg Platinum spokesman said that in present international circumstances, $420 represented a realistic price. He said "The current free market price reflects a strong speculative element. We believe there is sufficient substance behind the demand from industry to justify the increase."

The price of $420 is $120 more than in November last year. It was raised from $300 an oz to $325 in January, to $350 in April, and $380 in August.

Most of the Rustenburg and Impala production is sold on contract at the producer price, but some is sold on the free market.

Looking at Impala's prospects for the six months to the end of its financial year in June next, the $40 rise means about R15-million added to pre-tax income.

This is calculated on the basis of production at a rate of 900 000 oz a year. One can estimate after-tax income increasing by R7 500 000, and with 57-million shares in issue this represents about 13c a share or, to be conservative, 10c to 12c a share.

Rustenburg Plats year ends in August, so there will be eight months with sales at the higher price. Taking production at 1 200 000 oz a year, eight months' production would be 800 000 oz, representing an extra income of R26 700 000 from the $40 an oz rise. Taking this at about R13 300 000 for after-tax income, the earnings a share would be 11c.

COMMENT: The slowdown in American automobile sales must be taken as a warning sign that market conditions for platinum in this area could change.

Equally, a reduction in the free-market price could restore some of the Japanese jewellery demand which has dropped heavily because of steep price rises.

If speculation in gold, silver and platinum keeps the free-market price high the producer price should be maintained at a higher level than would otherwise be possible.

Both Impala and Rustenburg appear to be confident that $420 can be sustained and shareholders will welcome the decision to raise the price.

One Johannesburg analyst is looking for a dividend distribution of 50c from Rustenburg this year to put the share on a yield of 10,6% at yesterday's price of $470c.

He expects 60c from Impala to put the share on a yield of 11%.

My belief is that if the producers can sustain the price at $420 for at least six months, there could be something left in platinum shares in the short term.

In the longer term, one needs a crystal ball to judge how demand and price will move in the face of such factors as a possible US recession and unpredictable movements in the prices of gold, silver and platinum.

Black Mountain spending

RDM 20/12/79 (217)

Financial Reporter

BLACK Mountain — the lead, silver, copper and zinc mine controlled by Gold Fields of South Africa — will incur capital and operating costs of about R170-million before reaching the self-financing stage next year

This was announced yesterday by GFSA which said that on recent price patterns Black Mountain would have net revenue for a full year's production from sales contracts already arranged of about R110-million

That compares with the R50-million estimate published in 1977

GFSA said total expenditure to date on Black Mountain, including interest charges, was about R140-million

It was planned to increase the milling rate to the designed capacity of 94 000 tons a month in the first half of 1980

Platinum could go as high as $700

RD/MA 21/12/79 (217)

LONDON. The free-market platinum price — which fell to $634 in London yesterday morning after $646 on Wednesday — could hit $700 early next year but then decline sharply, say precious metals analysts and dealers.

They say the price could also suffer a further reversal in the next couple of trading days before rallying

Many say that in spite of strong physical demand over the past few days, notably from Japan, the market is largely in the grip of speculative fever and some fairly heavy liquidation and profit-taking is possible in US markets in the next few days

Analysts say the market is nervous and sizeable selling set in at around the $630 to $640 an ounce level, but after a temporary correction they expect a bout of renewed strength

Most say this should last through the next two months or so during which the price could rise beyond $700

Wednesday's producer price increases to $420 from $380, although well behind the free-market level, will provide some filip in that they underline a basic strength in fundamentals

But analysts say the market price could suffer a serious setback from the middle of the first quarter of 1980 onwards

They were reluctant to assess the potential downside limit — except to say it was sizeable

"The price could maintain its buoyant trend over the next month or so, but a fall then is unlikely to be followed by any return to around current levels for a considerable time," says one dealer

With the prospect of a recession next year, and the adverse effect this would have on the US automobile industry and Japanese jewellery offtake, the market is markedly vulnerable on currently assessed fundamentals, analysts say

Some say, however, that much depends on the course of the gold price and the extent to which it is fuelled by Midle East and other political developments

Sustained momentum in the platinum price is therefore possible

Some dealers expect the present speculative euphoria to fade somewhat next year against the background of a deflationary world economy

Under such conditions the speculative interest leading precious metal markets at present could switch to more orthodox financial instruments, such as bonds and equities.

The free-market palladium price has traded around $180 this week compared with the new South African producer price announced on Wednesday of $150, up from $135

Analysts and dealers generally are bullish about price prospects.

"It should breach $200 with ease during coming weeks," says one dealer — Reuter

Uranium: 'Look-ahead dangerous'

S Times 30/12/79

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By ANDREW McNULTY

SOUTH Africa's uranium producers — who produced 4 674 tons or 11,4% of total western world demand last year — enter the eighties facing rising international turmoil and uncertainty in uranium markets

The uranium picture is clouded by a far-reaching shake-up in the world energy picture that could radically change the outlook in coming months

This emerged when Business Times interviewed South Africa's top uranium man, Dr Wynand de Villiers, who was elected president of the South African Atomic Energy Board earlier this year

After massive public doubts about nuclear energy disrupted an almost decade-long expansion in uranium markets, ending with an oversupply that could last another five years, two developments during 1979 have sharply focused the attention of governments on the need to formulate national policies on nuclear power

The Three Mile Island (TMI) accident in the US in April seriously damaged public confidence in the safety of nuclear power stations and governments in North America, Europe and other areas were forced to review their committments to nuclear power

In Tokyo, demonstrators clashed with police during a symposium on TMI in late-November

West Germany has placed a de facto moratorium on nuclear power and the Kraftwerk Union put 100 highly skilled workers in generator plants on short hours this month, blaming the slippage of domestic nuclear projects

Sweden is to hold a referendum on nuclear power next March A Government commission study has just concluded that phasing out nuclear power in Sweden would cost the nation $17-billion over 20 years.

But the most serious effect would be that Sweden would be unable to reduce its dependence on oil Because of time required to be build coal-fired stations — Sweden has none — oil imports would have to increase

These events multiply the uncertainties in already weak uranium markets

On the other hand, oil prices took off uncontrollably in 1979, forcing governments to turn their attention more seriously to alternative fuels and the nuclear option has swung back into favour in a number of countries

Few overseas anlysts expect demand for uranium oxide to strengthen in the short term

With the spot price in a range of $41 to $43 a pound, the price has declined in real terms over the past year

The contract price has trended downward in constant 1979 dollars from a peak of $48,90 in April 1976 to $40,50 in June 1979

Here Dr de Villiers gives his views on the South African and international picture for uranium·

How do you characterise the uranium market at present and what is your prognosis for the foreseeable future?

The market has softened further in the last couple of months and it is likely to remain static over the next year, although short-term delivery sales will attract slightly higher prices

But things are changing so rapidly at present that to look even a year ahead is dangerous Political factors, such as the US presidential election and turmoil in the Middle East, could be extremely important.

What significance is being attached to the Three Mile Island (TMI) accident now?

TMI had a short-term effect

People are realsing now that while it was a serious accident as far as the nuclear reactor was concerned, nobody was killed or hurt Conventional accidents leading to deaths and injuries happen all the time

I believe the public is now seeing the picture in perspective.

How big a setback was this for nuclear energy programmes?

Certainly the drop in confidence contributed to a slowdown in nuclear development But there are encouraging signs.

Most Western countries are now going ahead with their nuclear power programmes but, in many cases, France being a notable exception, at a reduced rate South America and Taiwan are also going ahead and Japan has no other option.

Factors such as the coming election in West Germany might change the picture, just as the nuclear referendum in Sweden could affect the market if that country becomes pro-nuclear.

How do you expect the escalating oil prices to affect the market, with regard to the relative economic viabilities of coal and nuclear power?

In South Africa it will have no effect because we use oil only for mobile power, not for production of electricity

But most overseas countries, particularly the US and Western Europe, are dependent to a very large extent on oil for power generation

At todays's oil prices they will have to turn increasingly to coal or to nuclear power. There are limited amounts of coal available and if European countries continue to delay their nuclear programmes, I just don't know what they are going to do

In economic terms, the relative attractiveness of these two will depend largely on coal production costs If the coal price doubles your electricity costs

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Uncertainty over uranium

• From Page 5

go up about 60% But if you double the uranium price your electricity costs only rise about 5% to 10%

What are South Africa's estimated uranium sales for 1980?

Production which is synonymous with sales is rising Production in 1978 was about 4 700 tons and it seems that the 1979 total will be just over 5 000 tons rising to about 5 500 tons and possibly more in 1980 It has already been projected that the 1984-85 output will be about 8 000 to 10 000 tons

Is any significant stockpiling of uranium taking place?

There does seem to be some, but I think it is only a case of people aiming to have at least two year's supply on hand

There is little on a large scale except possibly for Japan — not enough to affect the uranium supply position

South Africa's reserves were updated recently, Karoo deposits appearing to be the most interesting of new deposits How do you see the potential?

The Karoo field is looking very promising but it is still early days to say whether it could be exploited The uranium found there occurs in very small quantities in widespread deposits

The idea of a central processing plant has been considered but long distances make the costs look too high

What is still needed is a single base deposit large enough to be exploited on its own, and other deposits could then be brought to its plant

What are the prospects for the uranium found in the Nylstroom coal deposits owned by General Mining?

The first question is when General Mining will decide to exploit the coal deposit

The major problem is a technical one — how to economically extract the uranium from the coal But possibilities are very good and I'm certain the metallurgical problem will be solved

There is a lot of interest in this coal from countries all over the world

How do you view Japan's recent decision to consider extraction of uranium from sea water?

Japan has been interested in this for years It has now decided to erect a pilot plant to study a process using titanium oxide as an absorbent for uranium

But this is a completely different ball game and an extremely cheap process is required Sea water contains uranium concentrates about 3 parts per billion compared with about 150 to 500 parts per million in Witwatersrand ores

Japan does have an advantage in that the temperature of the sea water off its waters is fairly high and this seems to help the process

The International Fuel Cycle Evaluation (INFCE) study on uranium is to be wound up in March. What do you expect from this?

INFCE is not a policy-setting forum but rather a study to establish the needs

The most important conclusion I expect is that it will be realised that the US policy of deterring fast breeder reactors and reprocessing is not making any headway in Europe The US will probably review its own standpoint on this as a result

Secondly I think INFCE will help people to realise there is not as much uranium available in the world as many think there is

How do you see the future of fast breeders?

There are now prototypes in Germany, England and France But I don't believe they will contribute much to the total energy picture before the turn of the century

What are the current prospects of South Africa regaining supplies of enriched uranium and how is the shortfall affecting research programmes.

It is now clear that we will not obtain highly enriched uranium for the Safari 1 reactor from the US or any other country if we do not agree to sign the non-proliferation treaty That whole question is under discussion

As a result Safari 1 is running at only 5 MW every alternate week instead of its capacity of 20 MW Naturally this is hampering our research programmes

DISCUSS

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Russia 'enriches SWA uranium'

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31/12/79

Argus Bureau

LONDON — Uranium from the Rossing mine in South West Africa is being processed into usable reactor-grade uranium by the Soviet Union — and the South African Cabinet knows of this, according to a report in the London Sunday Times.

Uranium from the mine is also being secretly sold to Japan, Iran and West Germany, in spite of a United Nations ban on the export of minerals from the territory.

The mine, which belongs to the British company Rio Tinto Zinc, is the world's largest open-cast uranium mine. Since it opened in 1976, RTZ has adamantly refused to disclose to whom and on what terms its uranium is being sold.

ONLY STATE

The only state to admit it receives uranium from Rossing is Britain. France has shares in Rossing, and receives and processes its uranium.

The West German and Japanese governments have repeatedly denied any links with Rossing.

But inquiries by the Sunday Times have uncovered startling new facts. The report states that

- Iran has a 15 percent stake in Rossing and is a major buyer of its uranium. The Ayatollah Khomeini's regime is now trying to break the contract
- In spite of a Government announcement that all connection with Rossing had been severed years ago, West Germany remains a major investor in, and a major buyer from, Rossing

In spite of equally vehement protestations Japan continues to receive Rossing uranium

But it is the processing of the uranium which gives rise to the most surprises, says the report

The uranium leaves Rossing as oxide, but has to go through various stages, including enrichment.

The only member of the nuclear club which has surplus enrichment capacity is the Soviet Union. In 1975-1976 the Soviet Union concluded an agreement with the Shah. The Soviets enrich the Rossing uranium on behalf of Iran and West Germany.

At an earlier stage in the processing a British company handles the uranium on behalf of Iran.

The South African Cabinet is not a direct party to any of these deals, says the report. 'But it knows of and had to approve — all of them.'

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31/12/79

SA knows Reds process uranium from SWA

The Star Bureau

LONDON — Uranium from the Rossing Mine in SWA/Namibia is being processed into usable reactor-grade uranium by the Soviet Union — and the South African Cabinet knows and approves of this according to a report in the London Sunday Times

The only state to admit publicly it receives shipments of uranium from Rossing is Britain, which relies on the uranium to meet 42 percent of her domestic nuclear power programme needs.

It is also known that France has shares in Rossing and also receives and processes its uranium for its nuclear stations

The mine belongs to Rio Tinto Zinc, a British Company

The West German and Japanese Governments have repeatedly denied any links with Rossing.

But inquiries by the Sunday Times in South Africa, the United States, France, Holland and West Germany have uncovered some startling new facts, says the report:

- Iran has a 15 percent stake in Rossing and is a major buyer of its uranium. This deal was concluded by the Shah. The Ayatollah Khomeini's regime is now trying to break the contract.
- Despite a Government announcement that all connection with Rossing had been severed years ago, West Germany in fact, remains a major investor in and a major buyer from Rossing.
- Despite equally vehement protestation to the contrary by the former Japanese Prime Minister, Japan also continues to receive Rossing uranium.

SURPRISING

But it is the processing of the Rossing uranium which gives rise to the most surprises, says the report.

The uranium leaves Rossing as oxide but has to go through various stages including enrichment before it can be inserted into the nuclear reactors.

Iran has no enrichment plant and West Germany does not have an independent one. The only member of the nuclear club which has surplus enrichment capacity is the Soviet Union — a by-product of their ambitious military programme.

- In 1975-1976 the Soviet Union did a deal with the Shah. The Soviet state company Techsnabexport enriches the Rossing uranium on behalf of Iran
- The Soviet Union is also enriching SWA/Namibian uranium on behalf of West Germany The report estimates about half of West Germany's current needs are processed from the Rossing uranium by the Soviet Union
- At an earlier stage in the processing the British company British Nuclear Fuels also handles SWA/Namibian uranium on behalf of Iran.
- The South African Cabinet is not directly party to any of these deals, says the report, but it knows of — and has to approve — all of them.