MINING — COAL GENERAL

[illegible], 1975 — JUNE '77

HANSARD . 5 Q . columns 357-8-9

L MARCH 1975

Shortage of coal/anthracite

*25 Mr T HICKMAN asked the Minister of Economic Affairs †

Whether a shortage of (a) coal and (b) anthracite for local consumption is being experienced at present if so what is the cause of the shortage in each case

†The MINISTER OF ECONOMIC AFFAIRS

In recent times a number of problems have been experienced with the supply and distribution of coal and anthracite These problems have been due to various factors of which the following are the most important

(1) The increased demand for coal and anthracite as alternative sources of energy which has been generated by the international oil crisis, has exerted a considerable amount of pressure on the existing production capacity of our coal and anthracite mines

(2) The problems encountered by the mining sector in general, but more particularly by the coal and anthracite producers, in recruiting sufficient numbers of non-European labourers, have also had an adverse effect on the output of the coal and anthracite mines

(3) The high economic growth rate achieved by our country during 1974, and particularly the exceptionally favourable agricultural crop season which South Africa experienced last year, has inevitably exerted considerable pressure on the existing railway facilities with the result that problems have been encountered at times during the year with the railage of coal and anthracite to various parts of the country

(4) Moreover, the disruption of transport facilities which has been brought about by the floods which have occurred in certain parts of the country during March and April 1974 has also hampered the normal accumulation of stocks by consumers in order to provide for their increased consumption during the winter months, with the result that they have been obliged during the winter months to draw heavily on their reserve supplies to the point where these supplies have been virtually exhausted

(5) Because of the coincidence of these circumstances there has been a tendency amongst consumers since the end of the winter season to order considerably more coal and anthracite than their normal requirements in order to build up their stocks so as to avoid a possible disruption of their production activities This tendency has likewise contributed to the additional pressure which has been exerted on the production capacity of our coal and anthracite mines and on the country's available transport facilities

However, the Government has already for some considerable time been giving attention to this matter in consultation with the local producers and distributors of coal and anthracite and everything possible is being done to satisfy the normal requirements of the consumers of these two commodities In the course of these efforts the Government naturally tries to ensure that, if and when bottlenecks should occur in respect of our production and transport capacity the satisfaction of consumers' needs is carried out on a priority basis

(1) 216

~~(2) Energy~~

216 1975 — 1976

HANSARD 5 Q. column 409-410
7 March 1975

~~1 265~~
~~2 28~~
3 216

Distribution of coal/anthracite

[illegible] W. H. D. DEACON [illegible]

(1) whether the departmental investigation into alleged monopolistic tendencies in the distribution of coal and anthracite has submitted its report; if not,

(2) when is the report expected to be submitted;

(3) whether he will make a statement on the matter.

The MINISTER OF ECONOMIC AFFAIRS:

(1) No departmental investigation is presently being undertaken into alleged monopolistic tendencies in the distribution of coal and anthracite.

(2) Falls away.

(3) I am aware of the fact that the local marketing of coal and anthracite is carried out by a single organization with a limited number of agencies in the various regions of the country. The actions of this organization are under continuous scrutiny and should it render itself guilty of undesirable monopolistic practices, I shall not hesitate to take the necessary corrective measures.

The MINISTER: In addition I should just like to refer the hon. member to the reply which I furnished on 4 March in reply to question 25 in respect of the general position in the distribution trade of coal and anthracite.

Mr. W. H. D. DEACON: Mr. Speaker, arising out of the hon. the Minister's reply, could he tell me whether allegations in regard to certain possible monopolistic tendencies in the distribution of anthracite are in fact being investigated by the Department of Commerce?

The MINISTER: I have already indicated in general that if and when complaints of this nature in respect of this industry or any other industry are lodged with the department, they are investigated in any case as a matter of principle.

HANSARD 7. Q columns. 529-30.
18 March 1975.

~~2. 7/7~~
3. 2/6

High-grade coal used by Iscor

*28. Mr. L. F. WOOD asked the Minister of Economic Affairs:

(1) Whether there is an imminent shortage of high-grade coal used by Iscor; if so, what is the cause of the shortage;

(2) whether it will be necessary to import high-grade coal; if so, (a) what quantity, (b) from which countries and (c) at what additional cost.

The MINISTER OF ECONOMIC AFFAIRS:

(1) Yes; the varying quality of high-grade South African coal necessitates that the coal mines concerned must produce at maximum [illegible] [illegible], the rapidly increasing demand for metallurgical coal. Labour shortages and the recent riots at certain Natal coal mines made it impossible for the mines to keep up with the demand and the position has been aggravated by transport problems despite the excellent co-operation on the part of the South African Railways. There are also unforeseen delays in the delivery of high-grade coal from Mozambique.

(2) Yes.

(a) Between 0,50 and 1,00 million tons per annum.

(b) and (c) Offers on inquiries sent out recently have not yet been received and accordingly particulars cannot as yet be furnished.

Hansard 7 Q Column 579

21/3/75

2. 216

Domestic consumption of coal

*44 Mr G H WADDELL asked the Minister of Economic Affairs

(1) What was the total domestic consumption of coal in 1974,

(2) how much of this amount was used by (a) private consumers and (b) public bodies,

(3) whether his Department has any estimate of the amount of coal consumed by White and non-White private consumers, respectively, if so, what were the amounts in 1974 /

†The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House)

(1) 61 771 018 metric tons

(2) (a) 12 856 000 metric tons

(b) 48 915 018 metric tons

(3) White private consumers 1 096 000 metric tons Non-White private consumers 673 000 metric tons

HANSARD 7 Q. 578-80

21 March 1975.

1) ~~Energy~~

2) 216

Domestic consumption of coal

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Hansard 7: Q columns 556-557
21 March 1975

Shortage of coal/anthracite in Eastern Cape

*18. Mr. T. G. HUGHES (for Mr. C. J. S. Wainwright) asked the Minister of Economic Affairs

What is the reason for the shortage of coal and anthracite for domestic use in the Border area of the Eastern Cape.

†The MINISTER OF ECONOMIC AFFAIRS

These shortages are due to a variety of factors The most important of these are

(i) The sharp upsurge in the demand for coal and anthracite from industrial and other essential consumers compared with the available production capacity of the coal and anthracite mines.

(ii) A serious decrease in the stocks of large consumers and merchants which resulted from the problems which were experienced during a large part of last year with the transportation of, among others, coal and anthracite.

According to information supplied by the coal producers substantial quantities of coal are, however, at present being despatched to this area The anthracite producers have also made special arrangements to expedite railings of anthracite nuts to merchants in this area.

Mr. T. G. HUGHES: Arising out of the hon the Minister's reply, may I ask him whether anthracite is being exported at present?

†The MINISTER The reply is that the total consumption of coal in the Transvaal is 21,5 million tons, and the total export is 0,8 million tons, and it is coal dust, not anthracite

Mr. T. G. HUGHES: Further arising out of the hon the Minister's reply, is the shortage on the Border due to the export of anthracite?

†The MINISTER Mr Speaker, I have already explained today and previously that the export has no affect on the local shortage.

~~1 Energy~~

~~2 78 9~~

~~3 216~~

216

HANSARD 9 Q. column 653
8 April 1975.

216

Commission of Inquiry into Coal Mining Industry

*23. Mr G H WADDELL asked the Minister of Mines

Whether the Commission of Inquiry into the Coal Mining Industry has completed its report, if so, when will the report be laid upon the Table, if not, when is it expected that the report will be completed

The MINISTER OF MINES:

Yes The report is at present being roneod for preliminary submission to me whereafter the translation and printing thereof will receive urgent attention As soon as the report comes to hand the Government will decide on the tabling thereof

HANSARD 4 Q. column 682-4
11 April 1975

Energy
2/6

Shortage of coal in Western Cape

*20. Mr. W. V. RAW asked the Minister of Economic Affairs:

Whether a shortage of coal required by power stations in the Western Cape is expected during the forthcoming winter months; if so, what (a) is the estimated extent of and (b) are the reasons for the expected shortage.

†The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House):

The Government has recently become aware of the fact that certain consumers of coal and anthracite, including consumers in the Western Cape, were experiencing difficulties in obtaining sufficient supplies of these commodities for their current consumption needs, and also to enable them to build up sufficient stocks of coal and anthracite for the winter months when the demand is usually higher than during the summer months.

The Government has, in co-operation with the coal and anthracite producers as well as with the South African Railway Administration, given full consideration to the present supply position of coal and anthracite, and consumers may rest assured that there is no reason for them to resort to panic buying and, therefore, to the placing of orders in excess of their normal requirements.

The present difficult supply position is attributed to several factors. As a result of the international oil crisis, which resulted in an increased local as well as foreign demand for coal and anthracite as alternative sources of energy, considerable pressure is at present being exerted on the production capacity and transport facilities in the Republic in as far as these commodities are concerned.

The high economic growth rate experienced during 1974, and in particular the exceptionally high level of imports and favourable agricultural production year, inevitably exerted considerable pressure on the available railway transport facilities with the result that problems were sometimes experienced with the transport of coal and anthracite supplies to certain areas of the country. Moreover, the disruption of rail transport facilities as a result of the washaways which occurred in certain parts of the country during March and April, 1974, led to the curtailment of the normal accumulation of supplies to meet the increased consumption needs of the winter months, with the result that consumers had to deplete their reserve stocks to a considerable extent.

Everything possible is at present being done to ensure that the normal requirements of all consumers are being satisfied. In particular, the maximum possible use is being made of road transport to alleviate the pressure on the transport of coal and anthracite by rail. Moreover, the Railways are giving the highest priority to the supply of trucks for the transport of coal and anthracite.

Although South Africa has certain firm contractual obligations in respect of the export of coal and anthracite, the Government also exercises control over the export of coal in order to ensure that such exports will not take place at the expense of local needs.

All consumers of coal and anthracite are requested to use these commodities as sparingly as possible, particularly during the coming winter months, so as to contribute to the alleviation of the present difficult supply position.

HANSARD 9 Q. column 684-6.

11/4/78

~~(1) 784~~

(2) 716

Export of additional quantities of coal

*22. Mr W. V. RAW asked the Minister of Economic Affairs:

(1) Whether he has received any recommendation from any Government department regarding the export of additional quantities of coal; if so, from which department;

(2) (a) what is the name of the company or organization which will export the coal, (b) (i) in what volume and (ii) over what period is it to be exported;

(3) whether he has reached a decision on the recommendation; if so, what decision.

[The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House):

(1), (2) and (3) During the third quarter of last year the Government accepted recommendation from the Energy Policy Committee that, subject to compliance with clearly defined conditions, the export of an additional quantity of coal from the Republic over a period not exceeding 20 years would be authorized.

The relevant recommendation of the Energy Policy Committee was formulated after various foreign and local firms had applied to the Secretary for Commerce for permits to export large tonnages of coal over an extended period of time and it was deemed necessary to take a policy decision on the question as to whether further large scale coal exports could be reconciled with the country's own long-term energy requirements and its proven economically mineable coal reserves.

On the basis of the Government's policy decision in this regard, a Committee of Heads of Departments subsequently analysed the applications for permits for large scale coal exports already received and formulated provisional recommendations for the allocation of such permits to six of the applicants.

These six applicant firms, as well as the tonnages of coal which each of them will be allowed to export over a period of 20 years if the findings of the Committee of Heads of Departments are eventually accepted by the Government and if the firms in question can comply with all the conditions which the Government has prescribed for the allocation of such permits, are as follows:

Transvaal Coal Owners Association: 100 million tons.

Anglo-American Corporation: 100 million tons.

South Cape Exploration (Pty.) Ltd.: 150 million tons.

Shell Coal S.A. (Pty.) Ltd.: 150 million tons.

General Mining/British Petroleum: 100 million tons.

CFP Group (Total Oil Co.): 50 million tons.

In addition to the abovementioned six applicant firms, there were also certain other firms which had applied for permits for the large scale export of coal.

However, the Committee of Heads of Departments which considered all the applications, did not find it possible to submit supporting recommendations in respect of all the applications.

After the Committee had completed its task, the Secretary for Commerce addressed letters in identical terms to each of the firms in respect of whose applications the Committee had formulated supporting recommendations, in order to advise them that he would be prepared to recommend to the Minister of Economic Affairs that export permits for the stipulated tonnages be issued to them as soon as he had received written confirmation from them of their ability to comply with all the conditions which were laid down by the Government with regard to further large scale exports of coal.

None of the six aforementioned applicants has, as yet, submitted written proof to the Secretary for Commerce of their ability to comply with the Government's conditions for further large scale exports of coal.

Question Write on both side

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216

STAR 30/4/75

Coal price must rise: share outlook bright

Coal producers have confronted the Government with demands for another price increase. TEIGUE PAYNE examines the situation and its likely effect on coal shares.

The ESE coal index, which has risen 55 percent since January, reached its peak recently on news that the industry is applying for a big price increase The question now is will it follow last year's pattern and "decline in disappointment."

The 35 percent coal price increase granted in September last year was the biggest in history, but producers — who had asked for more — said it would merely keep the industry alive

Now the producers have asked for an even bigger increase, about R2 a ton, which would be equivalent to 60 percent. It seems likely that the industry will not get R2 immediately, but there will be further increases later to make this up and perhaps better it

The recent heady rise of coal shares to low yields makes many brokers feel that the current reaction in their prices should continue, except for individual rises for some collieries.

Promulgation of the increase may take a long time because the industry also wants a revised pricing formula, and so the reaction could be extended If the price increase is disappointing, it may not cause an immediate spurt; but shares are likely to rise after an initial delay This would follow last year's pattern they say.

A reason for the precipitous rise in coal shares is that the sector is under-capitalised. Since it is not easy to buy the shares, they rise quickly and over-react when demand is strong

But once the reaction is over, many analysts think coal shares will take off and become an excellent long-term investment although considerable amounts of capital may have to be raised for expansion programmes They believe that coal producers are now in a unique and improved position and that coal will be in the position that gold was in when it was released from the official price A surge is likely when coal is released from its stifling pricing set-up

For years the domestic coal market has been static or declining This has allowed the Price Controller to exercise tight control

Now, for the first time, increased consumption of coal means that shortages are imminent and the coal industry is telling the Government that it simply cannot produce any more unless it has prices which cover operating costs, a proper return on capital and incentive for further investment. So the Controller can no longer restrict the industry's pre-tax earnings capacity to an average of 5 percent.

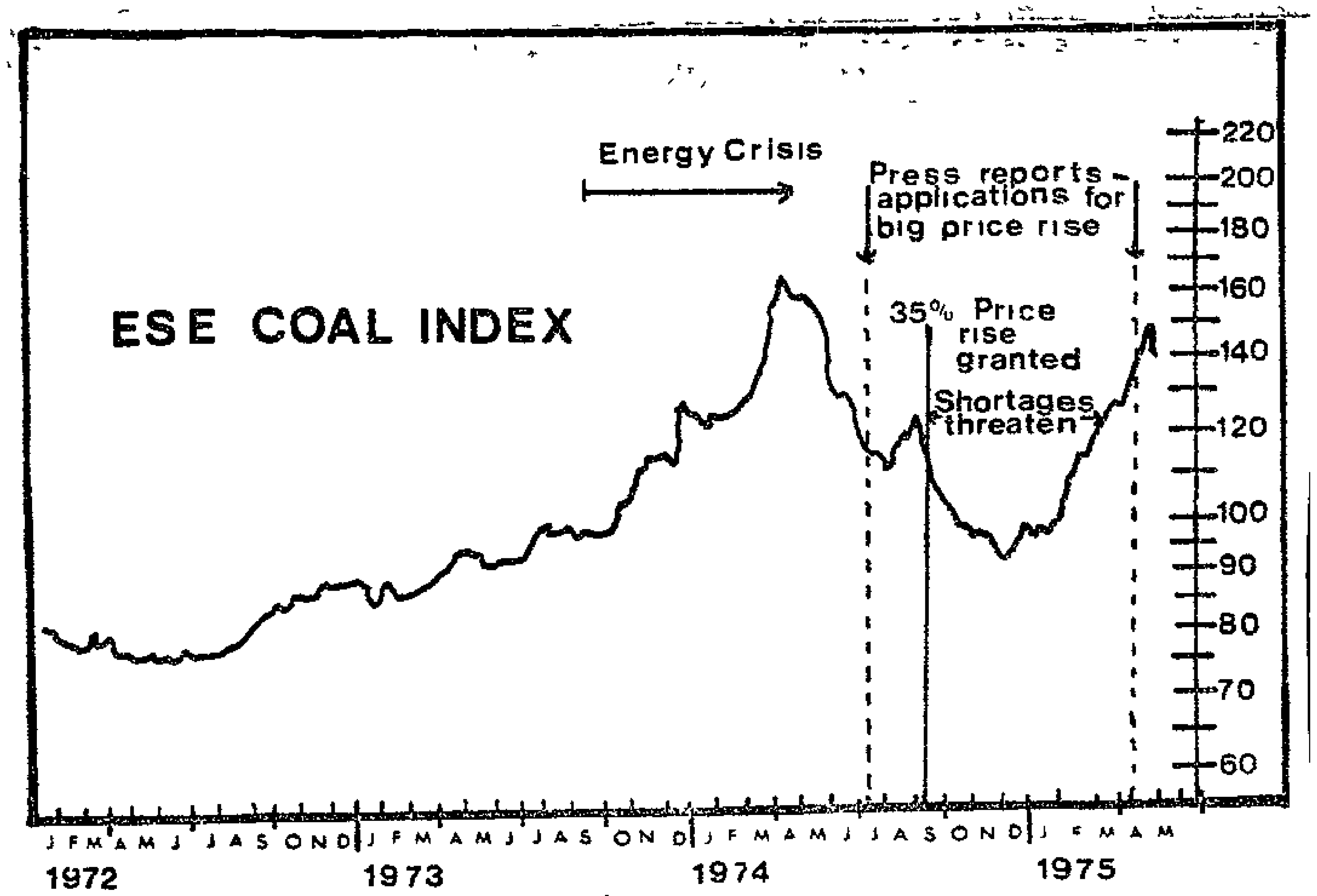
One broker estimates that between now and June 1976 domestic production for commercial trade of 21m tons must rise by 12 to 15m tons, or 70 percent. This excludes production by collieries tied to Escom, Iscor and Sasol

The industry has signed firm contracts to export 8m tons a year after then, and has given options for 4m tons more — a total of 12m tons. There are insufficient production facilities for these contracts At the same time shortages are threatening on the local market

So, for the first time, the industry has the Government in a corner It is thus confident that the coal industry will soon be on a viable footing.

With a R2 a ton increase, it is thought, production could be increased 20 to 30 percent from existing facilities without substantial capital expenditure This would allay immediate shortages, but would not be enough to open the new mines which are needed The last new colliery to be opened was on Coronation's Bank deposit in 1966

Only if the pit head price was raised to about R6 80 and profit of R3 50 earned on R15 a ton capital costs would this give a reasonable 25 percent return before tax to open new mines.



South Africa's coal industry had an uninspired history before the energy crisis. However, the precipitous rise in the shares in early 1974 proved premature. Now analysts hope that a sustained long-term rise can be expected.

Exports not a panacea

Coal exports cannot subsidise the local price significantly, because they account for only a small part of total industry earnings Nevertheless, exports remain an important profit source for some collieries

The Government has temporarily embargoed negotiation of further export sales, until domestic requirements have been met Yet existing contracts to export not less than 8-m tons a year will have a marked effect on certain companies.

Australian producers are holding out for $45 freight-on-board soft coking coal for export, which is comparable to the South African price This is equivalent to R30 fob at Richards Bay

If railage rates rise substantially and collieries receive only R23 at the pit head, this makes the domestic price look puny at R3.40

Beyond the 8-m tons, and assuming that the coal production shortage is resolved, six companies will be able to take advantage of possible exports of a further 650-m tons over 20 years

Producers have said that the conditions on which export permits will be granted are reasonable in view of the national interest They also protect local companies

It seems that the conditions were made because the Petrick Commission has dragged its feet in reporting to the Government about the future of South African coal and energy The conditions for exporters are

- They must prove they can get the coal they want to export
- They must be able to supplement from foreign sources the capital and manpower needed to develop the production facilities
- To relieve pressure on transport facilities — railways and harbours — they must phase exports, beginning in a small way
- Foreign companies must co-operate with local companies, although in exceptional cases exemptions to this would be considered
- Exporters must not compete to disrupt the export market or undercut Preference will be given to those who sell through a central organisation to maintain a minimum price in negotiations
- Applicants who do not now participate in the domestic market must undertake to supply a commensurate share of domestic demand
- All must agree that higher export prices should be used to compensate them partly for lower controlled domestic coal prices. It is thought that this term will be inapplicable

The shares to buy

As a general rule, analysts advise investors to buy those coal shares which are tradeable, which sell their output through the Transvaal Coal Owners' Association, and which have export allocations

Historically, the most tradeable shares in the sector have been Trans Natal, Vereeniging Estates, Clydesdale, Tavistock, Coronation Collieries, SA Coal, Springbok and Witbank Cons

Collieries which sell their outputs through the TCOA have more potential than others because they will benefit immediately from the price increase being negotiated stock Coronation Collieries tied to Escom will not immediately benefit, although their prices are renegotiated periodically

The TCOA also has the only export allocations so far granted

The shares most often mentioned as having growth potential are Tavistock, Apex, Witbank, SA Coal, Coronation Clydesdale, Alpah Coal and Vereeniging Estates. Vereeniging Estates is a finance company with 65 percent of its assets in coal shares

Although these and other coal shares may not rise immediately, the situation cannot continue indefinitely in which the product is scarce and in tremendous demand, but where many mines are selling at a small fraction of their replacement value

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HANSARD. 13 Q. columns 895 – ~~97~~. 96.
6 May 1975

Transport of coal for industries in Natal

*13 Mr W G KINGWILL asked the Minister of Transport

(1) Whether the South African Railway Administration is able to transport sufficient coal to satisfy the requirements of industries in Natal, if not,

(1) 216

(2) ~~268~~ 265

(2) whether consideration has been given to the transport of coal by road to satisfy such requirements, if not, why not,

(3) whether any other steps are contemplated to relieve the shortage of coal experienced in Natal, if so, what steps

The MINISTER OF TRANSPORT

(1) Yes, the daily truck requirements of Natal collieries are fully met

(2) Falls away.

(3) Falls away

Mr W V RAW Mr Speaker, arising out of the hon the Minister's reply, is he prepared to state that any allegation by industrialists that they are not able to obtain their coal requirements as a result of truck shortages is untrue and incorrect?

The MINISTER Mr Speaker, I have said specifically that the daily truck requirements of Natal collieries are met in full The SA Railways are prepared and able to supply the necessary trucks If the supply does not meet the demand he must talk to the collieries

Coal's case for a price rise to pay for new mines

RDM 9/5/75 (216)


MR GEORGE CLARK

THE WORLD-WIDE revival of interest of coal has resulted in considerable publicity, and in a great number of contradictory statements.

It is comon cause that coal is by far the most plentiful single fuel in the earth's crust. The 1974 World Energy Congress survey of world fossil fuel resources indicated this approximate breakdown of recoverable energy

Solid fossil fuels (coal) 47 per cent,

Crude oil 12 per cent,

Natural gas 6 per cent,

Oil shales and bituminous sands 35 per cent

The authors of this study point out for comparison that uranium is only a very small proportion of the fossil fuel total if used in present-day reactors, but that it can yield 50 per cent more energy than total fossil fuels if used in breeder reactors, making this field of research cirtical in the world's energy picture

HINDSIGHT

South Africa has 1 per cent of recoverable world fossil fuel energy reserves This certainly does not make us an energy treasure chest, but is quite respectable, because we have only 0,6 per cent of the world's population

In terms of coal resources alone we apparently own 4,4 per cent of world in situ reserves and are mining around 1,9 per cent of world coal production This clearly reflects the fact that about three-quarters of our national energy is being provided by coal because we have no indigenous oil or natural gas

With the benefit of hindsight it is clear that world energy pricing has been seriously out of balance for a long time For a variety of reasons oil was far too cheap relative to its long-term availability If political events had not precipitated the oil crisis when they did, sheer unavailability would have done so within a couple of decades

This brings us to South Africa where the pricing of coal is the biggest single problem at present World energy price trends have resulted in a position where the same ton of bituminous coal is worth around R12 a ton F O R for export markets, but only R3,20 a ton for the domestic price-controlled market

Increasing demands for coal had, however, been foreseen before the oil crisis, and South Africa has the Richards Bay harbour and railway under development

BY GEORGE CLARK, a director of General Mining and general manager of the group's coal interests.

We as a country have entered into fairly extensive export commitments of 8-million tons a year from the opening up of Richards Bay

South African demand is also increasing, and causing a pressure on production capacity The normal commercial mines, members of TCOA an NAC, should soon increase their production by 60 per cent to 70 per cent to handle increased South African demand plus exports

It is, however, quite impossible to justify any increased investment in coal mining on the current controlled price formula — the return would probably be less than that obtainable on a Post Office savings account

Export business is attractive, and would justify new mines, but everyone recognises that if the South African market is short supplied any new export mine might have to sell in the South African market at catsmeat prices this is a major deterrent to investment

The superficially obvious solution of pooling or averaging local and export prices will not work

DETRIMENT

It must be realised that export coal will be sold on the world energy market in which prices are not controlled, but are affected inter alia by fluctuations in demand, weather, price changes in alternative fuels, politics and the cost of shipping

Prices and profitability of export coal must therefore be expected to be much more voltatile than those applicable to local coal This element obviously requires an above-average return

Finally, one must realise that enforced averaging of local and export prices would be tantamount to attempted profit, and therefore net price control of export coal as well This would almost certainly guarantee that the necessary funds would not be forthcoming for the necessary new mines, to the detriment of South Africa's foreign exchange position

Arithmetic also provides a conclusive answer The export premium from a limited tonnage of export coal when spread over 6,-million tons of low priced local coal would provide a minimal benefit while killing the export trade

Reluctantly recognising that the Government will wish to maintain control over local price levels, two urgent decisions are essential

- A substantial immediate price increase, both to encourage production increases in the immediate future so far as this is possible — and even more important
- A realistic formula for future price determination Without this price formula no significant investment in collieries can seriously be expected

Once subject to coal industry price control, however, you are allowed your costs plus a return on your historical capital as depreciated by the cumulative amortisation allowed by the Price Controller

LIMIT

In theory, therefore, your first full year's profit a ton should be your best, with profitability declining each year thereafter From the investor's viewpoint, such investment is totally impossible until a formula is developed to take account of the effects of inflation This inevitably involves some form of indexing, by whatever name it is called

This principle, of course, is unattractive to any Government as it involves the acceptance of automatic price adjustment in the event of continuing inflation.

There is, however, a practical limit to the extent to which you can discriminate against any individual sector in the national interest, and this limit has now been reached

Private investment will simply not be voluntarily forthcoming under anything like the present price control formula

If one considers the experience of other countries that have allowed their local industries to run down, with their subsequent disastrous nationalisations and frantic spending of capital funds from the public purse, one comes to the conclusion that the lesser evil for our Governmnt is to accept a realistic pricing basis, even if this does involve a significant price increase

Between 1975 and 1985 the industry must increase its output from around 65-million tons to somewhere between 140-million tons and 160-million tons, depending on the level of exports

The capital requirements at today's prices are probably R1 000-million

Bearing in mind that the main expansion in coal usage will be for Escom and Sasol, it is definitely in the national interest that none of the remaining fields of suitable size should be allotted to any other purpose

To the best of my knowledge the number of remaining uncommitted reserves of this size in the Eastern Transvaal is limited and conservation is justified

Like anyone else who has been in the coal industry for some time, I am unfortunately not to be regarded as an authority on attractive investments

The Government decisions on pricing principles would critical Even if they are favourable I must warn, however, against excessive optimism

With possibly a few fortunate exceptions, a large part of the industry will have to incur substantial capital expenditure, financed from either or both of the alternative sources of new share issues or heavy plough-backs of profits

FM 9/5/75

SA-US COAL DEAL

The hurdles tumble

216

Protests against coal imports to the US appear to be dying down through lack of interest.

Indeed, now that the Southern Company, a giant electricity utility serving much of the Gulf Coast of the southern US, seems set successfully to repulse a protestors' resolution at its shareholders' meeting, other American electricity utilities may be tempted to contract for coal supplies from SA.

The protestors received permission from Southern Company officials to put a proposal to shareholders that would ban purchases of coal from SA because of unsatisfactory labour conditions. Under company rules, however, once a proposal is voted on and defeated, it may not be brought before shareholders again for another three years

The Southern shareholders meeting will be held on May 28, and company spokesman as well as officials of the Centre for Investor Responsibility — the protestors — agree there is "little chance" of the required 3% of the 81m share-votes being cast in favour of the proposal to keep it alive next year

Southern signed a contract last year to bring in 2,5m tons of SA coal over a three-year period. The coal is highly-prized among American electric companies because of its low sulphur content.

The other protest group, the United Mine Workers Association (UMWA), has indicated that its officials have not decided whether to appeal to the courts on an unfavourable Customs ruling on a ban on the coal imports.

The UMWA had thrown a picket line up at Gulf Coast ports when the first shiploads of SA coal arrived in Mobile, Alabama At the same time, union attorneys petitioned the US Customs to ban the imports.

The Customs officials ruled that, despite US legal prohibitions against the importation of materials produced under "indentured servitude", as the union alleged, the coal was needed because of the shortage of low-sulphur coal

HANSARD 14

Q. 954-5.

14 May 1975.

~~1 Energy~~.
2 216

Coal reserves

302 Mr T ARONSON asked the Minister of Mines

(1) (a) What were the estimated South African coal reserves at the latest date for which figures are available and (b) for what date are these figures given,

(2) what is the estimated (a) local consumption and (b) production of coal, for each year from 1975 to 1980

The MINISTER OF MINES

The latest estimates of the South African coal reserves and the estimated future consumption and production are contained in the report of the Commission of Inquiry into the Coal Resources of the Republic of South Africa The Cabinet has already received the report for perusal and has approved that it be tabled

The report has just been submitted to the State President. In the meantime the contents of the report are confidential and it is not deemed advisable to furnish other, obsolete, figures

The report, which is a voluminous document, must still be translated and printed and will be released as soon as it is available in printed form.

RDM 11/6/75

The edge to Natal Ants

Deputy Financial Editor

NATAL Anthracite's export contracts give it the edge over Zuinguin Natal Collieries in the Anglo American colliery profit stakes in the year to June 30.

The performance of Anglo's older and more exhausted duo, Vierfontein and Natal Coal, is less distinguished.

Nat Ants lifted its final dividend to 14c on a 65 per cent profit improvement to take the year's distribution to 23c — a level which seemed optimistic at the halfway stage, but which the market has subsequently gone some way to discounting.

Zuinguin has declared a final of 14c to take its annual payout to 21c on a less spectacular, but still satisfactory, profit improvement.

Vierfontein has maintained its final dividend at 4c on a marginal improvement in taxed profits — helped by a smaller tax bill — and Natal Coal has cut its dividend from 2,5c to 2c.

Nat Ants scored on good export demand lifting estimated taxed profit from R1 006 000 to R1 658 000 on pre-tax profits which rose from R1 174 000 to R2 005 000.

The reduction of dividend cover on the 23c dividend confirms the colliery's optimism on the short-term outlook for anthracite, and in the case of Nat Ants, at least, Anglo seems not to be unduly concerned with earnings retentions to finance costs of mining.

Zuinguin's estimated taxed profit rose from R275 000 to R337 000 in the review period. The 14c final dividend is in line with market expectations and the annual distribution puts the share on a 10,2 per cent dividend yield at its closing price yesterday of 205c.

Zuinguin's ties to Escom contracts, make it a less exciting, if more predictable, investment than Nat Ants.

Vierfontein pegged its final dividend at 4c to put it on a current dividend yield of 12,5 per cent at 60c. There were market hopes that it would pay a 4,5c final.

More than 10 years ago, I attended an annual meeting of Vierfontein at which a long-suffering shareholder asked for a more liberal dividend policy to allow shareholders like him to buy a little more "snake-juice" with the proceeds of their investment. Alas, the payout of R300 000 from taxed profits of R328 000 allows little room for a dividend increase now — and even less for "snake-juice".

Natal Coal's dividend cut from 2,5c to 2c will do the share no good in Hollard Street where it commands a modest dividend return of 6,7 per cent at 30c.

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RDM 12/6/75

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By CHRIS CAIRNCROSS
Industrial Editor

A DOUBLING of the coal price is in the offing if the Government fully accepts the recommendations of the Patrick Commission, and takes closer cognisance of the arguments put forward by the coal industry.

But it is unlikely this increase will be granted much before the end of the year

The Government made this point to the industry last month when it allowed the price to go up an average 35 per cent to about 450c a ton,—still well below what this sector requires to encourage new investment

The coal industry was asked to make do with the new price at least until the end of the year when the matter would be brought up for a review This was accepted as a reasonable request

Spokesmen for this sector said yesterday they doubted whether the recommendations of the Patrick Commission would in any way cause the timing of a new price increase to be brought forward significantly — "although an earlier decision would be all to the better"

There are still many difficulties to be ironed out

RIGHTS

The essential recommendations of the Patrick Commission which the Minister of Mines, Dr Koornhof, revealed for the first time in Parliament this week, included.

- A need to increase the price of coal considerably for an extension of the industry's productivity
- A need to revise the whole system of price control for coal
- A need to take steps to enable the coal industry to acquire the surface rights of coal-bearing land at reasonable prices
- And a need to take all possible steps to conserve coal and eliminate wastage

These are steps which the coal industry has sought for a long time Now, with the weight of an official commission behind them, industry spokesmen yesterday expressed the hope that changes were on the way to place the industry on a better financial footing

Of particular importance are the first two recommendations.

Pricing has been the biggest problem of this industry, with the main complaint being that price control levels have not provided the sort of return on investment necessary to attract capital for expansion

The industry estimates that at least R12 to R14 a ton of coal is necessary to support the cost of establishing a colliery

Mr George Clark, a director of General Mining and general manager of the group's coal division, said that before the last increase, the industry had decided not to be greedy and had asked for only half of what was required Even this it did not get

CASH FLOW

With the price now standing at about R4,50 a ton, indications are the industry will still be happy if the authorities allowed the price to go up to about R8 a ton and not the whole way

It would enable the mines to generate a better cash flow and generate new capital for expansion

The coal industry would like to enjoy a return on investment after tax of about 12,5 per cent, which indicates it is not setting its sights unreasonably high

The existing pricing formula prevents it from reaching anywhere near this, to the extent that investors would probably be better off putting their money in a post office savings account

Broadly speaking, the basis price has been calculated at 12 per cent on historical capital as depreciated by the cumulative amortisation allowed by the Price Controller

The coal industry has long complained about this formula and, particularly since the inflation rate took off, has joined that growing band calling for some form of indexation — perhaps linked to the wholesale price index

The authorities have several times indicated they are not in favour of indexing, obviously because it indicates an acceptance of automatic price adjustments and that a high level of inflation is here to stay

All told the Government has some difficult problems to work out, not least of which is determining a middle road between the coal industry's requirements on price and the basic interests of the consumer

)AL REPORT FM 13/6/75 (2/6)

ɔornhof disappoints

binet ministers don't come more husiastic than Mines Minister Piet ornhof. For sheer non-stop breathless horia, he is truly something to behold.

t's all very well going on an exciting trip during his Vote to an Aladdin's e of mineral riches (lead at Aggeneis, at Pofadder, etc) But it's certainly good enough that, on important que- ons relating to coal, the mining istry is largely in the dark

or instance, he would lift the wraps he Petrick Commission Report only very limited extent. Why? Because it not yet been translated into both lan- ges.

et, the Cabinet has had the Report it least a month, so he could at least given the industy some indication her government's restrictive export y and debilitating price control will ergo any change as a result of ck's findings and warnings from the stry itself

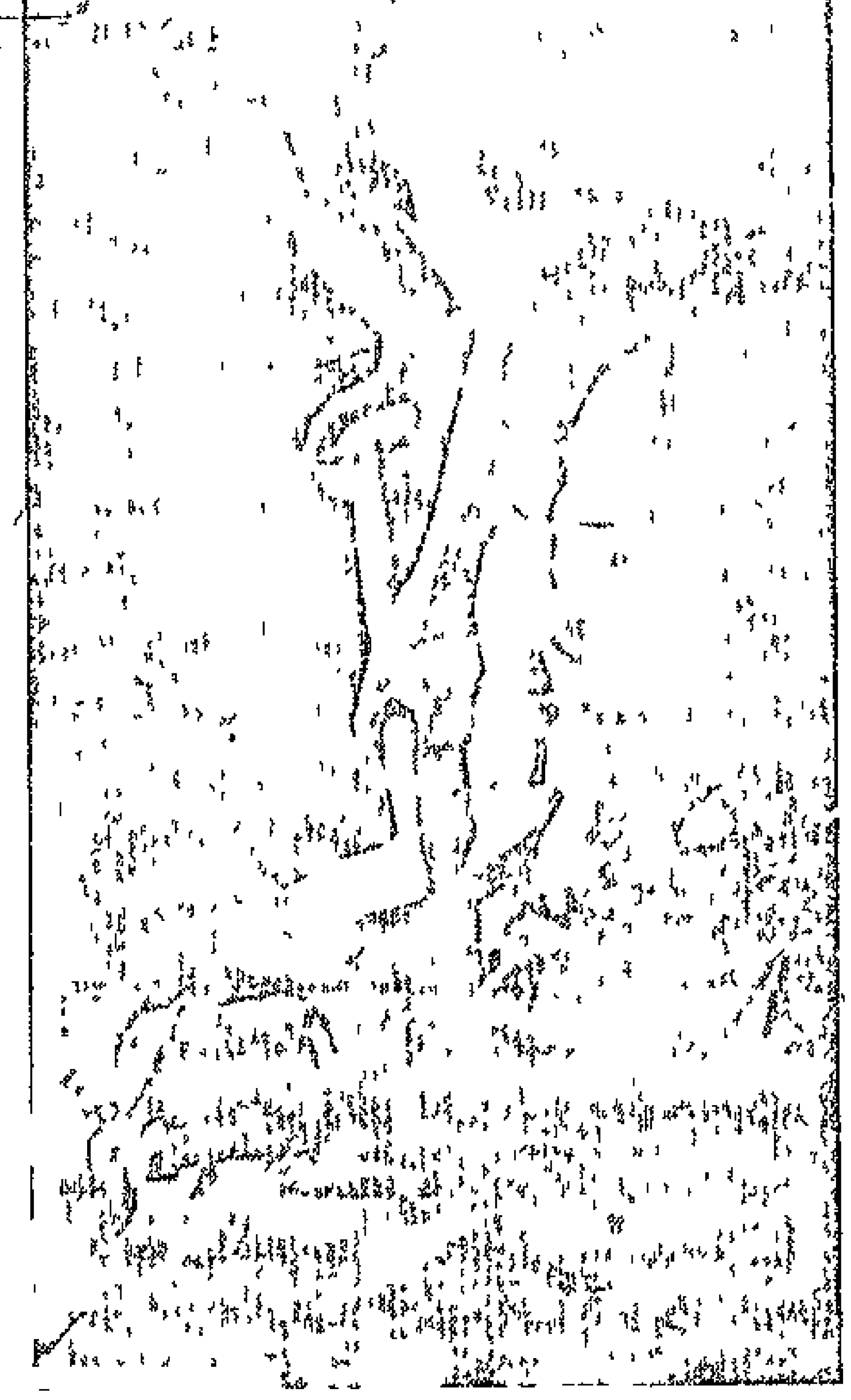
mong the scraps of information he ed were that the Report reads "like vel" and that State President Nico erichs was so impressed he read it cover to cover (440 pages)

cording to Koornhof, the Commis- estimates SA's reserve of mineable inous coal at 91 767m tons, at hs ranging between 15 and 400 es and obtainable with methods ently employed. However, only 15m tons are commercially exploita- nder present economic conditions — if there is a substantial increase in rice

he Commission could apparently no evidence to suggest a decline in and for coal at the end of the century n consumption will be about 179m and accordingly recommended a ervative policy of extraction It says nore than 40% of reserves can be icted by means of existing conven- l technology.

ne of Petrick's most important rec- endations is that the current price ol system should be revised A antial rise in the pithead price (now 0 a ton) to enable the industry to ease productivity is also recom- led

the same time, however, Petrick nmends increased government con- verdmming practice, the opening of mines, rationalisation of existing ig effort, repair of surface damage to nvironment and marketing



Coal mining . . . conventional technology?

On the export side, he's cautious, stating that it's not in the country's interest to embark on large-scale export sales of high-grade thermal coal For this reason, Koornhof indicated that export allocations, currently set at 650m tons of thermal coal over the next 20 years, would not be increased without careful consideration

Finally, he announced that the Petrick Report has been referred to the Energy Policy Committee of Dr Piet Rautenbach, which will propose which of Petrick's recommendations should be implemented and how.

3 problems for Sasol II planners

RDM 16/6/75

By JOHAN BUYS

WITH the turning of the first sod in the Giant Sasol II on the Eastern Transvaal highveld only months away, three major problems are facing the oil-from-coal project even before its planners have moved into the area.

They are: inadequate road and rail links to the site between Evander and Trichardt 144 km from Johannesburg and the moving of a whole African township.

Construction on Sasol II, the biggest project ever to be tackled in this country, is expected to start between October and January next year and massive loads of equipment and material will have to be transported to the area.

The road linking Evander, Trichardt and the Sasol project with the Reef, source of most of the equipment and material, is in a poor condition from Springs to Leslie.

It would not be able to withstand the weight of the heavy lorries transporting the equipment between the Reef and the new Sasol site over the next four to five years.

In addition Trichardt is served by a single railway line from Springs, one from Lourenço Marques and one from Durban through Volksrust.

To convey the equipment and material for the new Sasol town and industrial complex that will rise on the virgin Eastern Transvaal soil, marshalling yards or new sidings will have to be built.

These transport problems will have to be sorted out by the time the R1 000-million project is tackled.

To add to the initial planning problems, the Driefontein African township with its 5 800 inhabitants lies in the area where the White town for the Sasol construction workers is to be built.

These African families will have to be resettled elsewhere. The Bantu Affairs Administration Board has bought land in Devon nearby for African housing. It is estimated that the new African township to accommodate the vast Black labour force for the Sasol project will be second in size only to Soweto.

Meanwhile the demand for housing in Evander and Trichardt has soared. Sasol has taken 160 houses in Evander and options on stands at Trichardt for its new office complex.

Private people are finding it difficult to get housing at Evander since the announcing of the Sasol project.

Sasol planners will initially move into the house of Mr Graham Allen, on the 1 074 morgen farm "Goedehoop" it has bought from Mr Hilton Allen and his two sons.

The Evander Town Council which is to provide essential services, has already held meetings to plan for the demand the Sasol project will make on the town.

At Trichardt land prices have soared to such an extent that a stand which was valued at between R250 and R350 was auctioned for R1 500. Its owner, Mr J. van Onselen, Town Clerk of Evander, has already received offers of R4 000 for it

[redacted]

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SHELL TO COMPRISE 12 FIRMS IN S.A.

18/6/75

Natal Mercury Correspondent

CAPE TOWN — When Shell in Southern Africa becomes an independent oil, chemical, coal, metals and nuclear group within the world-wide Royal Shell Group on June 26, 1975, it will consist of 12 companies in South Africa, South West Africa, Botswana, Swaziland and Lesotho.

Shell (Petroleum Supply) Ltd. will be the major company. A new company, Shell Southern Africa (Pty.) Ltd. will provide financial, computing, corporate planning, personnel and trade relations services to the whole group.

The present oil company in South Africa, Shell South Africa (Pty.) Ltd., will change its name to Shell Oil South Africa (Pty.) Ltd.

Other companies will be, in South Africa: Shell Chemicals South Africa (Pty.) Ltd., Shell Coal South Africa (Pty.) Ltd., [illegible] Exploration South Africa (Pty.) Ltd. (metals);

In Botswana: Shell Oil Botswana (Pty.) Ltd.; Shell Coal Botswana (Pty.) Ltd.;

In Swaziland: Shell Oil Swaziland (Pty.) Ltd.; Shell Coal Swaziland (Pty.) Ltd.;

In Lesotho: Shell Oil Lesotho (Pty.) Ltd.;

In South West Africa: Shell Oil South West Africa Ltd.

Shell Coal South Africa (Pty.) Ltd. will be responsible for the group's nuclear activities.

In addition, the Shell group [illegible] a 50 percent interest in Sapref, the Durban refinery which is operated under a service agreement with Shell Internationale Petroleum Maatschappij, The Hague; a 50 percent interest in African Bitumen Emulsions (Pty.) Ltd.; a 25 percent interest in South African Lubricants Manufacturing Company (Pty.) Ltd. (manufacturers of base oils for lubricants); a 17,5 percent interest in Trek Beleggings Ltd.; and a 36 percent interest in Brices (South Africa)

C.T. 18/6/75 216

Shell considering R500m investment in Southern Africa

SHELL is considering capital projects in Southern Africa which could involve expenditure of up to R500m in the next decade.

This was announced by the chairman and chief representative Mr K L G Geeling at a banquet to mark Shell's 75 years in Southern Africa held in Cape Town last night

Mr Geeling also announced that Shell's local oil interests would become completely independent on June 26, thus joining the existing 100 percent owned chemicals, coal and metals companies in the Royal Dutch/Shell Group in Southern Africa

Projects

"On June 26 the historic value of our asset investment in the Republic, South West Africa, Botswana Swaziland and Lesotho will stand at some R250m

"We aspire to play a continuing and developing role in the economies of these countries and we are at present evaluating new major projects which may well involve capital expenditure of up to R500m over the next ten years

"By the end of that period, therefore, the cost of our asset investment in Southern Africa could be some three-quarter billion rands.

"Oil will continue to dominate the energy business for some years In the years immediately ahead, our oil business will see an emphasis on equipping and improving manufacturing facilities to meet a changed pattern of product demand which followed the steep rise in oil prices

Refining

Normal capital expenditure of several million rands a year on tankage, modernization the protection of the environment and to improve services to customers in all categories, would be augmented by a two-stage expansion of the group's refining facilities, the biggest in Africa in both capacity and capital investment, at Durban

To enable more petrol and gas-oil to be produced from available crude oil, the catalytic cracking plant would be improved and a new complex was being designed to make gas-oil available in place of the fuel oil. This would enable the country's needs to be met with less imported crude oil and improve flexibility. In addition, a new feedstock preparation unit was on the drawing board.

These facilities would cost the group R25m

The group was also involved in the development of an ethylene cracker for the production of feedstock for South Africa's plastics industry. Preliminary estimates indicated a total capital investment of R100m of which the group's share again would be R25m The plant would make South Africa independent of plastics feedstock importations for some years

Aviation

Investments to produce aviation gasoline and special products for industrial purposes in the Republic were also being studied In the more distant future heavy investment was envisaged to improve both the quality and yield of marketable products from crude oil

Considerable additional investment would also be made in chemicals, coal and metals

Shell Chemical which began operating in South Africa 26 years ago now had four main divisions — agricultural chemicals, industrial chemicals polymers and consumer products — and its investments represented a significant proportion of the group's net capital employed in the Republic.

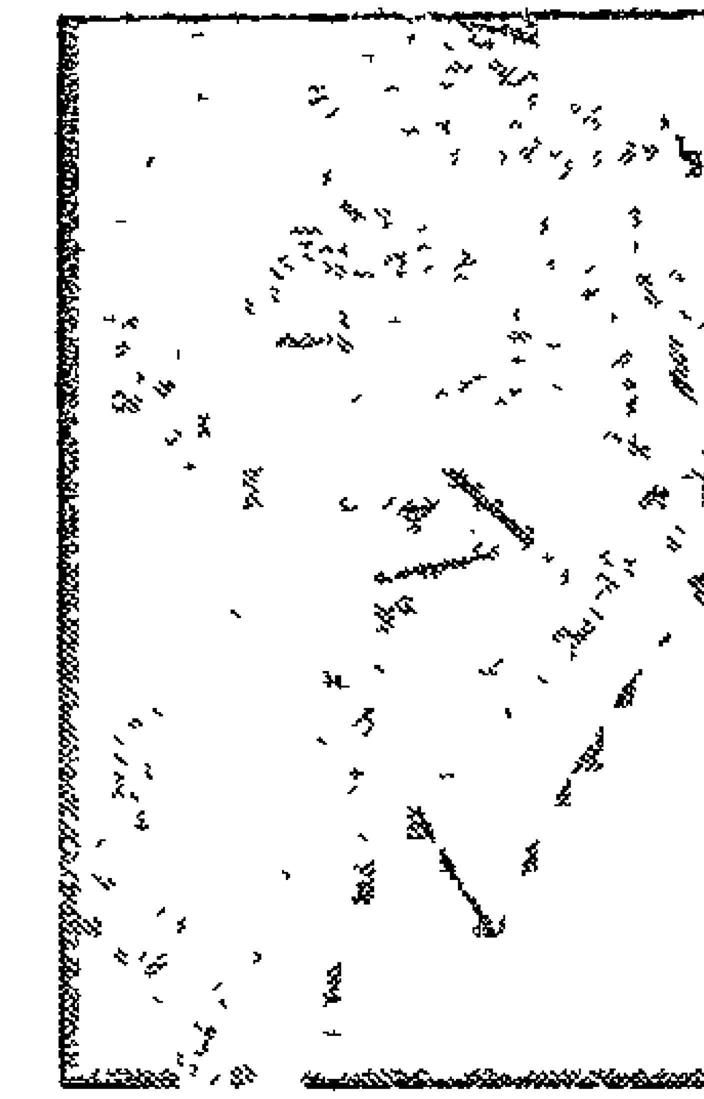
Its epikote resin plant, the first on the African continent, which represented a capital investment of more than R2m, produced 4 000 tons a year — more than sufficient to meet South Africa's present needs.

Agriculture

The company operated formulation plants for agricultural chemicals, paint and lacquer solvents polyurethane chemicals, and consumer products at Durban, Wadeville Cape Town and Port Elizabeth and manufactured polyurethane products mainly for building and refrigeration

In the thermoplastic field Shell know-how was used to manufacture more than 10 000 tons a year of a range of polystyrenes and plans for a new plant to increase production to meet South African current and future needs were being considered

"A R50m polypropylene



Mr K L G Geeling

plant is being planned and we expect it to be in production in the second half of 1978," said Mr Geeling.

"The new plant to be built at Durban will have a design capacity of 50 000 tons a year, which will make South Africa self-sufficient at that time and open up significant possibilities for polypropylene."

Coal

Turning to coal, Mr Geeling said that experience gained over several decades in the search for oil — including expenditure of R2m in the Republic — had enabled Shell to develop significant resources in manpower and exploratory techniques which were being used to search for coal in Southern Africa

"Collectively our skills in exporation, transportation, and as a world-wide energy marketer, together with our ability to design, co-ordinate and fund the money for major projects on an international scale, place us in a unique position to locate, develop and market coal" he said

Shell Coal had been active for several years in 'grass roots' coal exploration in various parts of the Republic and had

Shell

C.T. 18/6/75

Continued from page 12

tion, involve investments of hundreds of millions of rands," Mr Geeling said

Atomic

Referring to Shell's 50 percent ownership of General Atomic, developer and manufacturer of the high temperature gas-cooled reactor (HTGR), Mr Geeling said that that association made know-how on the most advanced international nuclear technology available to the group.

"The HTGR is considered to be particularly suitable for South African conditions and preliminary studies now in progress would lead to the introduction of this more conditions and preliminary studies now in progress would lead to the introduction of this more advanced reactor in the late 1980's," he said.

"We have also entered the minerals field and through our wholly-owned subsidiary, Billiton Exploration South Africa, are actively prospecting for base metals such as zinc, copper, nickel and lead, in various parts of the Republic. In time we hope to extend our activities into other sectors of the metals industry

"In our 75th year in Southern Africa the independent Shell group stands on the threshold of transforming from a petroleum supplier into a great energy producer with expanding interests in chemicals and metals"

... for several years in "grass roots" coal exploration in various parts of the Republic, and had located significant reserves

Detailed feasibility studies are being made for mining, transporting and marketing coal from a new mine in the Witbank Bethal area in equal partnership with Transvaal Consolidated Lands a company in the Barlow Rand Group

Exports

"We are negotiating with the Government in connection with the long term export of coal from the Republic and expect to be able to satisfy all conditions placed on future exporters" said Mr Geeling

The group held special prospecting licences to look for coal, oil shales and radio-active minerals in Botswana and Swaziland and began exploratory work in both countries in 1974

Wherever feasible, coal deposits would be developed by the most modern strip mining methods which would include the preservation of the environment by reclamation and replanting. An order worth more than R30m for draglines had already been placed

"We are acknowledged experts in the technology of transporting solids through slurry pipelines. Detailed design studies are being finalized to transport coal by pipeline to Richards Bay, where the Railway Administration is building facilities to enable the export of coal in large vessels

"We are also deeply involved in major research on the efficient and economic conversion of coal into hydrocarbon gases and liquids. Laboratory and pilot studies are expected to lead to processes showing improvement over current technology

The viability studies we are undertaking on coal mining solids pipelining and coal conversion will if they come to fru

(continued on page 11)

They're Shelling out R500 million with emphasis on coal

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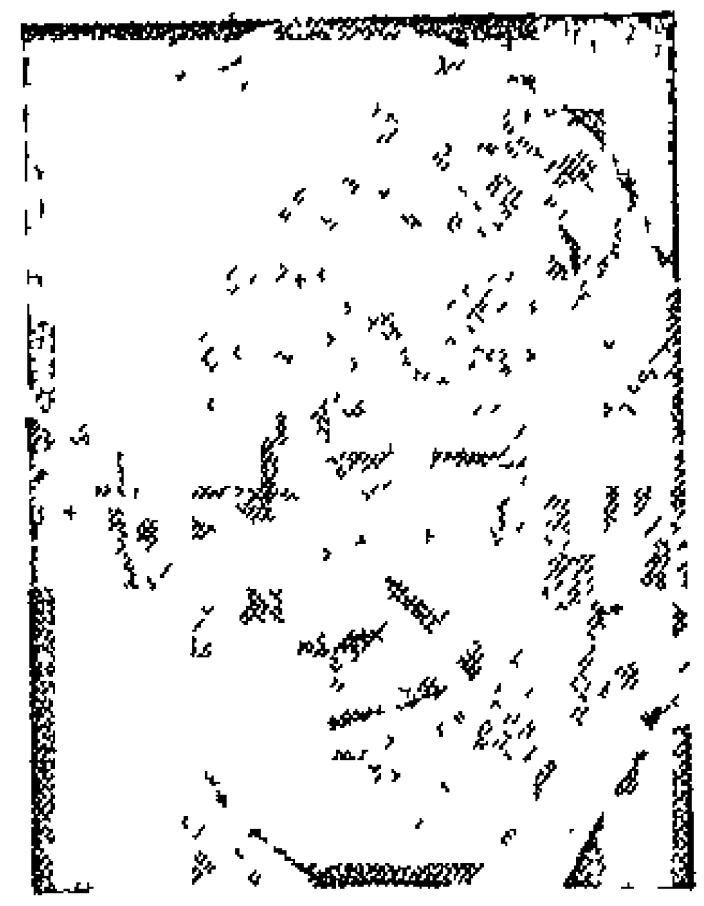
Sun Trib (Fin) 22/6/75

Financial Editor



K. L. Geeling

QUITE obviously, from the announcement made by Shell this week that it is to invest R500 million in South Africa over the next ten years, the emphasis is going to be on coal.

For, although oil will continue to dominate the energy arena for some years it is certain that Shell views coal potential with the greatest optimism. Figures from the World Energy Conference last year show that economically recoverable coal reserves total an equivalent of 3 000 billion barrels of oil whereas economically recoverable oil totals only 550 billion barrels. So the emphasis is on coal and, of course, nuclear energy. And in both these fields Shell is making a powerful push.

The group makes the point that in searching for oil over a long period of time it has built up a "vast bank of information" on the world's geological structures and, as such, places it in a strong position for the exploitation of oil-alternate energy reserves.

Already Shell has located "significant" reserves of coal in South Africa and is currently involved in a feasabilty study for mining, transporting and marketing coal from a new mine in the Witbank/Bethal area in equal partnership with Transvaal Consolidated Lands.

The group has an export permit for 150 million tons of coal over 20 years and is also involved in negotiations on a coal slurry pipeline between Witbank and Richards Bay. The cost of this pipeline could be around R300 million — an amount which, depending on the negotiations, could be spread out among several users.

Shell is developing the technology of slurry transportation The slurry is a mixture of coal particles and water with the coal having been ground to particles all smaller than 1 millimetre in diameter. The mixture is about 50 percent coal and 50 percent water — by mass.

Solved

Preliminary designs for the Richards Bay pipeline cater for around 20 million tons of coal to be moved a year.

Shell claims that one of the main problems of slurry transportation — dewatering—has now been solved.

The group is also involved in the nuclear energy field and feels that, in this area, there is considerable potential for South Africa

Shell has a 50 percent interest in General Atomic whose main business is the design, development, marketing of high temperature gas reactors and their associated nuclear fuel

It is claimed that the HTGR is the most advanced nuclear power system commercially available today and is considered to have definite advantages on safety environmental and operating grounds

According to Mr K L. G. Geeling, Shell's South African chairman the HTGR is considered to be particularly suitable to South African conditions and preliminary studies now in progress could lead to the introduction of this reactor in the late 1980s

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SA COAL OUTPUT WILL HAVE TO BE DOUBLED'

ARGUS 27/6/75

IN his presidential speech to the Chamber of Mines Mr A. W. S. Schumann said that the estimated production of South African coal would have to be doubled in the next decade if the export potential were to be fulfilled and the country's increasing domestic requirements satisfied.

The investment required, said Mr Schumann, would be in the order of R1 000-million. He added that if this was not forthcoming shortages could be expected to become more frequent and more severe with the possibility of disruption of the industry's supply and sales pattern.

'Fortunately, the Government now acknowledges the need for the coal industry to attract its share of investment capital. The recent 35 percent increase in the producer price of coal is an important step forward because it is based on the acceptance by the Government of new principles of price determination although it falls far short of the price required to justify the establishment of new collieries.

'The essential reason for this shortcoming is that the Government has not found it possible, in present circumstances, to accept the principle that the controlled price of coal should ensure an adequate return on the replacement value of coal mining assets.

'However, the Ministers concerned are aware of the problems of the coal mining industry and are seeking ways and means of meeting the industry's requirements as soon as possible.'

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Iscor to open coal mine

STAR 4/7/75

Teigue Payne

Iscor is to open a mine to produce high-grade blend coal at Ellisras in the Northern Transvaal. The mine, Grootgeluk, is to start operating in early 1979, and will initially produce 1,8m tons of washed coal a year.

Iscor News, which announced the decision gives no estimate of cost, but the mine, together with the cost of providing infrastructure to this remote area, is likely to be astronomically expensive. Iscor's heavy loans from Europe will probably finance the project

The break-even point will thus be high, but Iscor must be desperate to ensure future supplies of scarce coking coal, especially with the Motatize prospect in Mozambique looking a little dubious.

The fraction of good coal in Ellisras is understood to be heavily diluted by much low-grade material. Anglo American and General Mining are also prospecting in the area, but there is no indication that they will begin mining.

Grootgeluk will be mined by open-pit methods to a depth of 85 m Orders for R5m worth of equipment have been placed — including a drill, excavator, front-end loaders, bulldozers, graders, and a fleet of six 150-ton Terex rear-dump trucks.

These will be used on waste stripping only in 1976 and 1977, before the beneficiation plant is completed. Iscor will then take over mining

The plant will have an input rate of 3 000 tons an hour, to produce 300 tons of coking coal and 300 tons of middlings.

Grootgeluk will not make Iscor self-sufficient in coking coal. Last year it had to buy 1,1m tons of coking coal and 2,1m tons of blend coking coal from outside sources.

A second phase at Grootgeluk would double production.

The bushveld village of Ellisras will grow considerably. The mine will employ 350 Whites when producing, and build houses for 300 of them It will employ 2 000 Blacks and "a reasonable percentage" of key personnel will be permanently housed

1 State Enterprise

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R400m coal pipeline studied by Shell

8/7/75

Cape Times Correspondent

JOHANNESBURG.—The coal mine Shell South Africa and TC Lands is opening in the Witbank district has been earmarked to service the export market almost entirely. Shell is currently studying the feasibility of piping the coal in a slurry form to Richards Bay.

At a press conference in Johannesburg yesterday, the chief executive of Shell in South Africa, Mr Ken Geeling, revealed that the possible cost of the pipeline could well be about R300m. to R400m. at today's prices if it became a multi-user facility — a condition being stipulated by the authorities.

On this basis the likely capacity of the pipeline would be of the order of 20m. tons of coal a year. Shell's portion would be about 7 500 000 tons, if negotiations with the Government are satisfactorily concluded for the export over 20 years of 150m. tons of coal.

I was told this quota would almost certainly absorb the bulk of the tonnage produced by the T C Lands/Shell mine.

Feasibility studies for the coal slurry pipeline are still very much in a state of flux, even though Shell has been investigating such a transportation system for the past 13 years.

The main reason is the stipulation by Government that the pipeline must be available for use by all the large coal exporters who are desirous of following this route.

Of the five groups which have been granted provisional export quotas, only the South Cape corporation, which has been granted a provisional quota of 150m. tons, and Shell are interested in following the pipeline route

The others, including the Transvaal Coal Owners Association, Anglo American, General Mining and British Petroleum and the Total Oil Company, have indicated that they are not interested.

INDEPENDENT

Mr Geeling made it very clear yesterday that Shell's feasibility plans in connection with this project are being carried out independently of whatever studies South Cape may be involved with.

There is no tie-up between the two companies on this project. Apart from an informal discussion held some months ago there has been no direct contact, according to Mr Geeling.

This did not mean that there was no likelihood of South Cape participating in Shell's pipeline plans, "if they have the necessary finance and coal", Mr Geeling added.

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25/7/75

The Argus Financial Editor

AS a result of the world energy crisis South Africa is heading for a coal export boom which will boost its foreign exchange earnings by hundreds of millions of rands over the next decade and make coal the country's second most important export after gold.

Current estimates indicate that the opening of the new harbour at Richards Bay next April could immediately result in coal exports worth about R200-million a year.

And coal export worth about R1 000-million a year by the middle of the next decade is a strong probability.

This figure may appear large in relation to the South African economy. But it is not unduly big in terms of energy costs. The fourfold increase in the oil price, for example, is costing South Africa an extra R700-million a year, a Government spokesman announced recently.

Higher price

Centring attention on South Africa's coal export boom is the announcement by several coal mines in the Anglo American group that the price of coal exported to Japan has been raised from 24,70 dollars to 34 dollars (R24,28) a ton f.o.b at Lourenco Marques.

They say further negotiations will be required for the establishment of prices to apply from April next year when deliveries will start through Richard's Bay. They add that 34 dollars will represent the floor price for negotiations.

It is a measure of the changed outlook for coal that when the Japanese contract was first negotiated in 1973, the fob price was fixed at R8,48 a ton rising to R9,68 a ton by 1983.

With the coal industry having firm contracts to export 8-million tons a year from next June and the possibility being called on to supply a further 4-million tons a year, export earnings from coal could rise to between R200-million and R300-million a year.

New line

However, this is just a start. Several large mining groups each have been given conditional permission to export up to 10-million tons a year. This could result in coal exports gradually mounting to around 50-million tons worth more than R1 000-

million as new collieries come into operation and port facilities are enlarged.

To meet the expected steep increase in coal exports, it has been announced that the new railway line from the Transvaal to Richards Bay, which has not yet come into operation, is to be

2/6

Rupert moving into coal

Cape Times 1/8/75

By PAUL DOLD
Financial Editor

DR ANTON RUPERT'S Rembrandt group is moving into coal in a diversification which looks brimful of promise although it is, at this stage, small as against the massive liquor and tobacco interests.

The group annual reports released today disclose that a wholly-owned subsidiary has acquired a 50 percent stake in Aloe Minerals at a cost of R400 000 Aloe Minerals is mining coal in Northern Natal.

The report significantly says that prospecting for new coal deposits is continuing and already favourable seams have been discovered "It is the intention to expand the operations of this company," it adds

ASSETS

According to the Rembrandt group annual report, total consolidated assets of the company and its subsidiaries increased by 16,5 percent to R402,5m in the financial year ended March 1975

Consolidated net profit before tax amounts to R53,8m. The equity method of accounting has been used in the preparation of the financial statements. As a result, the company's share in the post-acquisition profits and reserves of companies in which it has an interest of between 25 percent and 50 percent have been accounted for

The net interest of own members in profits for the year retained by associated companies amounts to R3m

Of the total tax profits of R40,2m, R35.8m is attributable to members of Rembrandt group.

Profits for the financial year are not comparable with those of the previous financial period as in the former equity accounting was introduced while the latter covered only nine months.

RESERVES

Total consolidated reserves increased by 15.3 percent to R208,0m

The net asset value per share is 457c. Earnings per share rose to 68,5c The total dividend of 16c is covered more than four times.

The board mentions in its report that prospects in both the tobacco and liquor industries are satisfactory in spite of cost increases which necessitated price rises

After the end of the financial year Rembrandt group exercised its right to convert the preference shares held by it in Oude Meester Group Ltd, thereby increasing its interest in that company to 6,7 percent

Rembrandt Controlling Investments has a 51 percent interest in Rembrandt Group Ltd. Total consolidated assets amount to R402,7m while ne assets increased by 18 percent to R304,8m

The net asset value per share of 10c amounts to 338c.

The interest of own members in the consolidated profits is R18 2m Earnings pe share of 10c is therefore, 50,6c, from which a total dividend of 11 8c per share has been paid

Technical and Industrial Investments' net profit after tax for the financial year ended March 31, 1975 increased to R1 4m The total dividend of 9,4c per share amounted to R1 2m.

The total consolidated interest of own members in the assets of the company increased to R39,6m The company's share of profits and reserves of associated companies are included in this figure.

Technical Investments Corporation's net profit after tax for the financial year ended March 31, 1975 increased to R1,7m. The total dividend of 9 4c per share amounted to R1,6m

The consolidated interest of own members, which includes the company's share of profits and reserves of associated companies, amounts to R48,7m — Sapa

W/E ARGUS (B.A.) 2/8/75

South Cape option ends

Weekend Argus Correspondent

JOHANNESBURG.—South Cape Corporation, the much-publicised company with intentions of winning a major place in South Africa's coal trade, yesterday failed to take up its option over extensive mineral rights in Zululand. Its owners are now in Johannesburg for discussions with one of the big mining houses on the possible sale of the rights.

The rights, according to Ubombo Mines, owned by a group of Maritzburg businessmen, cover more than 12 000ha in the Nongoma district of Zululand, which are underlaid by deposits of high-grade anthracite — some of which could be exploited by opencast mining.

According to a director of Ubombo, South Cape asked for an extension of its option for three or four weeks. But it was considered that as it had not been able to find the money to take them up — believed to be some R5-million — it would not be in the interests of Ubombo to have any further dealings with South Cape. It had therefore been decided to offer the coal rights to other interested organisations.

South Cape was launched with a flourish just over a year ago at a banquet in Johannesburg when Mr Schoeman described it as the biggest single foreign investment project yet undertaken — eventually amounting to R1 000-m.

Most of the money was to come from Italian and Luxembourg-registered companies with a combined stake of 80 percent in South Cape's equity. The balance was owned by a company owned by Mr Jim Bailey, South Cape's managing director.

Technical consultants said that the areas in which the corporation was interested contained large reserves of coal.

Since then no progress has been made. Within weeks of the banquet it became clear that there was little chance of any money coming from Italy as the result of the credit squeeze and Mr Jim Bailey was admitting that there was little chance of exports starting before mid-1977.

In May this year South Cape announced that it had acquired options over anthracite deposits in the Ngogoma area. Prospecting had been completed, said Mr G. A. Lauro, a vice-chairman, leaving a few loose ends to be tied up. The investment envisaged could be anything between R30-million and R200-million. The options have now expired.

Shortly after this, Mr Bailey resigned as managing director, leaving Mr Lauro to run the corporation. Nothing further has been said by it about the pipeline scheme, though recently Shell announced that detailed design studies for it were nearing completion.

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GENMIN IN NEW GIANT COAL DEAL

Trans-Natal after R45-m a ye

By ADAM PAYNE
Mining Editor

GENERAL MINING'S Trans-Natal Corporation is negotiating an export coal contract worth about R45-million a year.

The contract will run into several hundred millions as it will continue for many years under a Government permit which will enable Trans-Natal and overseas partners to export 100-million t over 20 years.

This is the first big development since the Government announced earlier this year that it was making provisional allocations for large-scale exports of steam coal to mining groups and overseas partners. These include several big oil companies.

Trans-Natal is taking steps to meet the strict conditions imposed under these allocations. They fall under such headings as the employment of foreign capital and foreign technicians so as not to strain South African resources, and they include provisions for the gradual phasing in of exports.

The tonnage

Trans-Natal's contract is believed to be for a tonnage slightly less than 4-million a year, compared with a provisional allocation of 5-million.

The financial conditions laid down by the Government will be met by the provision of overseas finance in collaboration with two partners.

The contract has not been completed but good progress has been made in the negotiations.

A successful outcome will be a brilliant stroke by Trans-Natal's coal division, since it will lift this corporation into a much higher earnings field than that provided by the old Escom contracts, to which it is largely tied — although its latest Escom contract, for the big Matla power station, will be on a much more profitable basis that earlier contracts.

Other mining houses which have been granted provisional export allocations are Barlow-Rand and Anglo American Corporation.

These companies are also considering export projects and holding discussions with the Railways and other authorities.

The allocation

Another company with a provisional allocation is South Cape Corporation headed by Ben Schoeman, the former Minister of Railways.

It is reported that South Cape may join up with American interests. But the success of its pipeline scheme — for piping coal to ... Bay — will depend on whether it ... other exporters ... is unlikely to be economic unless at least 15-million tons of coal a year are dispatched.

If the Trans-Natal deal is signed, an underground mine — as opposed to open-cast workings — devoted entirely to this export contract will be opened in the Eastern Transvaal, on one of the large blocks of land over which Trans-Natal holds the coal rights.

It will take about two and a half years to establish the mine, so that exports will not begin ...

Sun. Times
Bus Times
14/9/75

Giant coal deal

• Continued from Page 1

while no new mines are being opened.

The Government, committed to an anti-inflationary policy, will find it difficult to justify price increases on domestic coals beyond those needed to cover the added costs of the five-day week and higher working costs.

Yet the industry needs price increases over this level to enable colliery companies to earn sufficient to justify equity investment in new mines.

The Government's dilemma is that a lack of stimulus will bring on a coal famine, while the granting of logical price increases will lay it open to the charge of stoking inflation.

The mines which benefited by two recent price rises, of 35 per cent and 33 per cent granted in September last year and May this year, are expected to show exceptionally good profits for the three months to September 30 and the six months to December 31.

These figures will be misleading if compared with those in the September quarter last year, when the mines were struggling before the first price rise.

They will also be misleading when compared with the last quarter, during which the increase granted late in May had little impact.

The correct assessment of these price rises and their effect on profits will not be possible until the beginning of next year, when costs will again be closing the gap with earnings.

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Time to take a profit on coals

RDM 15/9/75

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Investment portfolio . . . by EDWIN ARNOLD

THERE is some gentle London interest about for our coal counters on the view that they will afford some good jobbing opportunities.

Given the narrowness of the coal market, this London support plus some South African institutional buying is holding the market up My belief is that this stability affords readers a good profit taking opportunity

Generally speaking, the coal sector is overvalued and sustained by sentiment not fundamentals The sector is on an average dividend yield of 4,5 per cent This is far too low

But sentiment, that always potent market force, is anticipating a wonderful long-term future with juicy dividends at the end of the rainbow

The trouble with the long term is that it never proves to be as rosy as the market thinks Reality always dawns and share prices lurch downwards It is impossible to predict when the present over-inflated bubble will burst, but I think it could happen within the next six months

RICHARDS BAY

I am not saying coal doesn't have a future It does But from an investment point of view, the downside risk is now much greater than the upside potential Taking profits or cutting losses now makes sense.

First, consider Richards Bay To hear some people talk, expanding its capacity of 12-million t to 24 million t can be done with the wave of a wand.

The present plant is costing R35-million and to expand it to 24-million t, given the extra capacity already installed, would cost another R10-million.

By the end of 1975 the feasibility studies should be completed on expanding the plant's capacity 20-million t The 20-million t figure is the coal capacity figure for the railway line after allowing for other non-coal users' claims on the line

Coal export contracts for 12-million t have been signed So we are talking about another possible 8-million t distributed among those groups with export permits and strong claims by virtue of their present orders for the extra capacity

This boils down to Shell/Barlows, Anglo American and General Mining and its associates

To lift the railway line's capacity to more than 20-million t will mean having to double the track line And this the Railways is not at all keen about until it has gained operational experience running the 1 200 metre-long coal trains

Given the railways lack of experience with these trains, and new rail line commitments elsewhere, it will probably be 1980 before we see a double line to Richards Bay

Potential for volume exports is thus limited for a good five years ahead, and waving wands is most unlikely to shorten this time scale

SPENDING

Then there is the huge capital expenditure programme facing the coal industry This is variously estimated at between R900-million to R1 100-million over the next decade This figure includes the new Sasol, Iscor coking coal plans, and Escom's needs, so the total faced by the private sector is not quite so daunting

But it is still large And it excludes the significant capital expenditure impact that the five-day week will have on the mines

Putting exact figures on capital expenditure at this stage is impossible. But there are some rough guides

DEBT

The Transvaal Coal Owners Association mines, for example, will probably have to raise output in the next few years by 12-million t A ton of capacity in a new mine costs about R12 to start up. But probably only a half to a third of this expansion will come from new mines

The rest will be achieved by expanding existing operations, financed out of cash flow and profits. The cost a ton of expanding existing capacity is about R5 a ton

Thus capital expenditure on the 50-50 course would be R92-million while the two-thirds one-third pattern would be R81 million Either way, that expenditure must mean reduced dividend potential

It also suggests a lot of debt financing and possibly a few rights issues These cash calls and needs, looming as they are over the horizon, are hardly the stuff that bull markets thrive on

Nor can one see the Government granting generous domestic price increases If we see R1 15 a ton increase this time round it will be a fair bit more than most of the producers expect

Can you see the Government doing more, given the crucial anti inflation battle that is facing us?

The Petrick Commission recommendations may shed more light on the entire pricing system But recommendations are one thing, parliamentary approval and action quite another

PREMIUM

My guess is that the Government will encourage the development of new mines with a special pricing policy for them alone while keeping the price control going for existing operations

The effect of the premium price received from exports is often over-estimated by the bulls The premium is spread across the board for the TCOA producers So export premiums on 6-million t to 6 500 000 t are effectively spread over 24-million t of current TCOA domestic output

On the not unreasonable view that the export contracts were sold on the scale up we can expect a premium a ton of about 50c Not the R1 plus that some talk of

BETTER DAYS

Finally, commonsense tells one that future export contracts will be for higher quality coals It follows, too that there will be a tendency towards a surplus of lower quality coals in South Africa

The lower quality mines, as in other mining fields, will suffer more as time goes on

As Natal Ammonium chairman Mr J A Hyman, noted last week "one must not lose a sense of proportion" about the coal scene I would recommend getting out on London's back sit on the cash and wait for better days

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2/6

SUNDAY EXPRESS, September 28, 19

ANGLO TO FORM COAL COLOSSUS

Don Robertson
Financial Editor

THE brief statement from Anglo American that it proposes to merge the interests of its major coal mining companies hides the news of the creation of the largest coal mining group in the country.

If successful — and there is no reason why it should not be — a company along the lines of Amgold will come into existence with a capital which should exceed R80-million

The merger would be a gathering of the activities of Vereeniging Estates, Amalgamated Collieries, Coronation Collieries and South African Coal Estates The combined profits of these four companies last year was around R12-million after tax and their total output in 1974 was almost 13-million tons of coal

The reason behind the proposed merger is obviously the need to raise additional finance for new facilities to meet the substantial export orders that have been awarded to the respective mines While details of the merger and the benefits which will flow from it have not yet been released, a quick look at the possible package deal makes interesting reading

Vereeniging Estates, as the largest shareholder in the other three will no doubt be used as the vehicle for the transaction Its capital investment in Amalgamated is worth, at current prices, around R19-million Its 62 per cent stake in S A Coal Estates is worth about R37-million while its interest in Coronation is worth R8-million The controlling interest in these three is thus worth almost R80 million

Vereeniging Estates is likely to create a company holding these interests which it could float, probably by offering preferential rights to shareholders of the respective companies Assuming it retained a 60 per cent interest in the new company, it could raise around R28-million through the issue This figure would fit in very well with the costs involved in expansion to meet export commitments

Coronation has a contract to supply 500 000 tons a year to Japan starting in 1976 and a further 250 000 tons to European customers starting in 1977 The capital required to meet this is estimated at R15,5-million By 1976, S A Coal will have to push up its exports to 985 000 tons a year at an additional cost of R16,5-million Subsidiary, Springbok, needs R3,25— million to increase its supply to Iscor The total for these projects alone is close to R36-million Big brother, Anglo, would certainly be overjoyed if it could avoid supplying the bulk of this finance

The formation of such a company would make good business sense, not only in terms of the benefits that would flow from a centralised administration and promotional effort It would represent a company that would be mining about 20 per cent of the country's coal production

It could earn almost R12-million a year which would give it a very comfortable return on the presumed equity structure and would presumably not have particularly heavy loan repayments - which would have been the case had the companies gone their separate ways

Final details are still unknown but opinion is that "Amcoal" will be a welcome addition to the JSE lists

R115m Ver Est coal merger

2/6

RDM 9/10/75

Mining Editor

IN A R115-million deal Vereeniging Estates is taking over the outstanding shares in Amalgamated Collieries, SACE, Coronation Collieries and four unquoted companies to form a new coal mining giant with greatly enhanced borrowing powers and earnings potential.

The new company will be called Anglo American Coal Corporation — Amcoal for short

Ver Est, the takeover vehicle which will become Amcoal, will divide its issued shares by four, creating 11-million 50c shares.

It will issue another 12,5-million shares to effect the deal, leaving Amcoal with an issued capital of 23,5-million 50c shares

The merger will be done in two stages Amcoal will first acquire the outstanding shares and shareholders' loans in Anglo Power and Transvaal Coal Corporation for the respective issue of 6 399 944 and 293 750 Amcoal (50c) shares. Ver Est already owns 15,4 per cent of Anglo Power and 50 per cent of TCC

The second stage will be done by a scheme of arrangement with outside shareholders of Amalgamated, Blesbok, Coronation, New Largo and SACE.

Under this deal, Amalgamated holders will receive 90 Amcoal for every 100 Amalgamated held.

Coronation holders will receive 70 Amcoal for every 100 Coronation, SACE holders 275 Amcoal for every 100 SACE; New Largo 20 Amcoal for every 100 New Largo shares: and Blesbok 20 Amcoal for every 100 Blesbok held

Ver Est already holds 68 per cent of Amalgamated, 71,9 per cent of Coronation, 61,9 per cent of SACE, and 4,9 per cent of Blesbok Amalgamated and Coronation each hold 40 per cent and TCC 10,13 per cent in Blesbok. Amalgamated also holds 50 per cent of New Largo.

The terms offered are based on the future potentials of the respective mines and, where quoted, their market prices

Amcoal will pay a forecast final of 17,5 cent per share (equal to a 70 cent final on Ver Est for the year ending December.

For the year ending December 1976 Amcoal expects to pay a total of 38c per share out of total forecast earnings of 108c.

This dividend, which will come after retentions are made for "substantial capital expenditure programmes" for Amcoal, compares with a 1975 equivalent of 28,75c per Amcoal share.

Based on Ver Est's suspension price of around 2 000c — equivalent to 500c on the split shares — is taken out with a minute 2,4 per cent premium over Amalgamated market price. But the second interim of 11,5c declared yesterday plus Amcoal's final will give a total 1975 payout of 40c (unchanged on 1974)

In 1976 the payout will drop to 34c before quickly recovering in future years.

The small premium reflects the group's strained financial position and its lack of export orders.

Coronation goes out with a 23,8 per cent premium to market value and dividends of 18,3c in 1975 (9c) and 26,6c in 1976.

SACE is valued at a 40,9 per cent premium and dividends of 73,1c for 1975 (45c) and 104,5c in 1976 These are all better dividend prospects than the groups could have achieved on their own, Anglo says

It will be interesting to see what the market makes of it when the shares are re-listed on Monday Amcoal could prove to be a very attractive and marketable coal share.

The combined group will have Escom contracts in 1976 for around 14,5-million t pa, 5,8-million t of local and export coal, of which 1,5-million t pa will be exports (1-million t being low ash coal) and 2,5-million t for Iscor

Anglo American has agreed to grant Amcoal its export grant for 100-million t of bituminous coal over 20 years

Anglo has also agreed to see that sufficient bituminous Transvaal coal reserves are made available to satisfy Amcoal's future needs Anglo has proven reserves of 6-billion tons plus the reserves of the Amcoal companies

Amcoal will have greatly enhanced borrowing powers as a consolidated group and retentions will thus be less than if the individual mines soldiered on alone

Dividend growth will be related to profits growth, which Amcoal sees as bright given the new Escom contracts with their inflation-related profit clauses

Capital expenditure over the next five years will be around R200-million

N THE MARKETS

F.M. 10/10/75

ntroducing Amcoal

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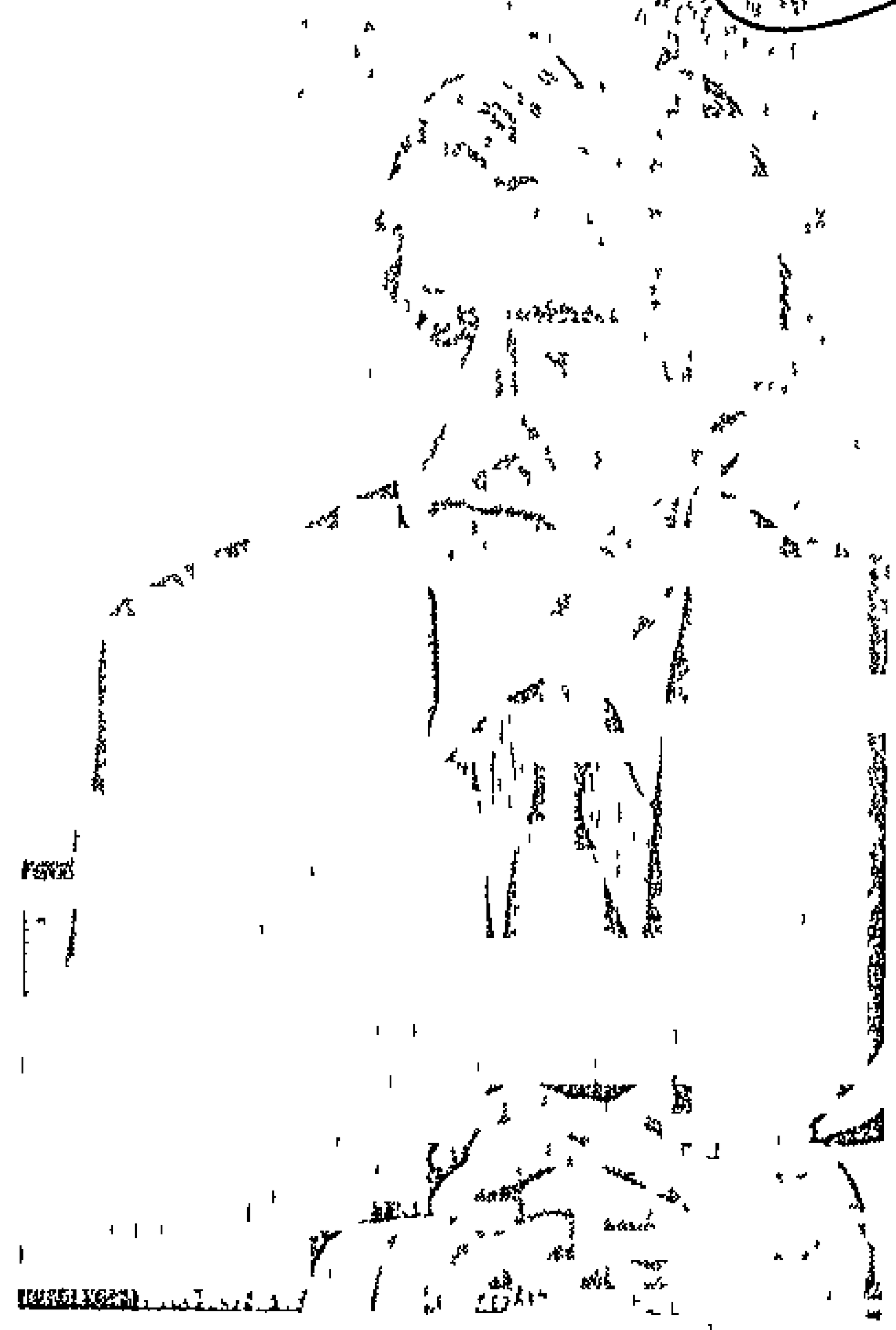
hen **businessmen** start talking about ilosophy it is usually time to hold tight your wallet, as the concepts advanced ll tend to owe more to the Chicago eatpackers than, for example, to Berand Russell. Shareholder reaction will termine in the near future whether the ilosophy represented in the complex al which is planned to create Anglo rican Coal Corporation (Amcoal) is ceptable or not. My own view, for hat it is worth, is that in terms of the norities concerned the deal could be e fairest to come out of 44 Main St for me time and has a good chance of mmanding wide acceptance.

Any such deal is of course concerned th ratios as much as with market ices. The basis of Amcoal, as the conidated Vereeniging Estates and its subliaries will be known, is that Vereenig's existing 2,75m shares will be split ir ways, making 11m, and that a ther 12,5m will be issued for outside areholdings in Amalgamated, Coronan and SA Coal, taking the quoted nes first, and for the unquoted Anglo wer Collieries (APC), Blesbok, New rgo and Transvaal Coal Corporation.

One controversial part of the deal may ove to be the issue of 6,4m Amcoal ares for the 53,3m APC held other an by Vereeniging, which has 9,7m. is values APC at slightly under 50c value (on the Vereeniging pre-suspenn price of 2 050c) but more important gives APC shareholders 28% of the company and should imply that C will contribute 28% of combined nings. The documents will no doubt e more to add.

Meanwhile, Anglo's coal division d, Graham Boustred, makes the point t new generation Escom contracts are easingly profitable and provide for t recoupment, profit and amortizan. The Arnot and Kriel fields are dicated" to Escom and while APC s not own the mineral rights it will be to exploit the portions which are not ady being mined to establish three Escom collieries of 8m t/year each. C's dowry is therefore existing capa- building up to 14m t/year with an itional potential of 24m t/year which way or the other will duly constitute coal's "base load".

n these considerations, I do not think APC can be represented as some of lame duck which is being stuffed Amcoal in return for good paper ked by domestic business, Iscor and more profitable export contracts But if it were, it could be argued that glo's decision to cede its 100m t 20-year export allowance more than balances out the extra Escom content, though admittedly this depends on Amcoal acquiring the export allowance without any further major consideration.



Amcoal's Graham Boustred ... Anglo's King coal

For the minorities in the quoted companies, the terms per 100 shares are: Amalgamated, 90 Amcoal, Coronation 70 and SA Coal 275. Blesbok and New Largo get 20 Amcoal per 100 each, and Amalgamated will also receive a special interim of 11,25c per share. At present, Vereeniging holds 68% of Amalgamated, 62% of SA Coal and 72% of Coronation.

The next question is what these terms are worth when Vereeniging is relisted on Monday. Opinion I canvassed was that against the pre-suspension price of 2 050c, it could open at about 2 400c or more on consideration of the 1976 dividend forecast and the new form of the group, bringing in APC, the export allocation in the medium term and the outstanding minorities to sweeten earnings. On the 1976 forecast of 38c dividend and 108c earnings, equivalent to 152c and 432c in the pre-split form, the prospective yield at 2 400c is 6,3% which looks about right for a marketable share with a good balance of interests in what I regard as the most attractive market sector.

Taking the new Amcoals at 600c, then, Amalgamated are worth a basic 540c (pre-suspension 450c), Coronation 420c (290c) and SA Coal 1 650c (1 000c) But the terms for Blesbok and New Largo, in which Amalgamated holds 40% and 50% respectively add another R3,4m to the value of Amalgamated, or 110c per share.

One quibble could be that there is no clear valuation of the unquoted Witbank Coal Holdings, in which Amalgamated and Coronation both hold 50%, and which gave an assurance at the time of the Schoolgezicht Colliery closure that it would make available to Amalgamated a mining area "should it ever desire to open a new colliery". Obviously Amalgamated, with its primarily Escom content would be a different and more valuable animal with a 1mt/year domestic colliery as well.

Another intriguing possibility is that with Anglo in the running to open the first private sector oil-from-coal plant at Devon, Amcoal will supply the raw material. In this context, the announcement says that Anglo, which has a group syndicate owning its coal reserves, "has undertaken to procure that sufficient bituminous coal reserves in the Transvaal will be made available from present and future reserves held by group companies to satisfy Amcoal's future requirements".

Anglo itself clearly sees advantages in bringing a number of companies together into one quoted vehicle, Boustred stressing the balance of interests and the ability to raise finance in overseas capital markets which might not have been available to individual collieries.

Coal output of the consolidated group in 1976 would be 22,7m t, divided as follows Escom 14,5m, TCOA 5,8m, Iscor 2,4m with exports of 1,5m in the TCOA figure. But the tonnage will be rapidly expanded and from implied earnings of just over R25m next year it is not difficult to envisage a figure nearer R50m by 1978.

In the past, what is good for the house has not always been so good for minorities. In this case Anglo is keeping a couple of cards back in the form of coal reserves and possibly "special arrangements" for the export contracts, which however, Boustred says will be valued on "fair and reasonable terms". Subject to these thoughts and to perusal of the documents, the deal seems adequately to have reconciled the conflicting claims. Perhaps in any case the unsplit Vereeniging and ultimately Amcoal will rise enough to resolve any remaining doubts.

Richard R

INQUIRY REVEALS VAST COAL STORE

Mercury 16/10/75

Mercury Correspondent

JOHANNESBURG—The Minister of Mines, Dr. Koornhof, revealed last night that recent investigations into South African coal reserves had put them at nearly 100-million-million tons.

Addressing the annual dinner of the Transvaal Chamber of Chartered Accountants, Dr. Koornhof said that as a result he was able to answer fears that the country could not afford the recent State decision to allow large-scale exportation of coal.

He said that the Petrick Commission of Inquiry into coal resources had now completed its work and its report would be published before the end of the year. However, he felt he could quote from the report to show the actual extent of the country's coal reserves.

When the Government's announcement that it would be prepared to allow the export of 800 million tons of coal over the next 20 years was compared with the reserves, one found in general terms that the total exports would be less than four percent of the coal reserves extractable by existing underground methods

Moreover, it was doubtful that it would be possible to export the full quota sanctioned by the Government, because of transportation problems, he said.

But because of the very large discrepancy between coal reserves in sites and extractable reserves, it was imperative that much more research be devoted to maximum coal recovery.

The commission had made a number of recommendations on this.

Dr. Koornhof said that at the same time the Minerals Bureau was investigating the energy requirements now and in the future but the exploitation, processing and transport of South Africa's other mineral resources.

Their initial estimates indicate that by the end of this century more than half of our coal production will be required for these purposes.

Furthermore, many of the processes will require special types and grades of coal

The Minerals Bureau, in co-operation with industry and research organisations such as the N.I.M. and the Fuel Research Institute, is also investigating the economics of alternative process routes which would allow for the use of our relatively abandoned low-grade coal resources to replace scarce metallurgical coal in certain applications.

Mining halted

Star 10.11.75

Mining has been stopped in the North West Main and Uitval Main areas of Vierfontein Colliery due to poor roof conditions.

The company's output for the financial year ended June 30 1976 will be adversely affected, but discussions are being held with Escom on the possibility of replacing lost production from other sections of the Colliery. Further announcements will be made in due course.

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RDM 18/11/75

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Anglo has BIG plans

By EDWIN ARNOLD
Mining Editor

THE Amcoal scheme of arrangements documents contain very little that has not already been announced about this imaginative and ambitious R115-million merger deal.

The terms are unchanged as are the dividend and earnings forecasts for Amcoal. The scheme is expected to become effective on January 5 when dealings in Amcoal shares will begin.

The document notes in a significant line that the cost of revitalising and expanding the coal industry to meet South African and export demand is "of a magnitude in modern-day money terms such as to call into question the ability of the industry to seize the opportunities available to it".

"Historically the tendency of the industry has been towards individually small mining units, poor returns on capital employed, generally limited coal reserves, and a consequent inability to raise funds on any significant scale." Anglo obviously intends to change all that.

For the record, Vereeniging Estates, the takeover vehicle which will become Amcoal, will divide its issued shares by four. At the end of the deal Amcoal will have an issued capital of 23,5-million 50c shares. Amcoal is offering 90 of its shares for every 100 Amalgamated Collieries held; 20 Amcoal for every 100 Blesbok; 70 Amcoal for every 100 Coronation; 20 Amcoal for every 100 New Largo; and 275 Amcoal for every 100 South African Coal Estates.

Amcoal is paying a final of 7,5c a share for the year ending December 1975 and is forecasting total dividends of 38c a share for the year ending December 1976. Amcoal estimates earnings per share of 108c for 1976.

Table A shows the effect of these forecasts in terms of dividends per share for the companies being taken over

Table A	Actual 1974	Forecast 1975	Forecast 1976
Amalgamated	40c	40,0c	34,2c
Blesbok	6c	6,5c	7,6c
Coronation	9c	18,3c	26,6c
New Largo	7c	8,5c	7,6c
SACE	45c	73,1c	104.5c

Earnings per share for the companies in 1976 after the merger on the Amcoal forecast are as follows with 1975 forecast earnings in brackets; Amalgamated 97,2c (57,4c); Blesbok 21,6c (13,6c); Coronation 75,6c (41,9c); New Largo 21,6c (14,2c); SACE 297c (144,8c).

VER REF

Vereeniging Refractories, in connection with the Amcoal scheme of arrangement, forecasts net attributable profit of R3 397 000 for the year ending December 1975 and a net attributable profit of R4 065 000 for 1976. The company is at pains to point out its estimates are not directly comparable with those given by Vereeniging Estates, its holding company, in the scheme of arrangement documents due to a different consolidation basis.

A similar point is made by Vryheid Coronation which forecasts net attributable profit for 1975 at R2 543 000 and R4 493 0[illegible] for 1976. Dividends for those years are respectively p[illegible] at 14c and 15c while earnings per share are 26,4c a[illegible] 6,6c. Coal sales for 1975 and 1976 are estimated at 194 0[illegible] and 169 000 t while coke sales are 548 000 t and 528 000 t.

RDM 20/11/75

2/6

Trans-Natal open new mine

By EDWIN ARNOLD
Mining Editor

TRANS-NATAL, in an equal partnership venture with British Petroleum and Total Oil, is to open a 3-million-ton-a-year export coal mine in the Transvaal at a currently estimated cost of R65-million. The initial capital requirements will be met by BP and Total with Trans-Natal contributing the coal rights.

Each partner in Ermelo Mines, the operating company, will have a one-third interest in the mine which will be about 30 km from Ermelo in the Transvaal. This highly-mechanised, underground mine is expected to be on stream in 1978 at an initial rate of around 500 000 t building up as quickly as possible to its full 3-million-ton-a-year capacity.

The coal produced will be low sulphur content, average export quality suitable for power generation. Marketing will be done by BP and Total while General Mining's coal division will be responsible for management.

The mine is viewed as only the first phase in a development which could be expanded to cover the three partners' full export authority of 150-million tons for 20 years. Industry sources estimate the free-on-rail price at between R10 to R11 a ton and an fob price of around R15 a ton.

Assuming a R5 to R6 a ton profit, Trans-Natal Coal Corporation's pre-tax profits from this operation, when at full output, should be between R5-million to R6-million a year. From a balance of payments point of view, the exports should produce around R45-million a year on current estimates.

The railway to Richards Bay actually passes over the property which should help to save a few coppers on shipments. The main constraints on the mine achieving full capacity quickly are the availability of railway wagons, adequate loading capacity at Richards Bay, and construction of the washing plant. But development of the mine will in itself create an initial coal stockpile. Discussions are now taking place with the relevant Government departments for the final go-ahead.

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A NEW R65m COAL MINE

STAR 21/1/75

Mac Thain

The basis of the new colliery to be established near Ermelo to produce three million tons of export coal a year is Trans-Natal contributing the coal rights, and BP South Africa and Total Exploration providing the initial capital of R65m.

Full capacity will be reached in 1978 under the management of General Mining's coal division. Marketing operations will be undertaken by the other partners through Richards Bay and it is expected that the venture will earn R45m a year of foreign exchange.

Of particular significance is that the financing of the scheme for one of the problems in regard to the overall coal export plan is the very heavy capital commitments on providing the coal and its preparation

STRAINED

Aggravating this is the need to win more coal for domestic requirements. With the low return on colliery operations, the industry's resources have become increasingly strained.

When the Richards Bay scheme was first announced, the feeling was that a yearly capacity of 20m tons would be adequate for many years ahead. The situation has since changed radically. In his Witbank Colliery review this morning, Mr A A Sealey, comments that should all the aspirant exporters take up their allocations railway capacity will be inadequate in 1978, the year in which the Ermelo colliery will be on stream

In his opinion, if a transport bottleneck is to be avoided — in both the export and domestic fields — the industry and the SAR must co ordinate their planning to provide additional facilities, either rail or slurry pipeline.

Cape Times 5/1/76

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Coal to earn R100m for SA

Own Correspondent

JOHANNESBURG. — Coal exports are expected to earn "an absolute minimum of R100m" for South Africa during 1976, according to Mr Alan Tew, chairman of the Transvaal Coal Owners' Association.

He estimated that 10m tonnes of South African coal would have been exported through Richards Bay by the end of the year and that this figure could climb to about one million tonnes a month in 1977.

The Assistant General Manager (Operating) of the South African Railways and Harbours, Mr Hennie Loots, announced yesterday that the first 28 trucks of coal arrived by rail at Richards Bay at the weekend. This is low-grade coal which will provide stability and drainage for the high-grade export coal which will be stock-piled from the middle of January.

CONTRACTS

Mr Tew said that the Transvaal Owners' Association had initial contracts with Japan, France, Germany and the United States for 2¾m tonnes of coal. The Natal Associated Collieries have contracted with Germany to supply about 650 000 tonnes during 1976.

"The Anthracite Producers' Association have very important contracts with France and the Low Countries also," said Mr Tew. He said that South African anthracite was made solely from Natal coal.

To cope with these huge exports, the South African Railways and Harbours have extended and added to their rail links with Richards Bay at a cost of about R700m.

Coal in the Witbank area was being loaded by the "balloon track" system, a spokesman said.

Richards Bay opening

THE Richards Bay harbour costing more than R600 million will be officially opened by the Prime Minister, Mr Vorster, on April 1.

A statement by the Minister of Transport, Mr S L Muller, said Safmarine, the national shipping line, would be the prominent figure in the opening ceremony with its flagship, the SA Vaal, breaking the symbolic ribbon on entering the harbour.

In a joint venture, the Transvaal Coal Owners Association and the Railway Administration would participate by commissioning the coal-loading terminal and beginning the loading of the first coal shipment for Japan.

Blacks bitter over proposed coal price rise

RDM 21/2/76

(1) 28
(2) 246
(3) ~~323~~
(4) 216

Staff Reporter

BITTER Soweto leaders yesterday called for a big increase in African wages after a recommendation that coal prices be increased substantially.

The recommendation was described as shocking by Mr T. J. Makhaya, the "mayor" of Soweto, and "disgraceful" by Mrs Sally Motlana, president of the Black Housewives' League.

The recommendation, made in the Petrick Commission of Inquiry's report tabled in Parliament this week, called for the price of coal to be substantially increased to allow expansion in coal-mining productive capacity.

Mr Makhaya said "If the price is going to be increased, it is going to make our people suffer I find it shocking that it is always the Black people who suffer most when prices are increased.

"After all, we have no electricity. The Soweto people have to rely on candles, wood and paraffin to get by, and coal is a vital commodity," he added.

"If the coal price is to be increased, there must be a corresponding increase in Black wages"

His feelings were shared by Mrs Motlana.

"The cost of food is going up all the time. If coal goes up, it will mean even more difficulty for the average family to make ends meet If I can help it, I will organise protests to keep coal prices down," she said.

Officials of the Federated Chambers of Industry, the Chamber of Mines and the Chamber of Commerce declined to comment until they have studied the commission's report

However, an industrial spokesman said the recommendation was expected, because it would encourage expansion of the mining industry.

He refuted a claim that prices of industrial commodities would be further increased if coal prices rose.

"On average, industry relies on electricity, which, in any case, makes up only a fraction of overhead costs," he said.

But Mr Eugene Roelofse, former director of the Co-ordinating Consumer Council warned that a substantial coal price increase would "reverberate through our entire economy."

"It is going to hit the poorer classes who use coal directly, but it is also going to hit every consumer's pocket indirectly," he said

The price hike, he added, could be seized upon by sections of industry and commerce "as an excuse" for a further increase in the price of consumer goods

COST OF COAL MAY SOAR

7/3/76 S. TIMES

By FLEUR DE VILLIERS

A DRASTIC increase in the price of coal can be expected soon as South Africa battles to cope with a power shortage because of technical delays at Cabora Bassa.

This week the Minister of Economic Affairs, Mr Chris Heunis, announced that Escom's power supply could be cut during the coming winter months unless technical problems at the Mozambique hydro-electric scheme were ironed out. Mr Heunis emphasised that the problems were technical and not political.

The possible power shortage and the 17 per cent increase in the railway tariff on coal announced by the Minister of Transport, Mr S. L. Muller, in the Railways budget this week has, however, made an increase in the coal price seem inevitable.

It will also lend fresh impetus to the recommendations of the Petrick Commission, which suggested price rises, and to a new look at the pricing policy of South Africa's coal. Because the coal is price controlled, investment in coal mining for domestic use is low. The result has been that although export coal is profitable, coal mining for domestic use is now "down to the bones", an informed source said yesterday.

With the delay in the supply of power from Cabora Bassa, the industry will have to strain to meet South Africa's power needs.

These needs could be met if South Africa was willing to:

- Import coal at high cost.
- Divert some export coal for domestic use.
- Persuade Escom and Sasol to switch entirely to low-grade coal for electric generation and part with some of their high-grade coal for general use.

All these solutions could mean a higher coal price, on top of the increase which is bound to come in the wake of the higher railways tariff.

(1) ~~Energy~~

(2) ~~246~~

(3) ~~222~~

(4) 216

Amcoal is confident 17/3/76

RDM

Mining Editor

AMCOAL faces the future with confidence and in the belief that it will take part fully in the expansion of the coal-mining industry, says Mr W. G. Boustred, the chairman, in his annual review.

He says: "I believe that our newly structured company has the opportunity to develop and expand its business significantly in the years ahead.

"The demand for coal both within South Africa and in export markets will, I believe, provide the impetus for increasing production capacity at our collieries and for opening new operations."

He then argues the case for an increased price to encourage expansion.

The achievement of forecast earnings of 108c a share in 1976 rests on four main factors, says Mr Boustred.

First is the successful commissioning of the low-ash coal plants at South African Coal Estates, together with the efficient working of transport and shipping arrangements.

Second is the commissioning by Escom of its power station at Kriel.

Third is the availability of Black labour.

Fourth is the sensitivity of the group's results to the profit margins which will be achieved from the sale of its coal.

During 1975 average unit costs increased by 38 per cent compared with 1974.

This substantial increase caused great concern, says Mr Boustred.

The largest single item of cost increase was wages, which when expressed as a cost per ton increased by 37 per cent during the year.

Mr Boustred says that the complement of underground loading labour at certain of the group's labour intensive undertakings fell to below 50 per cent of requirements in the seasonal outflow of Black labour.

There was a disturbing increase in the rate of labour turnover.

Between August and October, 1975, the total number of hand loaders who resigned from three group collieries, 93 per cent had served less than nine months, 80 per cent for less than six months and 40 per cent for less than three months

2/6

6) 246
(2) 2/6

The case for increase in coal price

RDM 17/8/76

By ADAM PAYNE
Mining Editor

THERE IS growing recognition that an economic price must be paid for coal — which means a higher price — if South Africa is to retain coal as its primary energy source.

This is the view of Mr W. G. Boustred, chairman of South Africa's largest coal-producing company, Amcoal, who sees the introduction of the five-day week as adding a further twist to the coal price.

The terms of the agreement on the five-day week, he says, will result in higher working costs and additional capital spending.

These increased payments must inevitably be reflected in the price of coal to the consumer.

On the subject of an economic price to enable new colliery development, Mr Boustred recalls in Amcoal's annual report that the Petrick Commission recommended that the price of coal should be substantially increased to allow much-needed expansion in productive capacity and the introduction of proper mining and conservation practices.

On the publication of the report, concern was expressed that an increase in the price of coal would have a material effect on the rate of inflation in South Africa.

PERSPECTIVE

He says: "Expenditure on coal should be put into proper perspective.

"South Africa consumed about 68-million t of coal during 1975 — representing 75 per cent of its energy needs — and the total cost of this fuel was about R330-million, equal to 1,3 per cent of the gross domestic product in 1975 of R25 300-million.

"In the same period I estimate that South Africa's expenditure on oil consumed was about R1 100-million.

"In the same year, the nation spent almost as much on cigarettes as on coal and three times as much on alcohol and other beverages".

Mr Boustred rightly says that burdensome effect of an increase in the price of coal on the people in the Black townships must be seriously considered

He believes a solution to this problem can be found because the sale of coal in these townships amounts to only about 1-million t a year.

COMMENT: The main people to be convinced of the need for a higher coal price are members of the Cabinet — and the Price Controller.

The Petrick Commission underlined what leaders of the mining industry have been saying for some years — that the price of coal must be raised if the country is to avoid a coal famine.

The raising of the price, according to the industry, will not have as serious an effect on inflation as is feared in some quarters. Because of increased production, it will check any movement to increased reliance on imported oil.

The gazetting of a higher price must come within months and when this is done the crucial decision will be whether the Price Controller recognises the need for expansion and conservation through a higher price or whether the mines will get only enough to cover their increased costs.

(1) 28 ((3) 216)
(2) Energy

Why the days of cheap coal are coming to an end

FM 27/2/76

The Petrick Report on the coal resources of SA can rightly be called a seminal document It is a mine of information and its study will justify the burning of much low-cost electric power, while that lasts.

It will certainly be a major influence on official thinking and, as an unashamedly pro-coal document, will be another significant step in the rehabilitation of coal from a Cinderella industry into a dynamic national resource. It is critical of past pricing policies and could well pave the way for further increases to the TCOA producers and better terms for the captive Escom collieries But on exports, it is lukewarm.

Petrick takes the view that coal has always been made subservient to gold. "Certain of its interests have suffered in consequence," no doubt partly because "all major coal producing areas have come directly under the ownership and control of the large mining houses". And "the emphasis of mining interests on low cost electric power . . . have led to the acceptance of cheap electricity as a matter of ordinary providence".

Pricing policy and "a facile misconception" that SA's coal reserves were inexhaustible are blamed for low extraction rates in the past Bord and pillar mining, Petrick points out, leads to extraction of 30%-80% of a particular seam, and only 10%-50% of coal *in situ* on a multi-seam property. Yet despite this high rate of wastage, "under the present pricing system, the bord and pillar method still holds a certain cost advantage."

As the main theme of the Report is the need for conservation of coal, Petrick's conclusions on pricing policy as a means to this end are unequivocal Higher prices would encourage the application of more sophisticated systems, like mechanical supports instead of leaving pillars, or more emphasis on opencasting, with its big capital costs. The recommendation is that "the whole system of price control for the industry be revised . . (and) that the price of coal be substantially increased in order to allow much needed expansion in coal mining productive capacity".

Perhaps guessing that the door had been unjammed, the Chamber of Mines produced a two-page memorandum, tabled with the Report, which argues even further along the same lines

It says that the necessary "technical competence" does not exist at the Department of Commerce "to assess and project the long-term consequences of its policies". The Chamber recommends that "the setting of the coal price should be removed from the ordinary sphere of price control and the exclusive responsibility of the Price Controller". This, it adds, is not out of "disrespect to this officer" but because "our contention is that in the case of the coal industry there are other vital considerations which the Price Controller's office is not equipped to judge".

Instead, the coal price should be reviewed by a committee representing the Departments of Commerce and Mines and the coal industry, retaining "a form of price control" The Chamber also argues strongly for a revised price formula and against differential treatment for collieries outside the captive sector Its submission is one of the most interesting parts of the Report

The theme of conservation running through the Report is partly because resources are now reckoned to be fully known. Petrick estimates 81 000 Mt of known coal occurrences of which 25 000 Mt are extractable under current technology, though the point is made that reserves, as opposed to resources, are "dynamic" because of improved techniques or higher prices.

But against the background that resources are known, demand is rising "much more rapidly than was previously estimated", and SA coal is in demand on the export markets. In the latter, Petrick urges caution, with no large-scale exports of high grade or metallurgical coal at all

One weakness is perhaps that the Report does not argue out the foreign earnings benefits of coal exports. The conservation argument could obviously be carried too far in the case of a small field (in the 30-60 Mt bracket) which was not interesting to Escom, Iscor or Sasol but appropriate to export needs.

Moreover, the Report's social comment is limited; on higher coal prices in this context it merely observes that higher coal prices would extend reserves "without undue hardship to the majority of consumers". Not everyone will agree. But the general conclusion is inescapable: coal prices are going up Everyone, from marginal gold mines to private households, will have to get used to paying more.

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Anglo American Coal Corporation Limited

Timing of Amcoal's expansion has been correct, says Mr W. G. Boustred, Chairman

The following is an extract from the annual review by the chairman for the year ended 31st December 1975.

It was gratifying that the plans to expand and broaden the scope of your company's coal interests received such overwhelming support when presented to the general meeting on 11th December

I believe that our newly structured company has the opportunity to develop and expand its business significantly in the years ahead The demand for coal both within the Republic and in export markets, will, I believe, provide the impetus for increasing production capacity at our collieries and for opening new operations Perhaps the most important development for the South African coal mining industry in the recent past has been the growing recognition within the Republic that an economic price must be paid for coal if the country is to retain coal as its primary energy source The outlook, then, for our company is favourable and, despite current world economic uncertainties I believe that the timing of our expansion has been correct

I am pleased to report that the Group earned a taxed profit for 1975 of R14 866 000, equivalent to 63,3 cents per 50 cent share, and that the board declared a final dividend of 17,5 cents per share making a total distribution for the year of 28,75 cents per share These dividends are the equivalent of the total dividend of 115 cents per R2 stock unit paid out of the 1974 earnings

The group taxed profit for 1975 of R14 866 000 and earnings of 63,3 cents per share are to be compared with R5 877 000 and 53,5 cents earned in 1974 and the growth in earnings per share of 9,8 cents was equal to 18% However, because of the expansion of the business by consolidation and acquisitions undertaken in 1975 and because of the varying dates of acquisition involved, a true comparison between the total earnings in 1975 and 1974 is not possible

During 1975 the group added to its retained profits by R3 055 000 In present circumstances our wholly owned coal mining subsidiaries have adopted a policy of full dividend distribution to Amcoal after making appropriations to reserves as judged necessary for the financing of net expenditure on fixed assets

Investments

Following the expansion of your company's coal mining business it now holds, directly and indirectly, the whole of the issued share capital of Anglo Power Collieries, South African Coal Estates, Springbok Colliery, Coronation Collieries (which holds 65% of the issued capital of Vryheid Coronation), Amalgamated Collieries of South Africa, Springfield Collieries, Blesbok Colliery, New Largo Colliery, Transvaal Coal Corporation and Witbank Coal Holdings. In addition your company holds 51% of the ordinary shares in Vereeniging Refractories

The value of the company's investments at end-1975, taking quoted investments at market value and unquoted investments at book value, was R90,6 million.

Coal mining

During 1975 group collieries produced 19 679 544 sales tons of coal and 539 465 sales tons of coke Group sales revenue totalled R93 580 000 while the operating profit amounted to R17 084 000

Our average unit costs during the year increased by 38% compared with 1974 This very substantial increase has caused us great concern, it reflects not only the effects of inflation experienced by industry in the Republic but also that which affected the coal mining industry in particular In this latter category of cost increases the largest single item was wages, which when expressed as a cost per ton increased by 37% during the year Every effort will be made in 1976 to contain our costs but the budgets for the current year indicate that further substantial cost increases cannot be avoided

The group's net capital expenditure on mining assets during 1975 amounted to R29 934 000 and at the year-end outstanding commitments on projects in hand amounted to approximately R36 million after deducting the amounts to be financed by our customers

Prospecting

Our company is exceptionally well placed with our current coal holdings resulting from past exploration, during 1975 further progress was made in consolidating these holdings and drilling to prove reserves in several of the major coalfields in the Transvaal delineated in earlier exploration programmes

Industrial interests

The attributable equity earnings of Vereeniging Refractories and those companies in which it holds more than one half of the equity share capital increased by R1 443 000 during 1975 to R3 711 000 The ordinary dividend for 1975 was increased from 26 cents to 30 cents a share

Labour

In the year 1975 changes made themselves felt in the pattern of supply of Black labour at our collieries In particular was this so with regard to underground loading labour which at certain of our labour intensive undertakings fell to below 50% of requirements at the time of the seasonal outflow of Black labour The collieries have traditionally recruited their Black labour in roughly equal proportions from Mozambique, Lesotho and the Republic of South Africa but during the year successful efforts were made to increase the proportion of labour from the Republic and it is hoped that this trend will be maintained During the year a disturbing increase in the rate of labour turnover was experienced An illustration of this situation occurred between August and October 1975 when of the total number of hand loaders who resigned from three of our collieries 93% had served for less than nine months, 80% for less than six months and 40% for less than three months In order to offset this trend a termination bonus has been introduced for Black underground workers who have worked at a mine for an uninterrupted period of at least nine months

The evaluation of all jobs in the coal mining industry was completed during 1975 so that there is now uniformity in job classifications and rates of pay throughout the industry In June 1975, basic wages of Black underground workers were raised by an average of 31% and of Black surface workers by 18% resulting in an average increase for the Black workers of 28% The average cash earnings (excluding overtime) of Black underground workers on our collieries was thereby increased to 307 cents per shift

An important development during 1975 was the agreement between the Mine Workers Union and the Chamber of Mines for the progressive introduction of five-day week working in the coal mining industry in the Republic Starting in 1976 the industry will work on the basis of an eleven shift fortnight and during 1978 a five-day week will be introduced Both parties to the agreement accepted that, in the national interest, the methods of introducing five-day working on the collieries must not prejudice the maintenance of coal production or the attainment of the planned growth in production Equally was it accepted that the coal mining industry is a seven-day-a-week industry where certain operations go on 24 hours a day The terms of the agreement will result in the generation of higher working costs and additional capital expenditure at the collieries These increased payments must inevitably be reflected in the price of coal to the consumer

Finance

Since 1975 we have, considerably expanded and broadened the scope of our business This expansion calls for the investment of large sums of new capital but I am confident that we now have a group with the financial capability of raising longer term money which will improve the group's liquidity Consideration is now being given to the various proposals made by the banks for raising this money on favourable terms

New export business

We are evaluating the best method of utilising the conditional permission for the export of 100 million tons of coal over a 20 year period granted by Government to the Anglo American Corporation, which the Corporation has passed to our company Negotiations are in progress with the Railways to move 2 million tons a year from late 1978 as well as with the Richards Bay Coal Terminal Company for equivalent ship handling facilities Although the market for steam coal in Europe is still depressed by economic conditions there we are confident of a recovery

The Petrick report

The Commission of Inquiry into the Coal Resources of the Republic of South Africa, under the Chairmanship of Dr A J Petrick, published its report on 19th February The recommendations made by the Commission will require detailed study but my first impressions are that they give encouragement to the industry and, if implemented, will provide a framework within which the industry can develop and expand I am particularly pleased to note the Commission's findings that, while there is considerable room in the industry for rationalisation, there are no grounds for a recommendation that the State should assume ownership of the coal deposits and direct control over their exploitation.

An important recommendation of the Commission is that the whole system of pricing coal be reviewed and that the price should be substantially increased in order to allow much needed expansion in coal mining productive capacity and the introduction of proper mining and conservation practices, which will undoubtedly lead to the extension of the life of coal reserves

Concern has been expressed that an increase in the price of coal would have a material effect on the rate of inflation in our country and consequently I think it is important that the expenditure on coal in South Africa be put into proper perspective South Africa consumed some 68 million tons of coal during 1975 (representing 75% of its energy needs) and the total cost of this fuel was approximately R330 million, equal to 1,3% of the Republic's estimated Gross Domestic Product in 1975 of R25 300 million In the same period I estimate that South Africa's expenditure on oil consumed was about R1 100 million Furthermore, in the same year the nation spent almost as much on cigarettes as on coal and three times as much on alcoholic and other beverages

A point to which serious consideration must be given is the effect of a material increase in the price of coal upon the residents of the Black townships around our major towns and cities However, in view of the fact that the sale of coal in these townships only amounts to about one million tons per annum, I believe that a solution to this problem can be found.

Future prospects

In looking forward to 1976 it is first to be recognised that 1975 was a year of encouragement for the South African coal industry as a whole During 1975 the sales output from all collieries in the Republic totalled 69 million tons compared with 64,6 million tons in 1974 The increase of 7% in 1975 was a welcome improvement on the 5% growth experienced in 1974 The better performance largely reflected increasing demands for electricity generation, the build up of the Republic's export trade and an increased volume of coal moved by South African Railways

You will recall from our circular to members dated 17th November that we then forecast earnings in 1976 of 108 cents per share The achievement of this forecast rests upon four main factors The first is our successful commissioning of the low-ash coal plants at S A Coal Estates and Bank colliery, the efficient working of the South African Railways unit trains and line to Richards Bay and the TCOA's coal handling facilities at that port all this equipment is new and being put into operation for the first time At the time of writing work is on time and I believe that the programme set by the various parties in this complex operation will be met The second factor is the commissioning by Escom of their new power station at Kriel, our underground mine at Kriel is now equipped to produce coal to meet Escom's notified demand but the attainment of the colliery's profit forecast will depend upon the commissioning results at the power station The third factor will be the availability of Black labour, particularly at our older handgot collieries, I have referred earlier to our problems in this regard The fourth factor is the sensitivity of our results to the profit margins which we will achieve from the sale of our coal The costs and selling prices used in our forecasts are, I believe, realistic in today's circumstances but members will appreciate that in the uncertain economic climate of our time, major changes in trading conditions are possible

The year 1976 will be one of considerable activity for your company At the collieries we shall be paying particular attention to the commissioning of the low-ash coal projects at Bank and S A Coal Estates and to the two major power station collieries, Arnot, where the open pit will be coming into full production and Kriel, where the underground mine will be in its first production year In the financial field we shall be working with the TCOA and other potential exporters on the financing of the planned expansions to the Richards Bay Coal Terminal to accommodate our new export business and that of the other parties who include some of the major international oil companies

In conclusion I wish to say that we face the future with confidence and in the belief that we shall be participating fully in the expansion of South Africa's coal mining industry

The annual report and chairman's review may be obtained from Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001

The annual general meeting of members will be held at 44 Main Street, Johannesburg on Wednesday 7th April 1976 at 10h30

Hansard 9
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2/6

Coal mined/exported

535 Mr. G H WADDELL asked the Minister of Economic Affairs:

(1) What quantity of coal was (a) mined and (b) exported in 1974 and 1975, respectively;

(2) what quantity of coal is to be exported in 1976 and each of the ensuing four years

The MINISTER OF ECONOMIC AFFAIRS

		1974	1975
		Ton	Ton
(1) (a)	Bituminous coal	64 620 678	67 848 885
	Anthracite	1 434 932	1 590 713
(b)	Bituminous coal	1 242 459	1 565 469
	Anthracite	1 034 758	1 121 834

(2) The quantities of coal, including anthracite, which could be exported from the Republic during 1976 and in the subsequent four years, would mainly depend upon the availability of the necessary rail transport and harbour facilities for such exports. Except for the existing rail transport facilities to and harbour facilities in Durban and Maputo which could only be used for relatively limited tonnages of such export traffic, the new port at Richards Bay, which has recently come into operation, as well as the existing rail transport facilities to the new port, will provisionally be able to accommodate a maximum of 12 million tons of coal export traffic per annum.

During 1976, an estimated quantity of about 10,5 million tons of coal, including anthracite, will be exported jointly through Durban and Richards Bay. As from 1977 onwards, and until such time as the capacity of both the railway connections to and the loading installation in Richards Bay can be increased, an estimated quantity of about 13,6 million tons of coal, including anthracite, will be exported through the aforementioned two ports. The tonnages of coal which could be exported through Maputo are uncertain, as this will depend upon the quantities of such traffic which could be handled by the railway and harbour authorities of Mozambique.

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Coal the only bright spot

13/4/76 DD

JOHANNESBURG — A malaise hung over Hollard Street yesterday — call it a preholidy feeling or lack of anything to move the board significantly either way.

Gold shares sagged in small trading on the lower gold price. Bullion dealers reported trading was extremely quiet, probably awaiting settlement of the technical details of IMF sales, being thrashed out at the bank for international settlements meeting yesterday and today.

Details of the first batch of the March gold quarterly results are not going to help the gold sector either.

A quick roundup among brokers late yesterday showed alarm at the damage the lower gold price could do to struggling mines.

There was also disappointment that all mines labour problems had not been solved in the March quarter, as was expected. Where mines were hit by technical problems, the absence of a high gold price cushion was obvious.

The only feature in industrials was a 25c rise in African Products, the best rise of the day. Industrial leaders were narrowly mixed.

De Beers gained 2c to 323c but Anamint dropped 25c. Messina and Palamin both put on 5c with Minorco losing 10c in coppers. PP Rust remained on the uptrend in Platinums with a 5c gain and others were unchanged with Union down 2c. Wit Cols put on 45c, Apex rose 20c and Tavistock moved up 25c in coals. Cons Murch gained a marginal 10c with Gefco down 15c and Msauli down 12c.

Randfontein came back 50c, as did Harties and President Brand, while West Deep lost the biggest absolute amount of 75c.

In London, the market was slightly easier at the close after a very quiet session ahead of the trade figures on Wednesday, dealers said. At 1500 the FT index was down 2,7 at 392,9.

Government stocks were steady following sterling, although interest was minimal, dealers added. Gains of 1/8 to 1/4 point were seen occasionally in both short and longer dated loans.

Leading industrials were 2p to 3p lower and oils were easier by around 5p to 8p where changed. Banks lost up to 3p after initial steadiness.

Mining shares were quietly steady at the lower levels, with heavyweight golds lower by around 25p while smaller priced issues lost 5p to 20p. Australians were mostly easier after a quietly firm opening.

In Salisbury, The Rhodesian market was particularly quiet with mining issues firm and industrials maintly steady.

Wankie gained one cent to 93 cents and Empress were bid five cents higher at 280 cents. MTD (Mangula) lost two cents to 233 cents. — DDC-SAPA-RNS.

Shortage of coal looms

RDM. 8/4/76.

(1) ~~Energy~~

(2) 2/6

By ADAM PAYNE
Mining Editor

THE TRANSVAAL is facing a coal shortage months before mid-winter because production from the collieries is unequal to demand.

This situation has arisen partly because Escom has asked the Transvaal Coal Owners Association for extra supplies of 23 000 t a week.

Moving into winter, this figure is likely to rise sharply, I am told, and could more than double, with all power stations working at peak capacity.

A contributory factor to increased demand by the power stations is the failure of Cabora Bassa to feed into the South African grid.

In the coal-mining industry there is no satisfaction at this situation — only a realisation that for years the industry has warned that unless the price was raised strongly there would be no incentive to open collieries and South Africa would face a coal famine.

Apart from the stepped-up demand from Escom, consumption by industry has increased because of coal substitution for oil.

SOLUTION

The only solution, in the industry's view, is a rise in the coal price that is sufficiently high to stimulate new investment.

Mr Anthony Lee, chairman of the TCOA, con-

prevented the switching on of Cabora Bassa power. In addition, the body controlling the hydro-electric scheme is bargaining with South Africa for higher charges than were negotiated in 1967.

The Minister of Economic Affairs, Mr Heunis, has warned in Parliament that if Cabora Bassa does not provide power this winter and there is severely cold weather, power cuts will be unavoidable.

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Coal price set to jump 50 pc

6/5/76

ROM

By ADAM PAYNE
Mining Editor

COAL SHARES spurted on the Johannesburg Stock Exchange yesterday with a firm expectation that the pithead coal price will shortly be raised by about 230c to about 680c a metric ton — an increase of 50 per cent.

The industry had asked, I am told, for a rise of 310c a ton and gave the Government chapter and verse why the increase should be at this level — to cover steeply rising costs and to encourage investment in new collieries

Its case has been strengthened by the heavier demand for coal by the Electricity Supply Commission. Although Escom is confident it can maintain power supplies throughout the winter if consumers cut consumption, the coal industry is not so happy about maintaining supplies because of short capacity to produce.

Whether a rise in the coal price of 230c a ton will be sufficient to encourage investment in colliery capacity will have to be seen, but it is certain that if collieries are not opened soon there will be severe shortages

Talk that coal should be drawn off the export contracts to supply the local market is nonsense Apart from the fact that the export coal is not suitable for domestic use, collieries have been opened at high capital costs to supply the export contracts

In any case, by a system of sharing within the coal industry South African suppliers benefit from the export contracts awarded to other collieries so that the export profits contribute to the wellbeing of the industry

Because of the low South African price, no collieries to supply the domestic market have been opened in nine years

The coal price was raised 115c a ton to 450c last year From 1970 to 1975 the price has increased by about 150 per cent By contrast, Saudi Arabian oil rose in the same time by 585 per cent.

The price of American coal rose by 300 per cent and uranium by 310 per cent.

With uranium-producing gold shares also on the march, figures released by the Nuclear Exchange Corporation of America (Nuexco) indicate that the average price for 1980 deliveries of uranium oxide rose from $17,50 a lb in mid-1974 to $35,55 in August last year

Nuexco has this year quoted 1980 delivery prices of $47,45 a lb — an increase of 170 per cent since 1974

Export coal wanted for the home fires

By CHRIS CAIRNCROSS
Industrial Editor

CAPE TOWN. — Several areas, notably the Western Cape, are on the brink of a coal shortage which could become serious as winter deepens.

The impending shortage is not due to insufficient rail trucks — as has been the cause in recent years — but to a shortage of coal.

Industry, through the Federated Chamber of Industries, has decided as a matter of urgency to ask the Secretary for Industry to exert pressure on the coal-mining industry to meet consumers' needs, industry in particular

If necessary, the Transvaal Coal Owners' Association could be asked to divert stocks earmarked for export through Richards Bay to domestic consumers, say delegates to the FCI executive council meeting in Cape Town.

"To hell with exports when the country's coal consumers are facing shortages," said Mr Harold Morcombe, a past president of the FCI and the member of the Transvaal Chamber of Industries.

The TCOA has issued several warnings to the Government about the situation. Its regular message has been that unless the authorities adopt a more realistic pricing policy for coal, the industry cannot afford the cost of increasing capacity.

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TOESPRAAK DEUR SY EDELE S.P. BOTHA, L.V., MINISTER VAN MYNWESE BY DIE FORMELE OPENING VAN DIE VAN DYKS DRIFTSEKSIE VAN WITBANK COLLIERY, LIMITED : DONDERDAG 13 MEI 1976.

FOR RELEASE TO THE PRESS ON THURSDAY 13 MAY 1976 AT 11h00.

I am very grateful that you have afforded me the honour to conduct the official opening of this new mine and plant. This occasion, in many respects, marks the advent of a new era of sophistication in mining in South Africa, which has already reached such a high degree of competence and sophistication.

Energie is vir die mens van deurslaggewende belang in sy bestaan; energie om homself te aktiveer en energie om al die aktiwiteite wat met 'n hedendaagse beskawing gepaard gaan, te bedryf. Trouens, sonder energie in die een of ander vorm, is lewe nie moontlik nie.

Die primitiewe mens het sy behoefte aan energie geput uit wat sy omgewing hom gebied het. Die moderne mens moet dit vandag ook nog doen en hoewel hy deur sy vaardigheid vandag soveel groter toegang tot sy energiebronne verkry het, het die behoefte aan energie in die hedendaagse wêreld so geweldig toegeneem dat niemand afsydig kan staan teenoor die uitputting van ons energiebronne nie.

Die wêreld het hom tot relatief onlangs nog nie eintlik veel gesteur aan die toenemende behoeftes aan energie wat uit mineraalbronne bevredig moet word nie omdat die bronne as feitlik onuitputlik aanvaar is en was die aandag meestal toegespits op die verskaffing van voedsel aan 'n steeds toenemende wêreldbevolking. Hierdie situasie het nou drasties verander en die wêreld kyk nou met nuwe oë en 'n mate van beklemming na die mineraalbrandstofbronne wat daar nog tot sy beskikking is.

In Suid-Afrika het ons ook geglo dat ons steenkoolbronne so ontsaglik groot is dat daar nie kommer oor die uitputting daarvan hoef te wees nie.

As ek my kan waag aan 'n algemene stelling uit die hoogs tegniese verslag van die Petrick-kommissie, wat nou verder deur die Regering oorweeg ~~word~~, dan is dit sekerlik dat die

Kommissie 'n belangrike vermoede bevestig het, naamlik dat Suid-Afrika oor aansienlike steenkoolbronne beskik maar dat hy hoegenaamd nie kan bekostig om daardie bronne op 'n onoordeelkundige wyse aan te wend nie.

Met mineraalproduksie en -verbruik is dit eenvoudig so dat daar uit die bodem geput word wat nie weer daarin teruggeplaas kan word nie. As steenkool, net soos aardolie, aardgas en uraan, eenmaal vir kragopwekking aangewend is, is dit vir altyd as energiebron vir die mensdom verlore!

In hierdie situasie is daar eintlik net twee moontlikhede om die vinnige uitputting van fossielbrandstowwe te voorkom en dit is om alternatiewe energiebronne te vind of om die fossielbrandstofbronne sover as moontlik te konserveer.

Wat Suid-Afrika betref, is dit algemeen bekend dat die land besonder swaar op steenkool leun vir die verskaffing van sy energiebehoeftes. Die feit is al dikwels genoem dat sowat 75% van ons energieverbruik van steenkool afkomstig is. Hierby is dit so dat ons nog nie aardolie in lonende hoeveelhede in ons bodem gevind het nie, alhoewel ons nog geensins die hoop dat ons dit sal vind laat vaar het nie, terwyl ons potensiaal vir die opwekking van hidro-elektriese krag beperk is. As nou hierby in gedagte gehou word dat ons wel oor aansienlike uraanreserwes beskik maar dat die energie-inhoud daarvan volgens bestaande tegnologie laer is as dié van ons steenkoolbronne, is dit vanselfsprekend waarom laasgenoemde bronne vandag as van die allergrootste belang vir Suid-Afrika beskou word.

Miskien om hierdie rede het daar al baie stemme opgegaan teen die uitvoer van steenkool uit Suid-Afrika. Andere het egter weer volgehou dat selfs grootskaalse steenkooluitvoere die lewensduur van ons steenkoolbronne slegs met 'n baie kort tydjie sal laat krimp.

Soos u weet, het die Regering na deeglike oorweging van ons eie behoeftes, ons tradisionele beleid om nie ons minerale vir ons handelsvennote ontoeganklik te maak nie en die besliste voordele wat steenkooluitvoere inhou, finansieel en andersins, besluit om matige steenkooluitvoere vir 'n tydperk van twintig jaar toe te laat.

Hoe dit ook al sy, ons verkeer in die posisie waar ons energiebehoeftes teen 'n hoë tempo styg en dat aan hierdie toenemende behoeftes hoofsaaklik uit ons steenkoolbronne voldoen moet word. Van konservasie in die sin van 'n kleiner of konstante produksie van steenkool is daar dus hoegenaamd geen sprake nie en moet ons kyk na ander metodes om die lewensduur van ons steenkoolbronne te verleng.

Gelukkig bestaan daar sulke metodes! Laat ons dit nou maar erken dat ons in die verlede weens 'n gebrek aan kennis en die nodige hulpmiddels, mynboumetodes toegepas het wat veroorsaak het dat die bronne nie ten beste benut is nie en moontlik verlore is. Gelukkig het ons sedertdien ver gevorder op die pad van groter meganisasie en beter stratabeheer, en kan ons vandag vooruitsien na 'n baie hoër herwinningspersentasie uit ons steenkoollae. Laat ons dit ook maar erken dat daar in die verlede bruikbare steenkool op uitskothope beland het, terwyl in ander gevalle weer hoëgraadse steenkool saam met laegraadse steenkool verbrand is.

Al hierdie dinge geniet nou ernstige aandag en ek kan u verseker dat die lewensduur van ons steenkoolbronne met die kennis wat ons nou het, aansienlik verleng kan word.

I have said just now that the internal demand for energy is increasing at a high rate and that the demand will largely have to be met from our coal resources. From the viewpoint of physical mining, this fact presents a very great challenge.

Apart from our coking coal requirements for our steel industry and our steam raising coal requirements for the generation of electricity where very large increases in demand are forecast, let me mention just one example to indicate the expansion expected in coal mining : SASOL presently consumes about 5 million tons of coal per annum.

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With the commissioning of the SASOL II plant, SASOL'S present plans envisage an annual consumption of no less than 20 million tons from 1985 onwards! Challenges such as these, together with the absolute necessity for the better utilization of <u>in situ</u> coal reserves have brought about the introduction of opencast and other sophisticated mining methods which will benefit our coal resources tremendously.

This complex to me is a very good example of the emerging concentrated, high-production pattern of coal winning which is of such great importance to South Africa. It stands also as a very good example of the tremendous problems that can be overcome in the harnessing of our resources, if tackled with determination and excellent technological expertise. What we see here to-day, is a highly mechanised mining complex, where, with the aid of sophisticated treatment equipment, a high-priced blend coal is produced for export while, at the same time, in an integrated mining operation, the maximum yield from the coal seam is being achieved.

I understand that, in the initial period some considerable doubt existed as to whether the required quality of blend coal could in fact be separated from the coal in the seam in view of the fact that about 80% of the feed coal had a relative density of only 0,1 either side of the relative density at which the separation of the blend coal fraction would have to take place.

Yet, you have persevered and succeeded! The commissioning of your washing plant must therefore have been a very proud moment for your company and I, in turn, am very proud to be associated with its official opening.

Furthermore, I understand that your mine itself is also unique in South African colliery design. As I understand it, the mining procedure adopted here comprises the mining of the different types of coal from the same seam at different times to avoid contamination and to ease operations. In the process mining will take place simultaneously on different types of coal in different areas in the mine. Associated with this type of selective mining a twin-belt system has been installed to handle the different types of coal at different times.

If, in addition to all this ingenuous planning, cognizance is taken of the fact that the entire seam, apart from the support pillars, will be mined out, I have no hesitation at all in saying that what you have achieved here not only once again emphasises our eminence as a mining country, but can only serve to further our ideals to utilize our coal resources in the best possible manner.

I have said before that our coal resources are extremely valuable and important, not only to us, but also to our friends. To this I may add that not only these resources, but also our vast resources of other minerals, are of the utmost importance to the Western world, especially in the context of the fact that we have learned how to deal with our problems in mineral extraction and that our mining industry is already a vast going concern.

In the South African economy, the role of our mining industry can hardly be overstressed. However, the demands of the future are such that we will have to expand our industry as rapidly as possible to enable it to make its full contribution to the South African and Western economies.

As far as coal is concerned, it is an undeniable fact that we can no longer afford to allow the erosion of our resources and that we will have to husband our coal resources with care and wisdom.

As Minister of Mines I accept that I have a duty to assist our mining industry to enable it to meet the demands of the future and I am ready to apply myself to this task with dedication.

I know that our coal mining industry is experiencing certain difficulties at present, amongst others, the problem of generating sufficient capital for the necessary expansion.

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I can assure you, however, that the Government will pay the closest possible consideration to the report of the Petrick Commission and that I myself am studying the problems of the industry in depth. Certain steps are already under consideration and an announcement in regard thereto will be made in due course.

If we work together, I am sure that we will be able to do everything South Africa asks of us. Our mining industry is well known for its ability to overcome difficulties, as is once more proved by this modern complex.

It now gives me great pleasure to declare the mine and its ancilliary facilities officially opened.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF MINES.

CAPE TOWN 13 MAY 1976

 F.M. 4/6/76

(2/6) FOX

Genmin's new coal co-op

With the dust barely settled from last week's announcement that effective control (50,1%) of Union Corporation had been acquired, General Mining has kicked-off the enlarged group's first major co-operative venture. In terms of a "joint announcement", coal recovery on a major scale in the Evander and south-eastern areas of the Eastern Transvaal is to be undertaken primarily by Trans-Natal and Union Corporation but with participation by Clydesdale and UCI.

Details are sketchy, but Union Corp and UCI are known to hold mineral rights over an area (partly overlaying certain gold mines) on which drilling has proved low grade reserves running to over 1 000 Mt. Significantly, UCI's 1975 annual report — apart from disclosing a complete disposal of coal shares (Trans-Natal) — records that "the coal rights . . are considered to be too long-term to have any significant value at this stage".

Trans-Natal's contribution to the effort — excluding a small deposit (less than 5% of the total) of uncommitted Alpha Coal reserves — arises from reserves estimated at about 1 000 Mt situated in the south-eastern Transvaal, which was until recently part of a greater area jointly owned with Sasol Clydesdale's stake in the eventual undertaking is very limited, covering only 50% of the tonnage which might be drawn from the Alpha Coal reserves.

By way of contrast, the combined Union Corp/Trans-Natal reserves are estimated to be more than double those committed to Matla, which are deemed adequate to supply a 3 600 MW power station

Within the next 12 months, given a technical evaluation of the respective areas by Union Corp and Trans-Natal, the terms of participation should be known It is noteworthy, however, that "regardless of where exploitation . occurs in the joint area, the parties will contribute to expenditure and participate in profits in accordance with the overall participations in the joint area" In essence, given the, at present, nearly equal level of reserves in the area, it is probable that any venture will be on a near-50/50 basis.

For the time being, Trans-Natal is logically earmarked as technical manager for the project. And, although not mentioned, Geduld Investments — entitled to a 15% slice of any new Union Corp business — is also likely to share in the eventual development.

Genmin's Clark . . . Mr Coal grows bigger

At a guess, bearing in mind the relatively shallow depth of the No 4 seam, recovery will most probably be on an opencast basis Apart from a massive machinery bill at the onset, working costs should not be high and, on the assumption that the deposit is to be channelled into a new power station, Escom may well provide some of the development capital

It is early days and the worth of the proposed undertaking to each of the major partners is not assessable However, to the extent that General Mining is already heavily involved in coal mining and fully appreciates the value of these projects, it must be accepted that the ultimate venture will prove substantially beneficial to all concerned

David Wolk

Cape Times 17/7/76

Coal profits blaze away

2/16

JOHANNESBURG. — The Gold Fields of SA group has reported a big jump in profits from its coal producer, Apex Mines, but not much change in the results of its tin mining companies, Rooiberg Minerals Development Company and Union Tin mines, for the six months ended June 30 compared with the same period of 1975.

Apex net profit after tax of R2 203 000 compared with R844 000

The report said that the increased tonnage produced in the Nos 2 and 4 seams, together with the start of exports and the increased price of deliveries to Iscor of low-ash coal, resulted in a substantial increase in revenue

Production remained below expectations, due largely to continuing difficulties in obtaining and maintaining plant and equipment

The Rooiberg net profit after tax dropped to R1 048 000 against R1 193 000 in the first six months of last year

At Union Tin mines net profit after tax was R256 000 against R60 000 in the first half of 1975.

Production of tin in concentrates was 35,9 tons higher than for the first six months of last year, due mainly to the increase in the grade of ore from underground and of reclaimed dump material treated in the plant. — Sapa

(214).

TWO E.RAND MINES TO GO

Mining News 29/10/76

Staff Reporter

JOHANNESBURG. — Sallies and East Dagga will "die" by the end of the year.

Earlier this year it was announced that East Dagga would terminate underground operations by December 31 this year unless there was a considerable improvement in the price of gold.

As the price of gold has remained low, Anglo American has decided to close the mine by the middle of next month

Investigations have revealed the treating of surface waste rock dump to be uneconomic, and consequently all operations other than clean-up will cease

An announcement last month forecast that Sallies would close not later than the end of March next year.

In determining the optimum period of the run-down operations, it now has been decided that mining operations will cease by the end of December this year Operations after that date will be confined to clean-up.

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Witbank profit up nine pc

Cape Times 18/1/77

JOHANNESBURG. — The Rand Mines coal producer, Witbank Colliery, posted a nine percent increase in working profit in the quarter ended December 31.

Pit problems at the group's other coal producer, Welgedacht, resulted in lower tonnages and profits.

Witbank sold 1 633 372 metric tonnes in the quarter — an increase of 1,7 percent.

This, coupled with the fact that working costs were lower, resulted in the rise in working profit from R8 820 909 to R9 619 732.

Taxed profit rose by eight percent to R9 150 088 from R8 470 017 in the previous quarter.

At Welgedacht, equipment breakdowns were responsible for a 4,6 percent drop in tonnage sold.

Working profit dropped by almost 18 percent from 382,8c per tonne to 314,6c per tonne.

A lower rate of capital expenditure resulted in an increase in the tax bill, and profit, after tax, was 29,2 percent down at R1 227 643. — Sapa

2/6

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General Mining improves

Mercury Correspondent
JOHANNESBURG — The three coal producers in the general mining group — one is soon due to leave the field — performed extremely well in the quarter to December with profits for the period showing substantial improvements all round.

The profit achievements reflect the higher coal price as they were earned on only moderate increases in tonnages sold.

Trans Natal taxed profits rose by almost 32 percent during the quarter to R5 345 000.

The working profit from sales of 5 027 000 tons (4 930 000 tons) was up by only 12 percent but the additional improvement at the attributable end was the result of hefty reduction in the provisions for tax and interest.

2/6

Cape Times 18/2/77

New R109m mine

JOHANNESBURG. — The Anglo-American Coal Corporation (Amcoal) is to develop a new mine, Kleinkopje, at the Landau property outside Witbank in the Transvaal, at a capital cost of R109m, in today's money terms.

Kleinkopje is planned to start operations in January 1979, reaching its initial annual production rate of R2,7m sales tonnes a year in June, 1979.

Productive capacity will be increased in 1982 to the mine's final output level of 4,3-million sales tonnes a year.

This final output level will be represented by about 700 000 tonnes of low-ash metallurgical coal for Iscor's increasing needs, 1,6 million tonnes of coal for the Transvaal Coal Owners' Association trade and 2 million tonnes to be exported for the Amcoal group's own account.

This coal will be exported as part of the second phase of the country's export programme, which involves an expansion of an additional eight million tonnes a year, carrying total coal exports to a level of 20 million tonnes a year. — Sapa

Amcoal doubles profits

JOHANNESBURG. — Anglo American Coal Corporation more than doubled its taxed profits in the year ended December 31 to R44 404 000 (1975: R18 885 000). The pre-tax profit was R49 512 000 (R24 279 000).

Earnings jumped from 63,3c to 172,5. The final dividend has been increased by 7,5c to 25c, for total distribution for the year of 40c (28,75c). — Sapa

Rennies... Taxed attributable profit

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Amcoal profits jump 157 pc to R40m

18/2/77 RDM

By DON ROBERTSON
Mining Editor

AMCOAL has surprised even the most ardent of the coal bugs with its results for the year to December 1976. By producing attributable profits which are 157 per cent higher than in the previous year, it has slotted itself into No 7 spot on the JSE lists.

At the halfway stage, the company had marked up profits of R11 800 000 and earnings of 50,2c a share and was well on its way to beating forecast earnings for the full year of 108c

However, the 226c a ton increase in the price of coal granted in July rocketed second half earnings

The result was that taxed profits for the 12 months rose to R40 513 000 from R14 866 000 for earnings of 172,5c a share against 63,3c in 1975

The final dividend has been raised to 25c from 17,5c, bringing the total for the year to 40c, compared with 28,75c

This payment doubles the dividend cover to a hefty 4,3 times and leaves the shares, now 750c, at a meagre dividend yield of 5,3 per cent

However, the 40c payout beats the forecast made at the time of the formation of Amcoal by 2 c. Those who bought on the strength of a 38c dividend cannot be disappointed

Amcoal never promised to be a sparkling profit producer in the short term Although the latest earnings have belied this, the dividend policy is understandable

Capital expenditure was R43-million in the past year compared with R30-million in 1975 The total expenditure programme, in present money terms, is estimated at R242-million

The directors say in this report that the expenditure programme is necessary to expand and modernise operations, and that this will require a conservative dividend policy

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Col rises

2/6

New R109m coal mine planned

18/3/77 Gw

Mac Thain

A large multi-product colliery is being established by Amcoal near Witbank with an ultimate sales output of 4,3m tons a year in 1982

Kleinkopje, the new mine, is planned to start operating in January 1979, and reach its first phase production level of 2,7 m tons within six months The cost — in 1976 money terms — is estimated at R90m. The second phase to be undertaken in 1982 will raise the final output level to 4,3m tons a year and will cost a further R19m

The financing of the project, which is part of Amcoal's R242m capital programme, will be met by way of medium and short-term loans which have been negotiated and by retained group earnings. This means that a conservative dividend policy will be pursued for some time

The ultimate annual output will be made up of some 700 000 tons of low-ash metallurgical coal for Iscor, 1,6m tons for Transvaal Coal Owners' trade and 2m tons for export on Amcoal's own account.

This latter falls within the second phase of the country's export programme which calls for the sale of an additional 8m tons bringing total coal exports to 20m tons a year

Amcoal's final dividend has been raised from 17,5c to 25c, bringing the total to 40c (28,75c) Net profit was R44,4m against R18,9m Earnings a share were 172,5c against 63,30c for 1975.

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'MODEL' COAL CONTRACT BETWEEN SA AND JAPAN

24/7/74

TOKYO — The existing contract for the supply of low-ash coal from South Africa is regarded by the steel industry here as a model for deals with other coal suppliers.

What has attracted the Japanese industry is that the contract establishes the principal of a long-term base price which the Japanese have been pushing for over the past few years with all their major suppliers

Since the Arab oil shock of 1973, raw material costs for the Japanese steel industry have rocketed upwards, with coal showing the greatest increase.

Industry sources said that armed with the Witbank contract, it has gained a foothold in negotiations for Australian and Canadian coal scheduled to reopen next month.

SA gets best coal deal

RDM 4/4/77

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By ADAM PAYNE

THE 13c a ton increase in the price for low ash blend cooking coal supplied to Japan from April 1 until March 31 next year is not sufficient to offset the rise in unit costs, but Mr Allen Sealey, head of Rand Mines coal division and chairman of Witbank Colliery, is satisfied with the result of the negotiations in Japan.

United States suppliers have accepted reductions of about $3 a ton and have cut back supplies to Japan to only 65 per cent of contracted tonnages because of the slackness of the Japanese steel mills.

Australian suppliers have also been squeezed.

Suppliers are still negotiating with the Japanese on new prices. The devaluation of the Australian dollar gave Japanese importers a $3 benefit in United States dollars, and the Australians are claiming a share of it

So far South Africa is better off than many other suppliers Mr Sealey says this could be partly because the South African coal is the cheapest and partly because the Japanese contract was the starting point for South Africa's big-scale coal export business and the opening of Richards Bay

The Japanese take a pride in this and hold a great interest in the welfare of this business

"They were most impressed by the fact that after six years of railbuilding, dredging to open a harbour where there were only shallows and building of port facilities, we were exactly on time to ship coal to them by April 1 last year," he said

"They say that few of the other projects with which they have been associated were completed on schedule, as happened in this case"

Mr Sealey said that although the rise in costs exceeded the rise in price for low ash coal, the volume in thecoming year would be greater than that shipped between April 1976 and March 1977

"We will achieve savings because of the scale of operations so that to some extent the rise in the costs will be offset," he said

"The Japanese contract was not only the foundation of the export business, but the product is also the highest quality and most profitable of all South African coal production By comparison, steam coals go into a highly competitive European market.

"While the steel industry is flat, less coal is used for power generation and less as coke for steel production

"I doubt whether there will be a major revival in international steam coal consumption until the steel industry recovers Prices are soft, although tonnages are moving, but it is a buyers' market and in my view it will remain so for about the next 12 months"

He said that coal exports through Richards Bay from April 1 this year to March 31 next year should approach 12-million tons

He did not see prices moving up from the level of $26-$28 cif West European ports unless the United States converted power plants from oil to coal on a large scale, which was possible

This could reduce the quantity of American coal available for export and could help the international market

"Because their steel industry is depressed, low-grade metallurigal coal or coking coal finds its way into the steam-coal market and is exported on a spot basis to Europe

"There is not a great deal of it, but with the present low consumption there is sufficient to enable buyers in Europe to keep prices down

"Therefore another bull point in the future would be a revival in the American steel industry accelerating consumption of American coal"

Hansard 13 col 971 27/4/77

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Coal

832 Mr G H WADDELL asked the Minister of Mines

What quantity of coal was (a) mined and (b) exported during 1976

The MINISTER OF MINES

(a) 77 060 000 metric tons

(b) 5 961 000 metric tons

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How long will the coal boom last?

TWO United Nations reports, following close on the heels of President Carter's proposed energy programme, appear to put the final stamp of authority on the thesis that coal is about to make a comeback.

Coal may, said the UN reports, provide the best immediate answer to world energy problems

We must, said President Carter, revive the American coal industry

And South Africa, having made a well-timed pre-oil crisis decision to build up an export market, now appears to be sitting pretty

But how long will the boom last? And what is the outlook for coal prices in the years ahead?

Professor Bill van Rensburg, head of Rand Afrikaans University's new chair of Energy Studies, is adamant that "the next 20 years belong to coal"

But in his view prospects for coal are heavily influenced by the increasingly less attractive (in the short-to-medium term) outlook for nuclear power

The tremendous escalation in the capital costs of nuclear power plants, technological setbacks and strengthening of the non-proliferation lobby have combined to tarnish the appeal of nuclear energy — while brightening that of coal

Uranium prices have also shot up, and the trend could be accelerated if any of the major source nations decided not to supply it

There are two countries likely to figure in such a turn of events Australia and Sweden Uranium deposits are measured in two grades — that recoverable at up to $15 a pound, and that recoverable at $30 a pound

There is a strong lobby in Australia to stop the mining of uranium — and Australia, while fourth in the world in overall reserves, has the second biggest reserves of cheap uranium

There is a tendency to overlook Sweden when consideration is given to uranium reserves because all of its reserves are of the high-cost variety But in terms of overall reserves, Sweden is second only to the United States, with South Africa a close third

Eventually, there is no doubt that the high-cost reserves will become important, but Sweden's new government was elected on a platform which included strong opposition to nuclear power

In South Africa, uranium is in most cases mined as a co-product of gold, and the economics of mining uranium are therefore closely tied to the gold price

The United States, with the world's biggest reserves, is expected to begin importing uranium within five years, which will put further pressure on prices

World uranium reserves

Opinions on the outlook for the use of coal are sharply divided. Here, Industrial Editor, Tony Koenderman, examines some of them.

are, in any case, small, and even though a ton of uranium provides the energy equivalent of roughly 20 000 tons of coal, available uranium resources will not go nearly as far as those of coal

South Africa, for example, has 17 per cent of world uranium reserves and only 2 per cent of world coal reserves, but the energy value of its uranium is 20 per cent of that of coal

These are some of the reasons that have led to the resurgence of coal in world energy thinking But while demand for coal is likely to rise, so will supply Therefore, implications for prices are not all that clear

There are still huge reserves of coal in the world — enough for another 240 years at current consumption rates

South Africa has two things going for it the fortuitous timing of its export effort, and the low sulphur content of its coal, which reduces its pollution potential

On the debit side, South Africa's coal is of generally poor quality, and transport costs constitute a high proportion of the cost to buyers in Japan or Europe

South Africa's so-called high-grade coal is low by world standards Only 2 per cent of our coal compares with what is called standard coal overseas, and three quarters of it has an ash content above 21,5 per cent, and is therefore not even economically washable

The interaction between transport costs and coal quality is important because nobody wants to move two tons to get one useful ton — and cause a major pollution and waste-disposal problem

Best-quality South African coal selling at the controlled pithead prices doubles its price after about 300 km, and transport accounts for at least 75 per cent of the delivered price to Europe

Clearly, technical advances such as solvent refining could be crucial to the future of coal exports.

General Mining's George Clark, for example, has said "One cannot really forecast a long-term demand for coal in unprocessed form as a direct fuel It has too many disadvantages"

He believes world demand for coal will rise slowly over the next five years, achieve considerable importance in the following 15 years as an interim fuel (before other energy sources take over), and then, as the turn of the century approaches, begin to lose its importance as a direct unprocessed fuel

This has a bearing on the conservationist argument that South Africa should not be exporting a dwindling asset, particularly its meagre resources of higher-grade coal

Firstly, the total exports planned amount to a small proportion of the whole Between now and the year 2000, about 850-million tons will be exported, at a maximum rate of 50-million tons a year

This total represents only about 18 months' usage in the year 2021, according to official estimates

Secondly, says Mr Clark, "as soon as solvent refined coal is freely available, it will be so superior to our present high-grade coal that the high-grade coal will simply be unsaleable as a direct fuel"

And solvent refined coal — in which a solvent derived from coal is used to separate the energy-containing carbon from the waste and polluting materials — can be made equally well from low-grade coal

The one danger is that solvent refining techniques may not be perfected, and the country will have to be satisfied in future with using lower grades

But when at least R13 000-million in foreign exchange is waiting to be earned on coal exports, it seems a chance worth taking

It is possible, too, that exports are going to subsidise the coal industry, which, at home, has long languished under a price control-policy designed to ensure the country's enjoyment of cheap power

The price of coal has been too low to attract investment on the scale needed if coal is to achieve the larger market share now desirable

In the case of Escom contracts, the coal producers face a monopolistic buyer with the ability to resist price increases

In the general coal trade the price controller sets prices according to a formula which provides for a maximum return of 12,5 per cent on historical investment, and as with most price-controlled industries makes no allowance for the hefty increases in capital replacement costs

The historical cost of capital in the industry is about R4 per ton of coal, the replacement cost today is four times as much, and still

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rising.

Perhaps at this time a summary scrapping of price control is too drastic a measure, but the time is surely ripe for at least a more realistic official pricing policy.

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others' specifications, will close. However, one source told me: "If Beck can wheel and deal with customers, he can probably sell some of the fines. But he is a kamikaze operator; the risks would be too high for minorities to participate and would involve stockpiling most of his high grade underground material." This is because Natal Ammonium's truck allocation would, if Beck successfully placed the dump material, be largely used in railing it.

All this sounds reasonable enough. But outside shareholders should themselves be the judge of whether Beck's risk-taking is acceptable to them; and the reasons for not valuing the dumps should have been explained to shareholders, not just to the Listings Committee.

Another oddity is where have the Belgians gone? In February, they were associated with Beck's standby offer. Kangra/Belgium took 410 520 shares from Genmin out of Natal Ammonium's total 734 880 shares in issue, leaving 324 360 outstanding But the scheme is to acquire the 400 600 shares Kangra and Beck family interests do not control.

What happened to the other 76 240 shares? These seemed to be the Belgium stake; if so, they would presumably be cast in favour of the scheme giving Kangra/Beck a head start in the attempt to acquire 75% of the 400 600 shares they do not control How, one might ask, could the JSE allow the Belgium shares to be cast in favour when the group is in concert with Kangra/Beck? The answer, Press tells me, is that Belgium has sold its stake, since February, because the deal has not turned out as expected.

One last point. The documents say Natal Ammonium earned a distributable 121c for the four months to end-April, reflecting the higher underground output. But strangely, though this implies 180c net for the half year, the board expects to pay "a final dividend of 30c", to make an unchanged 55c for the year.

Quite why retained earnings need to be so high when, according to Press, there are no plans to spend the funds on anything, is a mystery. The answer, I am told, is that Kangra has not yet got around to changing Genmin's dividend policy — surely an amazing admission from a fast-moving group like Kangra. After all, Genmin retained funds because it hoped to develop Boschkrans. Kangra, by its own admission, has no venture to invest the funds in but all the same, it doesn't want to pay them out.

Perhaps the Beck family motto is what I have, I hold Since it seems clear that the funds are not being retained for a new mining project which the fast-moving Kangra group has not yet had a chance to disclose, shareholders should attend the meeting on June 21 and find out why the dividend policy is so conservative.

FIN. MAIL 3/6/77 (216)

Another go for Natal Ammonium

The past six months have been an exciting time for shareholders in Natal Ammonium, one of Hollard Street's two quoted anthracite producers. They began with General Mining and its associates' decision to sell control to Graham Beck's company, Kangra, and the foreign concern, Belgium Bunkering & Stevedoring. Genmin sold 410 520 shares at 1 075c each, made up by 575c in special distributions and 500c per share offered by Kangra/Belgium, terms which were extended to the other shareholders.

But the price, after completion of the special distributions, moved up above the residual 500c offer; Kangra/Belgium made a stand-by offer but received no shares. Kangra is now offering 800c per Natal Ammonium by a scheme of arrangement for the shares it does not control. The next three weeks up to the meeting to approve the scheme may not be so lucrative for shareholders, but they could be equally exciting.

This week, in a blaze of obscurity, the scheme document was sent out — to shareholders, not the Press. It seems uncertain whether it achieves adequate levels of disclosure, particularly in the valuation of Natal Ammonium by J B Mudd & Partners, the consulting mining engineers so often used by mining companies to evaluate offers.

Mudd also worked for Beck on the offer for Newcastle-Platberg last year, when among its terms of reference, given in October, were "to express an opinion on what the value of a Newcastle-Platberg share *will be* (my italics) on December 31, 1976" — an assignment which one might think called for remarkable degree of foresight. But the firm seems to have been less prescient in its evaluation of Natal Ammonium, or at least, in the condensed version which has found its way into the scheme document.

Mudd has evaluated the Mt Ngwibi mine and the two undeveloped deposits, Boschkrans and Riversdale which it says have no value; it concludes that the Natal Ammonium shares are worth 597c, allowing for net current assets. This figure naturally makes the offer of 800c now on the table look attractive.

But critics of the scheme argue that there are a number of other assets on which no value has been placed. These include: anthracite fines dumps, variously estimated to contain 1m-2,5m tons; an outcrop of anthracite amounting to 0,5m tons, which could be exploited; Natal Ammonium's mining assets, especially the washing plant; and the company's truck allocation.

Though none of these is evaluated the document presented to shareholders, I understand the Listings Committee of the JSE asked Mudd to explain why it places no value on the dumps and the washing plant in particular. This the firm has apparently done to the committee's satisfaction.

A new washing plant costs R8m or so, the Natal Ammonium plant is far from new, but is said to be "in good nick". Mudd says no value can be placed on it because the plants have to be individually designed. The foundations and holding bolts have rusted and only scrap value remains, mainly electric motors and fans, and these only in $2\frac{1}{2}$ years' time when the mine's underground reserves will be exhausted. Mining engineers assisting the outside shareholders say the plant could be dismantled and reassembled.

But reassembled where? Natal Ammonium director Elliott Press tells me that the washing plant "will work until we run out of ore at Mt Ngwibi, then we have no further use for it." If this is so, there is certainly doubt over the plant's value.

In the similar scheme for Newcastle Platberg, however, Mudd evaluated anthracite rights near Utrecht and valued them at R1,1m "on the assumption that . . a mine will be brought into production in 1978." When Genmin sold Natal Ammonium it said (and the statement is included in the document sent to Natal Ammonium shareholders this week) that Kangra has an anthracite deposit which "can make use of existing Natal Ammonium assets."

Not unnaturally, some outside shareholders have assumed that Genmin was referring to items such as the washing plant rather than, for example, the lashing gangs' shovels. But Press tells me Genmin was merely "conjecturing", and that it would be "crazy" to hold Kangra to Genmin's statement, which Kangra did not vet. Kangra, he says, has not advanced the Utrecht project any further and has nothing else pending.

However, at the very least minorities may think this is a case of now you see it, now you don't. If plans were as well advanced to open up Utrecht as Mudd thought in October 1976, or General Mining thought in January 1977, then Natal Ammonium's assets arguably have some value — not no value.

A factor which may or may not be related is the big increase in Natal Ammonium's underground mining operation, which is mainly reclaiming pillars. Over the last year of Genmin's management, sales were 554 000 t. Of this, about 100 000 t came from dumps and 90 000 t was brought in from the next door property Rietvlei.

So under Genmin, the mine produced 30 000 t/month from underground out of total output of 46 000 t/month. But in the four months of Kangra's management, output has averaged 62 000 t/month — without dump tonnage and taking only marginal amounts from Rietvlei. In other words, output from undergroupd has doubled, and this in a mine whose remaining life is put at only $2\frac{1}{2}$ years.

Inspired management? Or a policy of exhausting the underground mine as rapidly as possible with a view to "make use of existing Natal Ammonium assets" elsewhere?

Of the other issues, the dumps are likely to be the most contentious. Mudd has not valued them because the biggest is on fire, this being so, says the firm,

Kangra's Beck . . . taking a second bite at Natal Amm

permission to mine would not be obtained and the reserves cannot be measured, also, Press tells me, some of the mine offices are on top of one of the dumps, as space at the mine is limited on account of it being on the side of a hill.

Industry sources suggest that about 1/Mt net could be sold at an ash content of about 16 17%, grossing R16/t free on rail Richards Bay in revenue, working costs would be R1.50/t and transport to the port and loading about R8,50/t for a working profit of R6/t.

But they stress the market for these anthracite fines is limited to about 650 000t worldwide, it will only last up to 1981, when some old European power stations currently geared to burn fines with Natal Ammonium's, and many

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1 Numbers of African Schoo owned Farms, 1949-1974

2 Average Number of Classr

3 Subsidies for Classrooms

4 Teacher/Pupil Ratios in

5 Privately-Paid Teachers of All Teachers

6 Pupils at Farm Schools a All Pupils in Primary Sc

7 Pupil Enrolment 1959-19

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12 ...iving in Rural 'White' Farm (Primary) Schools Region

13 Proportion of 'Colourec Years Living in Rural ' Cape and Enrolled at Fa in 1975, by Economic Re

NATAL AMMONIUM

FIN MAIL

Fun with Graham

17/6/77

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The Natal Ammonium meeting next Tuesday promises to be a lively affair, rivalling anything currently being screened except possibly "Fun with Dick and Jane". Graham Beck's Kangra holds 334 220 Natal Ammonium out of 734 880 in issue. It therefore needs 300 495 shares to be sure of victory. Conversely, the dissidents, led by Metboard and including a number of well-known broking firms, must muster 100 165 to ensure defeat

In fact these numbers, which assume that 100% of the outstanding shares will be present or represented by proxy, will work out differently, as so high a turnout is unlikely. But the dissidents reckon they have about 80 000 shares sewn up; therefore Beck needs 240 000, which is a tall order, and when the counting is over a few hundred votes may be crucial either way

The issues have been well enough canvassed to need no repetition. At the base the problem is this: is Beck obliged to say what he plans to do with Natal Ammonium's assets and profits if he wins 100% control? Or is it, as he insists, nobody's business but his own (and his senior partner's, the one in Rissik St)?

This, of course, is older than the chicken and the egg. But the dissidents say they cannot determine what to sell out for until they know the answers. Beck says 800c per share is already too much and that if the dissidents insist on eyeballing he will simply walk away from Natal Ammonium when its underground and dump ore is exhausted in 18 months to two years' time.

New light on the dumps has been shed by a story in the General Mining house magazine in August last year, which is entitled· "Natal Ammonium ... New Life from Old Dumps". Interspersed with reminiscences from old employees about going to parties on a ganger's trolley, the author records that "Natal Ammonium is recovering saleable anthracite of low quality from dumps which were discarded in the old days, due to a relaxation of quality specifications caused by the oil crisis. The whole project can net about R12m over the next few years".

Mine manager Bill Jefferson is quoted as saying: "Only the top few metres of coal were burned and there is coal there that is today worth a fortune". It is, he says, high ash coal for power stations overseas.

But when I spoke two weeks ago to the representative of Mudd & Partners, whose report on Natal Ammonium appears with the scheme documents, I was told quite unequivocally that no tonnage is being taken from these dumps and no value has been placed on them. This was also the gist of the firm's letter to the JSE listings committee.

But Beck told me yesterday, when I read him the story from the General Mining magazine, that "50% of the balance sheet is dump coal" and that Natal Ammonium is still drawing ore from underground, dumps and from the Rietvlei deposit next door.

The conflict here hardly needs dwelling on; no doubt it will be raised at the meeting. If the dissidents defeat Beck, the shares can be expected to fall sharply. But the hope is that within six months or so Beck will return with an even higher bid. To this Beck says: "No way".

Richard Rolfe

FIN MAIL 24/6/77 (216)

NATAL AMMONIUM — ALL OVER

Graham Beck, with the confidence of a man pre-assured of victory, had Natal Ammonium shareholders eating out of his hand by the close of Tuesday's meeting, even answering some of the questions ruled out of order by the chairman For the record, 270 674 shareholders voted to accept the 800c per share offer for Natal Ammonium shares and 56 309 against Working back from the "ayes" figures, the dissenters would have needed 67 669 votes to defeat the scheme They were short by 11 360

So one cannot claim that any shares which may have been purchased in the market by persons favourable to Beck were critical to the outcome, as the winning margin was too wide All the same, the JSE ought to consider some clearer definition of who is or is not allowed to buy shares subject to an offer, and some system of reporting as in London In addition the role played by Belgium Bunkering in the whole affair seems to be a grey area

Finally, the scope and quality of advice supplied to shareholders by outside consultants needs to be subject to much stricter standards, not least in the interests of the consultants themselves, if they wish to retain credibility in future The question of the mine dumps value persisted to the end Beck told the scheme meeting that "80 000 or 90 000 tons of dump material" had been sold so far this year, at an average profit of R4 per ton. With this additional information, it seems even more surprising that no value was placed on the dumps and that the Listings Committee accepted their worthlessness

Richard Rolfe

MINING

COAL GENERAL

JULY 1977 – DEC. 1978

N. Mercury 21/7/77

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Assets of 2 Natal mines to be sold

Mercury Reporter

PIETERMARITZBURG — The assets of two northern Natal mines will be sold following an urgent application to the Supreme Court here yesterday by the two provisional judicial managers.

Three prospective buyers, including Iscor and General Mining, were interested in the mines — Movis Coal and Saint David's Colliery at Vryheid — it was said in papers before Mr. Justice Hefer.

Mr. Petrus Meintjies, joint judical manager with Mr. Michael Ensor of both mines said in an affidavit the buyers were only prepared to determine the extent of the coal fields by boring once the Court had given leave to sell the assets.

He said Movis Coal had two contracts. One was the haulage of coal from Natal Anthracite Colliery and the other was a verebal contract with Iscor for the delivery of coke coal.

"Both these contracts are in jeopardy as the company is unable to perform its obligations" Mr Meintjies said.

The contracts were wasting major assets which were in imminent danger of being lost and it was imperative they be sold.

Movis Caol had total assets of R2,1 million with apparent liabilities of R1,93 million. However, commitments — including arrears on leases and hire purchase — amounted to R765 705

The sole asset on Saint David's Colliery was a mining option, Mr. Meintjies said.

Both companies were placed under provisional judicial management on June 24

Mr. Justice Hefer granted the application for leave to sell the assets.

JUNE COAL SALES

	June 1977	Progressive total to June 1977	Progressive total to June 1976
	'000 metric tons		
AAC			
Cornelia (6)	172	1 150	1 507
Anglo Power Coll			
Arnot Div (6)	473	3 025	3 263
Kriel Div (6)	212	1 170	427
Balgray (12)	19	230	224
Blesbok (6)	38	190	224
Coronation (6)	125	869	1 017
Morupule (6)	25	143	85
Natal Anth (12)	51	676	504
New Largo (6)	111	725	589
SA Coal (6)	348	2 075	1 094
Springbok (6)	215	1 212	1 030
Springfield (6)	296	1 872	1 484
Swaziland (3)	17	40	27
Vierfontein (12)	120	1 238	1 361
Vryheid			
Coal (6)	20	90	120
Coke (6)	41	261	261
Wankie			
Coal (10)	171	1 866	2 255
Coke (10)	16	177	164
Zuinguin (12)	33	359	365
GENERAL MINING			
Afrikander Props			
Delmas (12)	191	2 195	2 034
Clydesdale			
Coalbrook (12)	231	3 309	3 295
New Clydes (12)	115	1 205	987
Trans Natal			
Blinkpan (12)	209	2 718	3 095
Haasfontein (12)	86	866	316
Hlobane (12)	83	983	771
Kilbarchan (12)	191	2 053	1 684
Northfield (12)	30	315	311
TNC Opencast (12)	117	1 155	79
Tvl Navigation (12)	156	1 509	1 462
Usutu (12)	461	4 877	4 901
Optimum (12)	516	6 190	4 730
GFSA			
Apex (6)	131	705	588
JCI			
Natal Cam (12)	51	476	571
KANHYM			
Eikeboom (12)	31	359	89
LONRHO			
Duiker Explor (9)	194	1 884	1 607
RAND MINES			
Umgala (9)	77	640	739
Welgedacht Explor			
Open Pit (9)	29	308	314
Utrecht (9)	6	45	39
Zimbutu (9)	37	251	235
Witbank Coll			
Albion (9)	55	542	591
Douglas (9)	136	1 282	1 259
Union (9)	28	187	231
Van Dyks Drift (9)	230	2 001	965
Wolvekrans (9)	146	1 143	1 159
TAVISTOCK			
Phoenix (3)	80	261	242
S Witbank (3)	165	441	400
Tavistock (3)	96	289	210

Figures in parentheses are the number of months in each company's financial year completed at the end of June

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between the blocks of the field. The soil has a tendency to become waterlogged after rain and to be very dry during dry periods. Elionurus argenteus and Heteropogon contortus are also present though with very reduced cover. Stock gather in this area encouraging the spread of Eragrostis chloromelas and Eragrostis lehmanniana to the exclusion of other species, and although the total cover is low, it is not critical, being 3,6 per cent. There is an invasion of invading species such as Nolletia ciliaris, Aptosimum depressum, Hermannia bertonifera, Helichrysum dregianum, Trichoneura grandiglumis, Sporobolus iocladus, and Aristida congesta indicating a break-down of the normal grass cover. Eragrostis plana and Scirpus burkei grow successfully here.

The continuous presence of stock results in the aerial portions of grasses being very short and gives the photo image a very smooth texture. The hue takes on a greyish appearance as the bare earth shows through.

A similar community type, though probably with different origins, was sampled in plot 150. The soil form being Clovelly and its position on the landscape suggests that it belongs to the Eragrostis chloromelas – Elionurus argenteus – Heteropogon contortus community; however, it lacks two of the dominants and all the accompanying species and has in their place Eragrostis lehmanniana.

Basic:
Hodgkin: Nationalism in Colonial Africa.
Collins: [illegible] tory of Colonial Africa, pp.305-79.
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Additional:
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H. Wilson: Origins of West African Nationalism.
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P. Mansfield: [illegible] Egypt.
Additional:
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E. Behr: The Algerian Problem.
D. Gordon: The Passing of French Algeria.
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Basic:
D. Austin: Politics in Ghana, 1946-60.
Nkrumah: Autobiography.

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B.P. AL HOE DIEPER IN KOLE

DIE internasionle oliemaatskappy BP het R34 miljoen in die ontwikkeling van 'n nuwe steenkoolmyn naby Ermelo in Transvaal belê en het pas sy opsie uitgeoefen om vir R4 miljoen 'n belang van 50 persent in Kanhym se steenkoolreserwe naby Middelburg te verkry.

Daar word gepraat van 'n steenkoolmyn van R80 miljoen hier, waarvan BP tot sowat R60 miljoen sal voorskiet vir 'n belang van 75 persent in die myn.

Dit sal BP se betrokkenheid in die Suid-Afrikaanse steenkoolbedryf tot byna R100 miljoen opstoot oor die volgende paar jaar. En dit is geen geringe deel van BP se wêreldwye bedrywighede op hierdie vir hom nuwe gebied nie.

Net meer as drie jaar gelede — Maart 1974 — het BP besluit om in die hitte ... destydse energiekrisis ... jaar. Die plan is om oor die volgende dekade meer as R50 miljoen in die groep te steek vir modernisering en ontwikkeling

Meer onlangs het BP ook vir 'n bedrag van sowat R26 miljoen 'n groot vastrapplek in die Kanadese steenkoolbedryf verkry. Hy het 'n belang van 87,5 persent in die Sukunka-steenkoollisensie in die noordooste van Brits-Columbie verkry.

Die belang is by Brameda Resources oorgeneem, wat terselfdertyd saam met Teck Corporation ingestem het om aan BP 20 van hul 25 lisensies oor te dra.

Daar word gepraat van sowat R350 miljoen wat BP Coal in die ontwikkeling van Sukunka kan belê wat 'n potensiaal van 3 miljoen ton per jaar het

Maar in Suid-Afrika wil dit voorkom of BP hier toegang tot groot tonnemate steenkool verkry het teen 'n heelwat kleiner belegging wanneer dit met dié in Australië en Kanada vergelyk word.

Die myn wat saam met Total en General Mining (Trans-Natal) naby Ermelo opgerig word, sal aanstaande jaar begin produseer en teen 1979 sal hy reeds 3 miljoen ton per jaar kan uitvoer

En dan is daar nog Kanhym se steenkool. Nog bitter min is bekend oor die planne van BP hier en daar word nog net daaroor gespekuleer. Maar daar word gesê dat BP nie-amptelik 'n spoorkwota van 4,2 miljoen per jaar belowe is wanneer die lyn na Richardsbaai teen 1981 verdubbel word.

Volgens mnr. MacCallan probeer BP Coal nog by die mikpunt bly om teen 1985 sowat 20 miljoen ton per jaar te kan produseer. Hierdie doelwit word egter al hoe moeiliker om te bereik. Daar kan dus aangeneem word dat Kanhym se steenkool hier 'n groot rol sal speel

BP kyk ook nou na heelwat moontlikhede in Suid-Amerika, maar een van sy grootste probleme is om die steenkool by die see te kry Op die oomblik word nog net sowat 8 tot 9 persent van die wêreld se steenkoolproduksie op die internasionale mark vervoer

In die algemeen is die wêreld se skeepsbedryf en hawens nie daarop ingestel om 'n sterk styging in hierdie verkeer te hanteer nie. Daar word dan ook gevrees dat Sydney se hawe nie die groot ... sal kan hanteer nie

En hier moet Suid-Afrika met sy spesiale steenkool spoorlyn na Richardsbaai met 'n hawe wat die modernste geriewe het om steenkool te hanteer, voorrang in BP se planne geniet Die vermoe van hierdie spoorlyn kan verdubbel word om meer as 20 miljoen per jaar te hanteer

Richardsbaai is ook nie baie ver van die steenkoolvelde af nie, wat nogal 'n groot verskil maak wanneer daaraan gedink word dat die steenkool wat in Sukunka, Kanada, geproduseer word, sowat 1 100 km ver na die Prins Rupert-eindpunt vervoer moet word

● Steenkool bly egter vir BP 'n relatief klein belegging. Hy het verlede jaar maar net R1 500 miljoen bestee aan nuwe projekte en eksplorasiebedrywighede

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giekrisis — om 'n steenkoolmaatskappy, BP Coal, te stig.

Maar BP was toe reeds sedert die vroeë jare sewentig besig om hierdie gebied te ondersoek. Daar is toe in Australië begin en ook na Suid-Afrika en Kanada gekyk.

Dit was dan ook hoofsaaklik in hierdie drie gebiede waar BP daadwerklik begin optree het en volgens die hoof van BP Coal, mnr. Douglas MacCallan is reeds meer as R225 miljoen bestem vir mynontwikkelinge in hierdie gebiede. Bo en derhalwe dit is BP ook besig om elke jaar meer as R3 miljoen aan eksplorasie te bestee.

Australie is op die oomblik die gebied waar BP sover kapitaal betref, die sterkste verbind is. Hy het in September verlede jaar sowat R173 miljoen betaal vir 'n belang van 50 persent in op een na Australië se grootste uitvoerder van steenkool, Universe Tankship se groot Clutha-steenkool belange in Nieu-Suid-Wallis.

Hierdie groep produseer op die oomblik sowat 5,8 miljoen ton steenkool per

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Israel is eyeing SA's coal

Sunday Times (Business Times) 24/7/77

TEL AVIV — Although no contract has yet been signed Israel's Electricity Corporation is seriously considering importing from South Africa the coal it needs to fuel a new power plant at Hadera, which lies near the Mediterranean

Johannesburg sources say that, if the deal goes through, Israel will import up to 1-million tons of South African coal a year The coal would be shipped from Richards Bay, through the Mediterranean to either Ashdod or Haifa and then be carried by rail to Hadera

When the final rail spur to the Red Sea port of Eilat is completed in the 1980s, the coal could be shipped through the Red Sea and unloaded in Eilat

1977.

Kanhym to place accent on coal

Sunday Times (Business Times) 24/7/77

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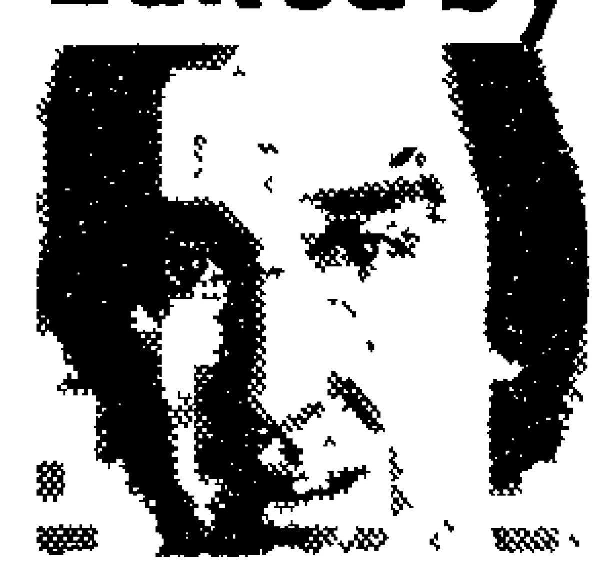
HOLLARD STREET

Edited by



Jeremy Woods

KANHYM Investments, the cattle farming and coal group, is on the verge of making a marked change in the company's source of earnings and future profits.

Up until now, Kanhym has been known in the market as a "ranching" operation, rearing cattle and selling the meat

The company also derived around 26 per cent of profits from its coal mining operation at Eikeboom Colliery

After an extensive prospecting operation across the various Kanhym farms in conjunction with BP, the British oil company, Kanhym has found some very large coal deposits, the bulk of which will be developed by open-cast mining

These developments are likely to change Kanhym from a farming share to a coal share.

The bulk of Kanhym's coal deposits are around the Eikeboom Colliery. Latest estimates of the size of this deposit is 70-million tons It is this deposit that BP has exercised an option to buy and help develop for R4-million cash, payable at the end of this month

But Kanhym has a smaller, and in a way more strategically sited, coal deposit on the southern edge of its property. This deposit contains some 30-million tons of coal, which can also be mined by the open-cast method The interesting feature of this deposit is that while it is on Kanhym's land, it also forms part of a much larger coal deposit owned by BP The oil company is examining ways to exploit this deposit and current indications are that it will become one of the largest coal mines in the country

Should BP decide to go ahead with the development of this large deposit, it will obviously look at various export markets to sell the coal and a means of getting it to the nearest departure point, Richards Bay

One of the ways that this could be done is by going across Kanhym's land to a siding that leads on to the main railway line to Richards Bay.

This of course makes this smaller, southern deposit important from BP's point of view For if it was developed in conjunction with BP's larger deposit, the oil company could solve its access problem to the Richards Bay railway

No doubt there will be a good deal of horse-trading between BP and Kanhym before a firm decision is made

Meanwhile, Kanhym looks a long-term lock-up The R4-million cash injection will ease the strain on liquidity caused by borrowings of about R14-million (almost half of which is medium to long-term) and save an immediate R600 000 in interest payments which will go straight through to profits

With opencast production starting in October, Eikeboom's output will rise from 40 000 tons a month to 60 000 which, at R2 a ton profit will make Kanhym nearly another R500 000 a year pre-tax Within two years, Kanhym looks capable of increasing its coal production to 1-million tons a year. This will mean an extra R2-million of profits — assuming production can be sold.

Therefore, within two years pre-tax profits should move from R2,4-million for the 15-month period to September 30 last year to an estimated R4-million for the 12-month period to September 1978. This figure takes into account the interest savings and BP's 50 per cent of coal profits

Once the coal mining prospects really get under way, profits will obviously rise further — and hopefully so too will dividends At 220c, the dividend yield of 5 per cent, does not appear to fully discount future prospects

-2-

(e) Company tax: (1) Extent.

(2) Discriminatory allowances.

(f) Personal tax: (1) Extent.

(2) "Problems".

First steam-coal export mine in production

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RDM 25/7/77

By ADAM PAYNE

THE FIRST of the South African collieries to be established solely for steam-coal exports — a big future foreign exchange earner — has started producing in the Ermelo area.

Its initial output is only 10 000 tons-15 000 tons a month, but it will build up to 3-million tons a year to become one of the largest collieries in South Africa.

In Britain few collieries exceed a production of 1-million tons a year.

It is Ermelo Mines, owned jointly by General Mining, British Petroleum and Total.

General Mining is managing the mine and BP and Total are undertaking the international marketing of the coal.

The establishment of Ermelo Mines is part of the expansion of coal production and colliery mechanisation being undertaken by General Mining.

Mr S P Ellis, general manager of General Mining's coal division, tells me that because Ermelo Mines will be highly mechanised, a higher proportion of married African workers than usual are being employed. They will form a stable base to the work force and will be housed in the Ermelo township for blacks.

When the mine is in full production 1 500 Africans and 200 whites will be employed.

Mr Ellis said: "Ermelo Mines, which is between Davel and Ermelo, will build up to a production rate of 3-million tons a year early in 1979, when Richards Bay harbour moves into the second phase of its export programme.

"Work on the colliery was started two years ago and coal is now being railed to Richards Bay.

"Conventional bord and pillar mining methods are being used initially on the narrow seam, but we are looking at alternative methods, such as long walling with mechanical equipment, to attain greater extraction rates."

Mr Ellis says that the first of Genmin's three other large new collieries to eerve the Matla power station, about 7 km south of Kriel power station in the Eastern Transvaal, will start producing and stockpiling in September next year.

"Escom will begin taking coal for power generation by April, 1979, and the three collieries will build up to a production rate of 10-million tons a year by 1983

"Optimum colliery, serving the Hendrina power station in the Eastern Transvaal, recently reached full production after the last generating set was commissioned.

"It is producing 6-million tons of coal a year of which 300 000 tons a month are from opencast mining and 200 000 tons a month from underground."

Reviewing other developments in General Mining's coal division, he says:

The first panel for long wall mining has been completed at Coalbrook and the mine is in the process of going into the second panel.

Mini opencast mines have been established at Transvaal Navigation Colliery in the Witbank area and at Hlobane in Natal, to exploit reserves that in the past could not be mined by underground methods.

Hlobane colliery, which has been producing for about 70 years, is converting to mechanised mining.

Continuous mechanised miners have been introduced at Usutu colliery, which serves the Camden power station in the Ermelo Area.

Kilbarchan colliery, in the Newcastle area, has since April been supplying blend coking coal to Iscor having built a sophisticated washing plant for this purpose

A new section — Burnside — at Northfield colliery in the Glencoe area, Natal, has been opened with mechanised methods.

The Natal Mercury,
28/7/77

Good quarter for coal producers

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Mercury Correspondent

JOHANNESBURG—The two listed coal producers administered by General Mining group had satisfactory June quarters. At Trans-Natal, net mining income was R8 336 000, against R7 503 000 in March and only R5 205 000 in June last year.

This brings mining profit for the year to R30 973 000 (1976: R22 637 000). The increase in profitability was much in excess of the sales increase. Sales were only slightly better, at 5 313 000 tons of coke and coal, against 5 203 000 tons in March and 4 452 000 tons last June.

However, at the net level the gain was eroded by a much higher tax charge. Net profit for the quarter was only R6 095 000 against R5 884 000 in March and R3 360 000 last June.

The June results bring the final returns for the year to June 30 to: Sales, 20 473 000 tons (17 817 000 tons), mining profit, R30 973 000 (R15 816 000), net profit, R21 385 000 (R10 226 000).

Dividends

Capital spendings absorbed R7 381 000 (R14 137 000) and dividends of 17c a share (9-1/2c) cost R8 037 000 (R4 018 000), the final of 10c being paid on the capital as increased by the 20-for-100 rights issue.

At the smaller Clydesdale, quarterly sales were 1 164 000 tons (March: 1 075 000 tons), bringing the total for the year to 4 512 000 tons (1976: 4 280 000 tons). Mining profit was R1 501 000 (March: R1 454 000) bringing the total for the year to R5 614 000 (1976; R2 626 000).

Net profit was R1 029 000, against R939 999 in March, making a total for the year of R3 572 000, of which capital spending absorbed R474 000 net (R733 000).

Coal in the cold on slack demand

(216) RDM 28/7/77

By ADAM PAYNE

THE coal-mining industry and the coal trade — key indicators of the state of the economy — are facing a strong downturn at a time when mid-winter demand is usually high. This is ascribed to the mild winter and the recession.

Mr Alan Tew, managing director of the Transvaal Coal Owners' Association, told me "Demand is not continuing at the level we expected We enjoyed a strong demand for the first six months of this year, and during that time restocking took place on a large scale throughout the country

"Now, as we move into the second half of the year, we are not consuming the accumulated stocks at the anticipated rate

"This means that the replenishment and current demands on the coal-mining industry are not at the expected level."

Mr Tew said that in such areas as brick-making and cement production there was a downturn in coal demand because of the recession in the construction industry

The demand by the Railways was also down, because the administration was drawing on its large accumulated stocks

On the export front, Mr Tew said there might be a "slippage" of 100 000 tons in the quantity of low-ash blend coking coal sent to Japanese steel mills

"On April 1 it was agreed with the Japanese mills that they would take 1 800 000 tons of blend coking coal this year, which was an important advance on the total of 1 300 000 tons last year, but there may be a slippage of 100 000 tons because the steel industry is facing tough times".

In addition to these factors affecting the coal industry, I am told that Escom's demand for coal has slackened because of the mild winter and because of the greater supply of power from hydro-electric plants.

Escom has not reached the peak of 10 000 MW last winter Coinciding with this diminished performance from the coalfired stations, Cabora Bassa has started feeding 840 MW into the grid, and the Hendrik Verwoerd and P K le Roux hydro-electric power stations began generating at the beginning of the year at a rate of 540 MW.

In addition, the gas turbine stations at Cape Town and Port Rex in East London are now generating power when needed, so that the Escom demand on coal-fired stations has been lessened

COMMENT: The slacking in demand will have influenced the Government in its decision not to consider the coal price rise until September, although a rise was expected this month. It will also have contributed to the downturn in many coal shares excepting Trans-Natal and one or two others in the past two months.

Rand Mines goes for coal export

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RDM 29/1/77

SPURRED on by its recent expansion into low-ash coal production, the Rand Mines Group has stepped into the coal export market on a large scale and expects to earn an average of over R2-million a month from coal exports this year.

Last year exports of coal from the group's two producers — Witbank Collieries and Welgedacht in Natal — were worth R24-million.

According to Mr Allen Sealey, executive director of Rand Mines and head of its coal division, the group's coal export programme is being maintained this year and indications are that total group exports will exceed last year's R24-million.

He said group coal is being exported to customers in Europe, America and Japan. Although Rand Mines has been exporting coal for some time, the group's export programme really got under way just over a year ago when the Van Dyk's Drift Colliery, part of the Witbank group, commissioned a new R14-million low-ash plant and started exporting low-ash coal to Japan.

The significance of this development is underlined by the fact that of the R24-million exported last year, more than R11-million was made up of low-ash coal to Japan.

Mr Sealey said that Van Dyk's Drift is today the country's largest coal-exporting colliery.

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RDM 29/7/77

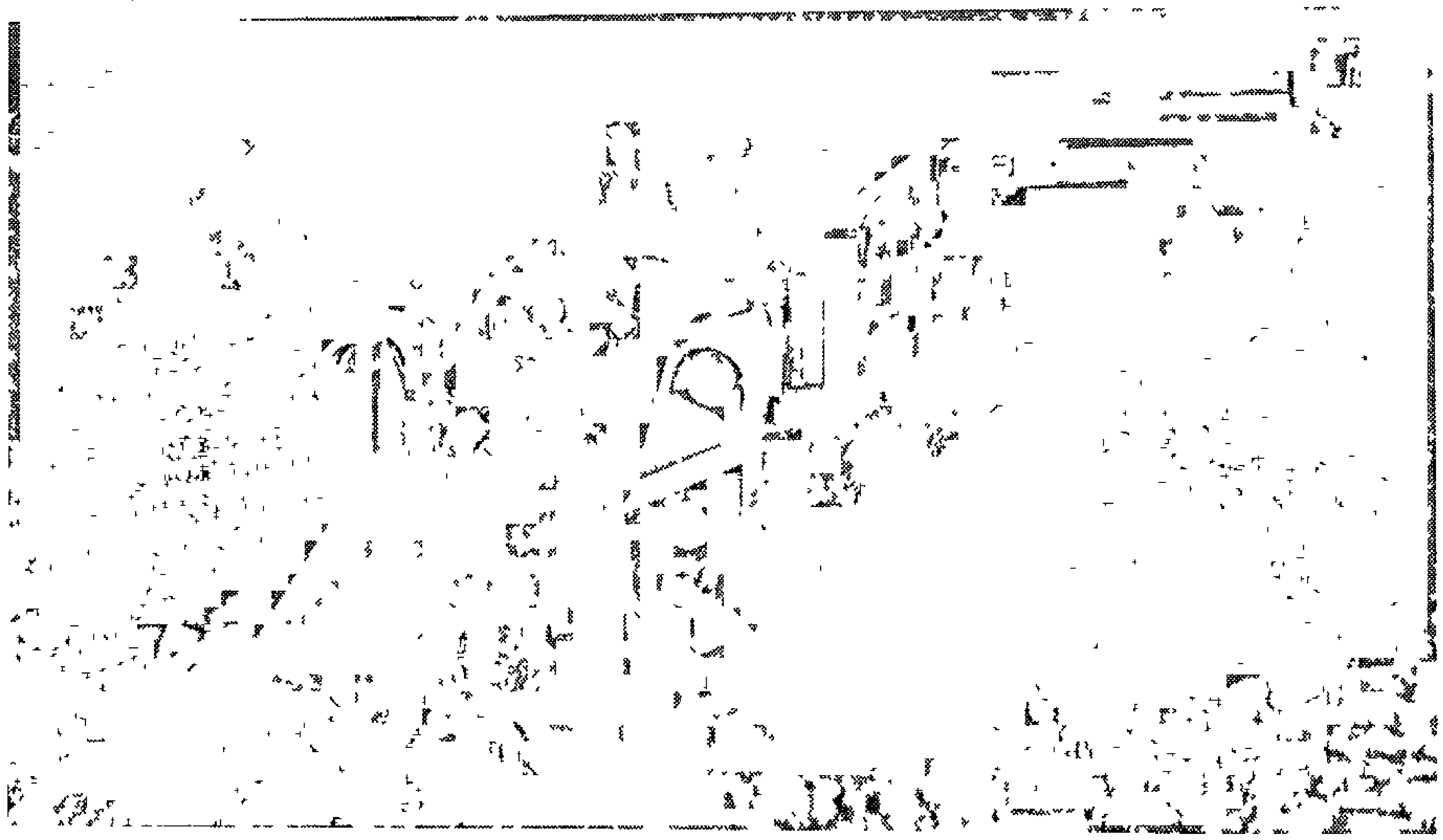
(216)

THE Government has deferred until September the coal mining industry's application for a price increase.

The application was submitted in April this year in terms of an undertaking given by the Government last year that it would review the coal price annually. The last increase was in July 1976.

This comes as a blow to the industry and raises further doubts as to the advisability of price control on this vital commodity.

A coal mining expert puts his case for the abolition of any form of price control.



End controlled coal prices, says expert

LAST year's increases in the controlled prices for bituminous coal and the revised formula were welcomed by immediate past president of the Chamber of Mines, Mr Robin Plumbridge.

In his annual address recenty he said the increases should allow a more realistic expansion of production from existing collieries in the short term.

"Nevertheless," he added, "price control on coal in the domestic market as it now operates still inhibits orderly development of the coal mining industry. It is imperative that the authorities move towards the removal of this restriction as soon as possible."

And never were truer words spoken.

Price control of any commodity or service interferes with the laws of supply and demand and therefore the free enterprise market.

Thus when there is an anticipated or actual shortage, the price is not allowed to rise to the level needed to attract enough new investment in the increased production facilities needed to meet the higher demand

Price control of South Africa's domestic coal is a glaring example of this

The control was introduced several decades ago in an effort to ease the burden on our then struggling gold mining industry which was caught in the classical squeeze of a fixed price and rising costs

But this position has changed radically.

Despite the effects of higher coal prices on SA's cost of living, the operators certainly have a number of points in their favour

Excluding (a) collieries tied to Escom power stations by means of cost-plus contracts, (b) those mines with lucrative export contracts and (c) a few that have opened new sections to replace others that have been worked out, **no new collieries have been opened for more than a decade.**

The reasons for this are simple. costs are becoming more exorbitant — especially if the less wasteful mining methods are to be used — and, with prices depressed through price control, returns on capital are no longer acceptable.

Many have argued that, with the JSE's coal sector now considered one of the most attractive because of the big improvement in profits, there are no grounds for a domestic coal price increase.

What they seem to ignore is that the collieries' higher profits stem from either export contracts or from Escom contracts

Dr F W Quass, a member of the Prime Minister's Scientific Advisory Council, recently argued "A mine can frequently raise or even double its recovery level of useable coal and can almost double its income in this way Why then increase the price of coal?"

What Dr Quass seems to forget is that "useable coal" is not necessarily "saleable coal'

Any consumer can demand, and normally get, a far higher quality of coal for an additional outlay of only a few cents a ton Prices for SA's four grades vary from R6,90 a ton for Grade A to R6,675 a ton for the poorest quality, namely Grade D—a difference of only 3%, whereas the calorific value of Grade A is some 12% higher than that of Grade D.

On the other hand, producers, here have no financial incentive to produce Grade A Consider the following case.

Grade D would correspond to the average run-of-mine useable coal in the Witbank area as proposed by Dr Quass. To produce Grade A, however, means washing, leading to a maximum recovery of 75% of the tonnage mined —but normally about 70%.

So if 100 tons of Grade D were sold, the colliery would earn R667,50

But after washing this coal, the mine would be left with, at the most, only 75 tons of Grade A which, at a controlled price of R6,90 a ton, would earn only R517

Apart from this loss of sales revenue, the mine also has to deduct the running costs and amortisation charges of the washing plant.

So we come to the nub of the whole problem price control has developed an unrealistic demand for Grade A.

This has led to tremendous wastage through mining and washing only the best coal available, while the producer is still not receiving an adequate return for upgrading

Coal consumers should at least be required to pay a price that more than covers the cost of the coal grade they demand Better still, they should be given a price incentive to buy a lower grade of coal than they have traditionally used

If it is accepted that the current price of Grade D coal is realistic, then the price of Grade A coal should be at least R9,75 a ton if the fickle demand for Grade A coal is to be discouraged and replaced by a genuine and supportable demand for Grade D coal

Current consumers of Grade A coal who have, through price control, been subsidised too long, could argue that the same purpose could be achieved by pegging the current price of Grade A coal and reducing the price of Grade D coal to R4,45 a ton

But with current capital cost of R25 to R30 for each annual ton of new capacity, this counter-argument is academic

Such a price increase would have many benefits It would.

- Increase the collieries' returns and therefore encourage the opening up of new sections,
- Encourage the introduction of the more capital-intensive, but less wasteful, mining techniques,
- Lead to less wastage by way of discards from the washing process to upgrade mined coal
- Enable our mines to extract a far higher percentage of their coal reserves,
- Tend to discourage exports.

It would not, however, increase the price of Escom power as the stations would continue paying for their coal under the existing agreements

Controlled prices and the low level of SA's prices make sure that no one in his right mind will now consider opening a new coal venture for the domestic industrial market

In view of the world energy crisis, our coal reserves could prove to be as important as gold in the long-term.

Yet there are reserves lying in the ground at present which no one dares exploit because of inadequate cost/return ratios

And the longer we wait, the higher the eventual costs.

On the mining side, it is well known that longwalling and open-casting are far more productive than the standard board and pillar method which is in common use throughout SA With the latter, as little as 25% may be mined, the rest being left in the pillars and roof which provide cheap and safe roof support

On the other hand, longwalling enables up to 95% of the coal to be mined, while open-casting recovers close to 100%

Unfortunately, these two methods are highly capital-intensive

One means of overcoming this would be to grant increased tax allowances for collieries installing such equipment Possibly a punitive tax on what is being left in the ground by the low extraction producers should also be introduced

Insofar as wastage in the washing process is concerned, as much as 35% of mined coal may be discarded in the Transvaal if Grade A has to be produced The national average is about 20%

After washing, the residue is virtually unusable and has to be dumped.

As it is, our collieries have to be very selective in their mining programmes to minimise the extraction of coal that is not saleable

This means that, in addition to the coal left in pillars, millions of tons of sub-Grade D are also being left in the hanging and footwalls

Obviously the pillars deteriorate with time and already it is now too dangerous to go into many of the old "worked out" sections

Finally, there is the question of exports There is no doubt that these are helping our current balance of payment problem to an enormous degree But, with coal expected to become one of the world's most sought-after minerals, this country must now start to give some thought to the future

It is believed that when their export permits were [illegible]

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were forced to agree to continue meeting the demands of the local market.

Furthermore, when the 50% increases in coal prices were granted in 1976, producers, so it is said, were told to expect only modest increases in local prices over the next several years.

From this it appears that our local coal mining industry made at least two major concessions in their anxiety to export and to increase local prices. Despite the value of foreign exchange they earn and the relatively cheap coal prices, they could have struck much harder bargains with the authorities.

One US forecast predicts a world virtually without oil or gas by the turn of the century. Coal power will be one of the few alternatives — it really will become black gold. But it is of the utmost importance to this country that we have enough to meet our own needs when the crunch finally comes.

The initial reason for coal price control disappeared long ago, so let the Government lift the restrictions now.

Any delay will only result in the unnecessary wastage of a natural asset that could, in the long run, prove to be more important than our gold

SA coal close to Japanese order

(216) RDM 5/8/77

By ADAM PAYNE

SOUTH Africa is on the verge of signing up a large steam-coal order with the Japanese Government-sponsored Electric Power Development Corporation.

The managing director of the Transvaal Coal Owners' Association, Mr Alan Tew, and technical experts of the TCOA leave in about two weeks' time for Tokyo to discuss trials of South African coal and details of the contract, which will be a long-term one

Mr Tew told me· "The TCOA has established the basis of a contract with the EPDC after two trials of our coal in Japan.

"Coal is needed for the new Matsushima power plant in the southern part of Japan from the end of April, 1980.

"It will be supplied by China and Australia — and South Africa, provided details of the contract are settled

"We expect to supply at a rate of between 300 000 tons to 500 000 tons a year in 1981 "

Mr Tew said a memorandum signed by both parties expressed the heads of agreement already reached.

Some points of the contract had still to be settled although one condition — that a Japanese delegation be sent to South Africa — had been fulfilled The Japanese visitors had been satisfied with what they had seen

However a licence to import coal from South Africa had still to be secured.

"The trial burnings of the coal appear to have been successful," said Mr Tew. "The results will be reviewed by the TCOA technical men on the visit to Tokyo this month.

"The coal to be supplied will be the same as the B grade on the South African market, with a calorie rating of 6 400 Kcal kg gross air-dried, low in suplhur at 1% "

COMMENT: Japan has up to the present relied mainly on Australia and Canada for its coking and steam-coal needs and its policy is to establish new sources of supply That is where South Africa comes in, although the Japanese Government, because of its views on South Africa's apartheid policy has precluded Japanese companies from taking an equity interest in South African coal-mining or other mining operations, as has been done in Canada and Austrlia.

Background to the negotiations is the fact that Japan plans to depend more on coal for energy needs in the future because of delays in its nuclear power plans and its fear of oil shortages and much higher oil prices

A Reuter message from Melbourne says Broker Hill (Pty) Company's Dampier Mining Company has signed a contract to supply 27 180 000 tons of coking coal to Japanese steel mills from the proposed Gregory opencast mine in central Queensland

The contract provides for the sale of 1-million tons in the Japanese fiscal year beginning April 1, 1980, and 1 870 000 tons annually for the following 14 years

The initial contract price is $51 a ton.

Development of the mine will go ahead as soon as Australian, Queensland and Japanese government approvals are received

Record coal exports

RDM 16/8/77. (216)

By DON ROBERTSON
Mining Editor

EXPORTS of bituminous coal through Richards Bay soared to a record 1 615 003 tons worth R34 208 286 in June, the first time the monthly export target has been achieved since the port was opened in April last year.

In addition, anthracite exports were also higher at 237 195 tons worth R5 854 852, taking the total revenue from coal to R40 063 138.

Coal exports in past months have been gradually increasing as facilities at Richards Bay improve, but the June performance is the first time sales have topped the one-million ton mark needed to meet the target tonnage of 12-million tons in the financial year to March, 1978

While the June revenue figure is substantially higher than the average of about R17-million earned in previous months, it is considered abnormally high and is likely to settle down at a lower figure based on exports of about 1-million tons a month

Other Department of Mines export figures for June show a general improvement in sales, although there are disappointing exceptions.

Antimony exports fell to 51 tons worth only R69 046 compared with the May figure of 1 686 tons worth R1 891 502 In line with the lower metal price, copper exports fell to R9 956 108 compared with R16 663 575 in May

Also lower were sales of the various grades of manganese They brought in R6 587 100 compared with R9 063 863 Nickel earned R5 577 049 against R9 063 863

Other figures were generally better Sales of chrome ore and chrome sand rose substantially to R7 309 439 from R3 564 329 in May Iron ore exports were much the same at R15 177 596, although magnetite exports were again minimal reflecting the difficulties experienced at the Maputo bulk handling facility

Tin sales continued to gain in importance reflecting the rising price Revenue amounted to R1 399 349 compared with R1 023 204. Sales of vanadium were worth R4 639 986 compared with R3 656 474

Asbestos sales for June were R14 777 263 against R13 037 161 in May

Diamond sales picked up to R37 822 418 from R15 290 757 while miscallaneous sales, including uranium and platinum, rose to R46 867 251 from R35 603 490

JULY COAL SALES

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	Jul 1977	Progressive total to Jul 1977	Jul 1976
	'000 metric tons		
AAC			
Cornelia (7)	249	1 400	1 784
Anglo Power Coll			
Arnot Div (7)	477	3 502	3 787
Kriel Div (7)	257	1 426	569
Balgray (1)	16	16	21
Blesbok (7)	40	230	266
Coronation (7)	142	1 012	1 170
Morupule (7)	25	168	105
Natal Anth (1)	59	59	58
New Largo (1)	119	119	701
SA Coal (1)	383	383	1 336
Springbok (7)	208	1 420	1 205
Springfield (7)	313	2 184	1 751
Swaziland (4)	4	44	31
Vierfontein (1)	124	124	116
Vryheid			
Coal (7)	17	107	133
Coke (7)	41	302	314
Wankie			
Coal (11)	171	2 037	2 486
Coke (11)	8	185	186
Zuinguin (1)	31	31	32

	Jul 1977	Progressive total to Jul 1977	Jul 1976
	'000 metric tons		
GENERAL MINING			
Afrikander Props			
Delmas (1)	174	174	195
Clydesdale			
Coalbrook (1)	224	224	352
New Clydes (1)	100	100	77
Trans-Natal			
Blinkpan (1)	203	203	234
Haasfontein (1)	75	75	75
Hlobane (1)	84	84	75
Kilbarchan (1)	181	181	183
Northfield (1)	28	28	31
TNC Opencast (1)	110	110	74
Tvl Navigation (1)	132	132	111
Usutu (1)	455	155	445
Optimum (1)	480	480	464
GFSA			
Apex (8)	131	835	713
JCI			
Natal Cam (1)	51	51	32

	Jul 1977	Progressive total to Jul 1977	Jul 1976
	'000 metric tons		
KANHYM			
Eikeboom (1)	34	34	26
LONRHO			
Duiker Explor (10)	192	2 076	1 808
RAND MINES			
Umgala (10)	93	733	828
Welgedacht Explor			
Open Pit (10)	43	351	365
Utrecht (10)	5	50	42
Zimbutu (10)	27	278	263
Witbank Coll			
Albion (10)	56	599	651
Douglas (10)	136	1 419	1 388
Union (10)	29	217	256
Van Dyks Drift (10)	202	2 202	1 148
Wolvekrans (10)	161	1 304	1 277
TAVISTOCK			
Phoenix (1)	78	78	65
S Witbank (1)	141	141	162
Tavistock (1)	96	96	72

Figures in parentheses are the number of months in each company's financial year completed at the end of July

iv. House Church Leaders. The Chairman appealed to council members to attend a seminar in All Saints Church, Muizenberg, on Monday, 15th August at 8 p.m. on this aspect of the ministry of the Church.

v. Extension of Service. Letter dated 4th August 1977 from Archbishop Bill extending the term of office of Father Rogers as Rector of St. Francis for another year as from October 1977 was received with great acclaim.

6. Closing

The meeting closed at 9.30 p.m. with the Grace led by the Chairman and said by all.

CHAIRMAN

St. Francis Church
Simonstown

Date ....

NEXT PARISH CHURCH COUNCIL MEETING WILL BE HELD AT 8 PM. ON TUESDAY, 13th SEPTEMBER 1977 IN CHURCH.

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AAC COLLIERIES

Due for a shakeout

Coal shares provided a profitable haven for investors during the gloom over the rest of the market But with the gold price improving and interest reviving in other sectors, it looks as though profits are going to be made by switching out of coals Better quality stocks probably still merit holding and there are one or two special situations But, taken as a whole, the market doesn't appear to have fully discounted the continuing profit squeeze and, when the expected September price increase announcement comes, more disappointed investors will probably be shaken out.

Kriel dragline . . ripping out the profits

Interim reports from Anglo's collieries ·llow the same pattern as those of other oups — profits being squeezed by ·tic prices and rising costs For the cur- ·nt quarter, little in the way of a major provement can be expected Nor will ·e 80c/t increase expected in September · much to alleviate the situation

In general, Anglo's Natal collieries rely hand loading, and labour shortages ve continued to affect output Capex mechanised loading equipment will ·d to inhibit dividend payments

Amcoal: coal and coke profits rose % on the preceding half year indicat a continuing squeeze on margins with static coal price But with lower n-coal profits, pre-tax profit only naged a 3,2% increase to R34,3m

\ tax equalisation account has been established which should result in a levelling of reported taxed profits though cash flow will be unaffected Ignoring the R9m provided for deferred tax for the first half, real taxed profit fell to R30,2m (R30,7m in preceding six months) Judging by tax paid, first half capex must have run at around R35m leaving a further R62m for the remainder of the year

Domestic coal sales have deteriorated and the current half should see a profit similar to the first Management wants to establish a pattern of steadily increasing dividends and a final of 30c (25c) can be banked on after the improved interim of 20c (15c).

Natal Anthracite: sales declined to 475 000 t, 2% down on the preceding six months Despite higher turnover of R7,5m (R7,1m) as the October 1976 price increase came through for the full period, pre tax profit fell to R2,6m (R3m) The mechanisation programme at the two collieries is almost complete and R1m of capex remains for the year The second interim of 17c absorbed more than earnings after capex but a final of at least 20c is possible Over the next three years dividends should grow relatively quickly as local metallurgical and chemical demand comes on stream and the company is one of the few interesting situations on the coal board

Vierfontein: the new shaft has been commissioned and production should reach 120 000 t pm this half year Margins will remain narrow and a final of 5c after the two interims of 3,5c each is probably the best that can be expected. Available reserves are sufficient for about seven years, but an extension is possible with reserves adjacent to the mine.

Zuinguin: labour shortages continued and sales tonnage fell 3% for a reduction in pre-tax profit to R252 000 (R322 000) as costs exceeded the maximum allowed by Iscor No start has been made on partial underground mechanisation to reduce dependence on hand loading labour Improved profit and dividends depend on successful negotiation of higher cost increase allowances from Iscor Even so, if mechanised equipment is installed, capex will inhibit dividends for at least a year. A 16c final is likely after the latest interim of 8c

Vryheid Coronation: there is no mention of mechanisation plans estimated at R4m over two years. Coke production has been cut back on reduced private sector demand though turnover could be maintained if a price increase is granted. At best, second half taxed profit will match that of the first half Following the 6c interim a final of 15c (13c) seems likely if profits are retained to finance the mechanisation programme

Jim Jones

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representatives regarded

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Uranium, coal . . . what, no oil?

This year it looks as though Trans-Natal's net profit will not be substantially greater than last year's R21.4m, though a small advance on the 17c dividend should be possible The next major increase in profit will come in the financial year to June 30 1979 when both 50% owned Matla and 33,3% owned Ermelo Mines will be in production and Optimum at full tonnage

Despite the nearness of these projects, plans are in hand for the next phase of development with exploratory work at Pienaars River (or Tumplaas as it is called by Iscor) at an advanced stage

Talk of uranium values encountered in drilling at Pienaars River lifted the shares from 220c to 280c before their fall this week to 260c

Though there are indications of uranium leached down from the overlying granites into the coal and footwall sandstones, occurrences are relatively sporadic.

In the US where similar deposition has been found, no coal seams have been worked and uranium extracted One problem is that coal is alkaline and acid requirements too high to extract uranium directly. But if the coal is burned first, say in a power station the uranium remaining in the ash becomes refractory and difficult to recover

So for the time being at any rate the Pienaars River deposits should be evaluated on the basis of coal alone

Drilling in the area is not yet complete and at least another 3-4 months is needed to complete the current regional exploration programme, with a further year to 18 months for evaluation of suitable targets But on the basis of available results it appears that the scattered deposit contains high quality blend coking coal of better grade than anything else in the Transvaal Depth of the one seam capable of development ranges between 100m 300m so any mine will be underground and probably worked by longwall methods

On the basis of the blend coking coal fraction it does not look to me as though a go ahead decision is possible There is only one local customer — Iscor. But the non-coking fraction or middlings could be available for power station use when Escom next calls for tenders

Much depends on Escom's next development phase Pienaars River has water constraints, with pumping from the Lowveld probably needed However, on what is known of the reserves so far, Trans-Natal could tender for a captive colliery to supply about a 2 000 Mw station But Escom is unlikely to start calling for tenders until next year.

The 1976 annual report estimated total cash requirements of R16,7m in 1977, R20,9m in 1978, R18,7m in 1979 and R12m in 1980, so funding required from Trans Natal for Pienaars River would be on top

From current production of 20.5 Mt some 3 Mt goes to the TCOA domestic trade So the group is not highly geared to a coal price rise This will be considered by the Price Controller later this month Even an 80c domestic price increase, which is probably too optimistic, means only additional taxed earnings of 2c per share to Trans-Natal So failing any further excitement on the exploration front, or a general advance in the sector, Trans-Natal shares are for those wanting to look 18 months ahead

Jim Jones

HP/VMK
23:8:77

HISTORY I

THE OUTBREAK OF WORLD WAR I - INEVITABLE OR ACCIDENTAL?

1. "Meanwhile the established colonial powers ... also tightened their grip on the lands they had long held and showed no inclination to part with any of them. The aspirations of young imperialist states which had grown up after them and were eager to wrest colonial territories from the conquerors of old inevitably led to bitter strife between the two groups. In the capitalist world such a fierce clash of interests over the sharing out of colonial booty could only be settled in one way, and that was by war. The struggle for the redivision of the world and colonial possessions was inevitably to lead to an imperialist war....."

...st 1, 1914. It had been brewing ...alist war for both sides, but it ...n declaring war."

A.Z.Manfred (ed.) for Institute of History, Academy of Sciences of the USSR: A Short History of the World, vol.I, 1974)

1977

without causing more inflation

RDM 2/9/77

AT Colls 216

ANGLO-TRANSVAAL Collieries made a profit of R225 000 in the year to June 30 compared with a loss of R15 000 in the previous year. Earnings an ordinary share were 12,2c and the dividend 12c compared with 10c last year.

The change from loss to profit in the year arose from the fact that the company received Witbank Colliery "A" shares for the sale of its mining assets and investments in 1973 which did not rank for dividend. These shares were redesignated as ordinary shares in August last year and ranked for a dividend of 23c a share in February this year

The company's holding of 1 073 749 ordinary shares in Witbank had a market value of R14 500 000 at June 30, compared with a book and market value of R3 800 000 at the time it sold its assets for these shares, in 1973.

Another look at coal mines

Sun. Exp. 4/9/77

216

COAL mining is being rerated. It has been stripped of the glamour achieved in the aftermath of the oil crisis but, thanks to the recent price rise, the big producers are able to expand and develop

Until recently, the collieries have had to face the fact that in the short-term, increased income would come only from holding costs in check and improving efficiencies.

Even now, they cannot rely too heavily on better prices and larger deliveries. After all, there is now a weaker demand for coal on the world's metallurgical markets which in themselves have been affected by lower demand.

This and the fact that there has been a ceiling on the coal price has made an investment in coal not all that attractive. But in spite of this, profits and dividends have remained buoyant.

The ceiling on the coal price has meant that only high grade coal was being extracted and as little as 25% of the available deposits was being mined.

Now with the higher price, the big producers have been able to undertake capital intensive open-cast operations and longwalling to extract virtually the whole seam

This has improved the investment prospects for both the investor and the producer Exploration continues unabated in this country and some extensive and interesting deposits are being turned up by geologists

It has been estimated that no less than R1 000-m will be spent on developing new coal deposits and extensions in the next three to five years. (This is equal to Anglo-American's spending on gold and uranium developments in the next five years)

Govt to look for coal in Kruger Park

(216) RDM 27/9/77

THE Minister of Mines, Mr Fanie Botha, has asked the Geological Survey Division of the department to investigate the possible occurrence and distribution of coking coal in the Punda Milia area of the Kruger National Park, the Secretary for Mines, Mr W P Viljoen, said yesterday.

The investigation will be carried out in such a way as to cause a minimum of disruption and disturbance to the ecology in the park.

With this in mind Geological Survey will use Iscor's contractors, who not only have the skill and know-how but the necessary equipment available in the immediate vicinity.

The statement by Mr Viljoen said: "The Karoo sediments in which coking coal was recently discovered in Vendaland and two other localities in the Soutpansberg district, extend into the Kruger National Park.

"Coking coal is of great strategic value to the country's steel industry and it is essential to determine the distribution of the deposits which have been discovered.

"Geological mapping of the whole country, including all game reserves and parks, is the normal duty of Geological Survey and most game reserves have already been covered with the cooperation of the National Parks Board and other interested bodies.

"During the past two years geological Survey has been mapping the area north of the Soutpansberg, which includes the northern part of the Kruger National Park, as far as the Mozambique border.

"As the National Parks Act, 1976 prohibits prospecting in the park, the Minister of Mines, after consultation with the departments concerned and the National Parks Board, has asked Geological Survey to institute an investigation, by means of a number of stratigraphic boreholes, to determine the possible occurrence and distribution of the coking coal in the Punda Milia area of the park." — Sapa.

TRANS-NATAL

From dog to top dog

Activities: *Coal arm of General Mining/Federale Mynbou, mainly supplying Escom Controls extensive reserves and maintains prospecting programme General Mining held 44% of the shares at December 31*

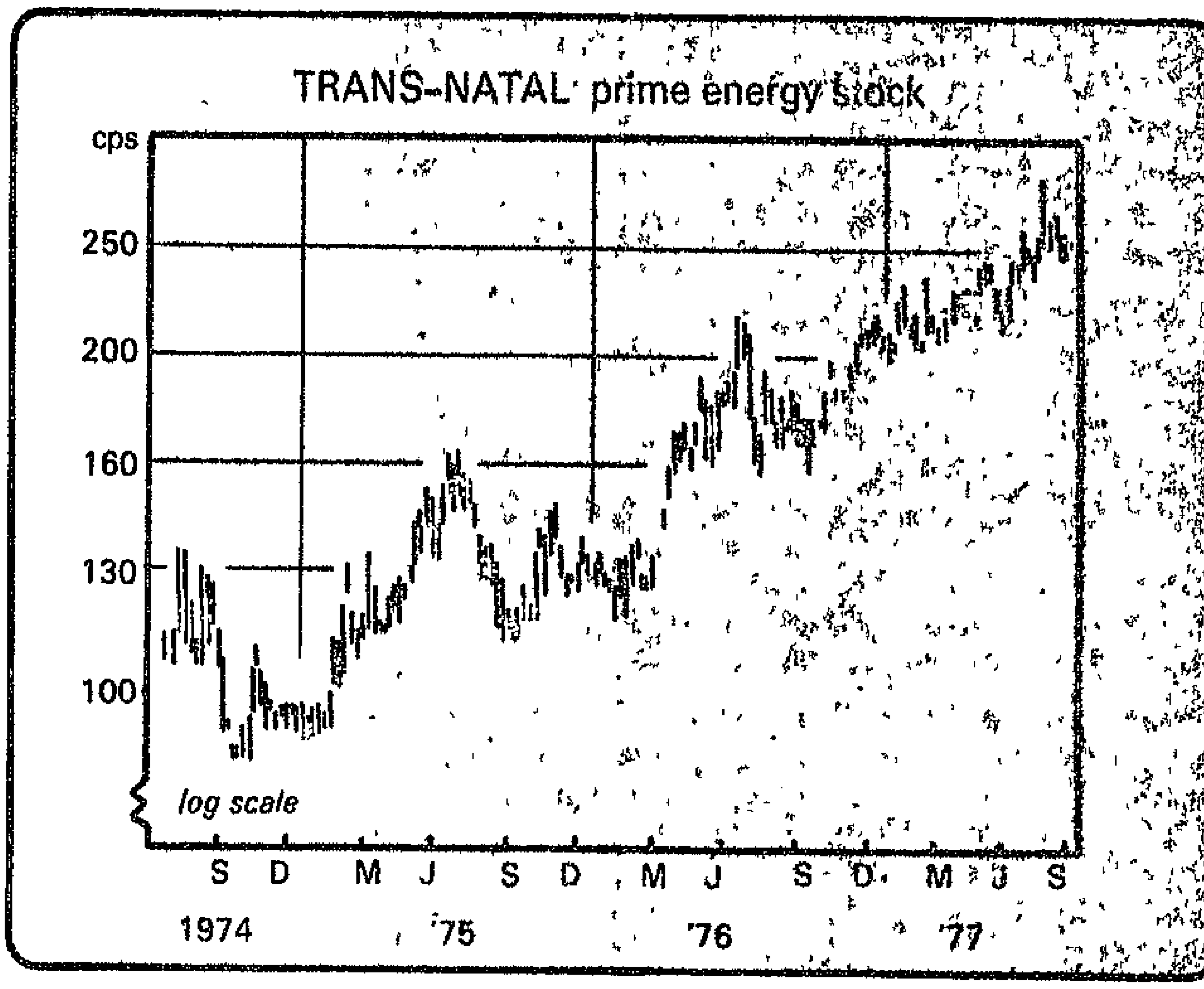
Chairman: *George Clark*

Capital structure: *50,8m ordinaries of 50c; 2,6m partly convertible debentures of R4,10. Market capitalisation R127m*

Financial: *Year to June 30 1977 Borrowings long and medium term, R26,6m Net cash R27,1m Debt equity ratio 34,5% Current ratio 1,6*

Share market: *Price 250c (1976-77 high, 282c; low, 120c; trading volume last quarter, 1,06m shares) Yields 15,1% on earnings; 6,8% on dividend Cover 2,2 PE ratio 6,6*

	'74	'75	'76	'77
Coal sales (000 t)	16 180	17 772	17 955	20 480
Turnover (Rm)	44 5	46 9	82,1	121 0
Pre-tax profit (Rm)	9 2	12 0	13 7	31 7
Gross margin %	22 5	28 0	19 3	26 0
Earnings (c)	13 9	18,0	24 5	37 8
Dividends (c)	7 0	7 5	9 5	17 0



This group has come a long way from the days, only three to four years ago, when it was the dog of the coal sector — overcapitalised, and with a dividend history of 6,5c from 1964 to 1969, rising to 7c from 1970 to 1974, Trans Natal was little more than a fixed interest stock

Three main factors have revolutionised the standing of the shares First, as the accompanying table shows, Escom has begun to pay a more realistic price for the coal it burns, though it is still low by world standards. Trans-Natal supplied 16,1m t of coal to Escom last year, or about 43% of the commission's total consumption With Amcoal, the supplier of most of the rest, Trans-Natal has been the main beneficiary of the new price policy

Part of the reason for the improved Escom price no doubt lies in the threat implicit in the 1975 Trans-Natal chairman's statement. "In the case of the very long term contracts peculiar to the coal industry, the consumer must realise that in a period when management and personnel resources are also extremely scarce, the most effective resources will not continue to be committed to unrewarding contracts, but will inevitably be switched to those operations where efficiency can earn an appropriate reward "

The second factor has been the success of Trans-Natal's long-running exploration policy, aimed at proving new coalfields for eventual exploitation The latest fruit of this (see also *Fox* September 2) is the coal-uranium strike at Pienaarsrivier Chairman George Clark has little to add, beyond the observation that "millions of rands will be needed to establish whether we have a unique energy resource or merely an interesting anomaly for the geological textbooks".

Costs of proving the field will be high and Trans-Natal has laid off 37% of its interest to General Mining and 13% to "others", who presumably are not millions of rands removed from Fed Mynbou/Rembrandt

The exploration policy in the past also turned up the Highveld blocks, part of which have been swapped with Sasol, but which leave Trans Natal with contiguous reserves of 1 800m t, and the Davel field, part of which is now being developed as Ermelo Mines In addition, it has pooled reserves with Union Corporation to establish another large field in the Evander area

Exploitation of these reserves may be some years away, but they constitute a huge, invaluable asset and one which competitor Amcoal lacks Most of the coal is low grade and suitable either for power generation or, if technology progresses sufficiently, for private sector oil-from-coal ventures

The third factor in Trans-Natal's rerating, and this follows from the second, is that its new reserves are gradually enabling it to diversify out of the captive Escom business.

Out of total tonnage sold last year, 79% went to Escom, 10%, as metallurgical coal, mainly to Iscor; and 11% to the TCOA. This means Trans-Natal's sensitivity to domestic coal price levels is small, which is one reason why the shares have held up better recently than most of the rest of the board.

The present year will probably see some fall in earnings, partly because of weaker markets and partly because conversion of the debentures, which carry an entitlement to the shares at 205c, could occasion some dilution. The year to June 30 1979, with initial cash flow from Matla and Ermelo, should be the start of another profits advance.

There is no reason to change our Sep-

ESCOM COAL CONSUMPTION AND COST

	1971	1972	1973	1974	1975	1976
Consumption (000 t)	23 418	24 953	27 908	30 892	34 231	37 257
Total cost (Rm)	52 7	56 1	64 4	90 2	137 6	202 3
Average cost/t (R)	2,25	2 25	2 31	2 92	4 02	5,43
Cost increase %	0 04	Nil	6 2	22 2	37 7	35,1

216

FM 7/10/77

tember 2 view on the shares, that they are for the 18-month haul But, in addition, the continuing prospecting programme may generate excitement from time to time

Richard Rolfe

CLYDESDALE (216) FM 7/10/77

Matla prospects

Activities: *Supplies TCOA trade through its New Clydesdale colliery, and Escom through Coalbrook Also has 50% of the Matla project. Guardian-Liberty holds 33,7% of the shares and General Mining 21,6%.*

Chairman: *Donald Gordon*

Capital structure: *10,1m stock units of 50c. Market capitalisation R18,7m*

Financial: *Year to June 30 1977. Borrowings long and medium term, 0,1m Net cash. R2,9m Current ratio 1,4.*

Share market: *Price 185c (1976-77 high, 207c, low, 130c, trading volume last quarter, 324 000 shares) Yields. 19,5% on earnings, 6,5% on dividend Cover 3 PE ratio 5,1*

	'74	'75	'76	'77
Coal sales ('000 t)	3 848	4 045	4 280	4 612
Turnover (Rm)	8 6	13,2	17,1	25,0
Pre-tax profit (R 000)	1 550	1 822	2 668	5 760
Gross margin %	18 0	13,8	15 6	23 0
Earnings (c)	11	13	17	36
Dividends (c)	7 5	7 5	8	12

As the table shows, Clydesdale's profitability has trebled in the past three years, justifying the confidence often expressed in the shares in these columns during the early days of the coal boom

Coal sales have risen slowly, and improving margins have been the key to the profit performance Last year, New Clydesdale, which supplies the TCOA market, raised output from 987 000 t to 1,2m t, while output at Coalbrook, the group's Escom colliery, was virtually unchanged at 3,3m t

The importance of the higher tonnage from New Clydesdale is shown by the mention in the latest report that the colliery's working profit rose by R2,16 per ton This reflected the coal price increase, on July 2 1976, to R6,76 per ton, which benefited the group for the whole of its last financial year

New Clydesdale therefore contributed R2,6m of the R3,1m rise in profits last year, which implies that the improvement in working profits at Coalbrook was no more than about 15c per ton. This level (see table with Trans-Natal) was clearly less than the percentage rise in Escom's average cost of coal purchases

New Clydesdale's profitability will probably be eroded in the current year by the lack, up to now, of a domestic coal price rise In addition, domestic demand is currently slack Last year, its higher tonnage sold, according to chairman Donald Gordon, arose from production shortages among other TCOA members, which New Clydesdale was able to fill, and the fact that exports created the opportunity to supply additional local tonnage.

The group's 50% interest in Matla will be the main source of future expansion. At ultimate capacity, some time during the Eighties, of 9,6m t/year, Clydesdale's half stake will exceed the existing output of its collieries.

Development for metallurgical purposes of the No 5 seam at Matla would require a rail link and expansion treatment plant. Though the cost of mining would be low, about R50m would be needed to produce 1,8m t/year of saleable blend coking coal, so development will not proceed with firm customers

Deliveries from the first Matla colliery will begin in the second half of 1978 Although the eventual cost of all three collieries is likely to be nearer R130m than the R50m original estimate, mainly because of the switch to maximum extraction methods, Clydesdale's contribution will be R16,6m, as shown in the notes to the latest accounts

Of this, R6,1m has been contracted and R10,5m still remains to be contracted Gordon indicates that this sum will be funded out of budgeted future profits and from existing cash of R3m Any further commitment to Matla's costs would be entirely voluntary and would have to be on acceptable terms; but even so, additional long-term finance is unlikely

The shares are among the soundest investments in the coal sector, and their rating should improve further as cash flow is generated from Matla and capital spending commitments decline

Richard Rolfe

Tax cut helps Duiker profit

EDM 19/10/77

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Mining Editor

DUIKER Exploration, the Lonrho group company which controls the coal operations of Tweefontein and Witbank Cons, managed a moderate increase in profits for the September quarter, although this was possible only because of a substantial tax cut.

Sales of steam coal, anthracite and asbestos were lower with only blend coking coal sales up Accordingly, mining income was down at R2 617 000 from R3 001 000. After the provision for amortisation and the inclusion of other income, pre-taxed profits were R2 475 000 against R3 100 000

The provision for tax, however, was only R688 000 compared with R1 363 000. After a small minority charge, taxed profits were R1 773 000 compared with R1 720 000

Inyati, the main operating company of the Rhodesian-based Coronation Syndicate, suffered a loss of R337 000 in the September quarter compared with a profit of R70 000 in the previous three months.

This effectively offset the minor profit improvements recorded at Mazoe and Muriel and resulted in a reduction in total mine working profits to R148 000 from R596 000.

For the holding company, Coronation Syndicate, profits for the quarter were barely changed at R32 000 against R36 000. A dividend of 2,5c absorbing R150 000 has been declared.

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FM 21/10/77

SEPTEMBER COAL SALES

	Sep 1977	Progressive total to Sep 1977	Progressive total to Sep 1976
	'000 metric tons		
AAC			
Cornelia (9)	241	1 894	2 349
Anglo Power Coll			
Arnot Div (9)	422	4 322	4 614
Kriel Div (9)	258	1 989	869
Balgray (3)	17	51	65
Bleshok (9)	38	308	340
Coronation (9)	167	1 327	1 471
Morupule (9)	22	215	146
Natal Anth (3)	45	161	197
New Largo (9)	88	1 036	911
SA Coal (9)	198	3 017	1 843
Springbok (9)	336	1 960	1 546
Springfield (9)	351	2 859	2 274
Swaziland (6)	4	67	55
Vierfontein (3)	125	389	276
Vryheid			
Coal (9)	20	145	166
Coke (9)	43	287	407
Wankie			
Coal (1)	181	181	234
Coke (1)	7	7	16
Zunguin (3)	35	190	92
GENERAL MINING			
Afrikaner Props			
Delmas (3)	147	500	562
Clydesdale			
Coalbrook (3)	289	790	808
New Clydes (3)	102	302	257
Trans Natal			
Blinkpan (3)	197	607	678
Haasfontein (3)	63	215	206
Hlobane (3)	86	256	244
Kilbarchan (3)	189	559	549
Northfield (3)	27	81	88
TNC Opencast (3)	65	283	234
Tvl Navigation (3)	129	387	345
Usutu (3)	424	1 305	1 264
Optimum (3)	524	1 526	1 386
GFSA			
Apex (9)	128	1 102	951
JCI			
Natal Cam (3)	50	150	112
KANHYM			
Eikeboom (3)	31	93	91
LONRHO			
Duiker Explor (12)	177	2 442	2 158
RAND MINES			
Umgala (12)	10[illegible]	935	99
Welgedacht Explor			
Open Pit (12)	62	461	477
Utrecht (12)	4	58	47
Zimbutu (12)	21	322	304
Witbank Coll			
Albion (12)	45	691	795
Douglas (12)	113	1 657	1 648
Union (12)	21	268	303
Van Dyks Drift (12)	228	2 646	1 542
Wolvekrans (12)	129	1 592	1 518
TAVISTOCK			
Phoenix (3)	67	224	196
S Witbank (3)	119	411	455
Tavistock (3)	101	298	230

Figures in parentheses are the number of months in each company's financial year completed at the end of September

Finansbank called in to advise on Ellisras coal project

Sunday Times Business Times 23/10/77 (216)

FINANSBANK, the small but influential merchant bank headed by Piet Liebenberg, has been appointed by Iscor to assist in the negotiation and evaluation of the financing of the R240-million Ellisras metallurgic coal mining project.

By NIGEL BRUCE

A massive R120-million leasing deal to finance certain constituent plants is contemplated as part of the total financing and the various leasing proposals put to Iscor require deep and skilled analysis

Finansbank is one of the few merchant banks that is unconnected with the large banking consortia that have put forward financing proposals to Iscor.

It will be assisted in the complicated computer analysis of the various financial proposals by auditors Arthur Andersen & Co

The two domestic consortia that have put forward lease proposals are a Barclays-led one, which includes Nedbank and Volkskas interests, and another consisting of Stannic, the instalment credit bank in the Standard group, and UDC-GATX, the leverage leasing company owned by UDC Bank and the American leasing specialist GATX

While there are not many financial institutions capable of absorbing to their full advantage the tax and other allowances inherent in the leasing side of such a deal, I understand these are not the only two consortia that have put forward proposals

This would fit in with Iscor's reputation for wide canvassing both here and abroad for its capital requirements, a reputation that some bankers feel does not always work to its advantage

Tender

There is no question of a financial deal as complex and large as this being put out to tender

It may well be to Iscor's advantage to accept various parts of the different proposals put to it

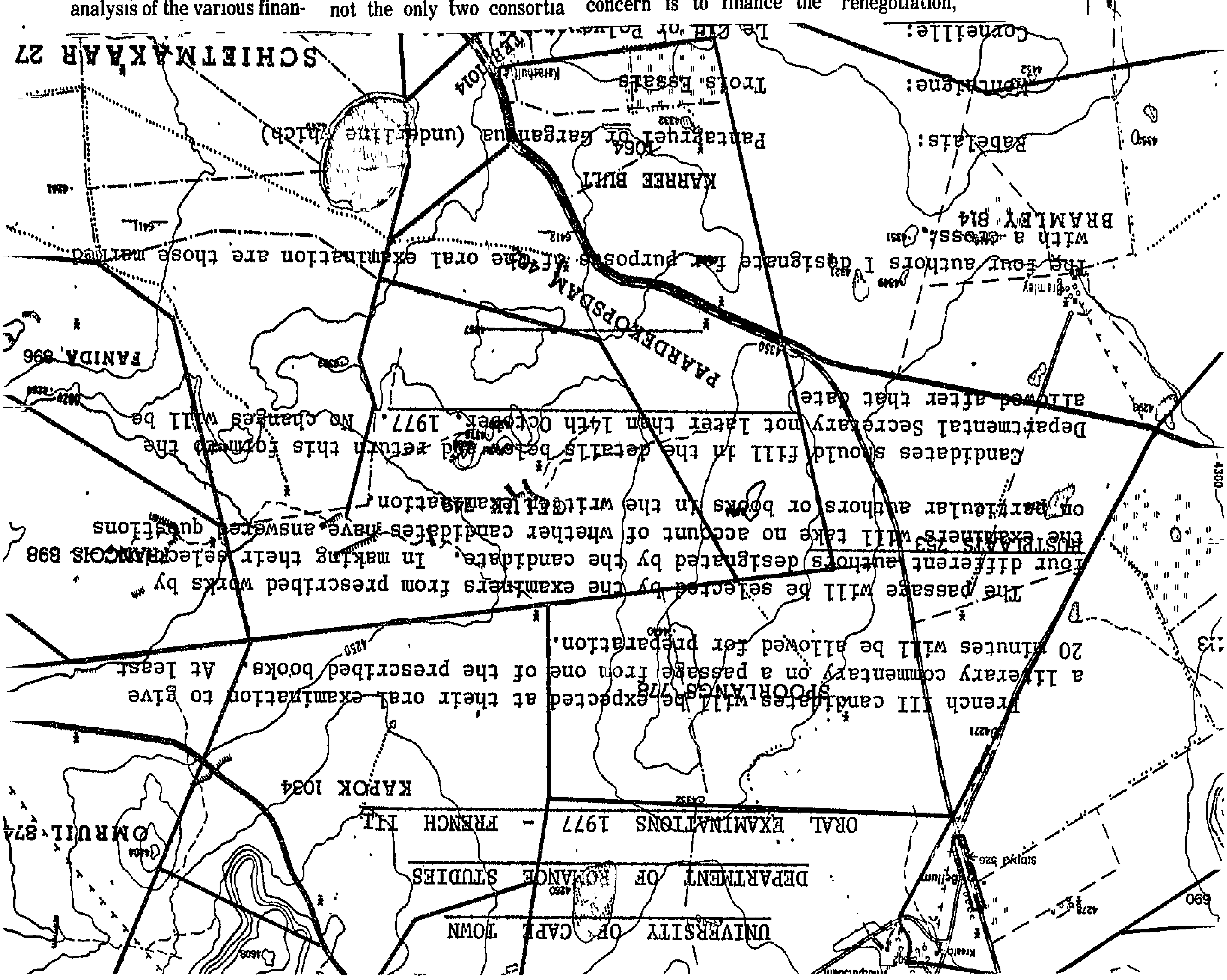
However, Iscor's prime concern is to finance the total project and not just those portions of it that could be leased

Finansbank's Piet Liebenberg.

In view of UDC-GATX involvement with Stannic, it is likely that, unlike the Barclays consortium proposals, its proposals involve a leverage lease

If this be so, it is possible that the authorities may have to make concessions so that all participants are able to benefit from the allowances

Of course, these allowances have been assured for all those involved in the various consortia for only a limited time, as they are with any lease Should this be removed during the course of most leases, the agreements generally make allowances for extensive renegotiation,



TC Lands pays more on coal booster

RDM 28/10/77

216

TC LANDS, the 59% owned Barlow Rand subsidiary, has reported sharply higher results for the year to September and the dividend has been increased.

A company announcement says the improved results largely reflect the benefits for the whole of this year of the company's coal export projects compared with last year when these exports started to get under way in the second half

Turnover for the year is up over 50% at R118-million from R74-million, Pre-tax profits rose to R49-million (R27-million). Tax increased to R18-million from R10-million and minorities to R7-million from R3-million.

Consolidated net taxed profits were R24-million (R13-million) giving earnings a share of 326,6c against 183,2c

The final dividend has been raised to 65c from 52c, making a total of 95c (75c). The final is payable to shareholders on register November 25

A significant part of total earnings has been retained to meet planned capital expenditure, and the dividend has not been increased by the same percentage as the rise in earnings.

RDM 28/10/77

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TRANSVAAL

AL CONSOLIDATED LAND AND EXPLORATION COMPANY, LIMITED (T.C.L.)

(Incorporated in the Republic of South Africa)

PROFIT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 1977 AND DECLARATION OF FINAL DIVIDEND

FINANCIAL RESULTS

The audited consolidated results of T C L and its subsidiaries for the year ended 30th September, 1977 are given below together with the results for the previous financial year

	Notes	Year ended 30th September 1977 (R'000)	1976 (R'000)
Turnover	1	**117 665**	73 794
Consolidated profit before taxation		**48 980**	26 969
Taxation		**18 186**	10 214
Normal		**2 645**	2 818
Deferred		**15 541**	7 396
Consolidated profit after taxation	2	**30 794**	16 755
Less. Profit attributable to outside shareholders in subsidiary companies		**6 939**	3 369
Interest of members of T C L		**23 855**	13 386
Shares in issue		**7 304 838**	7 304 838
Earnings per share		**326,6c**	183,2c
Dividends per share		**95c**	75c
No 75 interim of 30 cents paid			
No 76 final of 65 cents			

Notes

1 Turnover is the revenue derived from the coal, chrome and timber operations of the subsidiary companies

2 The consolidated profit after tax includes investment realisation amounting to R96 000 (1976· R212 000) equivalent to 1,3 cents per share (1976: 2,9 cents per share) for the year

FINAL DIVIDEND NO. 76

A final dividend of 65 cents per share has been declared in terms of the Dividend Notice published herewith

GENERAL

Copies of this report will be despatched to all registered shareholders from the office of the transfer secretaries in Johannesburg and of the United Kingdom registrars and transfer agents as soon as possible The company's annual financial statements will be posted at the end of November, 1977

For and on bahalf of the Board
A C PETERSEN (*Chairman*)
A M ROSHOLT
Directors

Registered Office·
15th Floor, 63 Fox Street
Johannesburg 2001

27th October 1977

DECLARATION OF DIVIDEND NO. 76

NOTICE IS HEREBY GIVEN that Dividend No 76 of 65 cents per share has been declared in South African currency as a final dividend in respect of the year ended 30th September, 1977 payable to members registered in the books of the company at the close of business on 25th November, 1977 and to persons presenting the appropriate coupons detached from bearer share warrants

The register of members will be closed from 26th November to 4th December, 1977 inclusive, and dividend warrants will be posted to shareholders on or about 3rd January, 1978

Where applicable non-resident shareholders' tax of 15 per cent will be deducted from the dividend

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the United Kingdom offices of the company

By order of the board
RAND MINES, LIMITED
Secretaries
per M. B DUNDERDALE

Transfer Secretaries
Rand Registrars Limited
Devonshire House, 49 Jorissen Street
Braamfontein, Johannesburg 2001

P O Box 31719
Braamfontein 2017, South Africa

United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited
P O Box 102
Charter House, Park Street,
Ashford, Kent, TN24 8EQ
England

27th October, 1977

FM 4|11|77

(216)

General Mining Group

COAL MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1977

Both companies are incorporated in the Republic of South Africa
(All figures are subject to audit)

Trans-Natal Coal Corporation Limited

	Quarter ended 30/9/77	Quarter ended 30/6/77	Comparative Quarter previous year 30/9/76
Tons sold	5 282 100	5 313 000	4 929 900
GROUP INCOME	R(000)	R(000)	R(000)
Net income from mining and allied activities	6 959	7 596	6 984
**Add* Financing and sundries	324	1 710	(525)
	7 283	9 306	6 459
Deduct Taxation	2 206	2 597	1 183
Outside interest and joint ventures	642	614	1 216
NET GROUP INCOME	4 435	6 095	4 060
CAPITAL EXPENDITURE	1 252	2 078	935

***Note**
Includes non-recurring profit/(loss) (119) 776 —

On behalf of the board
G CLARK
W J de VILLIERS } *Directors*

The Clydesdale (Transvaal) Collieries Limited

	Quarter ended 30/9/77	Quarter ended 30/6/77	Comparative Quarter previous year 30/9/76
Tons sold	1 101 000	1 164 000	1 064 000
INCOME	R(000)	R(000)	R(000)
Net income from mining and allied activities	1 187	1 501	1 260
Other income	62	109	19
	1 249	1 610	1 279
Deduct Taxation	488	581	505
NET INCOME AFTER TAXATION	761	1 029	774
CAPITAL EXPENDITURE	300	131	496

On behalf of the board
D GORDON
G CLARK } *Directors*

Secretaries
General Mining and Finance Corporation Limited
6 Hollard Street
Johannesburg 2001
P O Box 61824 Marshalltown 2107

27 October 1977

My smutty mutterings

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S. Express 30/10/77

PLEASE don't say that I didn't tell you in advance but be a good sport . . . keep what I tell you quiet My usually impeccable sources whisper that there will be a coal price increase in January next year. They also murmur that it will be of the order of 85c a ton

Yours unfaithfully, Penelope

Now, you'll recall that the last increase was granted in July 1976, an increase of R2,26. That took the price to R6,76 a ton and this next increase will take the price to R7,61 or thereabouts — a 12,5% hike.

The industry has had meetings with the Price Controller to discuss the promised price hike, on a number of occasions recently. Last year it was agreed that the industry would work off a price formula, a price formula which encouraged the industry to embark on an ambitious expansion programme.

However, the Government has been, not unreasonably nor unexpectedly, rather reticent about granting another increase. It is sensitive to the political implications of a price hike.

The Transvaal and OFS coal producers applied for an increase in April, the start of the winter. This was deferred until September, the end of winter.

Further meetings were held. Now, and please keep the news quiet, the price hike has been agreed, and the industry itself agreed to keep mum about it until January — the middle of summer.

And in the middle of summer, not too many people will be bothered with the forthcoming winter's heating problems. Now, you did agree . . . shush.

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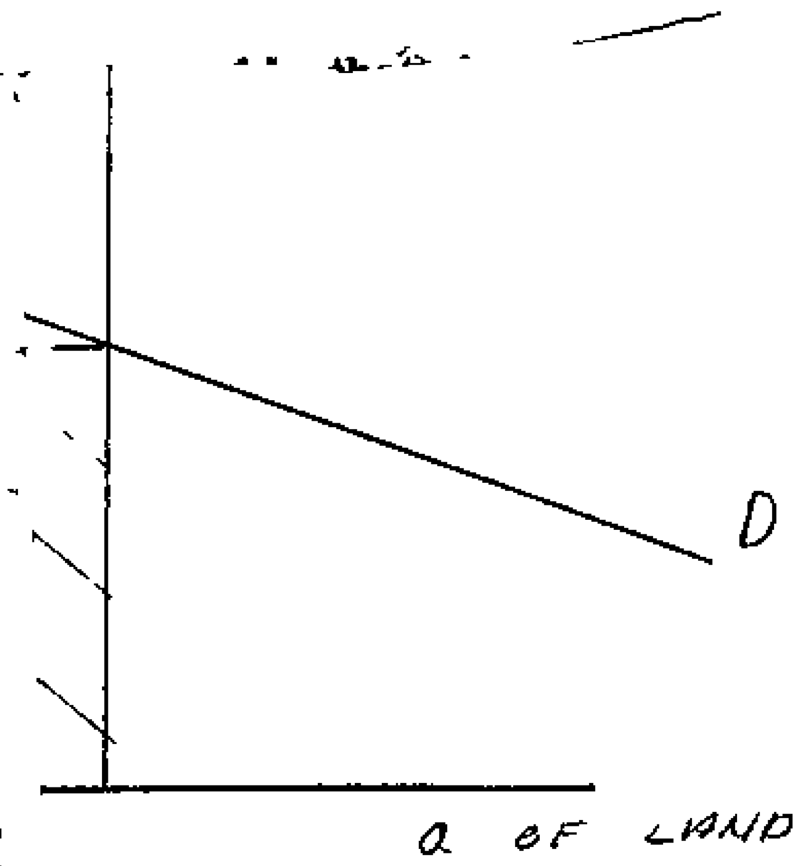

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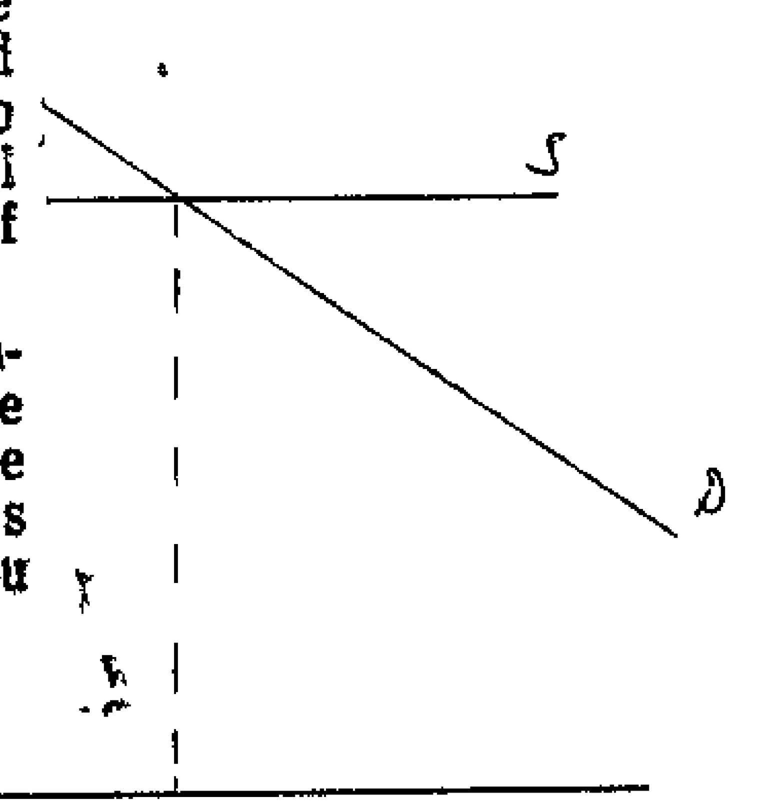

Q OF LABOUR

5/10.

How are transfer earnings related to economic rent?

GENMIN COALS FM 4/11/77

Long-term glow (216)

Not that it will make any difference to the outcome of the general election, but it looks as though a domestic coal price increase is not about to be a political hot potato. An increase of around 85c/t is all that can be expected. But the increase may not come until early next year.

For **Trans Natal** which only sells about 11% of its output to the TCOA, the effect of a domestic price increase will be marginal. The mild winter has led to stagnant sales. In the September quarter these were marginally down on June at 5,28 Mt. But compared with the corresponding quarter last year, net income from mining marked time at R7m earned on sales of 4,93 Mt. So cost increases are still squeezing.

Earnings of 8,7c (12c) bear out chairman George Clark's forecast of a slightly lower figure this year. But there should be no problem in at least maintaining the 17c total dividend. At 270c the shares are on a minimum prospective yield of 6,3% and have been extremely firm ahead of the improvement next year when Matla and Ermelo kick in.

Domestic sales are about 25% of **Clydesdale's** business and any improvement in profit this year will depend on the price increase. But profits have been reasonably well maintained compared to the corresponding quarter a year ago.

X(216)

CT. 15/11/77

Coal industry spending R1 000m on expansion

By ADAM PAYNE

JOHANNESBURG — The coal industry is spending R1 000-million over the three years to 1979 on raising productive capacity to meet the needs of the main consumers — the Electricity Supply Commission, the domestic and export markets and Iscor

In the forefront of expansion are Amcoal, Trans-Natal Coal Corporation and Witbank Colliery

This expansion is under way at a time when coal stocks have built up domestically and the international trade has been slack with lower prices for steam coal, but in the longer term the industry lacks no confidence in full order books

There has been disappointment that no domestic price increase has been announced, although it was said in July last year that increases would be granted annually

Price rise

Because of the oversupply this year, due to the mild winter and the recession, it is predicted that the increase when it comes may not be much more than sufficient to cover inflation and increased mining costs

This runs counter to the industry's case that price increases must be sufficient to encourage new production for the domestic market, projections on which show future shortages unless new mines are opened

In present expansion, Amcoal's collieries will spend R97-million this year Most of this will be on the new Kleinkopje Colliery, which will produce metallurgical coal and coal for the domestic and export markets A part of the R97-million will be spent on the Kriel power station colliery.

Trans-Natal, in the two years to June, 1979, plans to spend R30-million, of which the biggest will be a third share of R12-million in the Ermelo export mine

Witbank Colliery has already contracted for R40-million capital spending this year, and the directors have authorized a further R43-million The main spending is on the colliery to serve the Duvha power station in the Witbank area.

The two most lucrative sections of the industry are the sales of metallurgical coal to Iscor and low-ash blend coking coal to Japanese steel mills

The export trade, which started last year on a big scale with low-ash shipments to Japan, has been extended with exports of steam coal and will be increased by bulk exports from the Trans-Natal BP-Total mine at Ermelo and from Anglo's Kleinkopie mine

While output is being increased, the search for coalfields continues, with a particular look-out for coking coal, even in the Kruger National Park

Trans-Natal, whose recent rapid growth has been largely due to the successes of its geological team under Mr Rupert van den Berg, has done a deal with Sasol whereby Sasol took half of the newly prospected Highveld coalfield and Trans-Natal took the western half, totalling an estimated 1 800-million tons of reserves

Prospecting

Having proved the Highveld coalfield, the geologists have been prospecting in the Northern Transvaal and report finds of coking coal and power station coal

In addition, the corporation shares with Union Corporation the Evander coalfield, so that it is well placed to tender for future power station contracts

The Davel coalfield, too, where the Ermelo mine has started producing, is sufficiently large to support a second similar-sized colliery

An analysis of Trans-Natal's profits by stockbrokers Davis, Borkum, Hare & Co is a guide to the earnings potential of the other big groups which have similar contracts

For instance, Iscor's sales comprised 37% of Trans-Natal's turnover in the year to June 30 last at R45-million, giving an average price of R22 a ton Supplies to Iscor increased by 58 percent in 1977 over 1976 and should increase further in 1977-78.

This price of R22 a ton compares with the domestic market average of R6,74 a ton

Exports

On the export side, the low-ash coal contract, met from Haasfontein colliery, brought in R31 a ton fob Richards Bay, or about R26 a ton at pithead

Sales to Escom provided 50 percent of Trans-Natal's turnover in the year to June, amounting to R60-million and giving an average price of only R3 75 a ton

As old Escom contracts provide lower-than-average profits, resulting in restricted cash flow for collieries, Escom is increasingly assisting in the financing of expansion and modernisation of these collieries

The new Matla power station contract is at much more advantageous terms, encouraging a higher extraction rate of about 60 percent compared with the 30 percent to 40 percent previously

Production at Matla will start next year, with both Trans-Natal and Clydesdale benefiting.

Mr A Smith has been appointed inspector at the Cape Town branch of the Southern Insurance Association.

AFRICAN HISTORY I

The best way you can pre ... I during the vacation is to read as many imaginative worl ... you can. This is a wide range of African writing pub ... Heinemann African Writers Series. Three bookshops - ... lebosch), Academy Bookshop (Church Square, Cape Town) ar ... Cape Town) carry a wide range of titles.

Especially recommended a

Chinua Achebe: ... ding novelist)

Ngugi wa Thongo: (James Ngugi) ... g novelist)

Sembene Ousmane: ... strike on the Senegal period)

Can Themba: ... t township life in 1950's)

All the above are avail ... rican Writers Series.

... a (Ravan Press) ... and sketches by a young ... urnalist of the 1960's)

Ulli Beier and Gerald Moore (eds ... rica ... frican poetry)

AFRICAN HISTORY II

A fairly wide knowledge ... rature is an invaluable qualification for anyone embarkir ... . If you are already familiar with the works recommended i ... ou should ask for the more detailed reading list availa ... Office, Department of History.

During the course you ... luce six pieces of work. One of these pieces must be based ... opies of some of the original research done in 1977 are a ... ections, Jagger Library.

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If you would like to start work on a research project during the vacation, please contact either Mr. Robin Hallett or Dr. Christopher Saunders.

NM Bus. 17/11/77

New coal law promised

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KLERKSDORP — Legislation was contemplated to rationalise all aspects of coal mining to ensure that South Africa's coal resources would be used to the very best advantage of the country, the Minister of Mines, Mr. Fanie Botha said here yesterday.

Opening the Klockner-Ferromatik S.A. Factory (manufacturers of mining equipment) he said South Africa was fortunate to have vast coal deposits, but it was of vital importance that these deposits be used sensibly.

No decision affecting coal should be taken without careful prior consideration of all factors which might have a bearing on the overall picture.

"We should realise that coal has become a vital commodity not only in our future development, but of greater importance, perhaps, our continued existence and even our survival, depend to a large extent on our coal reserves and the way in which we use these reserves.

"Coal can be classified as a mineral of strategic importance. The present inadequate control over the coal-mining industry, especially as far as wastage and bad and wasteful mining methods and practices are concerned, should be rectified forthwith.

"Steps should be taken to ensure that optimal extraction of each deposit is achieved.

"The alarmingly low percentage of extraction and the wasteful utilisation of coal, for example the burning of coking coal in power stations, are matters of particular concern.

"Legislation is contemplated to rationalise all aspects of coal mining, including such matters as research and price determination and I intend doing whatever is necessary to ensure that our coal resources will be used to the best advantage."

Coal exports up

Mercury Correspondent 18/11/77 (216)

JOHANNESBURG — The substantial fall in the value of iron ore exports through Saldanha Bay in September resulted from the erratic nature of ship movements to the harbour according to an Iscor spokesman.

Commenting on the monthly mineral export figures from the Minerals Bureau, he said that the value of exports in August had been a record because of the quick handling of two large bulk carriers during the period.

During September, the incidence of ships calling at the port had returned to a more normal, and staggered, pattern.

Iron ore exports in September were valued at R9 968 195 compared with the R20 491 863 in August.

Coal exports through Richards Bay continued to improve during September and the f.o.b. value of sales was up to R25 635 831 from R21 108 511 in August.

Export tonnages in September were slightly down at 1 152 973 tons of bituminous coal and anthracite compared with 1 164 612 tons in August.

This apparent discrepancy where tonnages are down but value up results from a higher proportion of blend coking coal exported which fetches almost twice the price of steam coal.

Other sales figures were hardly changed from the previous month but reflected an encouraging maintenance of values following the fairly sharp decline in some figures during July.

Sales of antimony brought in R446 192 compared with R1 543 035 in August but it is pointed out that the September figure represents a provisional advance payment for shipments. As this affects Cons Murchison, it adds to the fear that the company might have to pass its final dividend.

Exports of the various grades of chrome ore and chrome sand were valued at R5 122 288 compared with R5 529 743 with export tonnages about the same as in August.

Copper sales showed a welcome improvement and were valued at R11 375 193 compared with R9 185 488.

Manganese exports were worth R7 816 973, barely changed from the August figure of R7 809 304.

Vanadium sales slumped heavily to R2 655 443 from R5 099 225 reflecting the current weak state of the market.

Tin exports fell to 177 tons in concentrates from 300 tons previously, worth R1 269 000 compared with R2 389 458.

Asbestos sales declined to R8 855 072 from R12 293 001 largely because of a fall-off in exports of crocidolite.

Sales under the category, miscellaneous, which includes platinum and uranium sales were substantially higher at R61 788 842 compared with R41 990 119.

Diamond sales for August were R26 417 593 compared with R30 587 050 in July.

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Coal leaders say no to restrictions

Sunday Times. Business Times 20/11/77

By JOHN GILMORE

THE LEADERS of South Africa's coal mining industry appear to be confused after Thursday's statement by the Minister of Mines, Mr Fanie Botha, that he was contemplating legislation to rationalise all aspects of coal mining, including research and price determination.

The powerful Transvaal Coal Owners' Association refused to comment, but a spokesman for the Chamber of Mines pointed out that while details of proposed legislation had been awaited before meaningful comment could be made, the chamber still stood by its stance of last July.

At that time it emphasised that price control on the domestic market still inhibited the orderly development of the industry. The chamber considered it imperative that the authorities remove price restrictions as soon as possible

On the other hand, Steve Ellis, general manager of the coal division of General Mining, said he was not too alarmed by the proposed legislation because he did not think there was any threat of nationalisation.

Mr Ellis believes the Minister was thinking in terms of tax concessions and price adjustments and that what he was really concerned with was the need to inspire the industry to raise the percentage rate of coal extraction and to legislate for it

Mr Ellis said he wanted market forces to play their part in coal exploitation, and he felt Mr Botha was thinking this way too

He added that previously, competition to keep prices low in order to win Escom contracts, the abundant supply of easily mined coal and cheap available labour, had made it unfeasible to introduce highly mechanised mining systems

This scenario had now changed and the main consideration was the necessity for the industry and Government to get together in order to conserve South Africa's strategic reserves of coal.

Mr W G Boustread, chairman of Anglo American's coal division commented: "The Minister is absolutely right that greater extraction is vital for the country, but the problem is really an economic one.

"Prices should be fixed at such a level as to allow mines to invest in the necessary capital equipment for greater extraction. There is no way it will happen just by legislation.

"You cannot legislate that a modestly-sized colliery must simply change to longwall mining from existing methods. They must be assured of the necessary capital and a satisfactory return on it to meet higher working costs."

Only SA boosts coal exports

RDM 26/11/77

(216)

SOUTH Africa was the only major coal exporting country to show a large rise in sales last year, according to the November issue of World Coal.

World trade in coal was down last year, the first time the trade has shown a decline in the 70s The total trade was 190-million tons, 4 500 000 tons less than in 1975, and accounts for 7,7% of estimated world production.

Figures in World Coal show that the coal trade continues to suffer from the deep recession in the basic steel industries because most of the coal traded internationally is used for making metallurgical coke.

Most of the major coal exporting countries exported less. The United States the largest coal exporter, with 28,7% of world coal exports, had a fall of 5 700 000 tons, nearly 10% down on the previous year.

Exports from West Germany and Australia were also down

Only South Africa showed a dramatic rise, from 2 600 000 tons in 1975 to 5 900 000 in 1976 Poland — the world's second largest exporter — and the Soviet Union made small gains.

Britain recorded the largest drop in percentage terms, from 2 200 000 tons exported in 1975 to 1 400 000 tons in 1976, a slide of 34,2%

World Coal forecasts a recovery for coal demand by the metallurgical sector in the longer term, and a much shorter term stimulus in demand for steam coal as it increasingly becomes a serious alternative to oil in power stations.

More generally, the magazine predicts: "The world coal market of the future may be regarded as divided generally into two hemispheres the countries bordering the Pacific Ocean, and those bordering the Atlantic Pacific rim countries (Canada, Australia, China, the USSR and others) are likely to compete for markets principally in Asia

"The developed countries in Western Europe (and to some extent, of South America) are likely to import more coal from the United States, Poland, South Africa, India and the USSR."

Welgedacht sees drop in coal demand

RDM, 29/11/77

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By DON ROBERTSON
Mining Editor

WELGEDACHT'S profits are unlikely to increase to any great extent in the current financial year and it is unlikely that total dividends will exceed 18c compared with 16c last year, says the chairman, Mr A A Sealey in his annual report.

At the same time he calls for the introduction of a long-term national energy policy

Mr Sealey says current market projections indicate a decreasing level of inland demand for bituminous coal, mainly because of the planned reduction in requirements by Escom in Natal and by the railways.

Because of this, it has become necessary to raise coal exports Overseas demand for power station coal shows signs of improving, but he does not expect prices to rise much because of the supplies being offered by new producers

According to Mr Sealey, there is a demand for power station coal in America, but while South Africa can compete in this market on a cost basis, it is unlikely that South African coal will be sold there because of its higher sulphur content

However, in the medium to long term, export opportunities will arise in other countries, such as Japan and Israel

Welgedacht's capital expenditure in the current year is expected to reach R3 800 000, about half of which will be used for a fines washing plant at Zimbutu This will enable the company to produce suitable export quality coal, and the benefits from this plant are expected to start in 1979

Referring to operations at the rest of the mine, the directors say export demand for duff coal from the Utrecht section continued strongly until the last quarter which ended in September, when the effect of excess supplies in Europe caused a decline

This lower demand is expected to continue into 1978

At the strip mine section, the new contractors have made good progress, and in August the full monthly contractual tonnage of 100 000 tons was produced

A drilling programme to determine the existence of additional shallow reserves has been completed, and a study of the possible extension of the operation is in progress.

However, without this extension, the strip mining operation could end in about a year

Profits in the year to September last were marginally higher at R4 732 000 compared with R4 153 000 in 1976. The total dividend was increased to 16c from 13c

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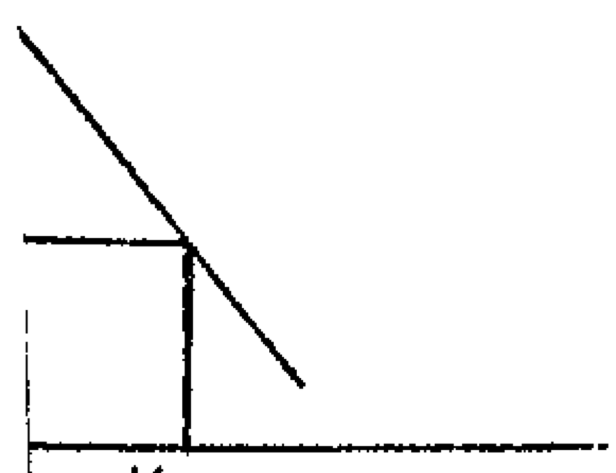

Marginal Efficiency of Capital

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F.M. 2/12/77 216

Witbank Colliery, Limited

A Member of the Barlow Rand Group

Chairman's Statement

At R34 093 000 the Group's taxed profit for 1977 was R19 870 000 higher than the profit achieved in 1976 The increase resulted mainly from a full year's exports of low ash coal to Japan as opposed to only five months in 1976, and to a lesser extent to the increase in the price of coal sold on the inland market which took effect from July 1976 The Group's sales of coal for the year increased to 6 862 000 tons (6 068 000 tons in 1976) of which 806 000 tons (281 000 tons in 1976) were low ash coal supplied to Japan 711 000 tons were low sulphur coal shipped to Gulf Power Company in the USA and 1 324 000 tons were power station smalls supplied to western Europe The balance of 4 021 000 tons was sold on the inland market

The extent to which exports contributed to the increase in profit is evident from the fact that of the total revenue earned R35 781 000 (R10 606 000-1976) or 57% was from exports and R26 745 000 (R25 845 000-1976) or 43% was from inland sales The members of the coal mining industry who were associated with the early initiative to embark on the expenditure of the capital necessary to enable them to export both low ash coal and power station coal can take great satisfaction from the profits being achieved

Unfortunately sales on the inland market have made less of an impact on profit Although the relatively low profit margins did improve the escalation in costs has eroded these margins and unlike export sales where some adjustment is made on a regular basis to compensate for escalating costs, there has been no adjustment of the inland price since July 1976 The industry has submitted to the Government the information needed for carrying out the annual price review in terms of the undertakings given in 1976 but as yet no price increase has been announced When an increase is announced profit margins will have been eroded still further and one can only hope that some cognisance will be taken of the effects of the delay in granting an increase The Group has meanwhile embarked on the necessary expansion programme to meet anticipated demand with expenditure being funded in no small measure by the export earnings

Labour

As I mentioned in my statement last year an 11 Shift Fortnight was introduced late in [illegible] This as recognised at the time by all the parties concerned has not led to any appreciable change in the number of hours worked However as some of the hours worked under the new arrangement are regarded as overtime and paid for as such labour costs have increased Because the introduction of the new working arrangements coincided with a major expansion in production involving many changes in methods and equipment it has not been possible to identify any change in productivity related to the introduction of the 11 Shift Fortnight

It is the policy of the company that all employees should be given equal opportunity for advancement within the organisation While it is accepted that there are legal constraints as well as long-standing practices within the industry which hinder the achievement of the above policy everything possible will be done to support the removal of legislation and other barriers to the orderly advancement of all employees

The appointment of the Wiehahn Commission to enquire into labour legislation administered by the Department of Labour and the Department of Mines is to be welcomed It is hoped that its detailed examination of discriminatory legislation will result in recommendations which will assist in the removal of the barriers mentioned above This would enable all people with the necessary skills to advance regardless of colour and to be remunerated accordingly

SUMMARY OF CONSOLIDATED RESULTS

	1977	1976
Coal sales - metric tons	6 862 000	6 068 000
Turnover	R62 526 000	R36 451 000
Profit after taxation	R34 093 000	R14 223 000
Working profit - cents per ton	488,5	250
Working costs - cents per ton	422,6	350
Dividends - per ordinary share	53c	23c
Earnings per share	542c	228c
Capital expenditure	R21 801 000	R21 684 000
Shareholders' funds	R18 134 000	R12 576 000
Number of employees	5 070	4 [illegible]
Share price - High	1 550c	1 150c
- Low	1 075c	470c

Outlook

Coal exports in the last eighteen months [illegible] contributed significantly to improving [illegible] country's balance of payments position [illegible] reserves of coal are available, and [illegible] markets viable and given the need for [illegible] exchange earnings, I am more [illegible] convinced that it is in the national inte[illegible] promote the export of power station coa[illegible]

The cash flow which results from the [illegible] profits obtained from the sales of this coa[illegible] also assisted in the provision of the funds [illegible]ed for expanded production to meet local [illegible]mand, for improving existing produc[illegible] facilities and thereby the percentage extra[illegible] and for improving the living condition[illegible] employees

The utilities supplying power in Europe [illegible] other countries endeavour to enter into [illegible] term contracts for the supply of the bulk [illegible] coal requirements Recent enquiries indic[illegible] that the demand is increasing and this [illegible] well for the medium term The industry [illegible] take advantage of this demand to utilis[illegible] export permissions granted by the Governm[illegible]

At this stage the only really serious con[illegible] on the tonnage that can be exported is [illegible] availability of the necessary rail and [illegible] facilities The latter aspect will be catered [illegible] the expansion of the Richards Bay [illegible] facility where the work necessary for the expan[illegible]sion from an annual capacity of 12 million [illegible] to 20 million tons at a cost of some R35 mi[illegible] eady in progress Because of the consider ole lead times involved in the erection of the ont a third phase will have to be initiated ortly if the growth in exports is not to be ndered

Because of the entry of new producers in her countries, export prices although oviding a reasonable reward are not likely to crease substantially

World wide, the steel industry is in a depres- d state and the demand for metallurgical al overseas has declined The Japanese have ntracts for supplies well in excess of their cur- nt consumption and unless demand for steel proves and this seems unlikely they will be ced to cut purchases still further The supply of tbank low ash coal could well be affected by ch cuts

Much has been said about the low percen- ge extraction achieved by current coal ning methods This low yield has in the past en dictated by the market demand for the st quality of coal that could be produced d the low controlled price paid for the pro- ct Acceptance by the market of a lower ade of coal will allow the percentage extrac- n to be increased

Some mines have already depleted their gher grade reserves by mining only selected rtions of coal seams and have now been ced to mine the lower grades previously left hind

f, therefore we are to make best use of our al resources and mine in the most econo- cal manner consumers will have to accept a ver quality of coal They will need to plan their ure operations to use such lower grades

The completion of the planned expansion at existing sections and the likelihood that re will be no sharp increase in demand or in ces on the inland or export markets coupled n the incidence of taxation make it prob le that profits after tax will be lower for the ancial year ending September 1978 How- er once the Duvha Section commences plying steam coal to the new Escom power tion in late 1979, an increase in profits is pected Provided costs do not escalate at increased rate and the tonnage sold does decline materially it is anticipated that idends will continue to increase

preciation

ust express my appreciation to the Manag- Director Mr R B MacGillivray the director re- nsible for the Duvha project Mr R W Chard the general managers Messrs C J Isaac d C G Knobbs, the mine managers and the ff at the collieries and to the technical and retarial staff of Rand Mines Limited for their ntinued loyalty and dedicated service

nally, I wish to place on record my apprecia- n to my colleagues on the board for their uable contribution and to the management d staff of Transvaal Coal Owners Association d Richards Bay Coal Terminal for their services connection with the marketing and ibution of our Group s coal

AA Sealey Chairman

annesburg
lovember 1977

(216) FM 13/1/78

KANHYM

Quantifying the future

Activities: *Integrated farming operation with a coal mine and large coal reserves on its farms The directors hold 41% of the equity and Union Corporation has a 28% interest.*

Chairman: *J Kahn; managing director H Kramer.*

Capital structure: *6m ordinaries of 50c. market capitalisation: R15,3m.*

Financial: *Year to September 30 1977. Borrowings: long and medium term, R6,1m; net short term, R6,3m. Debt equity ratio. 83,5%. Current ratio: 1,7. Net cash flow: R1,5m. Capital commitments: R528 500.*

Share market: *Price 255 (1977-78: high, 255c, low, 200c; trading volume last quarter, 27 000 shares) Yields. 12,9% on earnings; 5,9% on dividend. Cover. 2,2 PE ratio: 7,8*

There's probably less interest in what the company *has* done than in what it *will* do — and on this score, it has been more than forthcoming

Chairman Jack Kahn sticks his neck out a mile and predicts earnings "in excess of R8m" by 1982 Which represents a more than fourfold increase over the past year The big boost, of course, will come from coal, not cattle, maize and potatoes Kanhym claims reserves of 100 Mt, 60% of which it says can be reached by open cast mining

	'74	'75	'76*	'77
Return on cap %	25 1	11 7	14 5	14 0
Turnover (Rm)	14 2	19 1	34 0	33 9
Gross profit (R000)	2 965	2 023	3 727	3 951
Gross margin %	20 8	10 6	10 9	11 7
Earnings (c)	32 7	22 7	27 4	32 8
Dividends (c)	13 5	13 5	12 8	15 0
Net asset value (c)	112	110	165	248

** 15 months annualised*

Kanhym's coal operations were not hugely profitable last year, but that is because at this stage they're entirely domestic And domestic demand last year was dampened by depression and a mild winter

BP paid Kanhym R4m for a 50% stake in the Eikeboom colliery and the group's coal rights Kanhym hopes to score even before this new venture which is planned for 1981 subject to adequate local market demand

Kanhym's contribution to the major project is expected to cost R17m at today's prices, the bulk of which is to be financed from own resources and not by the rights issue many are expecting Obstacles remain — and export demand is one — but the company seems quite confident that all its plans will crystalise It's certainly sure of BP's commitment Its only worry is that the UK Government might ban further investment in SA

In the meantime it has started a small open cast operation to augment underground production for the local market

Mining at this stage contributes only 28% of pre-tax profits (26%), compared to farming's 46% (58%) and trading's 26% (16%) Last year's maize crop was "excellent" but the potato crop was "below expectations" Dairy, ranching and stud herds performed "less than satisfactorily" and the future of these operations is being reassessed The feed-lots maintained profitability and 63 000 head of cattle were sold in 1977 – 10 000 more than in 1976

The trading results were given a boost by Kanhym's association with OK's Hyperamas and this also holds promise for this year This week's rains have done wonders for all the company's crops, Kahn tells me, so the farming operations should hold up well

BP's R4m cash has improved liquidity The debt equity ratio has improved from 137% to 83,5% and current ratio from 1,3 to 1,7 but, with the interest and leasing bill only twice covered by gross profits and total net borrowings 8 times cash flow, Kanhym is not exactly undergeared

Jack Kahn is bullish on the short-term outlook He forecasts earnings of 40c — a 27% improvement, despite the colliery moving to associate status — for this year If the 1982 growth target is to be achieved, profits will have to rise from the R2,4m projected for 1978 to R8m (233%) in four years, which might sound very ambitious, considering there's not even certainty the project will go ahead and that no details of long term export contracts are provided Managing director Harold Kramer tells me that even if it is shelved, Kanhym can produce 1 Mt/pa from its existing mines at a capital cost of only R2m, and provided the local market can take this production, achieve R4m pa in taxed profits by 1982

On the projected earnings and likely dividend increase, the yield at the current price of 255c could become acceptable on a year's view. But any further upward price movement is dependent on the BP joint venture firming up.

David Carte

Star BUSINESS

Iscor in R100m lease deal for Grootgeluk mine

24/11/75 Star

(215)

Mac Thain

Iscor's Grootgeluk mine in the Waterberg coal field is to have the largest benefciation plant in the world to provide blend coking coal from 1980 onwards.

Dr Tom Muller, Iscor's chairman, announced last night that the plant section would be provided through lease financing, by a consortium of banks, involving about R100m.

Members of the consortium are the Standard Bank, Standard Bank Industrial Credit, Standard Merchant Bank and the UDC Bank.

It had been decided some time ago to finance the beneficiation plants by leasing, and the banking sector was approached to submit proposals. Two proposals were submitted, and the Iscor board had accepted that of the Standard Bank group.

NO DELAY

Leasing, said Dr Muller, would afford the private sector an opportunity to participate in Iscor projects, and at the same time, the corporation could meet its financing needs by its own efforts rather than turning to the Government as shareholder to provide the capital required

Mining development could no longer be delayed as Iscor would have to rely on supplies from Grootgeluk from 1980

Funds for the mining section and necessary infrastructure have been provided and preliminary work on site was started last year The total cost of this is placed at a further R100m

Over a number of years, Iscor tried to have the mine developed entirely by the private sector but met with no success

Preparations for the open pit were started some time ago When in full operation it will produce 1,82m tons of blend coking coal a year and some 2,2m tons of middlings suitable for gasification or use in power stations.

Reserves in the area are estimated at 1 000m tons, which at the planned production rate are sufficient for 200 years.

The benefication plant to recover blend coking coal will be one of the largest in the world with a capacity of 3 000 tons an hour.

The development of the mine, said Dr Muller, would make a contribution towards stimulating the economy as the services of local contractors and suppliers will be mainly used.

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The Cape Times, Monday, February 13, 1978 7

Chilly blast for SA coal

By ADAM PAYNE

JOHANNESBURG. — The coal industry, whose shares boomed last year but have faltered recently, faces a doubtful 1978 with the exception of steam coal sales for export

The first chilly blast has come from Japan where an inspired leak early this week suggested that Japanese steel mills would fight next month for a reduction in the tonnage of Transvaal lowash blend coking coal

The contract in the past year was for 2 210 000 tonnes and the Japanese will ask for this to be reduced to 1 700 000 tonnes.

Mr Alan Tew, managing director of the Transvaal Coal Owners' Association, and coal mining executives will be in Japan early in March for the annual negotiation on prices and tonnage for the fiscal year to March, 1979

With the steel industry in the doldrums, the Japanese are in a strong position to seek a reduction in tonnage, but on price they will face a determined Mr Tew and colleagues, who will point to the high increases in South African mining costs over the past year

Added to this, the South Africans can rightly claim that their coal is some of the cheapest — if not the cheapest — supplied to the steel mills

Although it is not coking coal, it is low ash coal for blending with coke

On the domestic front the coal outlook is blurred

The railways are using coal at full operation level, but a large number of industrial users are slacker

Home heating needs will depend on the winter

Industrial users of coal hard hit by the recession include cement makers, brickmakers, lime works, tyre manufacturers and fruit canners

The level of industrial demand for the year is difficult to forecast, but the outcome will depend on growth or lack of growth in the last half of the year

Bearish forecasts predict a drop in sales to power stations, but sources in the coal industry expect sales to be maintained, but not to show the growth that was achieved in previous years

An improvement in steamcoal exports is forecast because Richards Bay export facility will be at full bore for the entire year, whereas in 1977 it was operating at capacity only from about the middle of the year

4. What do you do to solve these problems?

Do you discuss these problems with workers on this or on other farms?

Have you ever thought of joining together to get something changed?

<u>To occasional and contract workers only</u>

Will you try to come back to this farm?

Why/Why not?

MAJOR ROW IS LIKELY OVER KRUGER MINING

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15/2/78

Mercury Reporter

A MAJOR row is brewing between wildlife conservationists and the Government over proposals to mine coal in the Kruger National Park.

Members of the Wildlife Society of South Africa, the National Parks Board and Iscor will be flying to Kruger Park early next week for an on-the-spot inspection of the proposed mining site near Punda Milia in the northern area of the reserve.

Impact

Dr. O. Martiny, president of the Wildlife Society, confirmed yesterday that the investigation team and Government officials would be visiting the proposed mining area to discuss the impact of mining on the ecology of the reserve and to see how far the geological survey of the area had progressed.

He said a preliminary survey by Government geologists had revealed large deposits of coking coal — a vital commodity in the country's steel industry — to be present in the same reserve.

Cover

Dr. Martiny said the proposed mining area would cover an estimated 25 000 to 40 000 ha of the 900 000 ha area of the reserve.

He said conservationists would now have to decide whether or not to "take a stand" on the issue.

Many factors would have to be considered and the strategic value of the coal would have to be weighed against a possible threat to the game reserve.

Dr. Martiny said he and other conservationists would first have to be convinced that no other alternative source of coal was available before their blessing was given to the

HANS NO 3 Col. 137 16/2/78

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Coal

208 Mr I F A DE VILLIERS asked the Minister of Mines

What quantity of coal was (a) mined and (b) exported during 1977

The MINISTER OF MINES

The provisional figures are as follows

(a) 85,4 million metric tons saleable coal

(b) 12,7 million metric tons

2)

15. Wanneer u ... en/of d ... aan u terug huistoe

Wat doen ...

16. Gaan u ter... tussen u werk op elke plaas?

17. Watter deel van die jaar bring u deur by die huis?

18. Hoe reis u van u woonplek na die plase?

Van die een plaas na die ander?

Wie betaal u vervoer?

19. Het u bepaalde lone?

Hoe word hulle bepaal?

20. Betaal al die boere hierdie lone?

21. Is u betaling bepaal per skaap, per uur, per dag?

Weeklikse betaling - kontant (per uur betaling x ure x dae/ per skaap betaling x skape, ens.)

ander betaling

22. Wanneer was die laaste verandering in u kontantbetaling?

Wat was die verandering?

Hoe het dit gekom dat u betaling verander het?

23. Watter probleme ondervind u met die werk?

Wat doen u gewoonlik om die probleme op te los?

Sunday EXPRESS Busines

SUN. EXP. 19/2/78 (213)

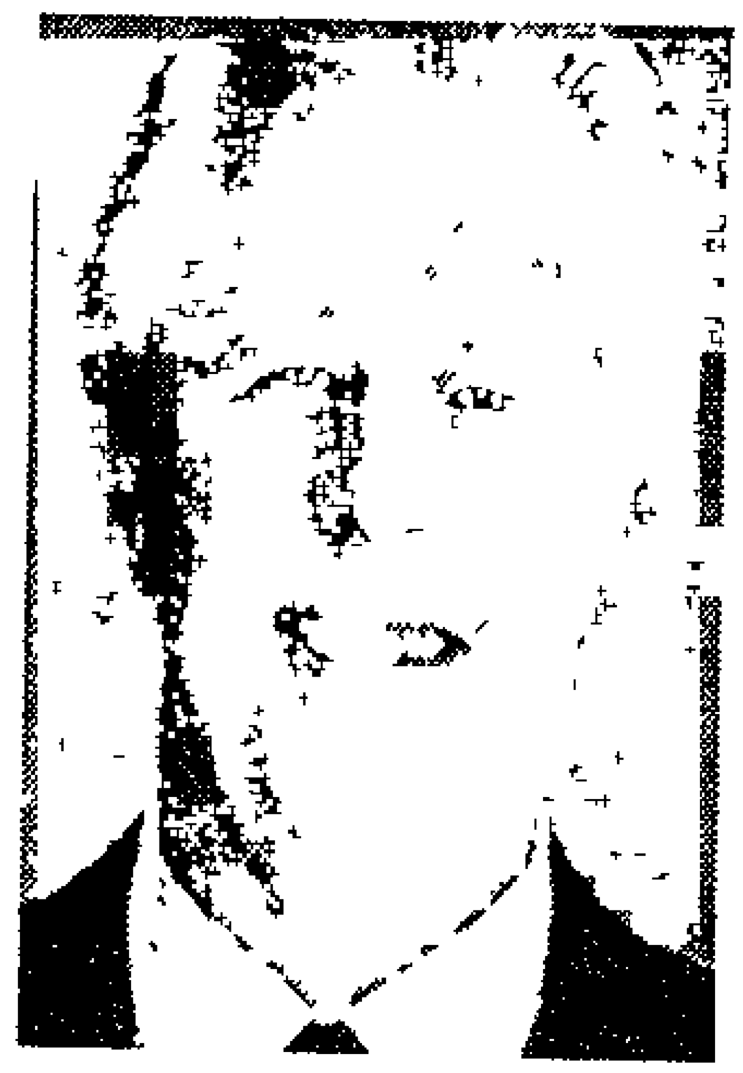
SA arranges coal exports with Israel

A VALUABLE agreement has been reached for South Africa to export coal to Israel and by 1983 South Africa will be exporting over 500 000 tons of coal a year to Israel.

This is part of the significant agreement reached between the Transvaal Coal Owners Association and the Israeli authorities.

Although the agreement was concluded towards the end of last year and it is unlikely to have been discussed last week between Finance Ministers Horwood and Erlich, it will be seen as part of the promotion of the two-way trade in expertise and goods between the two countries.

The agreement has special significance for Israel because Israel, traditionally an oil consuming country, has taken the decision to move onto a new power base which uses coal as its energy source and will be drawing from South Africa for its coal supplies.



● Alan Tew ... radical change in approach.

It has been agreed that from 1983, South Africa will export between 500 000 and 800 000 tons of conventional coal to Israel with the opportunity to increase this later to 1-m.

For the three years prior to that, as the four 300 megawatt sets come on stream, the TCOA will be supplying Israel with smaller quantities of coal building up to full capacity which is scheduled for 1983.

TCOA managing director Alan Tew said this week that he thought the business was important for it represented a radical change in energy approach for Israel. He added that he hoped the agreement would also be satisfying for both parties

By the time the Israeli project is on stream, Tew anticipates South Africa's total coal exports should top 20-m tons a year and remain a substantial export earner for the country.

Tew was reluctant to divulge the price settled on for the coal exports, but with export steam coal currently earning in the region of R20 a ton fob, it is fair to guess the mustard-keen marketing men at the TCOA extracted a far higher price for coal to be delivered in 1983.

KRUGER PARK CARVE-UP

Coal find sparks 'will they mine it?' fears

Sunday Tribune 14/2/7? (215)

By Leon Bekker

THE NEWS this week that rich deposits of coking coal have been discovered in the Kruger National Park has caused conservationists to shudder at the possible consequences for one of Africa's last wildlife refuges.

No decision has been taken to mine the deposits, but members of the National Parks Board, the Geological Survey Unit, Iscor and the Wildlife Society are to visit the area next week to study the situation.

'We've had it'

A leading member of the Wildlife Society, Mr John Fowkes, was not prepared to condemn the proposed mining operation until "all aspects of the situation had been studied"

However, conservationist James Clarke, of the Care Campaign, said angrily: "If we're prepared to swop our last remaining wildlife areas for cash, we've had it"

The deposits were discovered last year by the Government's Geological Survey Unit

The director of the unit, Dr Wessel van Wyk, said the survey had turned up good deposits of coking coal, but that the decision to mine the coal was "obviously in other hands. Our job is only to tell people where the deposits are"

Study

The file on the deposits is open and official and private mining interests are studying the findings and considering the possibility of starting up a mining operation, Dr Van Wyk said.

The finds were made in the Punda Milia area, one of the most scenic.

Iscor is particularly interested because good quality coking coal is hard to come by The mineral is used to make high-grade steel, and the better the quality of the coal the more efficient the production process and the cheaper the production costs.

Iscor is running at a huge loss, largely because it is having to supply steel at a market price well below the international average

James Clarke feels that any decision will be taken by economists and industrialists, and conservationists' views are likely to be ignored in the face of the financial benefits to be reaped.

A committee has for months been studying the various aspects of the finds, but the committee comprises of mining and industrial men.

Conservationists are particularly angry that the survey took place at all.

The National Parks Act of 1926 expressly forbids any prospecting in national parks The purpose of this clause was to ensure that mining men were never tempted to begin mining operations in the parks

However, as Mr Fowkes explained, the geological survey men got away with it by saying that "prospecting" and "surveying" were not the same thing

Legal

Mr Fowkes said, legal advice had been taken by the surveyors on this point, and this was the advice the surveyors were given.

"Of course, the difference is only semantic," Mr Fowkes pointed out

There had, however, been no court case to test the legality of the surveying, and it had gone ahead

Why mine coking coal in the Kruger Park?

There are substantial deposits near Vryheid in Natal where Iscor's supplies are coming from, and heavy deposits were also recently discovered in Vendaland.

But Mr Clarke points out that Vendaland is due to become independent which would mean that Iscor would have to buy it from an intermediary — profit-making — concern

The operation in Vryheid, however, is a different story. The production system is inefficient with 60 percent of the coal being left in the ground to prevent cave-ins.

If an efficient filling-in system could be devised, the Vryheid operation would be a lot more efficient and extensive ecological damage to the Kruger Park could be avoided.

In the meantime, however, mining men are turning their eyes to Kruger Park while conservationists watch in trepidation

The dilemma is plain: As Mr Fowkes put it "What would you suggest we do if oil was discovered near Skukuza?

Demands

"What we have to do is to weigh up what the national interest demands. Does it demand efficiently produced high-grade steel, or does it demand that we keep our game parks intact?"

Perhaps the answer to that one can be supplied by author Colonel Laurens van der Post, who said last year during the World Wilderness Congress: "Our survival depends on our wilderness areas and wildlife sanctuaries.

By destroying them for the sake of agriculture or industry we are destroying natural systems which have been keeping this world going for millions of years."

South Africa, he said, was still carelessly exploiting its natural resources, and is guilty of unnecessary and thoughtless planning.

QUOTE

"Our survival depends on our wilderness areas and wildlife sanctuaries . . "—Colonel Laurens van der Post

AMCOAL

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FM 24/2/78

Strong performance

After waiting 18 months between the last two domestic coal price increases, the industry should be breathing more easily. Amcoal's prelim discloses that "the industry has been advised that in future the coal price will be reviewed on a regular annual basis in September of each year."

This is not a covenant with the price controller, but the understanding is that domestic prices will actually be increased every September on a formula basis reflecting average historic cost increases. To Amcoal a domestic price increase is diluted by the fact that currently only about 30% of its total sales tonnage goes through the TCOA and part of that is for exports.

Full details will be given in the annual report, due on March 10, but it is possible to estimate where the group is at. Turnover increased to R259,2m (R198,5m) indicating sales tonnages around 10% higher than 1976's 23,2 Mt. But the July 1976 226c/t domestic price increase, improvements on Escom contracts (over 60% of sales tonnage), and the start of export sales to Japan boosted pre-tax profit 51% to R74,7m.

After tax of R7,6m and dividends of R14,1m there was R53m of cash flow available for capex. Depreciation of industrial assets probably added a further R2m, meaning that about R21m of the year's R76,3m capex was funded other than from profits.

A US$19m facility was raised in 1976 and earmarked for Kleinkopje. A further R17m was raised as debentures in that year and local loan facilities of R35m arranged. Of these last two, R7,6m was available and drawn in 1977. So with net current assets of R30,5m at December 31 1976, little if anything need have been drawn against the R50m facility provided by Anglo.

But it will be needed this year. At end-1976, capital commitments stood at R239m. By end-1977 inflation and additional projects will have pushed the commitment to around R180m, much of which will be spent this year.

The two main expansion projects, Kriel and Kleinkopje, are on schedule. But Amcoal is hardly likely to let the grass grow under its feet and once it has this round of expansion under its belt more could be on the cards, subject to demand. But the question is just where necessary coal reserves will come from.

Open cast coal mining . . . rugged conditions this year

In November 1975 when Amcoal was formed, declared reserves were something in excess of 2 500 Mt. Much of this is already "allocated," the bulk to Kriel and Arnot. Amcoal has no independent prospecting programme, but participates in the Anglo group's "syndicate." And it is a reasonable assumption that some has been added to Amcoal's reserves from its own ground. In 1975 Anglo undertook "to procure that sufficient bituminous coal reserves in the Transvaal will be made available from present and any future reserves held by Group companies to satisfy Amcoal's future requirements." Details should be given in the next annual report

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SUNDAY TRIBUNE, MARCH 5, 1978

MINING PERMITS THREATEN NATAL PARK

By DICK USHER

THE SURVIVAL of one of Africa's oldest game parks — the Umfolosi Game Reserve — is seriously threatened by coal prospecting permits which are being granted in the area

This is the latest shock for conservationists who have already seen the Kruger National Park endangered by prospective coal mines and the go-ahead given for prospecting in the famous Mapelane dune forest area of Zululand.

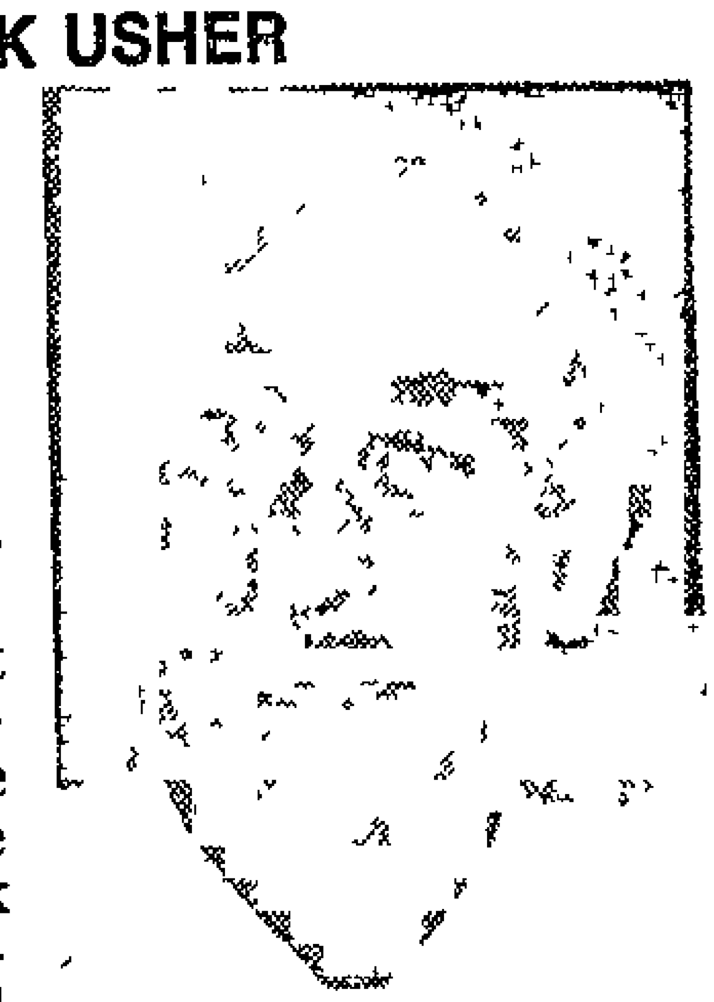
Southern Sphere Mining and Development Corporation has been granted prospecting rights over 87 000 hectares in KwaZulu by the Bantu Mining Corporation They have also applied for rights over a further 14 000 hectares

The area which conservationists fear prospecting will pose the main threat to, Umfolosi, is included in the 14 000 hectares for which Southern Sphere's application is still pending — an area known as Ukuku Reserve number 14376

Mr Kenneth Barnard, exploration manager of Southern Sphere, said this week the company's grant extended south from the Nongoma district to the Black Umfolosi River

"We are busy with coal exploration and although it is still too early to comment about prospects, we have drilled many boreholes and will be drilling a lot more

"The Ukuku Reserve is included in the area for which we have an application pending," he said



Mr Stainbank

But informed sources say it is well known that a seam of high-grade coal runs from the Ukuku area into the Umfolosi Game Reserve.

And Mr Dering Stainbank, Natal Exco member with responsibility for Parks Board affairs, said a representative of the mining company had said they were engaged in prospecting for coal in the Ukuku Reserve.

"The Executive of the Provincial Council and the Natal Parks Board are totally opposed to any interference with the sanctity of the reserve," said Mr Stainbank

Conservationists are fearful that the Government, in its urgent search for energy resources, appears to be throwing concern for conservation to the winds

They say that mining in the area of the game reserve will inevitably lead to large scale pollution of the area — pollution of the rivers with waste products, air pollution from coal dust and noise pollution from the mining and hauling operations

GENMIN SLAAN 'N SLAG

RAPPORT 5/3/78 - (215)

'n UITBREIDING van R15 miljoen aan 'n steenkoolmyn van General Mining naby Newcastle, hou groot voordele vir die land se ekonomie in Dit word eerskomende Vrydag in gebruik geneem.

Die voordele lê nie net daarin dat Evkom en Yskor in Newcastle deur slegs een steenkoolmyn van verskillende eindprodukte voorsien kan word nie, maar ook dat die land se kosbare steenkoolreserwes optimaal benut word

Die uitbreidings ter sprake is aan die Kilbarchan-steenkoolmyn gemaak 'n Splinternuwe, hoogs gesofistikeerde wasaanleg, sowel as 'n nuwe ondergrondse afdeling wat die bestaande produksie met sowat 100 000 ton steenkool per maand aanvul, is op die been gebring

Die Kilbarchan-myn lewer al die afgelope 20 jaar brandsteenkool aan Evkom se Ngagane-kragsentrale naby Newcastle In 1974 is 'n ooreenkoms met Yskor beklink, om mengkookssteenkool aan sy aanleg in Newcastle te lewer

Die nuwe Roy Point-afdeling, sowat 4,5 kilometer vanaf die Kilbarchan-myn, is ontwikkel om die steenkoolproduksie genoegsaam te verhoog om in die behoeftes van hierdie twee groot verbruikers te kon voorsien

Vandag verkoop Kilbarchan gemiddeld 125 000 ton brandsteenkool per maand aan Evkom en 40 000 mengkookssteenkool per maand aan Yskor Die myn produseer meer as 240 000 ton steenkool per maand

Om die vervaardiging van hierdie twee bruikbare produkte uit dieselfde aanleg moontlik te maak, is die modernste tegnieke in die nuwe voorbereidingsaanleg aangewend

● **Foto op bl. 3.**

Cape Times 9/3/78

3 2K

Richard's Bay to boost coal exports to 20m tonnes

JOHANNESBURG — The Richard's Bay coal terminal, at present capable of exporting 12 million tonnes of coal annually, will raise its export capacity to 20 million tonnes a year by mid 1979 in phase II of the project

The SAR and the coal terminal will be ready to handle the increased tonnage progressively from November of this year

Saying this in his annual review, Mr W G Boustred, chairman of Amcoal, also disclosed that Amcoal representatives in company with representatives from other groups met senior government and SAR officials last November

On the basis of information given at the meeting and other advice made available since, provisional export permissions have been granted which will allow for the export of some 40m tonnes annually by 1983 85

If the feasibility and viability of handling the extra 20m tonnes of coal can be established, a phase III coal export programme will be developed

"The industry was told that the first priority of this programme would be the shipment of the outstanding tonnages, already allocated to the phase II exporters, of which Amcoal is one, on a provisional basis," Mr Boustred said

The SAR was optimistic that these tonnages could be handled and that it was the intention to conduct experiments with longer unit trains to determine the extra tonnage of coal that could be handled over the existing line by this method

"The group is investigating the best source from which to exploit its additional three million tonnes of export permission, and the Richard's Bay coal terminal company is undertaking preliminary studies to determine the optimum method of expanding the coal terminal facilities from 20 to 40m tonnes and a first estimate of the cost involved"

Referring to Amcoal's participation in the coal export market, Mr Boustred said the multi-product Kleinkopje mine — now being developed near Witbank at a total cost of R109m in 1976 money values — has been designed to achieve the annual two million tonnes of confirmed government export permission when full production is reached in 1983

"This forms a part of the total provisional export permission of five million tonnes a year which has been granted to our group on the basis of a 20-year export activity."

Further, this initial two million tonnes annually would form a part of the additional eight million tonnes a year which the Railways and the Richard's Bay coal terminal would be able to handle as a result of the phase II coal export expansion programme

Mr Boustred said the Transvaal Coal Owners' Association's export effort was emphasized by the fact that they provided 4,4m tonnes of coal out of the total TCOA exports for 1977 of 8,6m tonnes

"An important element in the success of the export effort has been the achievements of the SAR in providing and operating the unit train system to Richard's Bay We place on record our appreciation of their efforts in this regard The SAR's performance in carrying coal to the inland markets also deserves praise"

The 15,6m tonnes of coal supplied from group collieries to Escom's power stations in the Transvaal and Free State during 1977 represented an increase of 1,2 million tonnes or 8,3 percent over the previous year.

Arnot continued to be the group's largest supplier to Escom, with sales totalling 5,74m tonnes in 1977. Both the underground and opencast mines performed satisfactorily and supplied the power station with its full requirements in addition to raising the ground stockpile at the station from 310 000 tonnes to 794 000 tonnes.

The second of six 500 mW generating sets at the Kriel power station was commissioned in 1977 and the third and fourth sets were expected to be commissioned in February and July 1978 respectively.

It was anticipated that coaling from the Kriel opencast mine would commence during the second quarter of 1978.

An offer by the group to invest an additional R10m in Kriel was accepted by Escom. This amount, which would yield a satisfactory rate of return, was invested during the year, bringing the group's investment in the colliery to R64m.

Sales to Escom from New Largo, Springfield and Cornelia collieries totalled 7,12m tonnes. Springfield had its most successful year ever with sales of 3,74m tonnes.

The total estimated cost to completion of shaft and mechanization projects at these three collieries was R16m of which Escom was funding an estimated R14,9m

Following the substantial increase in the domestic coal price in mid-1976, the industry initiated major steps to provide the productive capacity necessary to meet domestic demand and to eliminate the periodic shortages experienced in recent years.

Amcoal commissioned additional capacity at Springbok Colliery and brought into production a new open pit at Landau Colliery.

The aim of meeting market demand was successfully achieved and all major consumers held stocks at unprecedented levels ahead of the 1977 winter.

Mild winter

However, the mild winter, combined with the lower level of domestic economic activity, led to a marked downturn in demand in the latter part of the year A further drop in demand for TCOA coal by the older Escom power stations arose from the supply of power from Cabora Bassa.

The group continued to be the largest private sector supplier of blend coking coal to Iscor, the production coming from the No 5 seam mined at Blesbok, Springbok and navigation of South African Coal Estates

In addition to these No. 5 seam supplies, Vryheid Coronation sold straight coking coal, surplus to its own coke oven requirements, to Iscor and has become a reliable and consistent supplier to Iscor's Newcastle works

Vryheid Coronation, in which the group holds a 65 percent interest, sold 505 000 tonnes of coke in 1977, some 43 000 tonnes less than in 1976

While coking coal output was maintained at the same level as in the previous year, coke sales during the second half of the year were affected by weak market conditions. — Sapa

More coal for export

NM 9/3/75

(215)

JOHANNESBURG — The Richards Bay coal terminal, at present capable of exporting 12 million tons of coal annually, will rise its export capacity to 20 million tons a year by mid-1979 in Phase Two of the project.

The S.A R. and the coal terminal will be ready to handle the increase tonnage progressively from November of this year.

Saying this in his annual review, Mr. W. G. Boustred, chairman of Amcoal, also disclosed that Amcoal representatives, in company with representatives from other groups, met senior Government and S.A.R. officials last November.

On the basis of information given at the meeting and other advice made available since, provisional export permissions have been granted which will allow for the export of some 40 million tons annually by 1983-85

If the feasibility and viability of handling the extra 20 million tons of coal can be established, a Phase Three coal export programme will be developed.

"The industry was told that the first priority of this programme would be the shipment of the outstanding tonnages, already allocated to the Phase Two exporters, of which Amcoal is one, on a provisional basis," Mr. Boustered said.

The S A R. was optimistic that these tonnages could be handled and that it was the intention to conduct experiments with longer unit trains to determine the extra tonnage of coal that could be handled over the existing line by this method

"The group is investigating the best source from which to exploit its additional three million tons of export permission and the Richards Bay Coal Terminal Company is undertaking preliminary studies to determine the optimum method of expanding the coal terminal facilities from 20 to 40 million tons and a first estimate of the cost involved."

Referring to Amcoal's participation in the coal export market, Mr Boustred said the multi-product Kleinkopje Mine — now being developed near Witbank at a total cost of R109 million in 1976 money values — has been designed to achieve the annual two million tons of confirmed Government export permission when full production is reached in 1983.

"This forms a part of the total provisional export permission of five million tons a year which has been granted to our group on the basis of a 20-year export activity"

Further this initial two million tons annually would form a part of the additional eight million tons a year which the Railways and the Richards Bay coal terminal would be able to handle as a result of the Phase Two coal export expansion programme — (Sapa)

FM 10/3/78

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Anglo American Coal Corporation Limited

Group's spread of coal interests and ability to earn substantial profits in difficult trading conditions are encouraging — Mr W. G. Boustred

The following is an extract from the annual review by the chairman for the year ended December 31 1977

Group turnover increased by 31 per cent to R259,2 million and the Group's operating profit of R79,1 million exceeded that for 1976 by 46 per cent The profit after normal tax amounted to R67 123 000 and it is this amount that should be compared with the profit after taxation of R44 404 000 reported in 1976

In 1977 your board decided to introduce a policy of tax equalisation and R17 050 000 has been provided for the year After this provision the profit attributable to Amcoal shareholders amounted to R47 295 000 representing 201 cents a share and dividends totalling 60 cents a share (1976 40 cents) have been declared These dividends absorbed R14 095 000

The decision to provide for tax equalisation has improved the quality of the Group's earnings in that the tax allowances attributable to major capital expenditure projects undertaken by the coal mining subsidiaries will be spread over the lives of those projects rather than being applied in the years in which the expenditure is incurred

During 1977 the Group s interest payments totalled R7 881 000 However R3 193 000 of this amount was capitalised to the cost of mining assets as being attributable to loans raised to finance assets which were not yet in production The net interest payments charged against profits of R4 688 000 exceeded the corresponding amount for 1976 by R1 575 000

Group coal mining activities

Turnover from the sale of coal and coke during 1977 totalled R211 1 million and this generated an operating profit of R68 7 million These results compare with a turnover of R154 1 million and an operating profit of R44 9 million for 1976 and represent great progress in this sector of the Group s activities despite the worsening economic situation, both worldwide and in South Africa

The export of coal through Richards Bay reached the planned throughput rate of 12 million tons in the last quarter of the year as the efficiency of the whole export system improved throughout the year The valuable contribution which this export effort has made to the improvement in the country s balance of payments has been publicly acknowledged

The Group s export collieries fulfilled their commitments for delivering low ash and power station coals to Richards Bay and expected revenue from these sales was achieved The demand on export markets for steam coal remained firm throughout the year but in the second half of the year there was a marked weakening in the demand for metallurgical coal resulting from the depressed state of the steel industry particularly in Japan and Europe The domestic market demand for bituminous coal held up well through to August 1977, but the combination of a mild winter full stockpiles and lower levels of economic activity resulted in a marked fall off in demand in the last four months of the year

During 1977 the Group s collieries sold 25 7 million tons of coal and coke compared with 23 2 million tons in 1976 an increase of 10 7 per cent The Group s share of total South African coal sales was 30 6 per cent in 1976 and 30 24 per cent in 1977

The two major growth areas were in TCOA business, owing to the growth in exports and in Escom business mainly as the result of the development of Kriel colliery and higher sales by Springfield colliery Output of metallurgical coal for Iscor continued to decline as the mining conditions at supplying collieries became progressively more difficult in the remaining reserve areas

Average revenue per ton sold increased to R8 21 from R6 64 in 1976 This increase was attributable to three factors the influence of a full year s sales at the substantially higher domestic prices gazetted in mid-1976 the effect of a full year of export operations at Bank Colliery and the increased prices reflected in our cost plus sales contracts

In their report the technical advisers record that average working costs per ton were 19 6 per cent higher than in 1976 This increase compares with 23 1 per cent and 38 2 per cent in 1976 and 1975 respectively While the rate of increase shows a declining trend it is disappointing that the increase for the year was higher than had been budgeted This aspect of the operations must again receive great attention in 1978

The Group s net expenditure on coal mining assets during 1977 was R76 million compared with R43 million in 1976 This large increase in the rate of capital expenditure reflects the important developments taking place at Kriel and Kleinkopje collieries At the end of 1977 Group collieries had capital expenditure programmes estimated to cost a further R181 million in present-day money terms

Power generation

The 15 6 million tons of coal supplied from Group collieries to Escom s power stations in the Transvaal and Orange Free State during 1977 represented an increase of 1 2 million tons or 8,3 per cent over the previous year

Arnot continues to be the Group s largest supplier to Escom with sales totalling 5 74 million tons during 1977 During 1978 the burning rate at the station is expected to continue at the present level but in order to reduce the stockpile now standing at 794 000 tons the output from the opencast mine will be further reduced

The second of six 500 MW generating sets at the Kriel power station was commissioned during 1977 and the third and fourth sets are expected to be commissioned in February and July 1978 respectively Production from the underground mine is currently 270 000 tons a month and is expected to increase to 330 000 tons a month during 1978 It is anticipated that coaling from the opencast mine will commence during the second quarter of 1978

An offer by the Group to invest an additional R10 million in Kriel was accepted by Escom This amount which will yield a satisfactory rate of return was invested during the year, bringing the Group s investment in the colliery to R64 million

Sales to Escom from New Largo Springfield and Cornelia collieries totalled 7 12 million tons Springfield had its most successful year ever with sales of 3 74 million tons The total estimated cost to completion of new shaft and mechanisation projects at the three collieries is R16 0 million of which Escom is funding an estimated R14 9 million

Trade (export and domestic)

The Group s two export collieries Bank and Landau operated well during the year The importance of the contributions of these two collieries to the TCOA export effort is emphasised by the fact that they provided 4 4 million tons out of TCOA s total exports in 1977 of some 8 6 million tons

An important element in the success of the export effort has been the achievements of the South African Railways in providing and operating the unit train system to Richards Bay and we place on record our appreciation of their efforts in this regard The SAR s performance in the carrying of coal to the inland markets also deserves praise

Following on the substantial increase in the domestic coal price in mid 1976 the industry initiated major steps to provide the productive capacity necessary to meet domestic demand and to eliminate the periodic shortages experienced in recent years Our Group commissioned additional capacity at Springbok colliery and brought into production a new open pit at Landau colliery The aim of meeting market demand was successfully achieved as is evidenced by the fact that all major consumers held stocks at unprecedented levels ahead of the 1977 winter However the winter turned out to be mild and that combined with the lower level of domestic economic activity, led to a marked downturn in demand in the latter part of the year A further drop in demand for

TCOA coal by the older Escom power stations arose from the supply of power from Cabora Bassa These factors have resulted in a degree of surplus capacity in the industry While it is disappointing to be operating below capacity our Group mines are well placed to take advantage of any increase in demand

Metallurgical coal

The Group continues to be the largest private sector supplier of blend coking coal to Iscor the production coming from the No 5 seam mined at Blesbok Springbok and Navigation section of South African Coal Estates

The possibility of mechanising certain of the No 5 seam mines is under discussion with Iscor but the short remaining lives may in certain cases make mechanisation uneconomic However it is hoped that these discussions will reach a satisfactory conclusion

In addition to these No 5 seam supplies Vryheid Coronation sells straight coking coal surplus to its own coke oven requirements to Iscor This colliery has become a reliable and consistent supplier to Iscor s Newcastle works

Coke

Vryheid Coronation in which the Group holds a 65 per cent interest sold 505 000 tons of coke in 1977 some 43 000 tons less than in 1976

While coking coal output was maintained at the same level as in the previous year coke sales during the second half of the year were affected by weak market conditions Coke production was reduced by some seven per cent from June onwards and the surplus coking coal arising was purchased by Iscor The weakness in the coke market has continued into the current year

Coal reserves

Amcoal already owns or is in a position under existing arrangements to exploit some 4 1 billion run-of-mine tons of coal reserves these together with another 2 3 billion tons of proven reserves controlled by the Anglo American Corporation and its subsidiaries and which will be made available in terms of the undertakings given at the time of the formation of Amcoal place our Group in an extremely strong position in regard to the availability of reserves

In addition the Anglo American Corporation Group s coal prospecting programme in which Amcoal has a 20 per cent participation has as its main objective over the next four years the acquisition and consolidation of coal blocks in the Transvaal totalling a further three billion tons This programme which has involved exploration on-going drilling reserve evaluation and coal right acquisition has continued successfully throughout the year

Kleinkopje

At Kleinkopje the Group s multi-product opencast project development and construction work during 1977 has progressed in a very satisfactory manner and all aspects were on or ahead of schedule at the year end

The commissioning of the dragline is planned for October and coaling should commence during December which will enable railing to the coast to start in January 1979 Full production for the first phase of the Kleinkopje colliery involving 2 7 million sales tons a year is programmed for June 1979 and the total cost of the project remains within the original estimated cost of R109 million in 1976 money values

Further expansion of coal exports

The Kleinkopje mine has been designed to achieve when full production is reached in 1983 the annual two million tons of confirmed Government export permission which forms a part of the total provisional export permission of five million tons a year which has been granted to our Group on the basis of a 20 year export activity

Further this initial two million tons annually will form a part of the additional eight million tons a year which the railways and the Richards Bay coal terminal will be able to handle as a result of the Phase 2 coal export expansion programme This programme will raise the annual capacity of the coal export system from 12 to 20 million tons The SAR and the coal terminal will be ready to handle the increased tonnage progressively from November of this year until it reaches its new full capacity by mid-1979

In November representatives of our Group in company with others met with senior officials of Government and the SAR On the basis of information given at that meeting and other advice which has since been made available provisional export permissions had been granted which would allow for the export in total of some 40 million tons of coal a year If the feasibility and viability of handling the additional 20 million tons of coal can be established a Phase 3 coal export programme will be developed The industry was advised that the first priority of this programme would be the shipment of the outstanding tonnages already allocated to the Phase 2 exporters of which Amcoal is one on a provisional basis

The industry was advised further that the SAR was optimistic that these tonnages could be handled and that it was the intention to conduct experiments with longer unit trains to determine the extra tonnage of coal that could be handled over the existing line by this method

The Group is investigating the best source from which to exploit its additional three million tons of export permission and the Richards Bay Coal Terminal Company is undertaking preliminary studies to determine the optimum method of expanding the coal terminal facilities from 20 to 40 million tons and a first estimate of the cost involved The time frame envisaged for these new developments is 1983 to 1985

Coal mining productivity and labour

The proportion of the Group s production derived from underground mechanised and opencast operations increased during the year to 75 per cent compared with 68 per cent in 1976 This was reflected in a 2 9 per cent improvement in productivity expressed in terms of sales tons per person employed from 81 9 tons in 1976 to 84 3 tons a month in 1977

However the still substantial tonnage of coal won from hand loading operations continued to have an adverse influence on the Group s overall coal mining productivity

Labour turnover rates remained at unsatisfactorily high levels despite strong indications particularly in the second half of the year that the inducements offered to black employees designed to encourage a greater degree of stability in employment were starting to have a beneficial effect The disinclination of workers to undertake the more physically demanding work particularly of handloading of coal tramming and drilling is apparent and the Group has continued to examine the possibility of mechanising its remaining hand-got operations subject to the restraints imposed by the availability of coal reserves and the need to justify the capital expenditure involved

From April 1977 eleven-shift fortnight working arrangements were introduced on all of the Group s collieries which had not previously adopted this practice Levels of production were generally maintained but at the expense of higher unit costs Apart from the cost aspect these arrangements have proved to be satisfactory and it is considered that this method of working should be maintained on the collieries for some time to come

Industrial interests

The Group net income attributable to ordinary shareholders of Vereeniging Refractories Limited in which Amcoal holds 51 per cent of the ordinary shares was almost unchanged at R3 335 000 compared with R3 259 000 in 1976 No marked upturn in local demand for refractories and chromite is expected in 1978 but a greater emphasis on exports should enable Vereeniging Refractories to maintain its profit level

Financial policy

The substantial loan facilities negotiated by the Group during 1976 when considered together with planned profit retentions over the next few years remain sufficient to enable the Group to finance the commitments arising from its present capital expenditure programme At the year end no drawings were outstanding against the loan facility of R50 million made available to the Group by Anglo American Corporation of South Africa Limited but it is anticipated that from about the second quarter of 1978 this facility will be utilised

Future prospects

The gradual recovery predicted for the world s major trading nations during the course of 1977 did not develop to the extent expected and the economic outlook, both within the Republic and overseas remains uncertain The international steel market in particular remains depressed and the Group s income from exports of metallurgical coal is expected to be slightly lower than in 1977 The world market for steam coal on the other hand continues to show signs of underlying firmness

In South Africa the demand for coal has declined in recent months and industrial and household consumption is expected to be at lower levels than in 1977

Average unit working costs have risen during the last three years by disturbingly large amounts The increase in 1977 of 19 6 per cent was disappointing as the operating budgets had been based on holding cost increases at a lower level The Group's forecasts for 1978 indicate that average unit working costs will rise by 11 per cent which if achieved will represent considerable progress in containing these unacceptably high rates of inflation

It is clear that this year presents the Group with many challenges To maintain our competitive position both internationally and in South Africa it is essential that important headway continues to be made in the critical areas of cost control and productivity Equally, the successful marketing of our products in difficult market conditions will require close attention

In the short term I remain encouraged by our Group's spread of coal interests and its ability to earn substantial profits notwithstanding difficult trading conditions For the year 1978 it is expected that the operating profit will be similar to that earned in 1977 In the longer term I believe that our export trade will grow and that there are good prospects for increasing our sales particularly of power station coal Equally I am confident that the domestic market will recover and that the Group will participate fully in the expansion of this business

The annual report and chairman's review may be obtained from Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001

The annual general meeting of members will be held at 44 Main Street Johannesburg on Thursday, April 6 1978 at 12h15

COAL – BURNING BRIGHT

(215) FM 10/3/78

By 1980 SA should be exporting 20 Mt of coal compared to a current level of 12 Mt Even if prices remain static this means that within the year coal should be earning nearly R450m in foreign exchange (R265m in 1977).

Alan Tew, MD of the Transvaal Coal Owners Association (TCOA), expects the bulk of the long-term increase in demand to come from Europe and the US, but there should also be an improvement in the Japanese market as well as a possible penetration of South America Immediate prospects, however, depend on sales to Israel, Taiwan and South Korea, where the TCOA is currently concentrating its efforts.

At present France is by far the biggest taker of SA coal, buying about 4 Mt a year. The next most important customer is Japan which took roughly 2,2 Mt in 1977. Italy and the US each take 0,75 Mt

Israel has tentatively agreed to buy 0,5 Mt-0,8 Mt per annum from SA, provided says Tew, that the Israelis find SA coal technically acceptable He doesn't foresee any problems If all goes as planned, exports will start in 1980 when the first of 4 350 megawatt generators at Hadera comes on stream. Exports will reach their expected maximum by 1983

Taiwan may turn out to be a another important export market. In 1983 the Taipei government will be expanding its coal-burning power stations

The TCOA already has a technical mission in Taiwan and is sending trial cargoes there It expects to supply a small quantity of coal over the next few years — roughly 100 000 t a year. The Association should thus have its foot in the door when the expansion programme materialises.

Another promising market is South Korea The Korean state electricity company is currently studying proposals for coal supplies from Canada and Australia as well as SA says Tew· "We are positive in our consideration of this situation but we can't anticipate Korean decisions on it" All the same, SA has a good chance. About 0,5 Mt a year is at stake.

Less happy is the president situation in Japan. The Japanese steel industry – which imports low-ash blend coking coal from SA — is in the doldrums. Consequently Japan wants to cut down on coal imports by 0,5 Mt this year — from 2,2 Mt to 1,7 Mt

The TCOA has resigned itself to this drop, but it still intends raising the subject with the Japanese. One thing is sure. Even if the quantity drops, TCOA will push for a higher price.

(h) Hoeveel mense, behalwe werker self, woon in die huis?

14. <u>Werker se vorige werk</u>

Plek (plaas, dorp, distrik) Tydperk Soort werk Weeklikse loon

1.

2.

3.

4.

5.

Rede waarom werker elke werk verlaat het:

1.

2

3.

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215 The Star Saturday Mar 11/3/78

Coke-coal: park has a 'reprieve'

The Kruger Park has a five-year reprieve until existing coking-coal mines in the northern and western Transvaal are depleted

Then consideration will be given to other deposits in the same general area, Dr T F Muller, chairman of Iscor, said at Pretoria university last night

Speaking at the annual students prizegiving ceremony of the South African Institute of Mining and Metallurgy, he said the Ellisras mine, and a new one to be opened in the Soutpansberg, should "meet the corporation's requirements up to at least 1983"

AGAINST

"It is to be expected that a primary steel producer, such as Iscor, would take a keen interest in the proceedings," as high-grade coking coal had been found in the park, but cost mitigated against mining in remote areas

Should it ever be necessary to mine in the Kruger Park — "and my guess is that it will not be for many years" — the National Parks Act would have to be amended before permission could be granted, Dr Muller pointed out

And if the authorities for the national parks ever agreed to mining in a reserve, strict conditions would be imposed Among them:

- Restrict activity to one area — 50 or 60 sq km — at a time;
- Exchange suitable and acceptable land;
- Pay royalties, which would be put back into conservation;
- Keep disturbances of the environment to a minimum.

12/3/78 Sunday Times

2/8

MPs to debate mining in Kruger Park

By FLEUR DE VILLIERS

MPs will discuss one of South Africa's most valuable national assets — the Kruger National Park — this week.

An urgent debate in Parliament has been asked for and granted to the PFP member of Parliament for Orange Grove, Mr Rupert Lorimer, after persistent reports that Iscor intended mining an area in the park for coking coal

Mr Lorimer, who earlier had threatened to bring a charge against the Minister of Mines, Mr Fanie Botha, for infringing Clause 20 of the National Parks Act by allowing prospecting in the park, said at the weekend that he would now "hold off any further action" until after the debate

The Deputy Minister of Agriculture, Mr Oubaas Malan, has insisted in Parliament that drilling in the park by the geological survey division of the Department of Mines did not fall under a prohibition in the National Parks Act of 1926 which prevents "prospecting or mining of any nature" in a national park.

Advice

Mr Lorimer said this week, however, that he had taken legal advice on the matter and that drilling or boring fell under the definition "prospecting" in the Mining Rights Act

The row blew up when it was discovered that the geological survey division had undertaken extensive drilling operations in the park in the vicinity of Punda Milia

These operations are believed to have revealed extensive coking coal deposits of interest to Iscor in the manufacture of high-grade steel

The Iscor chairman, Dr T F Muller, has dismissed as unwarranted suggestions that a large section of the park is in danger of being spoilt by mining operations.

But he told delegates at a meeting of the South African Institute of Mining and Metallurgy in Pretoria on Friday night that in time mining would be done in parts of the park if this proved vital to the interests of the country

[redacted]

(215) 12/8/78 Sunday Express

Amcoal a star burning bright

By PAUL DIAMOND

AN INDICATION of Amcoal's gigantic proven coal reserves was given recently. With 6 400-m tons of reserves backing it, Amcoal, the new mining colossus, is way ahead of competitors Rand Mines and General Mining's Trans-Natal.

Amcoal's chairman Graham Boustred is the first to point out that this is not all Amcoal has at its disposal. He has said that Amcoal's main objective over the next four years is the acquisition and consolidation of coal blocks in the Transvaal, an exercise that will add another 3 000-m tons to the group's assets.

In terms of dividend pay out, Amcoal, with the R14-m it paid out this year, is up with the giants, General Mining, Rand Mines, Unicorp and it beats JCI

Boustred has first set his sights on the export market. Already Amcoal has a quarter stake in the Phase 2 exports tonnage of 20-m annually which comes from SA Coal Estates and from 1979 from newcomer Kleinkopje colliery. Amcoal would without doubt welcome a bigger bite at this market.

Amcoal's share of Phase 3, and recently Boustred lifted the veil on this, will be 8-m tons for which it is gearing itself. The group will be developing a new colliery which, with the new heavy media washing process, means metallurgical and other fraction spin-off

Phase 3 is attractive with a potential income at today's prices of R700-m a year and the project looks even better now that the SAR is confident it can provide the services required at Richards Bay by the kick-off date of 1983/5.

Naturally this will cost money and Amcoal is already committed to a further R181-m capital expansion and development programme The group is in good financial shape with an accumulation of muscle (last year the group's total interest on loans was nearly R8-m) and Boustred is confident that the loans negotiated so far with profit retentions will see Amcoal through projected development.

And one little known fact is that Amcoal has a R50-m loan facility from Anglo American, as yet untouched.

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uestionnaire to workers

name only)

d you come to this farm?

ou ever though of going to work in a city?

, why don't you?

ort of work (if any) would you rather do - either

farm or somewhere else?

obs would you like your children to do?

er has not been to school: Why didn't you go to school?

er began but did not complete schooling: Why didn't

inish your schooling?

s

uld you most like to see changed in your working

tions? (wage, payment in kind, hours, holidays)

living conditions? (housing, recreational facilities)

AMCOAL FM 17|3|78 (215)

Period of consolidation

Activities: *Chief holding company for the Anglo group's coal interests. Has 12 operating collieries and is SA's largest coal corporation.*

Chairman: *W G Boustred.*

Capital structure: *23,5m ordinaries of 50c. Market capitalisation. R186,8m.*

Financial: *Year to December 31, 1977. Borrowings· long and medium term, R59,3m. Net cash R15,9m Debt·equity ratio 33,2% Current ratio 1,3. Group cash flow: R77,0m Capital commitments R163,3m*

Share market: *Price· 795c (1977-78· high, 930c, low, 725c; trading volume last quarter, 221 000 shares). Yields 25,4% on earnings; 7,5% on dividend Cover: 3,4. PE ratio: 3,9.*

	'75	'76	'77
Turnover (Rm)	137	198	259
Pre-tax profit (Rm)	24,3	49,5	74,7
Earnings (c)	63	173	202
Dividends (c)	28,75	40	60
Net asset value (c)	520	651	714

Last year chairman Graham Boustred predicted that sales and profits would better those of the preceding year. This year, he is more cautious and says· "For the year 1978, it is expected that the operating profit will be similar to that earned in 1977."

The two major development projects, Kleinkopje and Kriel, are both on schedule and form the major portion of the capex programmes currently in hand and estimated to cost R181m in present day terms. But even with static profits this year, there should be no difficulties funding capex over the next two years.

Excluding the tax equalisation provision, Amcoal's retentions after tax, dividends and minorities ran at R50,6m. Of the capital commitments, R45m is recoverable from customers. R9,8m remains to be drawn against the dollar loans and this year a start will be made on drawings against the R50m facility provided by Anglo.

It means that Amcoal has to provide R76m for capex from its own sources over the next two years. So there is scope for a further dividend increase this year and more to come in 1979 when both Kriel and Kleinkopje are on stream.

Looking even further ahead, on end-1977 borrowings, loan repayments start in 1979 at R5,1m. They peak in 1981 at R16,4m and on present plans end in 1983. Thus even repayment of additional loans taken up this year should present no difficulties.

Reverting to Boustred's prediction of maintained operating profit this year it appears that sales to Escom by Kriel are expected to compensate for declines elsewhere. 61% of Amcoal's production went to Escom on cost plus contracts which underpins future profits 29% was delivered to the TCOA of which 60% (17% of total production) was for export. Japanese consumers have been back-pedalling on low ash coal deliveries and contracts with Japan have reduced delivery clauses

To some extent reduced deliveries could be compensated by higher prices. But unless foreign markets recover in the near-term, Kleinkopje's sales which are due to start in January 1979 could be off to a slow start

Of the sales to the TCOA for the domestic market there is little likelihood of profit margins improving materially. The 86c/ton increase granted in February did no more than compensate for cost increases in the 18 months since the previous increase. In future the controlled domestic price will be reviewed each September. But increases will be based on a formula relating to the overall industry cost increases and there is little reason for the price controller to grant anything which will improve margins.

Metallurgical coal and coke production, most of which is delivered to Iscor, will probably remain relatively static this year and next.

It all adds up to a period of profit consolidation over the next couple of years. Boustred reports that Amcoal already owns, or is in a position under existing arrangements to exploit, 4 100 Mt of reserves. Another 2 300 Mt will be made available by Anglo when necessary and Amcoal has a 20% stake in Anglo's coal prospecting programme which aims at adding a further 3 000 Mt over the next four years. Amcoal's problem is not reserve availability but just how quickly its non-committed reserves can be turned to account But the company will want the current capex programme under its belt as well as additional market outlets before any major green fields projects are started

Policy is to establish a pattern of steadily rising dividends and an increased total payout of 75c looks possible, putting the shares on a prospective yield of 9,4%. They are in line with Trans-Natal, and with similar quality earnings will probably stay that way.

But the whole sector seems to be in for a period of consolidation with only a marginal chance of overseas interest to bolster local buying. Hence Amcoal is best suited to investors with medium-term objectives and if interest in the sector wanes there could be better buying opportunities.

Jim Jones

215 FM 17/3/78

February Coal Sales

	Feb 1978	Progressive total to Feb 1978	Progressive total to Feb 1977
	'000 metric tons		
AAC			
Cornelia (2)	277	530	418
Anglo Power Coll			
Arnot Div (2)	487	921	1 040
Kriel Div (2)	279	547	367
Balgray (8)	19	133	155
Blesbok (2)	30	59	51
Coronation (2)	133	298	279
Morupule (2)	20	41	55
Natal Anth (2)	59	123	88
New Largo (2)	86	167	236
SA Coal (2)	283	599	679
Springbok (2)	178	342	378
Springfield (2)	263	515	590
Swaziland (11)	16	116	124
Vierfontein (2)	122	223	192
Vryheid			
Coal (2)	20	42	27
Coke (2)	40	82	91
Wankie			
Coal (6)	152	1 029	1 244
Coke (6)	14	78	106
Zululand (2)	30	62	51
GENERAL MINING			
Afrikander Props			
Delmas (8)	153	1 280	1 452
Clydesdale			
Coalbrook (8)	221	1 824	2 187
New Clydes (8)	116	849	767
Trans-Natal			
Blinkpan (8)	176	1 493	1 851
Ermelo (8)	59	78	—
Haasfontein (8)	59	532	517
Hlobane (8)	87	695	641
Kilbarchan (8)	179	1 478	1 367
Northfield (8)	31	220	202
TNC Opencast (8)	93	765	697
Tvl Navigation (8)	126	1 054	950
Usutu (8)	401	3 323	3 145
Optimum (8)	503	4 245	3 956
GFSA			
Apex (2)	117	241	200
JCI			
Natal Cam (8)	40	359	301
KANHYM			
Eikeboom (8)	38	269	231
LONRHO			
Duiker Explor (5)	190	931	1 015
RAND MINES			
Umgala (5)	93	422	342
Welgedacht Explor			
Open Pit (5)	54	259	[illegible]
Utrecht (5)	6	23	17
Zimbutu (5)	25	126	127
Witbank Coll			
Albion (5)	43	214	[illegible]
Douglas (5)	139	588	656
Union (5)	27	125	77
Van Dyks Drift (5)	231	1 190	1 087
Wolvekrans (5)	115	711	626
TAVISTOCK			
Phoenix (8)	82	588	[illegible]
S Witbank (8)	140	1 078	[illegible]
Tavistock (8)	90	765	[illegible]

Figures in parentheses are the number of months in each company's financial year completed at the end of February

(e) Grond

Opperv1akte verskaf gebruik

Waarde aan boer:

Water (jaarlikse koste aan boer)

Koste van ander dienste b.v. saad, gebruik van plaasmasjinerie

(f) Klere: artikels verskaf deur boer (jaarliks)

Koste aan boer:

(g) Bonus (jaarliks)

(h) Geskenke (jaarliks: artikels

Koste aan boer:

(i) Ontspanningsgeriewe verskaf:

Koste aan boer (jaarliks):

(j) Gesondheidsdienste:

Jaarlikse koste aan boer van: doktersrekeninge betaal

medisyne

vervoer na en van geriewe

ander

(j) Totale mediese koste

(k) Pensioenbydrae deur boer (jaarliks)

(l) Versekeringsbydrae deur boer (jaarliks)

TAKING STOCK S Tribune 19/3/78 MAC THAIN

215

OPTIMISM ON THE COAL FRONT

AS EXPECTED, the late and heavy rains have inspired forecasts of an early and severe winter. This would suit the books of the clothing and coal trades, for the mild one of 1977 brought them no joy.

It aggravated the downward trend of domestic goal sales arising from the economy sticking in its trough. To make matters even worse, the anticipated increase in the controlled pithead price was deferred by the authorities — apparently on expectations on their part that rate of inflation would slow down. Instead it accelerated.

This contributed appreciably to the cooling off in coal shares which had performed so well in the second half of last year. In fact they over-performed in a lot of cases.

Their attraction largely came from the impressive statistics for coal exports as Richards Bay got into full swing. Preliminary figures show a sharp increase of 46 percent in tonnage sold compared with 1976 and a 140 percent leap in value to over R249-million.

Earnings of collieries from this more than compensated for the drop in the domestic market and the fond belief developed among many coal bulls that 1978 would see yet a further big increase, particularly as Richards Bay would be geared to exploit its full capacity

The sad fact is that the international steel market is showing no signs of the recovery forecast in the course of last year and now seems as far off as ever

Last year saw a useful build-up in exports of power station-type coal as the result of the high prices of fuel oil. With the world recession not yet over, the growth rate here looks like slowing down.

Without exception the main colliery companies were able to increase dividend distributions for 1977 and unless the situation deteriorates seriously payments should be held in the current 12 months On such a basis, yields are running in the six to eight percent range which is not too bad a return, particularly if expectations of a drop in the pattern of interest rates are realised in the course of the year.

It is unlikely that a marked improvement will come about suddenly. It depends heavily on that achieved in the domestic and international economic fronts.

Production for local consumption is running well below normal, the running down of last year's unused stockpiles contributing to this . . . furthermore, the higher prices only came into effect last month These will be revised in September and at 12-monthly intervals thereafter.

If the economy can stand it, the increases should be more realistically based on some provision being made for some of the capital costs of modernisation and expansion to be derived from earnings. At present the increases only compensate for higher operating costs retrospect — which is unsatisfactory enough in itself.

On the export side, tonnages called for are largely beyond the control of producers but the important aspect on investment is that this section of the industry is in a strong position to take advantage of any upturn.

It is ironical that this exists because the forecasts of export potentials made a number of years ago were much higher than has proved the case. On the basis of these, very heavy capital expenditure programmes were embarked upon both by collieries and the Richards Bay project. Had the decisions been delayed, not only would they most likely have been trimmed but the viability of the total scheme might have been at risk in the light of the 30 percent a year climb in prices of plant and equipment. In consequence much of this spending for the future has already been done

There is solid confidence that things will come right in the longer-term. As steel making revives so should the demand for low-ash coals. With higher oil prices now an absolute certainty, power station coal will become of increasing importance to energy hungry countries.

The coals groups are gearing for this with the opening up of new collieries specifically for this latter trade, such as Amcoal's Kleinkopje mine and Trans-Natal's big joint venture with BP and Total at Ermelo.

Work on expanding the handling capacity at Richards Bay is well advanced. This reached its first target of 12 million tons a year in the final months of 1977. The phase two programme now underway will raise this to 20m tons and the SAR and the terminal will be able to handle the increased tonnage from November this year until full capacity is reached by mid-1979.

When related to all these developments in the years ahead, good coal shares do not look at all over-priced.

FM 24/3/78

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Financial Mail

King coal v King Kong

The controversy over the coking coal deposits in the Kruger Park has brought out the worst in both the protagonists and the opponents of mining The first casualty, as usual even before the animals who are supposed to be the main object of concern, is rational debate

On one side, for example, the press is whining on about "wrecking" the park, or "tearing at the fabric of our national heritage " On the other, the absurd Minister of Agriculture says that if oil is found there, "everyone of those lions can be accommodated in the Carlton Hotel " Could anything better illustrate the immaturity of the political debate on conservation?

The truth is that as a wilderness area, much of the Kruger Park has already been commercialised, or has been forced to make concessions to industrialisation Particularly in the south, the park is little more than a glorified zoo Certainly that is how Col Stevenson-Hamilton, whose name has been much invoked recently, would regard it

Beer cans in the bush

The main camp, Skukuza, is more a *plesieroord* than a place where people go for serious animal- or bird-watching The idea that anyone would go there for a bit of peace and quiet, or on a back-to-nature kick, is laughable

The park already has pylons carrying Cabora Bassa power into the Escom grid over a large tract of the north, a no-go zone all down the Mozambique border, with unknown levels of animal or habitat disturbance, a railway, now closed, tarred roads, plus other road-grading and improvements which can cut wide swathes through the bush With all this going on, do a couple of little coking coal mines really make any difference?

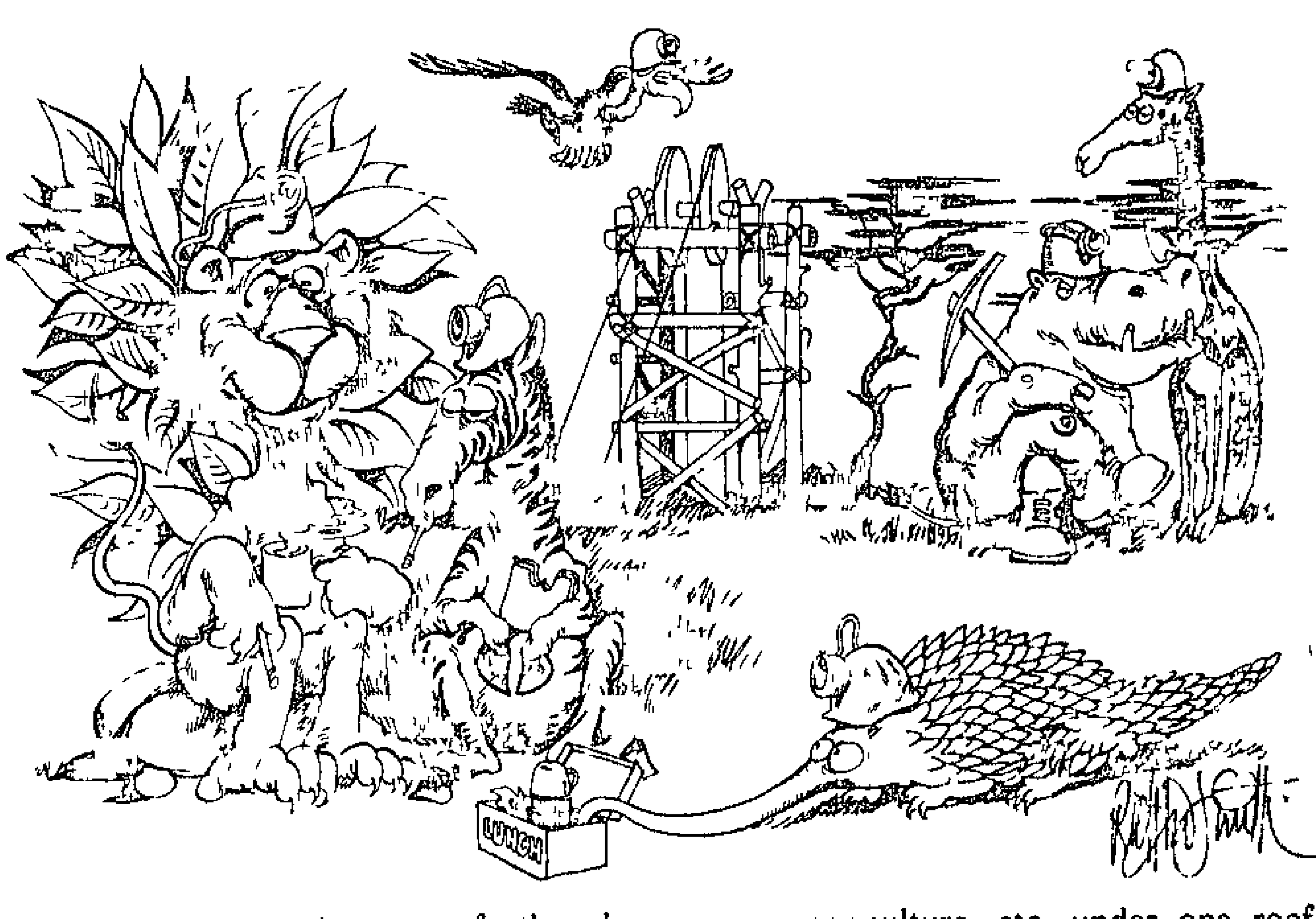
The answer, of course, is that they do But the perspective is what is important It is plain nonsense to assert that the Kruger Park is virgin bush suddenly about to be despoiled by Iscor's head gears If there is an argument to be put by the conservationists, it should be along the lines that the existing concessions to commerce and industry have already gone too far and if anything, should be reversed rather than added to

The most probable outcome of the affair is this. Iscor will be allowed to complete its probe of the park with a view to establishing the existence of reserves which could, *in extremis*, be exploited But long before there is any prospect of their being mined, changing technology or development of other discoveries of high grade coking coal, such as the Venda deposits, will ensure that the park coal stays in the ground

Nor should we underestimate the resilience of animals to industrialisation provided they are adequately protected In the US national parks, the best way to see bears is to hang around the canteen trash cans In London, enthusiasts have recorded hundreds of species of birds on sewage farms and bomb sites Nearer home, only a few years ago, Rio Tinto reported that a family of hippos had established themselves on a tailings dam at Palabora

Presumably, too, devoted game spotter John Vorster (whose wife has said the park is their farm) may take a different view on the desirability or otherwise of lions occupying the Carlton Hotel than his agriculture minister

For the longer term, Dr Olaf Martiny of the Wildlife Society and a member of the National Parks Board favours a Ministry of Conservation to bring the diverse interests of, say, forestry, planning, water affairs, plural relations, mines, agriculture, etc, under one roof when it comes to deciding whether to exploit resources in nature reserves No doubt it would be hotly opposed by the provincial conservation authorities and it would be ineffective unless it had real political muscle.



An alternative that might do the trick is an ombudsman of the environment, empowered to call for information and compelled to make his findings known He could investigate independently or by request In the end the government would have to take decisions on major projects but at least they would be taken in full knowledge of the alternatives

FM 31/3/78

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APEX MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

During 1977 the profit on coal mining was R4 906 000 In addition there was other net coal mining revenue amounting to R1 031 000 and net interest and sundry revenue of R371 000 Against these sums interest on loans of R675 000 was charged giving a net profit of R5 633 000 as compared with R6 083 000 in 1976 An unappropriated profit of R51 000 was brought forward and unchanged dividends totalling 35 cents per share absorbing R692 000 were declared A sum of R4 900 000 was transferred to non-distributable reserve for expenditure on fixed and other assets The unappropriated profit carried forward is R92 000

Profitability was adversely affected by the continued rise in costs particularly stores, without a compensatory increase in the controlled price of coal Since the year end the controlled price for domestic coal has been increased by some 12 per cent whereas costs per ton of coal produced for sale increased by some 33 per cent over the last year

Because of the factors referred to at length in the technical advisers' report, the production and financial results of operations during 1977 were disappointing The condition of the colliery has, however, been greatly improved as is evident from the fact that it was placed second among all Transvaal and Orange Free State collieries in a surface "good housekeeping" competition organised by the Chamber of Mines

All three washing plants are in a good condition, but as indicated by the technical advisers the occurrence of sandstone is causing a crushing problem at the No 2 seam plant This problem could be exacerbated by steps being taken in the course of mining operations to improve the operating conditions of mobile equipment and to increase the yield of low ash coal If the stone cannot be handled separately underground alterations to the crushing circuit could add significantly to capital expenditure during the current year

At present the efficiency of underground operations is being impaired by the lack of facilities to smooth the rate of loading raw coal from the several sections on No 2 and No 5 seams with the result that trunk conveyor systems are being overloaded at times The necessary work to correct this is well advanced

Major capital expenditure on plant and equipment is now coming to an end By far the biggest single heading of capital expenditure during the current year is black accommodation, and the scope for improvement being what it is, it is probable that expenditure on black accommodation will continue to be heavy for several years

This company's contribution to the domestic steam coal market is made by production from No 4 seam, and the domestic steam coal sales tonnage allocated to your company by the TCOA is the difference between the company's share of the TCOA's total domestic and export sales and the company's sales of low ash coal and power station smalls The scale of No 4 seam operations is therefore subject to reduction both by any fall in domestic demand and by the company's increased sales of low ash coal and power station smalls

The prospects for the sale of the more profitable qualities of coal produced by your company, however, are good Despite the occurrence of oversupply of coal in Japan, the main market for our low ash coal, it is likely that the company will be able to sell its entire output of low ash coal at reasonable price levels All the power station smalls produced by the company and the other exporting collieries as a by-product of low ash coal production will continue to be exported Distributions of export profits by the TCOA should for the foreseeable future at least maintain the receipts of other coal mining revenue at about the same level as in 1977 We are assured that Highveld Steel and Vanadium Corporation will purchase the company s entire output of No 5 seam coal, even at rates in excess of the existing contractual maximum

Last year the company reduced its borrowings by a net amount of R753 000 The company is due to repay R1 600 000 this year and R1 000 000 next year Although my hopes expressed last year that it might have been possible to increase the final dividend for last year were disappointed, the prospects for increases in distributions this year and next year are much more solidly based because of the work accomplished during 1977 at great cost in terms of money and effort

On behalf of the board I have pleasure in expressing appreciation of the services rendered to the company by the consulting engineer, Mr E L Atkinson, the mine manager, Mr G C Clatworthy, the staff at the colliery and head office and to The Transvaal Coal Owners Association which markets the company's steam and low ash coal

R A Hope
Chairman

Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP

R.D.M. 24/78 (218)

SA scores over US, Canadian coal exporters

By ADAM PAYNE

WHILE the Transvaal Coal Owners Association has renegotiated its low-ash blend coking coal contract with Japanese steel mills, Canadian and American exporters of low volatile metallurgical coal are in the doldrums, and are closing mines.

With the steel mills in recession, the TCOA renegotiated its contract, as it does annually. The tonnage was lowered to 1 630 000 for the year to March 31 next, compared with 1 700 000 tons in 1977-78.

The price was raised marginally from $36,12 a long ton fob Richards Bay to $37,72 a long ton

While deliveries of coking coal and other metallurgical coal to Japan have been cut heavily, South Africa scored because of the low price and satisfactory quality of its product

The South African blend coking coal is, I am told, made into briquettes with mixtures of coking coal in proportions which the Japanese keep to themselves

Canadian suppliers, with prices between $52 and $58 fob West Coast for low volatile metallurgical coal, are suffering.

A Vancouver-based consultant, Mr John Southworth, describes the Japanese metallurgical coal market as "dead for the foreseeable future"

Canadian and American metallurgical coal producers have cut their prices with little success

Mr Southworth sees the worsening market for steel and metallurgical coal in Japan as being due in part to the rapidly growing steel industries in South Korea, Taiwan, Singapore and Hong Kong, which are encroaching on traditional Japanese steel export markets

He has told Canadian exporters to place their hopes on the steam-coal market in Japan, which he considers the only growth prospect.

From West Virginia it is reported that suppliers of low-volatile metallurgical coal have closed several pits because of the slackness of the Japanese market.

Contract renegotiations are one reason for the sluggish attitude on the part of Japanese customers The TCOA succeeded in its negotiations partly because it went early to discuss its contract, before the turn of the fiscal year on March 31

Commentators in the United States say that low-volatile American metallurgical coal is losing ground because blending technologists have turned Japanese eyes to a mid-volatile product, which is more competitive in world markets

In short, the high-volatile South African coal is scoring because the Japanese can effectively use it, and it is much lower in price than the low-volatile American product, which has ruled the market in the past

3/4/78 Star (215)

Kruger tourist mine will never run out

"Whatever happens, we'll always have the Game Reserve!" This is the first sentence in P Meiring's book "Kruger Park Saga" and everybody was inclined to agree with him. Then, during the past few weeks, certain articles appeared in The Star Anybody still so optimistic?

What is the Minister uttering? "If there is oil in the Park, we'll accommodate every single lion there in the Carlton Hotel." And his colleagues down in the Assembly, what have they got to add to this? They are laughing sheepishly and by doing they have made a positive years. "They know the contribution to the matter.

Friends, I think the battle is lost before it began. If the future of the Kruger lies in THOSE hands, it's definitely lost. Technocrats are involved and by now they are possessing computer-fed data of how many tons of coal are deposited there, how much sugar can be harvested annually and how much profit can be made in five, in 10 and in 20 years. "THEY KNOW price of everything — and the value of nothing."

Paul Kruger knew the meaning of value. With foresight that today leaves one stunned and speechless with admiration and which has become almost extinct among politicians, he preserved a piece of wilderness. At a time, when he had to deal with other big problems — big problems don't just exist in our times — he realised that it was necessary to protect a piece of wilderness and wildlife FROM the human being FOR the human being, to see, to learn, to regenerate. A truly enlightened man.

Other people picked up his thought, enlarged the Reserve, worked in it. Colonel Stevenson-Hamilton for 44 years. Countless black and white men have worked in the Kruger, some have died for it. The result can be seen today. A truly unique piece of land, very well run, very well looked after, giving people true recovery from today's lunatic way of life and teaching scientists knowledge, for we are far from knowing everything.

The Kruger Park has become world famous and the country can be proud of it.

Every coal mine will yield a certain amount of coal and no more and in the case of the Park, will leave behind irreparable destruction and damage.

On the other hand the Kruger is a "tourist mine" that will never run out. It is tourist attraction number 1 in South Africa; no monument, building, beach, wine or tribal dance will ever change this fact. It is attracting people from all over the world in their thousands now and will be attracting people in ever increasing numbers in the future.

And what about us, the people living here? Can we afford to destroy the "South African Eden" as Stevenson-Hamilton called it? Aren't we always told that South Africa is so richly endowed with minerals? Do we really need the Park's coal, the soil? At a time when everything changes, when everybody is talking of change, don't we need some things to remain?

But where does one hear an influential, strong and protective voice being raised? Where is the Wildlife Society and its patron, the State President? Where are the TRUE Nationalists? Are they all for it? How long will they wait? Till it's too late? Do you know how quick a piece of land Kruger Park size can be destroyed? Do you think a single mine opened in Punda Milia is all they want? Do you believe the Park can be moved elsewhere, like a farmer moving his cattle from one veld to another?

Make no mistake: the first mining tower will signal the beginning of the end!

Will the Kruger statue at the Park entrance remind us in future of the wonderland we used to find?

Hans Holzer
Emmarentia.

The heat on coal

(215) FM 28/4/78

Are we wasting our precious resources — or is there plenty to go around?

Coal is no longer the darling of the JSE, as it was last year But it's still the subject of heated debate

One face is that of many theorists, planners, scientists and environmentalists who warn against wasting coal, SA's major energy source other than uranium We must conserve, even ration, they say

On the other side of the seam are those who mine coal, pragmatic businessmen who argue that our reserves will last a lot longer than the prophets of doom suggest

As far as resources go, of course, the answer is that we don't really know their full extent New fields are being found all the time — at least three since the Petrick Commission sounded its mild caution in 1976 Furthermore, new mining technologies make it possible to recover more coal from existing deposits

And on the question of how best to use coal — if we are not to export it, or burn it, or even synthesise it to produce other energy sources such as petrol, as has been suggested, what are we to do with it? Leave it in the ground?

Dawie Kotze, the Department of Planning's director of energy, has warned that coal resources might not be able to meet the country's needs within 15 years General Mining's coal section chief, Steve Ellis, retorts "Commonsense should tell you that the country will still have enough coal to go round in the next 15 years."

Mining secretary Wynand Viljoen believes people may not be aware of the coal which was discovered in Zululand, Vendaland and the area north of the Soutpansberg. Kotze based his forecast on the estimates of the Petrick Commission, which set the reserves of all grades of coal at some 94 000 Mt. Viljoen sets the reserves "at over 100 000 Mt" He points out that if only 25% of it is recovered at a rate of 100 Mt a year it will take 250 years to deplete this reserve.

Gold mines

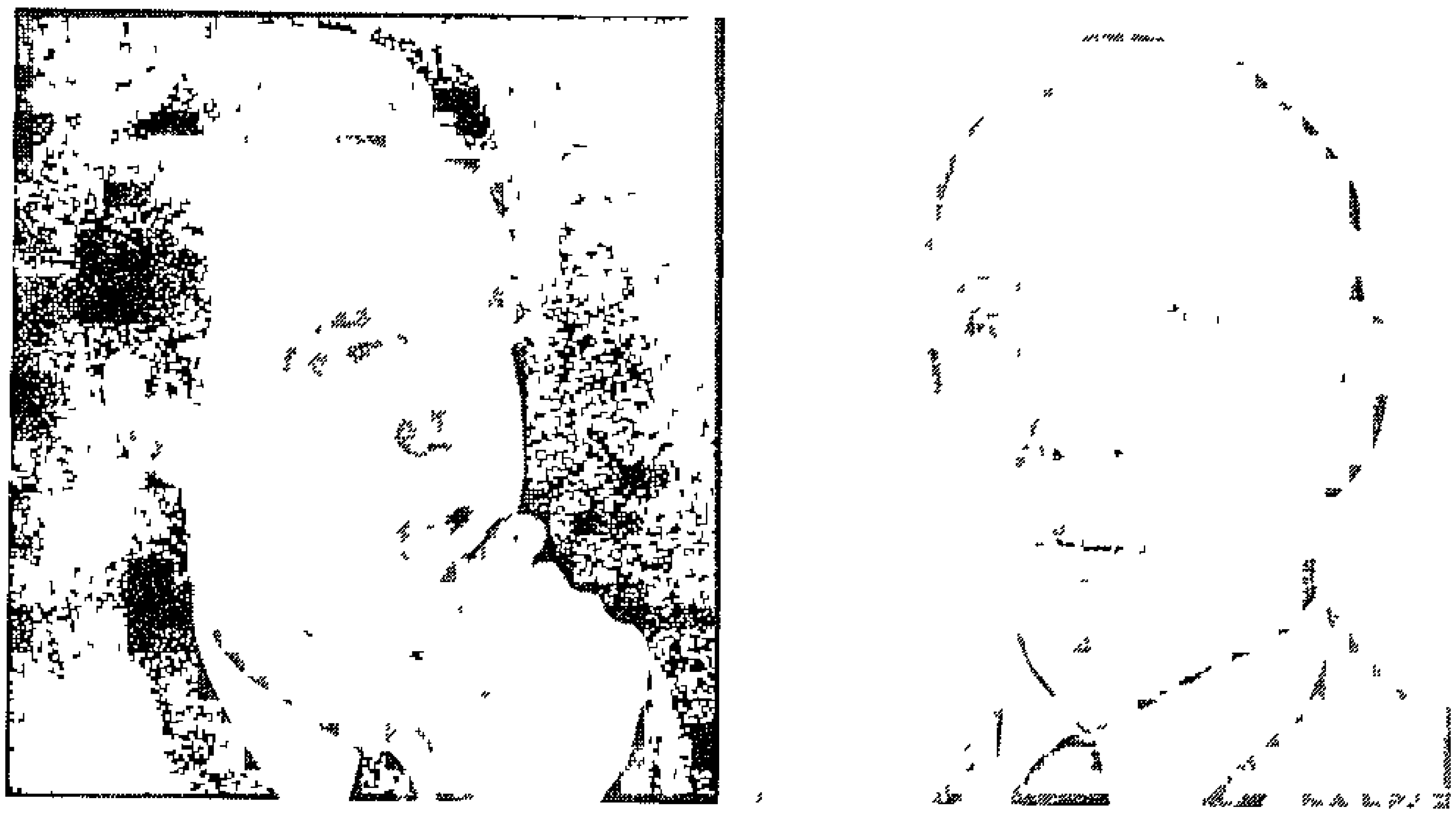
Amcoal's chairman Graham Boustred points out that even if coal consumption grows at an average annual rate of 5,65% the coal industry will be able to supply the 301 Mt which would be demanded in 2000 AD This includes 44 Mt of exports

"One must also take into account that the gold mines presently take up some 30% of the total electricity output of SA As the gold mines are phased out Escom may experience a surplus capacity before the turn of the century," Boustred adds.

He believes that "we should conserve our coal through open cast mining, long walling and other capital intensive techniques" This will faciliate more effective exploitation of reserves in the sense that less coal will be left in the ground

Ellis points out that "mining methods have in the past led to 90% of the mineable coal being left in the mine in some cases" He concedes that board and pillar methods are at present cheaper than long walling "Genmin has estimated that the labour cost curve will intersect the cost curve of mechanised mines by 1980" It is therefore cost which has led to Genmin's decision to mechanise new mines

"It is not true that board and pillar mining is necessarily wasteful At Matla 75% of the coal is being taken out at a depth of 25 metres by means of the board and pillar method," says Ellis.



FRI's Savage (left) and Genmin's Ellis . . what to do about lower grades?

One reason for wastage of coal is the price differential Bill Savage of SA's Fuel Research Institute points out "There is a difference of only 7,5c a ton between the coal grades which results in a 2,5% price differential between the A and D grade coals." He says that the difference in calorific value is between 11% and 13% Therefore in general nobody is interested in buying the lower coal grades

Ellis says "The lower grade coal that is left behind can not be taken out again once the mine is closed without spending large capital amounts, which is not economical"

However, TCOA's chairman, Arthur Taylor, is more optimistic about the future of lower grade coals He believes "technology will make it possible to use lower grade coals more extensively"

TCOA's Richard Bird, who takes over as MD from Alan Tew on June 1, says the assocation may apply to the Price Controller for higher differentials

On the subject of coal exports Boustred believes "It is imperative for the survival of SA that we do export" He adds, "Furthermore, the coal producers must generate a cash flow from somewhere to open new mines which can cost R150m today"

One of the most frequent objections to SA's export programme is that coal with a relatively low ash content is exported, particularly to Japan

Taylor points out that the government has limited the industry to an export quota of 620 Mt over the next 20 years. The coal that is exported has an ash content of about 17%. SA has a reserve of about 11 000 Mt of this quality coal. Less than 6% is being exported.

Another controversy is whether SA should establish a department of energy to deal with the confusion over energy resources, their utilisation, conservation, pricing and coal and uranium exports

As the chairman of the Fuel Research Institute, Dr Boy le Grange, points out: "Three departments are currently handling energy matters"

Mining's Viljoen believes "such a department is not necessary at this stage because SA has only two energy resources at present coal and uranium."

Bird agrees with Viljoen for a different reason. "It would amount to another red tape situation and would be a step towards nationalisation"

Comments Steve Ellis "What is more important than a department of energy is that everybody involved in the coal industry should get together and work out the best way of exploiting the coal."

SUNDAY TIMES, Business Times, April 30, 1978.

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Don't underrate old king coal

Mr T.A.J. Braithwaite, chairman of the collieries committee of the Chamber of Mines.

IT IS generally accepted that gold is South Africa's most important mineral commodity. In terms of the total value of output this is true, but it is not always understood that the exploitation of those vast, deep, generally low-grade gold deposits would probably have been less economic if it had not been for the large, flat-lying shallow deposits of coal located in the Eastern Transvaal, conveniently close to the gold deposits.

Coal has always been South Africa's prime power source, accounting for 75 per cent of the primary energy supplies, and will remain so for the foreseeable future. Petroleum supplies only 25 per cent of South Africa's gross energy needs. As the Republic's fundamental fuel (about half the coal produced is used to generate electricity) coal has played, and will continue to play, a major role in the development of the country.

Coal mining is therefore one of our most important basic industries which has made possible the rapid development of other mining (notably gold), manufacturing and other enterprises, and makes a vital contribution directly or indirectly to every undertaking.

In particular, coal conversion to oil is a major and expanding industry. SASOL II, alone, will consume an additional 14-million tons a year from 1981. Coal has also played a major role in the development of the iron and steel industry.

As a generalisation, the economic coal deposits of the Republic occur as horizontal seams varying between 0,7 and 8 m in thickness and lying at depths not exceeding 500 m. The economics of coal mining have restricted underground working to depths of less than 300 m.

Under prevailing economic conditions, only about 25 000-million tons are viable.

The major coalfields are situated in the Witbank-Middelburg and Ermelo-Breyten areas of the Transvaal, the Klip River and Vryheid areas of Natal, and in the northern Free State.

Recently, the Witbank-Middelburg coalfield has been responsible for about half of South Africa's yearly coal output, and has produced more coal than all the other fields together. The field came into prominence when coal was required for powering the gold mines and for the urban and industrial areas along the Witwatersrand, the growth of which the gold mines stimulated.

The coal-extraction ratio (the ratio which the tonnage of coal mined bears to the tonnage on site) is related to the price of coal to the extent that the higher ratios generally require higher capital investment and higher working costs.

It is axiomatic that maximum possible extraction ratios cannot be attained unless the price of coal to the producer is sufficient to make a colliery an attractive commercial proposition, that is, provides a sufficient profit margin over working costs to yield an attractive return on the overall capital investment including the value of the coal itself — at the maximum level of extraction.

The controlled price of coal has, for many years, been too low to justify the opening of new mines or the extensive reconstruction of old ones by investment in new shafts and more efficient transport systems. This has resulted in an abnormally high proportion of coal production coming from old mines, working areas of coal remote from their shafts at borderline profitability.

An increase in the extraction of coal reserves on site, which could result from higher coal prices, would bring about a reduction in "wasteful" mining by the adoption of fundamentally different and generally more costly mining techniques.

When considering the question of the proper price for coal, the industry has to accept Government policy on price control.

However, while the coal industry accepts the policy of planned co-operative selling within the framework of some system of inland price control, it has always been strongly opposed to the inadequate price levels resulting from the price control system. This factor has militated seriously against the industry's ability to attract risk capital for coal mining ventures.

Realistic pricing is essential to permit the establishment of new mines and to induce coal producers to increase the percentage extraction of their reserves.

The Petrick Commission of Inquiry into Coal Resources came to the conclusion that one of the main reasons for the low percentage extraction of coal lay in the system of price control. It recommended that the system for the industry be revised and that the price of coal be substantially increased to allow much-needed expansion in coal mining productive capacity to meet the country's internal requirements for coal.

Therefore, a joint government and industry committee was set up to review the matter and put this recommendation into effect, but it has not yet made its findings public.

It is hoped that future prices, even if they are controlled, will be realistic and designed to enable mines to undertake further rehabilitation measures and to eliminate wastage.

There will be no reduction in the demand for coal before the end of the century. On the contrary, all the available evidence indicates that the country's demand for coal will continue to increase, particularly for export, for power stations and for oil-from-coal plants.

It is estimated that South Africa will produce about 84-million tons of coal in 1980, of which some 20-million tons will be exported. In the year 2 000, Escom will use as much as 150-million tons, and some 40-million tons will be exported.

If we achieve self-sufficiency in providing our oil requirements, I expect total production to be some 300-million tons by the turn of the century

New coal mine complex

DD 26/5/78 (215)

JOHANNESBURG — A great coalmining complex, with seven new collieries, is being developed in the Eastern Transvaal

The collieries in the Ermelo area "will be of the most modern in the world," said Mr M. Harris, general manager of the Transvaal Coal Owners' Association.

They will meet the rapidly increasing demand for coal for the overseas as well as the local markets, he said.

Factors leading to the creation of the complex were the increase in exports caused by overseas contracts for coal as a replacement for highly-priced oil, the supply of electricity to more black residential areas; and the requirements of Sasol II — SAPA

SA voer minder steenkool uit na Japan

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SUID-AFRIKA sal vanjaar effens minder steenkool na Japan uitvoer, weens die bedrukte toestand waarin die staalbedryf daar verkeer.

Dit is die mening van mnr. Allen Sealey, hoof van die steenkoolafdeling en uitvoerende direkteur van Rand Mines, wat onlangs van 'n besoek aan Japan teruggekeer het.

„Die Japanse staalbedryf vertoon op die oomblik 'n sombere prentjie. Uitvoer van staalprodukte is verminder weens 'n afname in die vraag en weens druk van die EEG op Japan om die peil van sy uitvoer na Europa te verlaag. Die Japanse meulens verwag nie 'n ommeswaai in die nabye toekoms nie," het mnr. Sealey gesê.

„Die Japanse skeepsboubedryf — 'n groot verbruiker van plaatstaal — verkeer veral in 'n bedrukte toestand, en ondanks 'n taamlik bloeiende motormark, is die huidige voorspellings dat die Japanse staalproduksie vanjaar heelwat minder as die 100 miljoen ton van verlede jaar sal wees," het hy bygevoeg.

Mnr. Sealey sê dat die Japanners verlede jaar te veel grondstowwe bestel het, en in 'n poging om voorraad te verminder, het hulle verskaffers van steenkool gevra om 1978-aflewerings tot 85 persent van verlede jaar se lewerings te verminder.

„Dit beteken dat Suid-Afrika sowat 1,63 miljoen Engelse ton steenkool in 1978 na Japan sal uitvoer, of ongeveer 70 000 ton minder as verlede jaar," het mnr Sealey gesê.

Hy het egter daarop gewys dat Suid-Afrika se verdienste aan vreemde valuta met die verkoop van die steenkool min of meer dieselfde op R60 miljoen sal bly aangesien die Japanse staalmeulens tot 'n prysverhoging van R1,39 per ton toegestem het ten opsigte van alle 1978-aflewerings, wat natuurlik vir die verminderde tonnemaat vergoed.

MAY COAL SALES

(215) FM 23/6/78

	May 1978	Progressive total to May 1978	Progressive total to May 1977
	'000 metric tons		
AAC			
Cornelia (5)	287	1 415	979
Anglo Power Coll			
Arnot Div (5)	448	2 257	2 552
Kriel Div (5)	321	1 486	958
Balgray (11)	23	196	211
Blesbok (5)	35	156	152
Coronation (5)	191	875	745
Morupule (5)	26	122	118
Natal Anth (5)	73	316	263
New Largo (5)	128	518	614
SA Coal (5)	347	1 615	1 727
Springbok (5)	207	918	997
Springfield (5)	264	1 264	1 576
Swaziland (2)	19	20	19
Vierfontein (5)	124	581	518
Vryheid			
Coal (5)	17	93	69
Coke (5)	39	202	220
Wankie			
Coal (9)	179	1 570	1 695
Coke (9)	18	153	161
Zuinguin (5)	33	167	144

	May 1978	Progressive total to May 1978	Progressive total to May 1977
	'000 metric tons		
GENERAL MINING			
Afrikander Props			
Delmas (11)	174	1 768	2 005
Clydesdale			
Coalbrook (11)	268	2 578	3 078
New Clydes (11)	122	1 206	1 090
Trans Natal			
Blinkpan (11)	189	2 019	2 509
Ermelo (11)	1	86	—
Haasfontein (11)	63	700	769
Hlobane (11)	89	956	701
Kilbarchan (11)	121	1 932	1 862
Northfield (11)	27	302	285
TNC Opencast (11)	101	1 050	1 039
Tvl Navigation (11)	150	1 473	1 353
Usutu (11)	498	4 648	4 416
Optimum (11)	548	5 794	5 675
GFSA			
Apex (5)	148	649	574
JCI			
Natal Cam (11)	35	460	424

	May 1978	Progressive total to May 1978	Progressive total to May 1977
	'000 metric tons		
KANHYM			
Eikeboom (11)	52	403	328
LONRHO			
Duiker Explor (8)	226	1 591	1 690
RAND MINES			
Umgala (8)	86	683	562
Welgedacht Explor			
Open Pit (8)	53	400	279
Utrecht (8)	15	64	38
Zimbutu (8)	23	198	214
Witbank Coll			
Albion (8)	43	344	487
Douglas (8)	144	1 001	1 146
Union (8)	30	213	160
Van Dyks Drift (8)	216	1 878	1 770
Wolvekrans (8)	192	1 240	997
TAVISTOCK			
Phoenix (11)	87	842	855
S Witbank (11)	165	1 501	1 549
Tavistock (11)	102	1 034	913

Figures in parentheses are the number of months in each company's financial year completed at the end of May

There is always a lot of rubbish lying around between the dormitories. Rubbish bins certainly did not proliferate. There is however a rubbish collection service to empty the bins. Around the dormitories there is virtually not a blade of grass let alone a tree or a flower. In fact the employer's dormitories look more like a temporary relief disaster area than a permanent home for anyone.

THE MAIN BARRACKS:

There are four sets of barracks built in 1927/28 which now house single men, excluding the North Barracks which, although they are virtually the same as the main barracks have been dealt with separately. (See Pg. 25). Each barrack has 21 rooms in it,19 have 24 beds & 2 have 26. In consequence there are 508 beds to one barrack, and 2 032 beds in the four of them.

Once again it is impossible to say how many contract workers and how many local men stay in the Barracks. It can safely be said however that there are mainly local men in these quarters. Each of the barracks is exactly the same as the others. In consequence, one barrack was investigated thoroughly, and what is said about that barrack applies to the others.

Big mining bungle

27/7/78 215

Waste dumps 'good enough to export'

By Jaap Boekkooi

South Africa will waste two centuries of its coal reserves at present rates of consumption unless coal mines give up "extremely wasteful mining methods," says Dr Frans Quass, leading coal scientist and member of the Prime Minister's Scientific Advisory Council.

Today Dr Quass lashed the coal industry for its "apparent indifference" to the coming energy crisis.

In an interview, he amplified remarks made at recent conferences, among them the 1820 Settlers' Future Conference, on how South Africa should approach the energy crisis.

Dr Quass, former managing director of Soekor and member and technical adviser of the Government's 1951 Coal Shortages Commission, disclosed that South Africa's coal mines on average, discarded 70 percent of their coal or left it underground.

The discarded coal and rock is often left in huge dumps which disfigure the landscape and which usually catch fire through spontaneous combustion.

If mines could recover only 20 percent more of the usable coal in the ground South Africa would have one more century of coal at its disposal at double the present rate of use.

In the past there had been such wasteful production that anthracite, earlier discarded on dumps in Natal, was now being shipped for export.

Near Springs and Witbank discarded coal was being taken off dumps to be used as fuel in power stations.

Dr Quass said that some new mines achieved a higher recovery rate of coal.

The new Sasol mine at Secunda would extract 60 percent and new collieries or sections had proposed recoveries up to 83 percent.

Contradictions

There were, however, considerable contradictions in Government statements about South Africa's real coal position.

On the one hand, the Minister of Mines, Mr Fanie Botha, said this year that the country's coal reserves could last another 250 years if present extraction rates rose from 27 percent to 50 percent.

But Dr D J Kotzé, director of energy of the Department of Planning, said also this year, that the "availability of coal can pose problems within 15 years."

The stories, said Dr Kotzé, that "our coal will last for a few hundred years — or even a few thousand — are nonsense."

Dr Quass said it was impossible to reconcile such official statements.

RDM, Bus, 4/8/78

Jnexciting Anglo coals maintain interims

215

By DON ROBERTSON

RESULTS of Anglo American's coal-mining subsidiaries for the six months to June are not particularly encouraging and with the exception of Zuinguin, all interim dividends have been maintained at last year's levels.

NATAL ANTHRACITE'S taxed profits fell to R2 286 000 from R2 365 000 and results for the full year are expected to be about the same as those in 1977

The drop in half-yearly profits resulted largely from the increase in tax to R684 000 from R244 000 because of the decline in capital expenditure Turnover was higher at R8 664 000 against R7 473 000

The interim dividend has been maintained at 17c a share on earnings of 57,2c compared with 59,1c

Coal sales totalled 497 000 tons against 475 000 tons of which 169 000 tons was recovered from dumps at the mine and at Carnarvon and Impati These dumps are nearing exhaustion Production difficulties at the main section of the mine are expected to be overcome in the second half of the year and sales tonnages are expected to be maintained

The difficulties experienced in commissioning the mechanised section at Balgray have largely been overcome, and the mine is producing at forecast capacity of 260 000 tons

ZUINGUIN boosted taxed profits to R281 000 from R167 000 in spite of a large rise in tax The interim has been raised to 10c from 8c on earnings of 20,1c a share against 11,9c

Sales rose to 201 000 tons from 176 000 tons but operations of the mine are under review as the supply agreement with Iscor expires at the end of June next year

Negotiations are taking place in the hope of continuing supplies until the saleable coking caol reserves are exhausted. The company is also looking at the possibility of exploiting the lean coal and anthracite reserves

However, earnings in the second half are expected to be lower because of the reduction in sales to Iscor.

VRYHEID has maintained its interim dividend at 6c for the half-year. Attributable profits rose to R2 212 000 from R2 068 00, equivalent to earnings of 23c a share against 21,5c.

Coke sales fell to 217 000 from 257 000 tons, but coal sales were well up at 121 000 tons against 90 000 tons and are expected to continue at this level in the second half

As a result of the weak coke market, it is expected that some coke produced in the current six months will have to be stockpiled Earnings should be marginally lower than those earned in the first half

VIERFONTEIN boosted turnover to R4 908 000 in the six months compared with R3 985 000 previously, but a higher than normal tax bill because of lower capital expenditure reduced attributable profits to R193 000 from R215 000 The interim dividend is unchanged at 3,5c a share from earnings of 4,8c against 5,4c.

It is expected that if demand from the power station is maintained, profits for the second half should be about the same as those just earned.

NATAL COAL earned a net profit of R87 000 in the half-year compared with R86 000 previously, equivalent to unchanged earnings of 1,7c a share

The company declares an annual dividend in February

Star 8/8/78

(215)

Tremendous obstacles face coal mining industry

In The Star of July 27, Dr Frans Quass, a leading coal scientist and a member of the Prime Minister's Scientific Advisory Council, appears to have criticised the coal mining industry without any apparent consideration of the tremendous obstacles facing it.

He seems to disregard entirely the fact that the capital is provided by private free enterprise whose main concern is profit over as short a period as possible without any assistance from the Government.

All loss through dumping of unsaleable coal was inevitable for obvious reasons To have avoided the dumping of that coal would have necessitated the finding of consumers for that type of coal and the means of transporting it to the place where it could be used. Sasol and Escom do not want it. Another factor worthy of Dr Quass's close study is the unsaleable coal not brought to the surface and the state of the areas which have been mined where the ground could sink many metres and leave the surface in a state unsuitable for agriculture or grazing and with the natural water drainage ruinously disturbed.

A colliery in the Eastern Transvaal.

The heading "Big mining bungle waste dumps good enough to export" is likely to cause a false conception of what would be involved were an attempt made to export the "waste" after finding the buyers. Who is going to build the railway lines TO and construct the loading facilities AT the dumps and where is the capital to come from to finance such an undertaking?

Dr Quass must know the precise conditions prevailing at every locality and he must be aware of the costs entailed, so I conclude that he has been motivated by considerations other than the energy crisis in his contention that the coal mining industry has displayed "apparent indifference" to the coming energy crisis. What is the "coal industry"? Why does he not outline what that industry should do in order to make a contribution towards solving that problem and indicate how the projects could be financed?

Dr Quass must know that the Petrick Commission made recommendations to improve utilisation of that grade of coal and stressed the need to rationalise production and consumption and that it would be an extremely expensive undertaking to achieve improvements. He must also know that a second commission, under the chairmanship of Dr W J de Villiers, has been appointed to implement the Petrick Commission's recommendations, including the provision of funds, all of which would ultimately come from the pockets of the taxpayers and power consumers

CE Whillier
Krugersdorp

Anglo American Corporation (215) FM 11/8/78

COAL DIVISION

INTERIM REPORTS AND DIVIDENDS

Anglo American Coal Corporation Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited consolidated results of the group for the half-year ended 30th June 1978, together with comparative figures for the half-year ended 30th June 1977, and the audited results for the year ended 31st December 1977.

	Half-year ended 30 6 78 R000	Half-year ended 30 6 77 R000	Year ended 31 12 77 R000
Profit before taxation			
Coal mining and coke production	36 355	30 748	64 469
Refractories and associated products manufacturing	3 536	1 952	5 591
Investment income, interest, sundry revenue and property sales	2 442	1 596	4 639
	42 333	34 296	74 699
Deduct Provisions for taxation			
South African normal	8 241	4 144	7 576
Equalisation	6 223	8 984	17 050
	14 464	13 128	24 626
	27 869	21 168	50 073
Less Profit attributable to outside shareholders in subsidiary companies	2 067	933	2 778
Profit attributable to shareholders of Amcoal	25 802	20 235	47 295
Number of shares in issue	23 491 438	23 491 438	23 491 438
Earnings per share (cents)	109,8	86,1	201,3
Dividends per share (cents)	24,0	20,0	60,0
Dividend cover	4,57	4,30	3,36
Capital expenditure less recoupments	52 138	23 502	79 733

Estimated commitments for capital expenditure, net of recoupments from customers, for the group are as follows

	30 6 78 R000	30 6 77 R000	31 12 77 R000
Outstanding orders on capital expenditure contracts	11 483	53 885	37 070
Projects approved by the boards but not contracted out	62 926	95 750	79 832
	74 409	149 635	116 902

Comments

1. GROUP COAL MINING ACTIVITIES

Total coal and coke sales for the period under review were 12 749 000 tons and 217 000 tons compared with 12 393 000 tons and 257 000 tons during the corresponding period in 1977 Profits from these sales were 18 per cent ahead of those for the first half of 1977 despite a downturn in the domestic market and difficult trading conditions overseas

The first of Kriel colliery's draglines has been commissioned and coaling commenced in April of this year The second dragline has been completed and commissioning is expected to start shortly.

The construction of the Kleinkopje colliery is proceeding according to schedule and initial commissioning has started The first deliveries of steam coal to Shell Coal in terms of the marketing arrangement entered into with them will commence in January 1979

As reported in the press a fire was detected on Friday 9th June in a worked out area of Springfield colliery The fire was contained and productive capacity has been restored The mine is covered by insurance for revenue lost as a result of the fire

2 INDUSTRIAL INTERESTS

Trading conditions for Vereeniging Refractories Limited improved during the six months under review with the result that its profits after tax and minority interests rose by 78 per cent to R2,154 million over the comparable period of 1977 These improved results take into account a loss of R207 000 for Vitro Clay Pipes compared with a loss of R852 000 in the first half of 1977 and a profit of R345 000 by Coverland Roof Tiles compared with a loss of R630 000 Vereeniging Refractories and Amcoal each hold a 50 per cent interest in Vitro and Vereeniging Refractories holds a 33,3 per cent interest in Coverland

3 RESULTS FOR THE YEAR

The profits earned by the group for the first half of 1978 showed an increase of 27,5 per cent over the corresponding period in 1977 Whilst reasonable trading conditions are expected for the remainder of the year, the profits for the second half of 1978 are not expected to show as great an improvement as that experienced in the first half of the year Thereafter the start of production at Kleinkopje early in 1979 and an increased contribution to profits by Kriel are expected to lead to a further growth in earnings

For and on behalf of the board

W G Boustred
T A. J. Braithwaite *Directors*

4th August 1978

Natal Anthracite Colliery Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited consolidated results of the company and its wholly-owned subsidiaries, Balgray Collieries (Proprietary) Limited, Carnarvon Anthracite Coal Mines (Proprietary) Limited and Impati Anthracite Limited, for the half-year ended 30th June 1978, together with comparative figures for the six months ended 30th June 1977 and the audited results for the eighteen months ended 31st December 1977

	Half-year ended 30 6 78	Six months ended 30 6 77 (*Restated)	Eighteen months ended 31 12 77
Coal sales (000 tons)	497	475	1 488
	R000	R000	R000
Turnover	8 664	7 473	23 846
Profit before taxation	2 970	2 609	9 094
Deduct· Provision for taxation	684	244	1 581
Profit after taxation	2 286	2 365	7 513
Cost of dividend No 52 of 17,0 cents per stock unit	680	680	2 680
Number of stock units in issue	4 000 000	4 000 000	4 000 000
Earnings per stock unit (cents)	57,2	59,1	187,8
Dividends per stock unit (cents)	17,0	17,0	67,0
Dividend cover	3,4	3,5	2,8
Capital expenditure	1 090	1 951	4 580

Estimated commitments for capital expenditure, net of recoupments, for the group are as follows

	30 6 78 R000	30 6 77 R000	31 12 77 R000
Outstanding orders on capital expenditure contracts	710	507	249
Approved by the boards but not contracted out	697	599	750
	1 407	1 106	999

*The results for the six months to 30th June 1977 have been restated to exclude a credit for taxation relating to the six months to 31st December 1976.

Comments

1. The group achieved an increase in sales of 22 000 tons during the half-year under review when compared with the same period last year resulting in a higher profit before taxation However, the charge for taxation increased as a result of lower capital expenditure allowances with the result that there was a small reduction in the profit after taxation
   Included in coal sales is material recovered from dumps located at the mine and the otherwise dormant subsidiary companies, Carnarvon and Impati During the six-month period under review 169 000 tons from these sources were sold, compared with 153 000 tons during the first six months of 1977 These dumps are now nearing exhaustion and recovery operations at Carnarvon and Impati will be completed before the end of the year
2. The difficulties experienced in commissioning satisfactorily the first mechanised section at Balgray colliery, referred to in the last annual report, have been largely overcome and the mine is now producing at the forecast annual rate of some 260 000 sales tons
3. The projected production levels from the mechanised sections at Natal Anthracite have not yet been realised but, as mentioned above, sales have been maintained by recoveries from the surface dumps. The production difficulties should be overcome during the second half of the year so that sales can be maintained as recoveries from dumps are reduced. The demand for South African anthracite on both the overseas and inland markets remains firm Earnings of the group for the year 1978 are expected to be similar to those achieved for the previous calendar year.

For and on behalf of the board

W. G. Boustred
M. H Dalais *Directors*

4th August 1978

Vierfontein Colliery Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited results of the company for the half-year ended 30th June 1978, together with comparative figures for the six months ended 30th June 1977 and the audited results for the eighteen months ended 31st December 1977

	Half-year ended 30 6 78	Six months ended 30 6 77	Eighteen months ended 31 12 77
Coal sales (000 tons)	715	638	1 946
	R000	R000	R000
Turnover	4 908	3 985	11 986
Drofit before taxation	269	237	764
Peduct Provision for taxation	76	22	204
Profit after taxation	193	215	560
Cost of dividend No 48 of 3,5 cents per share	140	140	480
Number of shares in issue	4 000 000	4 000 000	4 000 000
Earnings per share (cents)	4,8	5,4	14,0
Dividends per share (cents)	3,5	3,5	12,0
Dividend cover	1,4	1,5	1,2
Capital expenditure less recoupments	(11)	5	79

Estimated commitments for capital expenditure, net of recoupments, are as follows

	30 6 78 R000	30 6 77 R000	31 12 77 R000
Outstanding orders on capital expenditure contracts	—	—	—
Approved by the board but not contracted out	10	19	1
	10	19	1

Comment

The company achieved higher levels of sales to the Vierfontein power station than was envisaged at the time of the last annual report, with underground production being supplemented by the opencast operation The improved sales enabled the company to earn improved pre-tax profits, but an increase in the charge for taxation, brought about by low capital expenditure allowances, has resulted in earnings being lower than in the comparative six months of 1977 If the demand from the power station is maintained at present levels, profits for the half-year ending 31st December 1978 should be similar to those for the period under review

For and on behalf of the board

W G. Boustred
E J G Roy *Directors*

4th August 1978

Vryheid Coronation Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited results of the company for the half-year ended 30th June 1978, together with comparative figures for the half-year ended 30th June 1977 and the audited results for the year ended 31st December 1977

	Half-year ended 30 6 78	Half-year ended 30 6 77	Year ended 31 12 77
Coke sales (000 tons)	217	257	505
Coal sales (000 tons)	121	90	205
	R000	R000	R000
Turnover	11 528	10 578	21 739
Profit before taxation	3 210	3 501	6 400
Deduct Provision for taxation	998	1 433	1 964
Profit after taxation	2 212	2 068	4 436
Cost of dividend No 84 of 6,0 cents per share	578	578	1 926
Number of shares in issue	9 632 000	9 632 000	9 632 000
Earnings per share (cents)	23 0	21 5	46 1
Dividends per share (cents)	6 0	6 0	20,0
Dividend cover	3 8	3 6	2,3
Capital expenditure	791	116	1 168

Estimated net commitments for capital expenditure are as follows

	30 6 78 R000	30 6 77 R000	31 12 77 R000
Outstanding orders on capital expenditure contracts	21	26	600
Approved by the board but not contracted out	371	178	453
	392	204	1 053

Comments

1 The decrease in coke sales during the period under review was in line with the forecast in the company's last annual report This lower level of demand for coke will continue at least into the second half of the year

Coal sales to Iscor during the first half of 1978, which reflect an improvement on those recorded during the same period last year, are expected to continue at approximately the same level for the remainder of the current year As, forecast in the 1977 annual report, the charge for taxation is lower as a result of the capital expenditure programme

2 The five battery-powered scoop trams referred to in the last annual report have proved to be suitable for the colliery's operating conditions, and results to date have been encouraging

3 As a result of the weak coke market it is anticipated that some of the coke produced during the second half of 1978 will have to be stockpiled Earnings for the period are expected to be marginally below the results achieved for the first six months of the year

For and on behalf of the board
W G Boustred
M H Dalais *Directors*

4th August 1978

Zuinguin Natal Collieries Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited consolidated results of the company and its wholly-owned subsidiaries, Indumeni Coal Mines Limited and the dormant Vryheid Coke Limited, for the half-year ended 30th June 1978, together with comparative figures for the six months ended 30th June 1977 and the audited results for the eighteen months ended 31st December 1977

	Half year ended 30 6 78	Six months ended 30 6 77	Eighteen months ended 31 12 77
Coal sales (000 tons)	201	176	552
	R000	R000	R000
Turnover	2 802	2 531	7 764
Profit before taxation	438	252	1 052
Deduct Provision for taxation	157	85	380
Profit after taxation	281	167	672
Cost of dividend No 36 of 10,0 cents per share	140	112	560
Number of shares in issue	1 400 000	1 400 000	1 400 000
Earnings per share (cents)	20 1	11 9	48 0
Dividends per share (cents)	10,0	8,0	40,0
Dividend cover	2 0	1,5	1,2
Capital expenditure less recoupments	23	—	20

Estimated commitments for capital expenditure, net of recoupments, are as follows

	30 6 78 R000	30 6 77 R000	31 12 77 R000
Outstanding orders on capital expenditure contracts	—	—	—
Approved by the boards but not contracted out	27	—	10
	27	—	10

These commitments are in respect of Indumeni, and the expenditure will be financed by the South African Iron and Steel Industrial Corporation Limited (Iscor)

Comments

1 Production at the Indumeni mine was higher during the first six months of 1978 than in the comparative period last year This increase is attributable to improved productivity which was maintained throughout the period Working costs were held below the maximum permissible cost allowed by Iscor, but as mentioned in the last annual report, certain charges to working costs remain under dispute with Iscor and no provision has been made in this regard

2 The future operations of the mine are under review as the current supply arrangements with Iscor expire on 30th June 1979 Negotiations are in hand with a view to continuing supplies until the remaining saleable coking coal reserves in the Northern area are exhausted An investigation into the possible exploitation of the lean coal and anthracite reserves has been initiated

3 Earnings for the second half of 1978 are expected to be marginally lower than those achieved during the period under review as a result of a projected reduced level of sales to Iscor

For and on behalf of the board
W G Boustred
M H Dalais *Directors*

4th August 1978

Natal Coal Exploration Company Limited

Incorporated in the Republic of South Africa

Interim Report

The following are the unaudited results of the company for the half-year ended 30th June 1978, together with comparative figures for the six months ended 30th June 1977 and the audited results for the eighteen months ended 31st December 1977

	Half-year ended 30 6 78 R000	Six months ended 30 6 77 R000	Eighteen months ended 31 12 77 R000
Profit for the period	87	86	311
Number of shares in issue	5 000 000	5 000 000	5 000 000
Earnings per share (cents)	1,7	1,7	6,2
Dividends per share (cents)	—	3,5	6,25
Dividend cover	—	0,5	1,0

Comments

1. No provision has been made for taxation as the company has a tax loss estimated at R754 000 at 30th June 1978.
2. There were no commitments for capital expenditure for the periods dealt with above.
3. Shareholders were informed in the annual report in respect of the year ended 30th June 1976 that following the change in the year end of the company, two dividends would be declared during the eighteen-month period to 31st December 1977 and annual dividends would thereafter be declared in February each year

For and on behalf of the board

M H Dalais
J A B Nichols *Directors*

4th August 1978

Dividends

Interim dividends for the year ending 31st December 1978 have been declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on 18th August 1978

The transfer registers and registers of members will be closed in all cases from 19th August 1978 to 1st September 1978, both days inclusive, and warrants will be posted on or about 12th October 1978 Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on 3rd October 1978 of the rand value of their dividends (less appropriate taxes) Any such member may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg on or before 18th August 1978 In the case of Anglo American Coal Corporation Limited (Amcoal) such request may also be sent to its United Kingdom transfer secretaries on or before 18th August 1978

The effective rate of non-resident shareholders' tax for the undermentioned dividends is 15 per cent

The dividends are payable subject to conditions which can be inspected at the registered offices of the companies and at the offices of the transfer secretaries in Johannesburg In the case of Amcoal, the conditions can also be inspected at its London office and at the office of its United Kingdom transfer secretaries

Name of Company	Dividend No	Rate of dividend
Anglo American Coal Corporation Limited	110	24,0 cents per share
Natal Anthracite Colliery Limited	52	17,0 cents per stock unit
Vierfontein Colliery Limited	48	3,5 cents per share
Vryheid Coronation Limited	84	6,0 cents per share
Zuinguin Natal Collieries Limited	36	10,0 cents per share

Transfer secretaries
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg
2001
(P O Box 61051
Marshalltown 2107)

Registered office
44 Main Street
Johannesburg
2001

United Kingdom transfer secretaries
(Amcoal only)

Charter Consolidated Limited
P O Box 102
Charter House Park Street
Ashford Kent TN24 8EQ
England

London office
(Amcoal only)
40 Holborn Viaduct
London EC1P 1AJ
England

4th August 1978

By order of the boards
Anglo American Corporation of South Africa Limited
Secretaries

per P J Eustace
Senior Divisional Secretary

AMCOAL 215 11/8/78

Dividend prospects

Coal shares, aided by good figures from Tavistock and Amcoal are still performing well though trading conditions are far from buoyant. The TCOA trade has been depressed for two years and demand for steel industry coals is poor. However, Escom offtake seems to have been steady and exports of power station smalls have held up in volume terms, though there has been some price cutting.

Amcoal's total pre-tax profit rose from R34,3m to R42,3m of which the contribution from coal and coke rose from R30,7m to R36,4m. Subtracting Vryheid Coronation, Amcoal's 65%-owned mainly coke producing subsidiary, from these figures, profits from the rest of the Amcoal collieries went up from R27,2m to R33,1m.

Knocking out Vryheid's coal output as well, Amcoal's coal tonnage rose from 12,3m t to 12,6m t. So pre-tax proft per ton ex-Vryheid improved from 221c to 262c, a 19% rise over the first half of 1977.

Factors such as the February TCOA price rise, by 96c to R7,76/t, will have helped, but assuming an unchanged general sales mix, the TCOA element would have been about 30%, or 3,8 Mt in the first half year, over half of which would have been exported. Though the new colliery Kleinkopje is not yet in production, SA Coal Estates and Bank have export contracts. So the latest Amcoal profits have gained relatively little from the domestic price hike.

The higher profit per ton could not have been achieved without improved profits from the group's major Escom contracts, which accounted for 60% of total coal output last year. These contracts, once the Cinderellas of the industry, seem to have become increasingly attractive as a baseload.

The chairman's forecast, in February, was for operating profits similar to those of 1977 for 1978. While the pre-tax figures are sharply better at half time, the inference is that at the operating level, the rise was less impressive, influenced perhaps by movements in items such as interest and investment income.

The official view now is that profits will improve at a slower rate in the second half over the second half of last year. This implies pre-tax profits of at least R82m (R74,7m) and probably nearer R85m. Earnings per share could be at least 215c (200c) and the dividend, if the final is scaled up 20% like the interim, would be 72c (60c) for a prospective yield of 6,5%. On this basis the shares still have institutional appeal.

Richard Rolfe

Genmin expert boosts coal reserve figures

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13/8/78 Rand Daily Mail

BY PAUL DIAMOND

A GENERAL Mining coal boffin, Ralf Burnton, predicts that South Africa's recoverable coal reserves are 150% higher or 61 000-m tons more than the Petrick commission estimated

On this basis, Burnton predicts coal production will peak towards the end of the next century rather than at the start

Burnton's appraisal, carried in the Chamber of Mines monthly report, notes that with the greatly higher prices of coal and today's technology more than 60% of South Africa's reserves are now recoverable

This compares very favourably with the 31% estimated by Petrick

Improvements in the efficiency of coal usage as an energy source will further add to the lifetime of these reserves and improved utilisation technology will permit the use of coal with an ash content higher than the 35% calculated.

"Nobody in the coal industry has been happy," confesses Burnton, "with the low recovery rates that have been and are currently being obtained, because low extraction also means a poor utilisation of capital resources

"But it has been forced on the industry by price controls and a market which has looked for the cheapest possible coal and therefore the cheapest method of mining "

Countering criticism about rising coal exports and the fact that South Africa is selling its "birthright", Burnton makes these points

- Export earnings are about four to five times as great as the price currently paid for coal used for power generation and about three times higher than the price paid by the general domestic market.
- South Africa must earn the foreign currency to pay for imported capital goods for an increasing oil bill. "Against this background coal export earnings of about R1 000-m a year in the 1980s falls into perspective There is currently no prospect of any additional export industry being able to earn foreign exchange on this scale."
- With energy, or the lack of it, being a worldwide problem any effort the country makes to become a reliable supplier should strengthen our strategic position and help justify our claim on oil supplies from other countries.

"Isolation from international trade would be a sure path to political isolation "

RAPPORT 13/8/78

Kole-reserwes sal langer hou

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SUID-AFRIKA se steenkoolreserwes is baie groter en sal as 'n belangrike energiebron baie langer hou as wat baie mense voorspel, sê die Kamer van Mynwese in sy jongste maandelikse verslag.

Die verslag maak melding van 'n onlangse ontleding deur mnr R E. Burnton van General Mining, wat op die grondslag van nuwe ontdekkings, 'n verskuiwing in reserwes van die vermoedelike na die bewese, en 'n verbetering in die tegnologie en die winsgewendheid van steenkoolontginning die bestaande amptelike ramings van steenkoolreserwes bygewerk het

Mnr Burnton sê dat meer as 60 persent van Suid-Afrika se steenkoolreserwes nou vanweë die hedendaagse tegnologie en hoer pryse ontginbaar is vergeleke by 31 persent soos deur die Petrick-kommissie geraam

Verleng

Suid-Afrika se ontginbare reserwes het volgens mnr. Burnton tot 616 000 miljoen ton erts gestyg, wat oor die 150 persent meer is as die geraamde hoeveelheid wat die Petrick-kommissie op sy bevindinge op grond van 1972/73-gegewens gebaseer het Burnton voeg daaraan toe dat verbeterings in die doelmatigheid van steenkoolgebruik as 'n energiebron die bestaansduur van hierdie reserwes verder sal verleng, terwyl nuwe benuttingstegnologie die gebruik van steenkool met 'n asinhoud van meer as die 35 persent wat deur die Petrick-kommissie gestel is, moontlik sal maak.

„Die gesamentlike uitwerking van hierdie faktore kan die uiteindelike hoeveelheid ontginbare reserwes drievoudig laat toeneem en wil daarop dui dat die hoogtepunt (in produksie) na die einde van die volgende eeu verskuif het."

Die Kamer vervolg. „In die belang van die handhawing van 'n meer gebalanseerde perspektief op toekomstige steenkoolbronne en energievereistes is dit belangrik dat daar kennis geneem word van die verbeterde steenkooltoestand soos hierbo beskryf, veral ten aansien van herhaalde bewerings dat Suid-Afrika se steenkoolmynbedryf ‚onverskillig staan teenoor die dreigende energiekrisis' en ‚uiters verkwistende mynboumetodes' gebruik wat neerkom op 'n verkwisting van 'n belangrike energiebron

Prysbeheer

„Dit kan beklemtoon word dat niemand in die steenkoolbedryf tevrede was met die lae ontginningsyfers wat voorheen en tans nog verkry word nie, want lae ontginning beteken ook 'n swak benutting van kapitaalbronne Maar hierdie toestand is op die bedryf afgedwing deur prysbeheermaatreëls en 'n mark wat steenkool so goedkoop as moontlik wou hê en dus ook die goedkoopste mynboumetodes

„Kritiek word ook uitgespreek teen die toenemende steenkooluitvoer en die argument wat dikwels gebruik word, is dat ons ‚ons geboortereg vir 'n porsie lensiesop verkoop', ‚ons beste steenkool uitvoer, terwyl reserwes veronderstel is om beperk te wees', en ‚'n hulpbron uitvoer wat nie net aan ons nie, maar ook aan ons kinders behoort'."

Die Kamer van Mynwese haal argumente aan wat Burnton geopper het om hierdie kritiek te weerspreek en die behoefte aan uitvoer te motiveer.

Vir eers is die uitvoerverdienste ongeveer vier tot vyf keer so groot as die prys wat tans betaal word vir steenkool wat vir kragopwekkingsdoeleindes gebruik word en ongeveer drie keer so groot as die prys wat die algemene binnelandse mark betaal.

Isolasie

Sonder om die toekoms te verontagsaam moet daar aangeneem word dat Suid-Afrika op die een of ander wyse die buitelandse valuta moet verdien wat hy nodig het om vir sy invoer, veral kapitaalgoedere en 'n stygende olierekening, te betaal. Teen hierdie agtergrond kry die steenkooluitvoerverdienste van ongeveer R1 000 miljoen per jaar in die jare tagtig perspektief Daar is tans geen vooruitsig van enige bykomende uitvoerbedryf wat op hierdie skaal buitelandse valuta kan verdien nie.

Ten laaste redeneer Burnton dat aangesien energie of die gebrek daaraan 'n wêreldwye probleem is, enige poging wat Suid-Afrika aanwend om 'n betroubare verskaffer te word, die land se strategiese posisie sal versterk en ook sal help om ons aanspraak op die olievoorrade van ander lande te regverdig „Isolasie in die internasionale handel lei tot politieke isolasie," sê hy

Sun. Times Bus. 27/8/78 (215)

Iscor seeks private bids to mine coal

Iscor boss Chris Heu

By MARTIN CREAMER

CASH-STARVED Iscor wants private enterprise to mine its 20-million ton coking coal deposit at Soutpansberg, worth up to R1 200-million.

Under too great a financial strain to do the mining itself, the State corporation will early next month call for tenders from selected mining houses and would like quotes to be in by March next year.

The Soutpansberg project will require a capital investment from the successful tenderer of about R100-million.

Estimates of potential gross earnings — depending on the price Iscor is prepared to pay for the metallurgical coal — range from R30-million to R60-million a year.

Iscor, which uses six to seven million tons of coal a year for iron and steel production, will need an annual supply of 750 000 to a million tons of coking coal from Soutpansberg from the beginning of 1982, supplementing its supply from the R200-million Grootegeluk mine which comes on stream in mid-1980.

With an estimated 20-million sales tons of coking coal, the life expectancy of the proposed mine is 20 years.

As Iscor will be Soutpansberg's sole market, the price the corporation will be prepared to pay and the price mines want for a ton of coal, will be the crucial factor in the tendering process.

Iscor at present pays between R10 and R30 a ton, depending on quality, for its coking coal.

A mining house has, however, already put R56 a ton as the break-even price for the Soutpansberg project — without allowance for management fees, risk or the expected royalties which may accrue to the Venda homeland in which part of the deposit is situated.

Mining men doubt whether a figure of less than R60 to R65 a ton will be acceptable, while one spoke in terms of R80 a ton — which would bring prices close to or ahead of those of imported coking coal.

"The price will certainly have to be higher than what Iscor is at present paying," one mines spokesman said, because of the whole new infrastructure that had to be developed at today's capital costs.

Iscor, however, disagrees with these figures, which it regards as speculative and premature. It says the situation can be realistically assessed only when thorough work on tender preparation has been done.

The quality of the deposit has been described as being as good as the American coking coal which Iscor imported last year and which increased the corporation's blast-furnace efficiencies.

The deposit is situated on the western Vendaland boundary, north of Soutpansberg and east of Waterpoort (north west of Louis Trichardt). It is about 25km from the Messina-Pretoria railway and Iscor last year spent R2-million on prospecting in the area.

Open-cast mining, allowing for a high percentage extraction of in situ coal, is envisaged.

There is unlikely to be much production of non-coking fraction and any middling fraction produced in the first stage of beneficiation, will probably be retreated for further production of coking coal.

Iscor last year flew dozens of mining house representatives to the site, but at that stage geological information was still sketchy.

Since then more drillings have been carried out and some mining houses were informed by telex this week that Iscor intended calling for tenders in the next few weeks and were asked whether the end of February would be a suitable date for the return of tenders.

Iscor's divisional general manager (mining), Mike Deats, said the corporation at present supplied 20 per cent of its coal needs from its own mine. This would rise to about 50 per cent when supplies from Grootegeluk were included, helping to reduce coking coal bottlenecks Iscor has experienced in the past.

Iscor did not have the financial resources at ... sent, he said, to estal... and run a mine at Soutp... berg, which is why pri... enterprise had been ca...

Analyses have shown tha... the Soutpansberg coal i... suitable for blending wit... that from Grootegeluk an... other South African coals.

● The Minister of Econom... ic Affairs, Chris Heunis... was recently involved in ... controversy over the sale o... the Iscor-controlled manga... nese giant, Samancor, t... private enterprise.

He turned down an offe... from the highest bidde... Anglo American, but no... that Iscor is calling ... ing houses to run Soutpa... berg, the Samancor affai... may be reviewed.

SUNDAY TRIBUNE, AUGUST 27, 1978

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There's more coal available than the experts knew

By MADGE SWINDELLS

THE COUNTRY'S coal resources are likely to last a good deal longer than many people have forecast. New estimates by the coal mining industry demonstrate that the Petrick Commission's, on which official energy planning is based, can be revised upwards by 150 percent

Estimates of future peak production are now thought to be towards the end of this century rather than in the next century as forecast by the commission

This information, released by the Chamber of Mines, is based on three factors. New reserve discoveries, a shift of reserves from the inferred category to the proven category, and a legitimate reduction in the minimum mining height in terms of current technology and economics.

As a result, the former reserve figure of 91 767 million tons can be increased by a further 10 000 million tons.

With higher prices for energy, the economically recoverable reserves now account for 60 percent of in situ reserves In addition, technology will allow the use of coal having an ash content in excess of 35 percent, the maximum level set by the Petrick Commission.

These calculations have been presented by Rolf E. Burnton, General Mining's divisional project manager of the coal division. He says South Africa's total consumption until the year 2 000 will amount to about 6 percent of reserves and not 14 percent as published in the Petrick Report.

Burnton blames price control, and a market looking for the cheapest possible coal, for the low recovery rates that are currently being obtained and points out that low extraction means a poor use of capital resources for the coal mining industry — a matter of great concern to coal mining managers.

Burnton also produces sound arguments to counter critics who blame South Africa for exporting the best coal when reserves were thought to be so limited.

He say export earnings are about four to five times as great as the price paid for coal locally for power generation and three times as great as the price paid by the domestic market.

workers.'

Lang hande vir kole

RAPPORT 27/8/78

Met die eerste uitvoersteenkool van die Ermelomyn bestem vir versending na Richardsbaai in Oktober vanjaar, is daar al vêr gevorder met die installering van ondergrondse vervoerbande by die myn.

Envirotech, aan wie 'n kontrak ten bedrae van R1 1 152 000 toegeken is vir die verskaffing van 11 vervoerbande aan die myn, het in Januarie met die installering begin.

Die bestelling behels die verskaffing van twee 1 000-meter-lange vervoerbande met 'n wydte van 1 350 mm, elk met 'n draaivermoe van 1 500 ton per uur, en nege vervoerbande van 1 000 meter lank en 1 050 mm wyd, vir ondergrondse gebruik.

Coalplex will have a major impact — Heunis

SASOLBURG. — The advent of Coalplex, the latest industry to be established alongside Sasol, would have a major impact on the country's economy, the Minister of Economic Affairs, Mr Chris Heunis, said in Sasolburg yesterday.

Speaking at the opening of the Coalplex project Mr Heunis said its successful commissioning would undoubtedly make a major contribution to developing expertise and knowledge of the use and benefits of South African raw materials such as anthracite, burnt lime and salt.

In undertaking the Coalplex project and pioneering the large-scale integrated production of PVC (Polyvinyl Chloride) from coal, AECI and Sentrachem had demonstrated their confidence in the South African economy.

When fully on stream, Coalplex would be capable of producing a number of important products, mostly chemical raw materials, in addition to the PVC for which it had been planned.

When operating at full capacity, Coalplex would employ about 1 700 people with an annual salary and benefit bill of more than R12-million, he said.

Escom would earn nearly R13-million from the sale of electricity while the Railways would earn R9-million a year.

Producers of other raw materials such as lime, salt, anthracite, bags and steam from Sasol, would also benefit to the extent of about R8-million.

Once full output was reached the sales value of all products from Coalplex would be about R100-million a year.

Without Coalplex, large quantities of imported PVC, caustic soda and chlorine would, in future years, have to be brought into the country, hence Coalplex was also a considerable import replacement industry, Mr Heunis said. Savings at current prices would well be in excess of R60-million a year.

"The future of Coalplex is tied to the fortunes of a wide range of local industries, which means its future is greatly dependent on South Africa's economic growth over the next few years.

"Major effort will have to be made to ensure the maximum development of the local PVC consuming industries But the excess production will have to be disposed of on the international markets, thus earning valuable foreign currency for South Africa.

"When Coalplex produces 100 000 tons of PVC a year the expected export of 43 000 tons a year will earn R12 900 000 in foreign exchange.

"Exports will, therefore, be a vital ingredient in determining the viability of Coalplex in the early years of this major new venture." Mr Heunis said.

As partners, AECI and Sentrachem made a capital investment of R230-million in the new project. — Sapa

FM 15/9/78

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AUGUST COAL SALES

	Aug 1978	Progressive total to Aug 1978	Progressive total to Aug 1977
	'000 metric tons		
AAC			
Cornelia (8)	295	2338	1653
Anglo Power Coll			
Arnot Div (8)	476	3626	3900
Kriel Div (8)	429	2707	1731
Balgray (2)	30	55	35
Blesbok (8)	20	235	270
Coronation (8)	174	1422	1160
Morupule (8)	23	188	193
Natal Anth (8)	63	499	429
New Largo (8)	120	884	949
SA Coal (8)	290	2577	2819
Springbok (8)	194	1499	1624
Springfield (8)	276	1999	2509
Swaziland (5)	2	48	63
Vierfontein (8)	139	980	902
Vryheid			
Coal (8)	22	156	125
Coke (8)	39	315	344
Wankie			
Coal (12)	222	2167	2200
Coke (12)	16	204	234
Zuinguin (8)	33	266	241

	Aug 1978	Progressive total to Aug 1978	Progressive total to Aug 1977
	'000 metric tons		
GENERAL MINING			
Afrikander Props			
Delmas (2)	146	305	353
Clydesdale			
Coalbrook (2)	264	551	501
New Clydes (2)	124	251	200
Trans-Natal			
Blinkpan (2)	176	357	410
Ermelo (2)	—	—	—
Haasfontein (2)	74	147	152
Hlobane (2)	83	163	170
Kilbarchan (2)	143	285	369
Northfield (2)	28	55	54
TNC Opencast (2)	105	206	218
Tvl Navigation (2)	156	303	258
Usutu (2)	444	903	882
Optimum (2)	501	993	1002
GFSA			
Apex (8)	140	1097	974
JCI			
Natal Cam (2)	40	70	100

	Aug 1978	Progressive total to Aug 1978	Progressive total to Aug 1977
	'000 metric tons		
KANHYM			
Eikeboom (2)	56	119	68
LONRHO			
Duiker Explor (11)	214	2275	2265
RAND MINES			
Welgedacht Explor			
Open Pit (11)	47	551	399
Umgala (11)	87	967	834
Zimbutu (11)	20	270	300
Witbank Coll			
Albion (11)	48	485	646
Douglas (11)	130	1399	1543
Union (11)	29	307	243
Van Dyks Drift (11)	238	2565	2418
Wolvekrans (11)	177	1786	1463
TAVISTOCK			
Phoenix (2)	97	192	156
S Witbank (2)	151	303	292
Tavistock (2)	107	217	197

Figures in parentheses are the number of months in each company's financial year completed at the end of August

At the other end of the educational scale 78% of t...

6 GENERAL NEWS

19/9/78 R.D.M. (215)

SA can bank on its coal, says Prof

CAPE TOWN. — Coal-rich countries like South Africa were likely to have strong economies after the turn of the century when oil-rich countries faced the exhaustion of their mineral wealth, Professor J K Page of Sheffield University said in Cape Town yesterday.

Prof Page, head of the building science department at Sheffield University and former chairman of the British branch of the International Solar Energy Society, was delivering the opening address at a three-day conference on solar energy.

The conference, attended by more than 100 delegates, was organised by the University of Cape Town's Energy Research Institute.

Architects, solar energy manufacturers and research workers discussed important issues facing the industry.

Prof Page said South Africa was one of the sunniest places in the world, and the first question an outsider would ask was why the Republic did not have the biggest solar energy programme in the world.

He said he saw the conference as an attempt to change the future on solar energy research and development in South Africa into line with countries like the United States and Japan.

Prof Page said the common public view of solar energy was based on opting out, doing it yourself, escaping the system and using the liberty provided by sunshine.

But the real aim of solar energy should be to help the many and not the few, he said. — Sapa

1.2 Length of Service

We endeavoured to establish what fact...
of workers. Length of service refer...
worker at the time of being intervie...
held.

There was no association between length of service and job category. In particular, there was no indication that borners in the higher operative category held their jobs, on average, for any longer than migrants doing the same type of work or that either group had a longer average record of service than their counterparts in the unskilled heavy labour category. Indeed, those with the longest service were most often to be found in the unskilled menial labour category. This was partially due to the fact that 10(1)b's predominated this labour category. Out of the nature of their legal status they tended to remain with the same employer for longer periods than other workers (see Table 6).

There were almost as many workers (48%) with more than 4 years of service as there were with 4 or less years. Despite this overriding tendency towards long service, the actual length of service was influenced by legal status. Table 6 illustrates the effect legal status had on the length of time a man was likely to remain in his job,

FM 22/9/78

Sentrachem

Chairman's Review for the year 1977/78

General

During the year to June 1978 the base activities in the *Sentrachem Group* have performed very well In spite of the fact that trading conditions generally remained depressed for most of the year, this did not apply to the majority of the sectors in which the Group is active, and in our particular fields of interest demand was reasonably buoyant We expect the situation to improve further as the economy revives after the signs of an upturn which emerged progressively during the year

The business area reviews in the annual report present the overall picture of performance during the past year, by sector of our activities, and also indicate our expectations for 1978/79, but I refer to some of the highlights in this statement

The advent of the *Coalplex* joint venture with AECI resulted in your Group entering a new era in its development by investing nearly R100 million in one project which will greatly enhance profit prospects in years to come It is of course normal in both the South African and international business scenes that a project of this magnitude could incur losses during the initial years This situation was anticipated by your board when the investment was originally sanctioned and our development plans took into account the cushioning of losses deriving from our *Coalplex* investment I indicated in previous statements that the Group expected to absorb the impact of *Coalplex* without retarding its rate of profit growth However, the economy of our country and the world has remained significantly more depressed than could have been foreseen several years ago, and consequently the *Coalplex* PVC sales income is at present lower than expected, while export volumes are better than anticipated but at lower prices However, in spite of this adverse factor, the final *Coalplex* capital expenditure will be well within the original estimates while positive developments are already emerging at this early stage after commissioning of the complex Our partner, AECI, is to be congratulated on an unusually smooth and trouble free start up of the *Coalplex* plants and the significant advances which have been made very rapidly towards optimising production efficiencies The PVC product quality for various grades is equal to or better than that demanded by international standards so that *Coalplex* has been highly successful in securing significant volumes of export business All of these factors augur well for the future of our joint venture with AECI

A further interesting development during the past year has been the improved performance of *Safripol* our joint venture with Hoechst in which *Sentrachem* holds 50% of the equity Plant efficiencies and performance generally have been improved to the extent that *Safripol's* product range can now satisfy practically the entire local demand for high density polyethylene (HDPE) and polypropylene (PP) As a result of this situation, imports of HDPE and PP have been almost totally discontinued In *Styrochem*, we have successfully launched production of sheeting grades of polystyrene based on overseas technology This too has resulted in the relevant imports falling away

Another milestone was reached in the history of *Agbro*, our joint venture with Koor/Agan our partners from Israel with the commencement of production of *Diuron*, the main herbicide for the sugar industry, as well as *TAG*, a coating wax for export citrus

Profits

Group pre-tax profits, after adjustment of both current and comparative figures to eliminate the consolidation of foreign subsidiaries as indicated in the financial statements, have increased from R30 0 million to R34,1 million – an increase of 13 7% Group profit available for distribution rose by 13,5% over last year to R20,9 million, representing earnings per share of 37,4 cents, compared with 33 5 cents in 1976/77 Considering the economic conditions which prevailed in 1977/78 this growth can be regarded as satisfactory One must bear in mind, however, that these results include our R3,9 million share of the *Coalplex* loss since April, when the plant was commissioned

If we examine the performance of the Group excluding *Coalplex* the growth is particularly remarkable as pre-tax profits would have increased from R29 8 million to R38,0 million, an increase of approximately 28% and distributable profits from R18,2 million to R23,3 million, an increase of 21% after servicing the preference dividend, which for the first time absorbed over R1,1 million of our profits In addition conservative accounting policies have resulted in the deferment of over R9,3 million in respect of investment allowance tax benefits, while R3,1 million net has been deducted from distributable profits as a result of our inflation depreciation policy

In order to generate these profits, management at all levels throughout the Group have had to be constantly on their toes in relation to sales volumes, production efficiencies, fixed costs and capital employed This could not have been achieved had we not decided some years ago to put special emphasis on the development of our management expertise from junior executives upwards Our Group management team remains our greatest strength

Profit prospects

Because of the effect of *Coalplex* it is

J H Smit *(Chairman/Voorsitter)*

difficult to forecast Group profits for 1978/79 However, your directors and management believe that while the loss flowing from our *Coalplex* investment could be substantial, it will be cushioned by profit growth in other activities While it is possible that the 1978/79 profit could be lower than that in the preceding year, the present intention is that dividend growth will continue even if it results in some further temporary decline in the cover

Development plans

We have classified our development plans into three main areas, as follows

- The use of renewable agricultural resources as raw materials for the manufacture of chemicals currently produced from fossil fuels, such as natural gas, oil and coal
- The expansion of our activities covering production of mining chemicals for the recovery of metals and minerals from ores
- The chemical manufacturing activities based on raw materials available from the existing Sasol plant and Sasol II

Within these three development areas numerous projects are being examined by our development people

Attention also continues to be focussed on products to be produced by new plants which would directly substitute imports or cater for markets that clearly could rapidly be exploited to the full

With this as background, I am pleased to say that plans are well progressed regarding a substantial number of projects which will supplement our existing product range or produce new products that will integrate well with our present activities I would like to mention a few of these

Sentrachem products already play a major role in the mining chemicals field

Planning is well advanced for the production of new and better products, as well as a wider range which will further substitute imports

Much effort has been devoted to research on improving fermentation processes already used by *NCP* Significant technological breakthroughs have already been achieved in our yeast manufacturing facilities where effective yields, and therefore capacities, have been greatly increased without further capital expenditure

A new large scale solution rubber plant to be located at Sasolburg is approaching the sanction stage This project could involve a total investment of approximately R60 million, the greater portion of which is covered by finance already negotiated A multi-purpose plant is envisaged for the production of styrene-butadiene rubber (SBR) (additional to the emulsion grades already produced by *Karbochem*) as well as poly-butadiene rubber (PBR) and poly-isoprene rubber (PIR) which is a substitute for natural rubber At current prices imports of PBR, natural rubber, and rubber products are approaching some R50 million per annum With the addition of the new rubber plant we expect ultimately to replace over 70% of all rubber imports

The Group is now starting to focus to a greater extent on small and medium size plants which will probably cost between R2 million and R10 million each, for making fine or speciality high value industrial and agricultural chemicals as well as their intermediates The annual value of these chemicals which are currently imported is considerable In most parts of the world such chemicals are as a rule made in small scale plants which are quite often multi-purpose manufacturing facilities because of the small volume offtakes and complex processing steps involved It is also possible in the choice of products, processes and plant design to build into our planning a stagewise backward integration into captively used intermediate chemicals produced from basic raw materials which would then enhance security of supply

The use of agricultural chemicals in South Africa is diversified, and a large number of active ingredients are currently being imported for use in various formulations The relevant pesticides command a local market of approximately R80 million, which requires about 300 active ingredients used in approximately 400 different formulations Roughly 90% of this market could be serviced by 14 broad spectrum active ingredients, if existing overlaps which are not vital were to be eliminated Government supports our philosophy that some standardisation in products and active ingredients serving the pesticides market must be achieved Accordingly, we are focussing part of our development activity on plans to produce some of the 14 active ingredients involved

We are continuing our research and development to improve material utilisation efficiencies, to increase production capacity by improved processes and plant de-bottlenecking, and to save energy

Financial resources

At the end of June the Group was in a liquid position with substantial sums of temporary surplus funds invested short-term, and extensive unutilised loan facilities Funding has already been arranged for the greater portion of the solution rubber project No problems are expected in obtaining further funds progressively as and when required within the constraints of prudent balance sheet ratios and acceptable profit growth Further share issues are not envisaged in the foreseeable future

J H Smit
Chairman

Johannesburg, August 30 1978

√ 2

3,9 (4,7) times, however, suggesting some strain, especially with return on capital down to slightly above the overdraft rate But the average interest rate is a reasonable 9,9% (8,2%) and cash flow of R32,1m (R20,5m) after allowing for dividends paid, interest capitalised, deferred tax and the deferment of R9,3m in investment allowances, is more than adequate for debt servicing

Stocks, up 22% from R43,7m to R53,2m, are still valued on the fifo system but Le Riche says that they are valued conservatively at raw material cost, so this in no way offsets the additional depreciation, deferred investment allowances, and other conservative accounting practices He points out that additional depreciation costs R5,5m or 9,6c per share

A divisional breakdown of profits shows that the contribution from plastics fell from 24% to 15%, even though plastics had a good year Industrial chemicals improved their contribution from 32% to 36%, foodstuffs from 13% to 15%, and rubber from 19% to 21%. Agricultural chemicals feeds 2% (1%). Le Riche says that he is happy with the trend, as Sentrachem's profit centres are better spread today.

The group has several "exciting" projects ahead, most of them import replacement ventures It intends to make 5 000 t/year of Sorbitol, a glycerine replacement, and will decide soon on whether to go ahead with a R60m polyisoprene rubber plant at Sasolburg. It is also interested in making ethyl alchohol on a large scale as a chemical raw material and possibly a fuel It claims a research and development edge in this field Another project is the Diuron and Atrazine weedkiller project in partnership with Israeli manufacturers.

Yielding 5,3% at the current high of 375c, the shares look expensive on a near-term view while Coalplex gathers steam. They are more attractive to investors looking for medium-term growth

David Carte

TAVISTOCK (215)

No sales growth

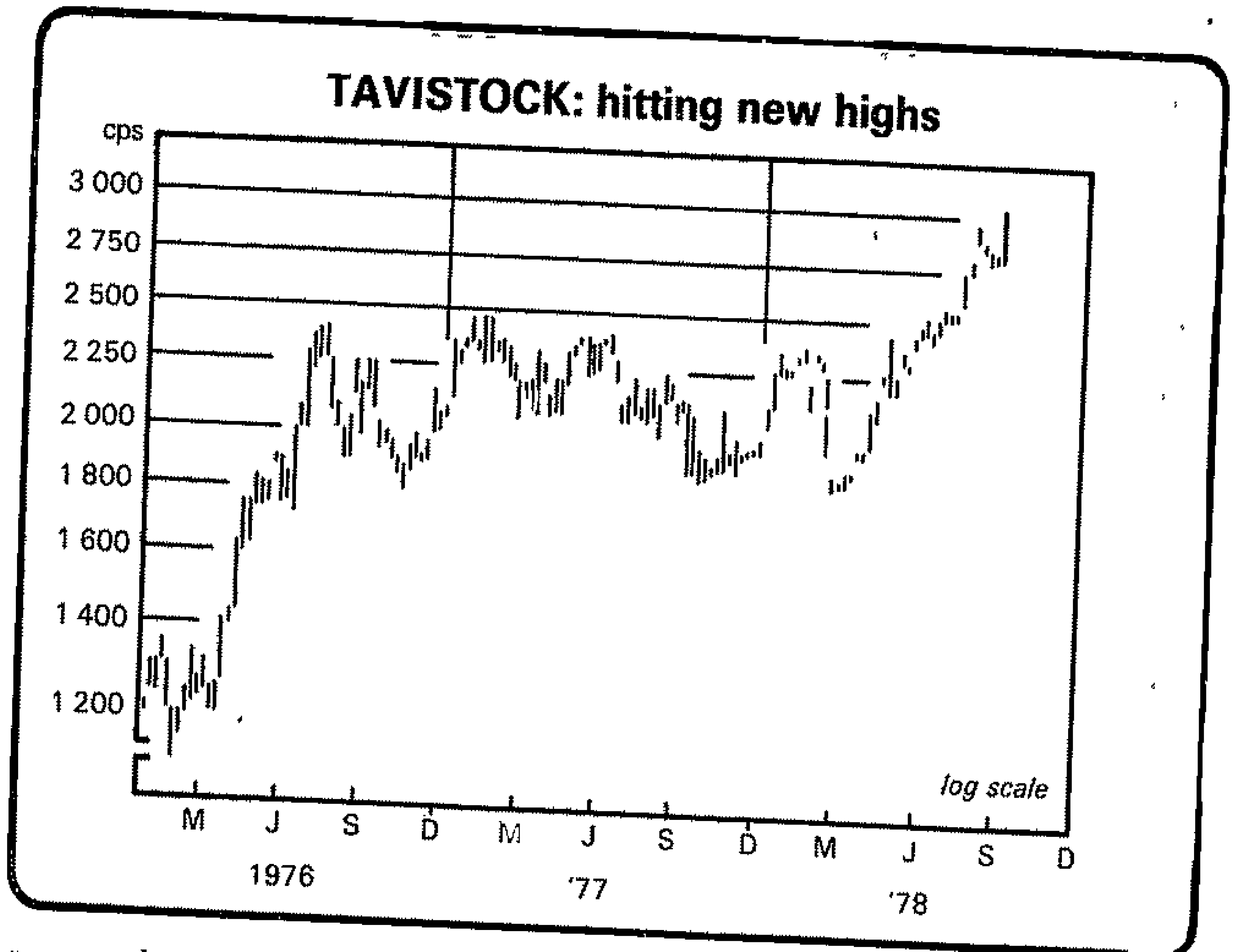
FM 22/9/78

Activities: *Subsidiary of JCI (53%) with three operating collieries — Tavistock, South Witbank and Phoenix in the Bethal, Transvaal district Also holds mineral rights in the Klip Rivier, Natal, area. Owns the entire capital of Keen's group*

Chairman and managing director: *A H Taylor*

Capital structure: *2m ordinaries of 50c Market capitalisation: R60,8m*

Financial: *Year to June 30 1978 Borrowings. long and medium term, R2,1m, net short term, R1,3m. Debt:equity ratio 12,7% Current ratio· 1,8. Group cash flow R16m Capital commitments· R6,8m.*



Share market: *Price· 3 025c (1977/78 high, 3 050c; low, 1 825c; trading volume last quarter, 44 000 shares) Yields: 19,7% on earnings, 6,6% on dividend. Cover 3 PE ratio 5,1*

	'75	'76	'77	'78
Coal sales (000t)	2 923	4 132	3 659	3 727
Profit/t coal (c)	91,3	178,9	353,9	396,9
Pre-tax profit (Rm)	4,4	9,7	14,3	16,0
Earnings (c)	138,2	312,8	477,7	596,5
Dividends (c)	35	70	150	200

The 86c coal price increases in February 1978 helped raise mining turnover from R23,8m to R25,6m, but the 14,2% increase in the profit attributable to the mining operations was due to the increase in sundry revenue from R515 000 to R3,2m, resulting from increased contributions from TCOA exports and the Richards Bay Coal Terminal Company

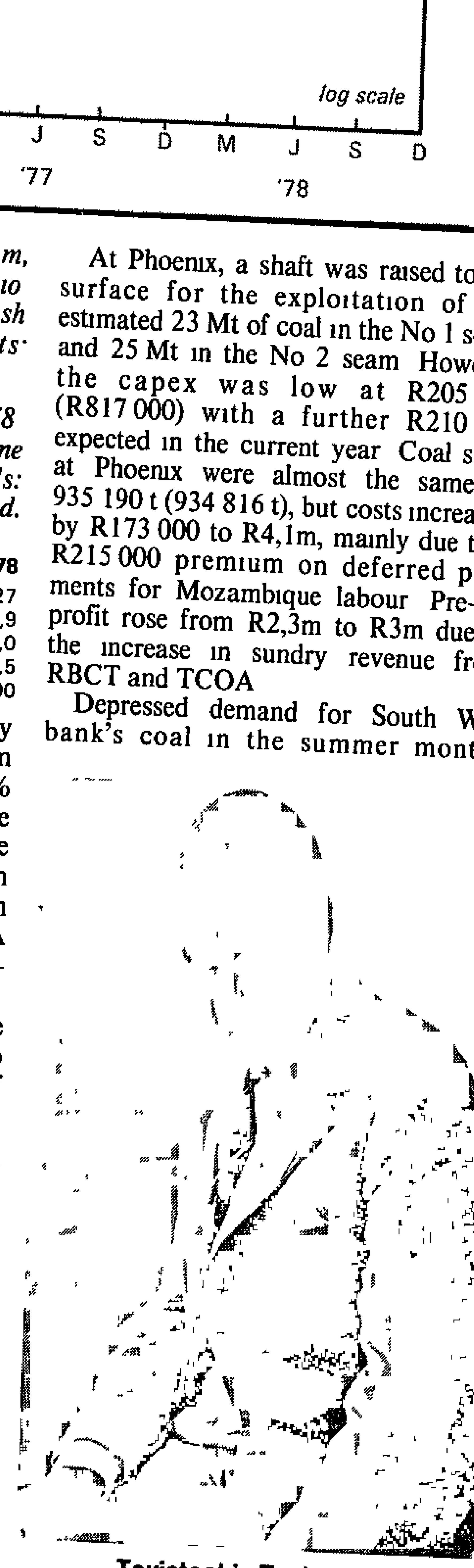
Cost escalation in effect reduced the profit from coal sales from R12,3m to R11,6m, despite the five months of increased domestic coal prices.

Costs continue to rise with inflation and may not be offset by the full year of coal sales at the increased coal price in the current year. The increased capacity of the Tavistock colliery, when No 2 section comes on stream in January next year could result in some stockpiling, particularly in the light of the chairman's forecast that the volume of coal sales may be unchanged.

Capex at the Tavistock colliery in the current year is expected to amount to R7,4m against R5,9m last year when the mine's tax was only R3 000. With the capex programme ahead, further tax offset can be expected in the current year.

At Phoenix, a shaft was raised to the surface for the exploitation of the estimated 23 Mt of coal in the No 1 seam and 25 Mt in the No 2 seam However the capex was low at R205 000 (R817 000) with a further R210 000 expected in the current year Coal sales at Phoenix were almost the same at 935 190 t (934 816 t), but costs increased by R173 000 to R4,1m, mainly due to a R215 000 premium on deferred payments for Mozambique labour Pre-tax profit rose from R2,3m to R3m due to the increase in sundry revenue from RBCT and TCOA

Depressed demand for South Witbank's coal in the summer months



Tavistock's Taylor . . . outstanding dividend growth

Aug 1 '79 (?) 26/9/78

(215)

Coal sale to Japan discussed

BY ADAM PAYNE

THE Transvaal Coal Owners' Association and Total International, operating separately, are negotiating export contracts for 600 000 tons of steam coal a year to Japan's semi-government Electric Power Development Corporation

Mr Dick Bird, managing director of the TCOA, told me the contracts would be on a long-term basis, with deliveries starting in 1983 They would be worth in total at least R11 500 000 a year

The coal will be for a thermal power station being built at Matsushima, south of Tokyo

Mr Bird and TCOA colleagues recently visited Japan to discuss the contract

Mr Bird said: "The traditional export collieries, SA Coal Estates in the Anglo Group, Greenside in the GFSA stable, and Van Dyks Drift, managed by Rand Mines, would supply the TCOA coal

"We believe the Japanese have decided to go for coal-fired power stations, so as to get away from dependence on oil

"The possibility of their establishing more hydro-electrical plants is remote, because their resources are fully employed As to nuclear power, they are extemely senstive and suspicious about it It is not regarded with favour.

"They are unhappy about the side effects of nuclear power generation and the introduction of a large number of nuclear stations would face tremendous oppositon from many quarters, including fishermen and the fish farming industry, because of sea pollution "

Mr Bird said the Japanese regarded coal as the cheapest and least problematical fuel for power generation, so long as air pollution could be controlled

"We believe there will be substantial sales of our coal in the future in the Pacific Basin — that is to such countries as Japan, South Korea, Taiwan and, to a lesser extent, Hong Kong.

"But we face the challenge of the Australians who have a great advantage in proximity, resulting in lower freight charges on their coal. Similarly, we have an advantage over them in the European market "

Mr Bird confirmed that for contract sales the running price was about $22 a long ton f o b Richards Bay but he suggested that the Japanese contract, if negotiated, would have to allow for escalation on that figure by 1983 because of rising costs

Total International is selling separately under the bulk coal export plans for 1979 and beyond. Its coal will be from Ermelo Mines, in which it has a one third partnership, the other partners being BP Coal and General Mining.

Total International markets in the Far East for the consortium and BP markets in Northern Europe

Ermelo Mines has already signed some export contracts and others are under negotiation

Ermelo Mines is in the early stages of production, and will build up to a production rate of between 2 500 000 tons and 3 million tons a year by the end of next year.

While sales from the TCOA collieries will result in export bonus payments to members of the TCOA, the sales from Ermelo Mines and other oil company exporters under the bulk programme will be for their own account only.

COAL SHARES

Facing a setback?

(215) FM 29/9/78

Is the coal share market due for a reaction, after seven months sustained rise? On the basis of what institutions think a short-term reversal could be in prospect. But longer term — the strength in coals should continue because of its domestic importance as the number one energy source in SA, and its continuing export potential

The latter was underlined this week by news of the Japanese negotiations with the TCOA and Ermelo Mines, in which Total, Trans-Natal and BP have a third each. If contracts are signed for each party to supply 300 000 t/year of steam coal, it will establish the SA industry in an important new market.

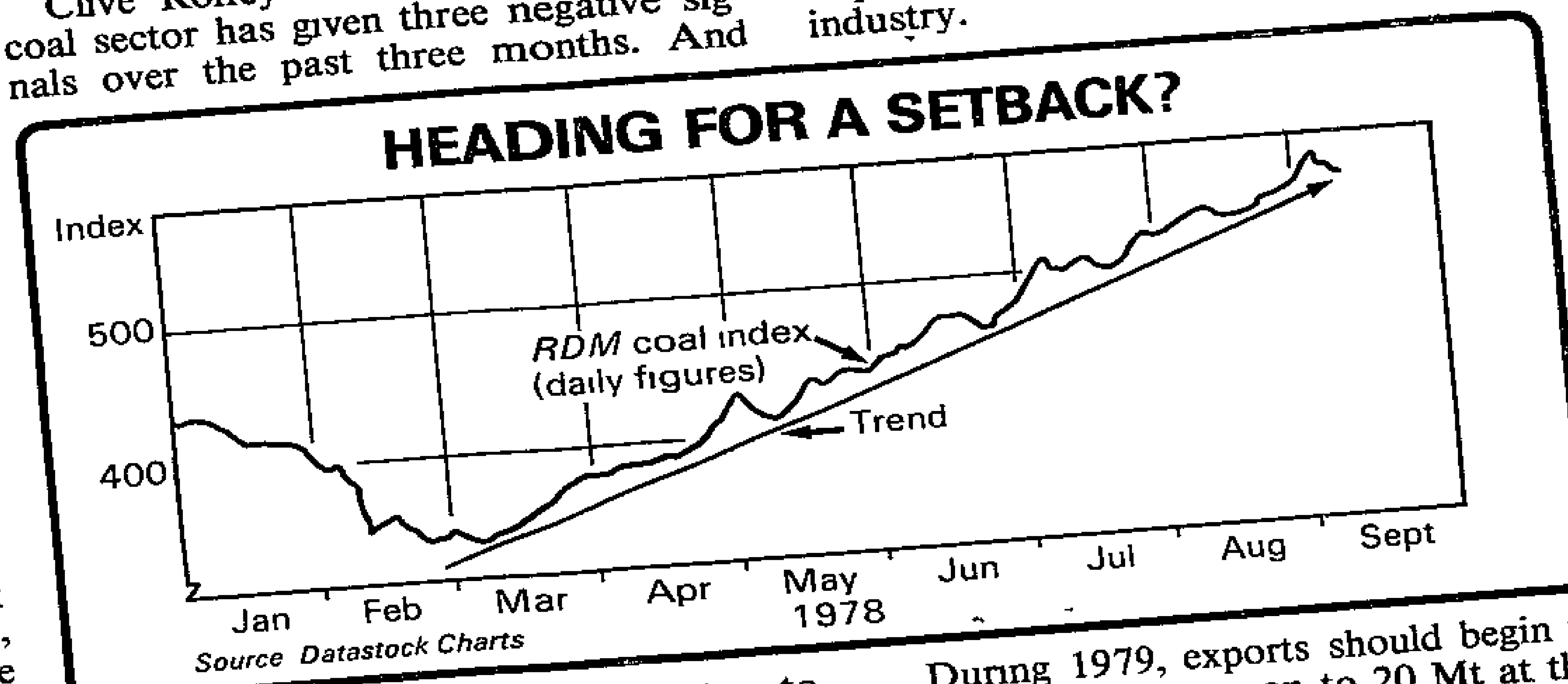
It could pave the way for Phase III at Richards Bay, lifting exports from 20 Mt to 40 mt per year, in the same way as the original Japanese contract in 1971 was the key to development of Richards Bay in the first place.

For 18 months the *RDM* coal index moved sideways But in March this year, just after the 86c controlled price increase to R7,76/t, the market started to move. It has gained about 30% in seven months and the stong uptrend is still intact (see chart).

But there are now doubts about its chances of remaining that way Buying in the coal market has been institutional But some brokers are looking for a severe reaction in this sector in the next two to three months.

The alternatives for the coal board according to brokers, analysts and institutional investors are: either a sideways drift for some months, or a dip beneath the trend line to send the index back to the support area of late last year. If the index does break below the trend line to the support area, this would be a fall from about 580 to 450 — a 20% drop.

Clive Roffey of Datastock says the coal sector has given three negative signals over the past three months. And



Source Datastock Charts

while he did not expect the sector to move as high as it did, he reckons a reaction is now close. "The coal market is overbought, there is no volume to support the rise, so the uptrend seems limited," he says.

The outlook for coal this year seems unexciting. Transvaal Coal Owners' Association managing director Richard Bird says total production and sales for the current year to March 1979 should be about the same as in 1977/78.

Production was then 79 Mt, with exports at about 12 Mt — about 2 Mt of this being low ash coal. Bird says at present coal is in a buyers' market and competition on the export front is severe with Australia, Poland, Canada, the US and more recently China all out selling to a depressed world market and steel industry.

During 1979, exports should begin to rise, with the expansion to 20 Mt at the Richards Bay coal terminal. But costs remain a problem with annual increases around 15% a year, says Bird, and the export collieries' margins will be under pressure from price cutting.

The institutions have slowed down buying of coal shares. Old Mutual's Bill Langley has been buying coals for about two and a half years But recently the Mutual's interest has slowed because of the sustained rise in coal share prices, which eliminated 'most of the obvious value in the sector" But as with other portfolio managers, Langley is confident that longer-term coals remain an attractive proposition on energy considerations

SA Eagle's investment manager Ian Christisen says. "Leading coal shares do not yield very much So, on this basis we won t be taking much notice of the sector at the moment The big price hike of two years ago was not given to pay share holders higher dividends, but in the future the asset development should reap benefits"

Coal shares yield an average 7,7% But the major shares, Amcoal, Clydesdale, Tavistock, Trans Natal and Witbank yield under 6,5%, and the markets in them are relatively small

If institutions are withdrawing from the coal share market there must be some form of reaction. But whether it will be back to 450 on the index is doubtful, since the institutions would return if prices started to slip so far What does seem clear is that the coal sector does not offer any certain strength right now as prices may have been ahead of fundamentals.

Des Kilalea

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Massive boost for coal industry

Sunday Times 1/10/78

(215)

• From Page 1

negotiations with the coal mines and will require guarantees from them on the usage of the trucks. We don't want empty trucks standing around," Mr Walls said.

Chief executive of Total's coal division, Pierre Shardon, foresaw no problem in the provision of these guarantees.

"Nobody worries about getting coal contracts anymore. Demand is so strong, and American and Australian coal becoming so expensive, that the world will take as much SA coal as we can sell them," says Mr Shardon.

He predicted that by the mid-eighties there would be no surplus coal supplies.

"Although uranium energy developments are fast catching on, most countries do not want to have all their eggs in one basket and the most popular alternative energy source as a future complement to uranium will be coal."

R900-million boost for coal industry

Sun. Times 1/10/78

215

By IAN MUIL

A massive R900-million expansion of the coal industry and its rail and Richards Bay harbour facilities will take place over the next seven years as a result of the Government giving the go-ahead for the doubling of coal exports.

South African Railways planning chief John Walls says the Cabinet has agreed to expand Richards Bay facilities to handle 40-million tons of coal exports a year by 1986.

The coal mining industry will get an estimated R500-million injection to open new, and expand existing, coal mines

The expansion programme will require rail harbour extensions costing almost R400-million and will mean an injection of new orders for the engineering industry.

It will be the biggest boost the coal mining industry has had since the start of oil price rises.

Richards Bay currently handles annual exports totalling almost 13-million tons About 90 per cent of this is coal and anthracite Stage two of the original construction programme calls for expansion to 20-million ton capacity

This stage, Mr Walls told me, would be completed by March next year

"With the go-ahead to double capacity we now plan to increase rail capacity to 30-million tons a year, hopefully by 1983, and 40-million tons by about 1986," Mr Walls said

Railways will be spending R200-million on rolling stock, R65-million on railway line and civil engineering work, and R10-million for a third quay at Richards Bay.

Expansion to the coal terminal, owned and operated by Richards Bay Coal Terminal (Pty), will cost about R100-million.

This will have to be raised by RBCT which is 80 per cent owned by members of the Transvaal Coal Owners Association, 10 per cent by members of the anthracite Producers Association and 10 per cent by members of Natal Associated Collieries.

The export of 20-million tons of coal and anthracite next year will bring R400-million foreign exchange into the country. The expansion programme will give SA annual foreign exchange income of R800-million from coal sales.

Derek Molony, a senior executive with General Mining's coal division, says that in order to provide the extra 20-million tons a year the coal industry could spend about R500-million on new mine development and existing mine expansion.

Development costs, he said, were between R25 to R30 a ton

None of the mining houses are prepared to divulge plans for increased coal production but, said Mr Molony, "General Mining will make some important decisions once we have received official Government notification of mining and export allowances"

The increase in export facilities and allowances to 40-million tons a year is likely to be allocated largely to new mines and mines outside TCOA

A strong candidate for a substantial increase in export allowance is the Ermelo mines consortium consisting of General Mining and its marketing partners Total International and BP Coal

TCOA managing director Dick Bird confirmed that TCOA members were not expected to take up any of the increase Of the 12-million tons currently being exported, TCOA provides almost 10-million tons

Railways estimates are that most of the increase will come from Transvaal coalfields Natal currently supplies about 2-million export tons

Mr Walls said SA Railways hoped to double the length of trains from 80 trucks to 160 trucks Tests are now under way

"This means we don't have to double our lines but we will have to improve and alter from Ermelo down to Richards Bay," he said

SA Railways' capital requirements are likely to come from one of three sources from Treasury, from overseas loans raised by SA Railways or from the users

"We still have to finalise

• To Back Page

TRANS-NATAL (215) FM 13|10|78

Patience rewarded

Activities: *Coal arm of General Mining/Federale Mynbou, mainly supplying Escom. Controls extensive coal reserves and maintains prospecting programme General Mining held 43% of the shares at December 31.*

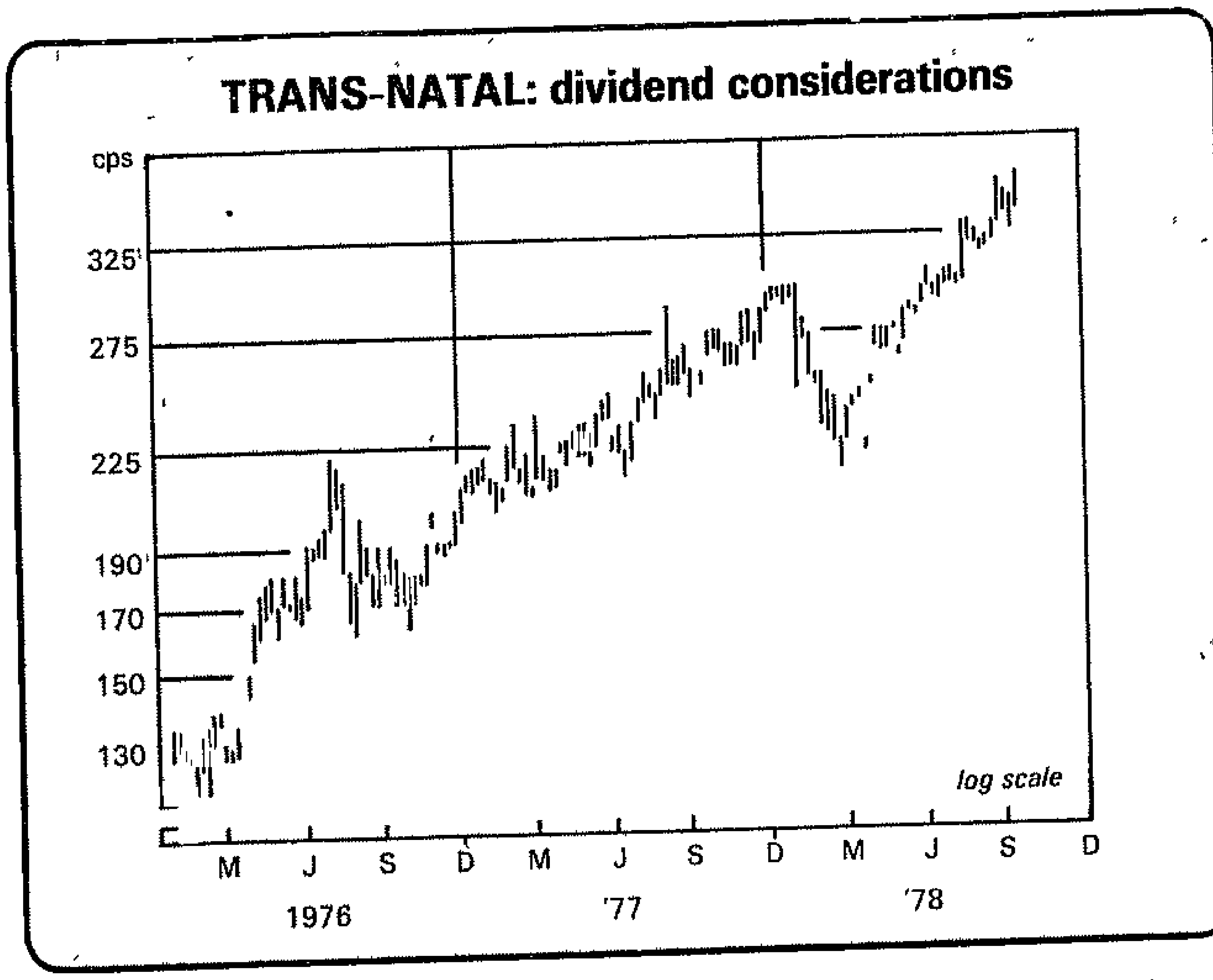
Chairman: *G Clark*

Capital structure: *50,9m ordinaries of 50c. Market capitalisation· R185,7m*

Financial: *Year to June 30 1978 Borrowings long and medium term, R20,8m. Net cash R22,7m. Debt equity ratio· 31,4%. Current ratio 1,5. Capital commitments. R20,8m*

Share market: *Price 365c (1977-78 high, 365c; low, 200c; trading volume last quarter, 1,45m shares) Yields 10,3% on earnings; 5,1% on dividend Cover 2,0 PE ratio 9,7*

	'75	'76	'77	'78
Coal sales (000 t)	17 772	17 955	20 480	20 779
Turnover (Rm)	46,9	82 1	121 0	143,7
Pre-tax profit (Rm)	12,0	13 7	28,4	32,0
Gross margin %	28,0	19,3	26,0	24,9
Earnings (c)	18,0	24,5	37,8	37,6
Dividends (c)	7,5	9,5	17,0	18,5



Chairman George Clark paints a straightforward picture of the group's near-term prospects. The current year will be one of marking time before a start to meaningful contributions from the new Matla and Ermelo collieries.

With the exception of these two, all group collieries are at full production. Most earnings derive from long-term contracts and thus will be steady rather than spectacular this year On a percentage basis, sales tonnage and turnover are as follows:

	Tonnage %		Turnover %	
	1977	1978	1977	1978
Power generation	79	79	50	51
Metallurgical	10	10	37	37
General trade	11	11	13	12

After major price hikes in 1974-76, Escom is apparently taking a more realistic (from its point of view) attitude towards contractual deliveries The table shows that in the three years to 1976, Escom's average coal cost rose 123% In 1977, it only increased by 14,6%, apparently meaning for Trans-Natal that earnings growth needs to come from increased sales

Both Matla and Ermelo are on stream at a low level. Matla's output is being stockpiled by Escom in preparation for the power station's start-up in May 1979 and will make no contribution to earnings in the current year. In addition, capex at Matla will remain relatively high for four years as the power station builds up to full demand

At Ermelo output will be limited until end-1978, when the Richards Bay Phase 2 rail and loading facilities become available So unit costs will suffer

But these are short-term influences Next year, a major profit advance can be expected with contribution from the two new mines.

There is another drawback Tax allowances are fast nearing exhaustion Tax amounted to 30,7% of operating profit (1977. 16,9%) and the proportion is expected to increase steadily to near the full rate over the next four years

On prospecting, Clark is playing his cards close to the chest In the Northern Transvaal the blend coking coal prospecting programme with General Mining continues And at Pienaars River, development of indicated coal/uranium deposits could be several years off. Initial indications given by Clark are that mining will be difficult and that an underground mine is planned. Presumably the group can draw on US experience in extraction of similar coals, but development will not be as straightforward as for a pure coal mine

With all major projects nearing completion, there is less need for retentions to finance capex The group has a strong cash position and Clark makes the point that the recent conservative dividend policy may be reviewed this year So despite prospects of relatively unchanged earnings, there is scope for a dividend increase At this stage, it might be safest to estimate a payout of 25c putting the shares on a 6,8% prospective yield

Chartists have been looking for a technical correction in the coal sector and better near-term buying opportunities could arise. But the pay off of higher dividends is near and the shares can be bought on a 12-month view *Jim Jones*

ESCOM: COAL CONSUMPTION AND COST

	1972	1973	1974	1975	1976	1977
Consumption (000 t)	24 953	27 903	30 892	34 231	37 257	37 505
Total cost (Rm)	56,1	66,9	90,3	137,7	199,0	229,9
Average cost (R/t)	2,25	2,39	2,92	4,02	5,34	6,12
Cost increase %	nil	6,2	22,2	37,7	32,8	14,6

ERMELO SE KOLE BEGIN LOOP

Rapport 15/10/78

(215)

Deur DAVID MEADES

SUID-AFRIKA se uitvoerpoging kry Dinsdag 'n sterk verdere stoot wanneer die eerste steenkol van 'n nuwe myn naby Ermelo per trein na Richardsbaai vervoer word.

Dit sal die land se verdienste aan buitelandse valuta uit steenkool met 'n verdere R60 miljoen per jaar tot heelwat meer as R300 miljoen verhoog.

Die myn by Ermelo is 'n gesamentlike poging deur General Mining se Trans-Natal, BP en Total. Elk van hierdie drie het 'n belang van 'n derde in die myn, wat teen 'n totale koste van net onder die R70 miljoen ontwikkel is.

Die steenkool sal egter eers van vroeg aanstaande jaar af uitgevoer word wanneer die huidige uitbreidinge in die steenkoolwerf van Richardsbaai voltooi is.

Dit sal egter intussen in die hawe opgehoop word en al hoe meer treinvragte sal vir die poging gebruik word. Wanneer die plan op dreef is, sal Ermelo jaarliks 3 miljoen ton steenkool vir die uitvoermark lewer.

Volgens mnr. Ralph Burnton, General Mining se afdelingsprojekbestuurder (steenkool), het die Ermelo-myn genoeg reserwes om oor 'n tydperk van dertig jaar lank uit te voer in 'n tempo van 3 miljoen ton per jaar.

Vir wat die huidige betref, het die groep langtermynkontrakte wat oor twintig jaar strek. Die bemarking van die Ermelo-steenkool word deur BP en Total gedoen en dit word hoofsaaklik na Europa en die Verre Ooste uitgevoer.

Mnr. Burnton is ook vol lof vir die „enorme" mate van samewerking wat daar tussen die verskillende instansies was wat die uitvoer van die steenkool moontlik sal maak. Alles het buitengewoon goed verloop.

Die Richardsbaaise hawe kan op die oomblik net 12 miljoen ton steenkool per jaar hanteer. Wanneer die huidige uitbreidinge egter vroeg aanstaande jaar voltooi is, sal dit tot 20 miljoen opgestoot kan word en sal steenkool op pad wees om byna R400 miljoen per jaar vir die land te verdien.

RDM 11/10/'78

Rand Mines coal mines' take plunge

THE results from Rand Mines' two collieries for the September quarter were down compared with the three months to June 30

Sales were lower at both collieries

Withank Colliery had a good quarter in June but had been down R1-million in after-tax profit in the March quarter

These quarterly results should not obscure this colliery's excellent long-term prospects but they indicate a slackening in the domestic coal market and other factors, probably non-recurring, that affected earnings

Working profit dropped from R10 830 000 to R6 986 000 mainly because of a surcharge from Richards Bay Terminal Company of R1 272 000, mechanical problems at that port and lower export realisations

Increased year-end provisions for replacements and renewals also influenced the results

After-tax profit declined marginally to R8 434 000 from R8 767 000 in June

Increased sundry revenue and greatly-reduced taxation provisions cushioned the fall in net profit

Witbank's sales were 1 791 585 tons compared with 1 852 245 tons in the previous quarter

Welgedacht's after-tax profit dropped from the high level of R2 117 000 in the June quarter to R1 285 000 last quarter

There was an even greater fall in working profit from R2 433 000 to R541 000 but sundry revenue was higher and a tax credit provision helped the after-tax figure

A factor in the profit decrease was a substantial fall-off in inland demand in the latter part of the quarter

Tons sold totalled 480 109 compared with 546 409 in the previous quarter

COMMENT The bears will read these results as a signal that the coal sector is not flourishing as much as the rise in share prices would indicate.

However, the long-term health and prospects of the coal mining industry should not be doubted

STAR 20/10/78 (215)

End of the big coal delivery dispute

By Mark Metherell, Transport Reporter

SAAIWATER — In the heart of the Highveld coal fields, top executives of South African Railways and the Transvaal coal industry yesterday toasted the end of years of bitter argument

The occasion was the official commissioning of the huge computerised Saaiwater marshalling yards south of Witbank

Two years ago, Saaiwater was a little station in the veld. Today its 49 tracks handle 137 000 tons of coal daily — nearly 50 000 tons of that bound for export through Richards Bay

Saaiwater was built to improve South Africa's coal transport system, which until recently was plagued by chaos and disputes between SAR and the Transvaal Coal Owners' Association.

The backbiting between the two giants about supply shortages or bottlenecks, or why a coal truck ended up at Heidelberg (Cape) and not Heidelberg (Transvaal), resulted in shortages of coal throughout South Africa during winter

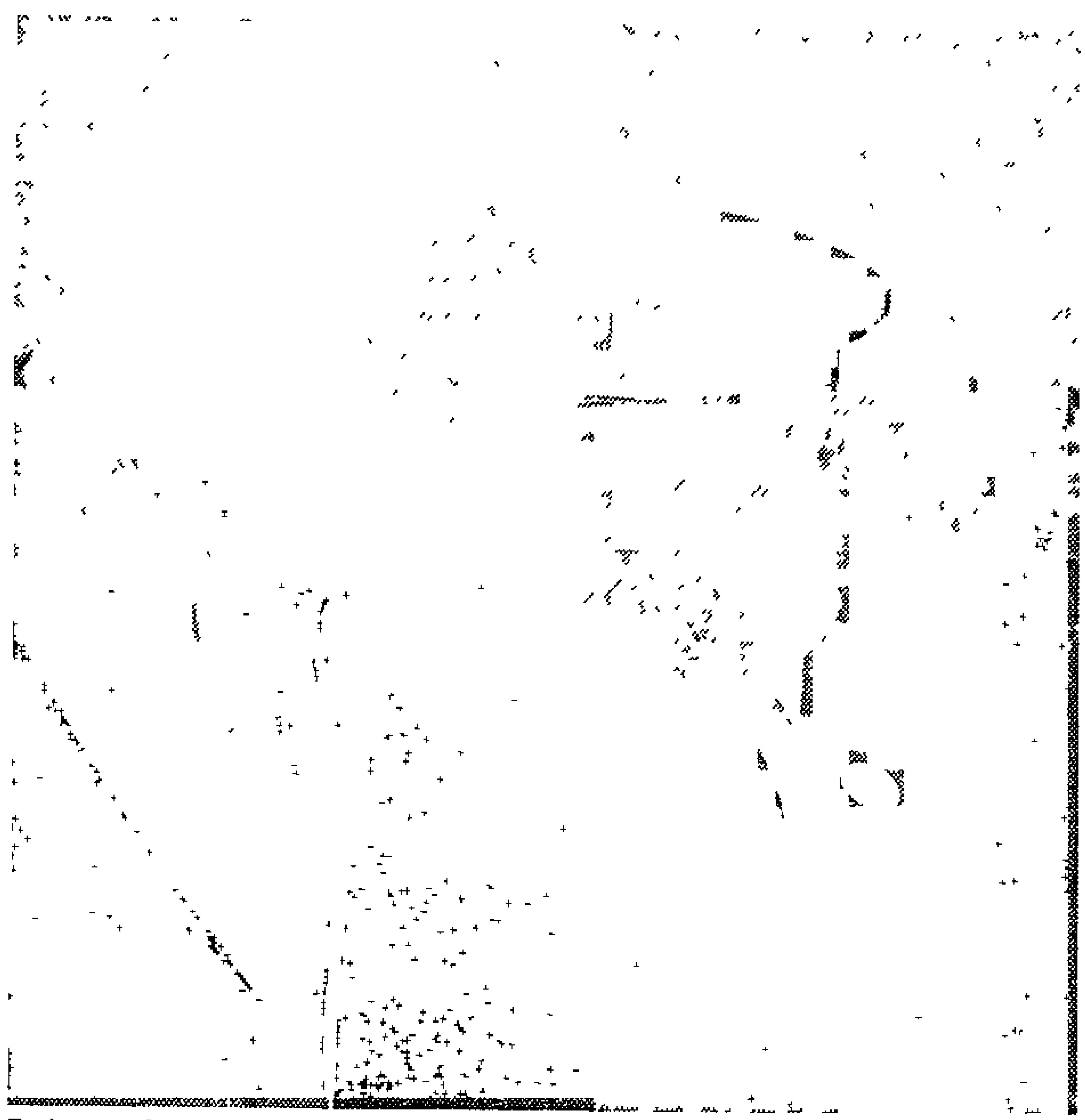
Said Mr Kobus Loubser, general manager of SAR, yesterday: "This is a historic occasion. Ever since I was a child — my father worked on the railways — the transport of coal in winter has been a major problem.

"Coal has always been a problem . . there have been more commissions of inquiry about it than about any other commodity"

Mr T A J Braithwaite, a director of TCOA, said that with the development of Saaiwater and SAR's better use of rolling stock the big problems were a thing of the past.

"I have a few grey hairs stemming from these problems. But now we have a new kind of environment. We are enjoying it."

So will the residents of Soweto, who burn 500 000 tons of coal a year and have suffered from winter shortages in the past.



Railways chief Mr Kobus Loubser with Johan Mienie, the yardmaster at the new Saaiwater marshalling yards. Mr Mienie has not shaved in 19 years.

PM 24/1/18

(23)

SEPTEMBER COAL SALES

	Sep 1978	Progressive total Sep 1978	Sep 1977
	'000 metric tons		
AAC			
Cornelia (9)	314	2653	1894
Anglo Power Coll			
Arnot Div (9)	474	4101	4322
Kriel Div (9)	452	3158	1989
Balgray (3)	26	80	51
Blesbok (9)	19	255	308
Coronation (9)	175	1596	1327
Morupule (9)	26	214	215
Natal Anth (3)	48	547	474
New Largo (3)	125	1009	1036
SA Coal (3)	289	2866	3017
Springbok (9)	183	1682	1960
Springfield (9)	271	2271	2859
Swaziland (6)	2	49	67
Vierfontein (3)	136	1116	1027
Vryheid			
Coal (9)	19	176	145
Coke (9)	39	354	387
Wankie			
Coal (1)	204	204	181
Coke (1)	15	15	7
Zuinguin (3)	32	298	276

	Sep 1978	Progressive total Sep 1978	Sep 1977
	'000 metric tons		
GENERAL MINING			
Afrikander Props, Delmas (3)	160	465	500
Clydesdale			
Coalbrook (3)	268	820	790
New Clydes (3)	123	375	302
Trans Natal			
Blinkpan (3)	162	519	607
Ermelo (3)	-	-	3
Haasfontein (3)	75	221	215
Hlobane (3)	75	238	256
Kilbarchan (3)	156	441	559
Northfield (3)	30	86	81
TNC Opencast (3)	103	309	283
Tvl Navigation (3)	143	446	387
Usutu (3)	422	1326	1305
Optimum (3)	468	1461	1526
GFSA			
Apex (9)	152	1250	1102
JCI			
Natal Cam (3)	38	107	160

	Sep 1978	Progressive total Sep 1978	Sep 1977
	'000 metric tons		
KANHYM			
Eikeboom (3)	56	176	99
LONRHO			
Duiker Explor (12)	203	2478	2412
RAND MINES			
Umgala (12)	69	1036	935
Welgedacht Explor			
Open Pit (12)	40	591	461
Utrecht (12)	8	100	47
Zimbutu (12)	26	296	322
Witbank Coll			
Albion (12)	42	526	691
Douglas (12)	115	1514	165
Union (12)	26	333	268
Van Dyks Drift (12)	244	2809	2646
Wolvekrans (12)	105	1892	1592
TAVISTOCK			
Phoenix (3)	81	273	224
S Witbank (3)	133	436	41
Tavistock (3)	87	304	298

Figures in parentheses are the number of months in each company's financial year completed at the end of September

and so associated with low economic status, which is not the case with duodenal ulcers.

15. With cirrhosis of the liver, a person is more prone to getting this disease if undernourished, although the disease has been listed under 'ambiguous'.

16. Trauma has been excluded, although it seems that assault is higher in low socio-economic groups.

SA coal exports could rise four-fold

RDM 21/10/78

Staff Reporter

SOUTH Africa's coal exports are expected to increase four-fold over the next 10 years, said Dr J H G Loubser, general manager of South African Railways.

Speaking at the official opening of the multi-million rand railway terminus at Saaiwater in the heart of the Transvaal coal region this week, Dr Loubser said the railways had already started gearing up to transport the expected increase in coal exports

South Africa currently exports about R10-million worth of high grade coal a year.

"In order to keep up with increased demand, we expect South Africa's coal exports to increase to 40-million tons a year."

Dr Loubser said the new Saaiwater station near Witbank and the new rapid loading terminal near Greenside would ensure that coal could be quickly moved to harbours like Richards Bay.

The Saaiwater project followed intense negotiations between the railways and coal producers about increasing efficiency in the transport of coal.

At Saaiwater, which is the first computerised coal loading system in the southern hemisphere, the turnaround time for rolling stock has been cut from 11 days to just longer than 2 days. This will save the coal producers and the railways an estimated R60-million a year in transport costs.

The new rapid loading system can load a 52-ton coal truck in 96 seconds.

The Star Tuesday October 24 1978

New call to exploit Kruger Park coal

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A call for the Government to exploit an economic coal find in the Kruger Park without delay was made today by a former head of Soekor.

Dr F W Quass, who had also worked at the Fuel Research Institute, said in an interview from his home in Pretoria that coke was, second only to the search for oil, the country's "most urgent technological survival project"

If it was economically viable, the new coke find in the Kruger Park should be exploited without delay Coke was urgently needed for the "vitally important and strategic" iron and steel industry, he said

A public debate about this issue has been going on ever since the coke find was announced

Conservation bodies have protested strongly against a section of the Kruger Park being transformed into coal mining fields, and the Wildlife Society of South Africa has organised a petition, in co-operation with The Star's CARE campaign.

UNAVAILABLE

Dr Quass said high-quality coke was mostly unavailable in South Africa and there were indications that the coke found in the Kruger Park was of a high quality.

He suggested that the Kruger Park be given another piece of land in the place of the potential coal fields, an area of approximately 30 000 ha being likely.

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Ten of these committees, namely thos ... enoni, Vereeniging, Krugersdorp, Germiston, Pretoria, Du ... t Elizabeth and Cape Town were established on 30th April ... two, for Pietermaritz-burg and Klerksdorp, were establishe ... 5

At the time of the 1973 strikes, the ... existence consisted of three white and five African membe ... enoni, Vereeniging, Krugersdorp, Germiston and Klerksdor ... ve African members in Pretoria, Durban, Pietermaritzburg, ... lizabeth; and one white and five African members in Ca ... e, the chairman of a committee was a white official on ... t of the Labour Department remunerated according to hi ... ervice. African members of regional committees were paid an allowance of R3,25 per meeting plus travelling costs and they were also reimbursed for the actual loss of wages incurred in attending to their duties.[16] An aspect of these regional committees which seems astounding is that prior to mid-1973 a single divisional labour inspector presided over no fewer than six of the seven committees in the Transvaal, Pretoria being the exception. His duties covered African workers in the magisterial districts of Johannesburg, Heidelberg, Benoni, Boksburg, Brakpan, Springs, Nigel, Delmas, Vereeniging, Krugersdorp, Roodepoort, Randfontein,

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15. Hansard 5 columns 355-60, 7 March 1973.

16. Muriel Horrell and Dudley Horner. A Survey of Race Relations in South Africa, 1973. Johannesburg, S.A.I.R.R., 1974 pp.273-275.

* Official terminology used to describe the indigenous population changed from 'Native' to 'Bantu' in the 'fifties.

Coal draws more money than gold

Sun. Exp. 5/10/78 Bus.

(215)

IN the Witbank region of the Transvaal at least R5 000-m is currently being spent on developing coal reserves. And that is significantly more than gold — the traditionally heavy spender in the mining industry.

The present spending splurge centres around the areas of Witbank, Middleburg, Ermelo and Bethal — an area that has become South Africa's prime energy zone. There are in fact three centres — the enormous Sasol 2 complex at Secunda, the second around Witbank and south of Middelburg and the third at Saaiwater

Sasol at Secunda comes on stream in about two years and will have absorbed some R2 500-m when it does so When it gets into full production, this huge plant will gobble up some 15-m tons of coal on its own every year The coal will come from its tied colliery, making Sasol the biggest production unit in the country

In the Middelburg/Witbank area there are two super-stations in Matla and Duvla under construction Each costs about R1 000-m — and in the course of completion there is the similarly priced Kriel station.

Each is served by a tied colliery operated by mining houses — Rand Mines, General Mining and Anglo American respectively The mines are expected to produce 9-m tons of coal annually.

The third epicentre is at the Saaiwater coal loading and marshalling depot which the SAR & H has only recently opened It cost nearly R8-m to build and will serve the export trade to Richards Bay

With its exports of coal, Richards Bay last year earned the country R240-m in foreign exchange from customers in Japan and Europe Export tonnages rose to 12-m this year and are expected to rise to 20-m in mid 1979. By 1983 export tonnages are expected to be 40-m or more.

Current suppliers to the export trade are SA Coal Estates, Greenside, Van Dyks Drift and Bank. They were joined recently by Rand Mines' Rietspruit and Kleinkopje The latter comes under the mantle of SA Coal Estates where joint development costs are in the region of R250-m

One can see from this that the total expenditure on developing coal reserves in the area at present is enormous — R5 500-m at least.

SUNDAY TIMES, Business Times, November 12, 1978. (215)

State shadow over coal

THE Government is preparing to set up a national coal board to control the coal mining industry.

Fierce opposition to the plan, which envisages the setting up of the board within the next six months, is expected from influential elements in the coal mining industry

A secret blueprint of the draft Bill for the establishment of the coal board has been sent by the Department of Mines to the Chamber of Mines for private comment

But the chamber will not comment According to a spokesman, "the matter is not mature yet and there is nothing of advantage that can be said "

The chamber has been sent a copy of the blueprint on the understanding that its views are not made public

Similarly the Department of Mines will not comment on the work it has done for the drafting of the Bill

But the mining industry is deeply perturbed over what is seen as the start of Government's attempts to control South Africa's richest and biggest industry

Although the Chamber of Mines is unlikely to publicly voice its objections to the creation of a coal board, membership of the chamber is sharply divided with many members believing that the conservative, toe-the-line approach being adopted is dangerous and damaging

Industry shocked by control board plan

Ian Muil looks at the latest inroads the Government is making into private enterprise.

"We do not believe that a coal board will in any way improve the industry's ability to extract more coal or to improve its efficiency," says a senior industry man who does not want to be named

"The industry already has a wealth of controls governing it and the establishment of a coal board will just create another body standing in the way of free enterprise

"The Government is very undecided about our coal reserves and cannot formulate a policy for coal extraction and sales In this state of indecision the Government has allowed itself to be swayed by misinformed sectional interests and a possible long-term objective of this coal board monster will be to control and restrict coal sales

"This they already do with all our gold output We have always believed the industry would be able to market its gold better than the authorities can "

A Pretoria source tells me that the objective of the coal board will be to provide a cohesive body to control the affairs of what is seen by Government to be a fragmented industry

Powers vested in the coal board would include those powers currently under the Department of Commerce (pricing), the Department of Industries (research), the Department of Mines (health and safety), and the Department of Agriculture (environmental control).

While the Chamber of Mines is likely to accept at face value the stated objectives of the Department of Mines to provide a board for the centralisation of coal industry affairs there is a growing body of opinion within the industry which distrusts Government encroachment into this sphere

"Once the coal board is a fait accompli, and this could be very soon, we will have a Government monster with its tentacles finally embedded in the mining industry "

GENMIN COAL QUARTERLIES

Smouldering

As expected, first quarter results from Trans-Natal and Clydesdale point to a year of marking time before contributions from the Matla and Ermelo collieries kick-in. The quarter was marked by static sales and higher tax rates with steady exhaustion of the Matla capex tax shield. Tax should, however, remain lower than normal company rates at least for another year — perhaps longer depending on the outcome of negotiations with Escom on Trans-Natal's and Clydesdale's share of capex in the mine.

Trans-Natal's sales were steady at 5,3 Mt (5,2 Mt) while mining profits increased by 2,3% to R7,9m for the quarter. The average tax rate was 32,5% (26,8%), leaving attributable profits of R5m (R5,6m).

Chairman George Clark explains that profits advanced faster than sales because some contracts have built in escalation clauses and some revenue does not accrue on an even basis. He describes the current year as "predictable" and even if a domestic coal price increase is granted in the next few months, it will have little effect on Trans Natal, which only depends on the general trade for 12% of turnover.

Clydesdale's sales benefited from selective domestic demand for its higher quality coal. Prospects at Clydesdale, which sells 30% of its output on the domestic market, depend to a large extent on an increase in the domestic coal price. A price review is expected in February, but the general impression is that the Price Controller will be far from generous.

Sales in the September quarter totalled 1,3 Mt (1,2 Mt), while profits improved only marginally to R1,9m. Earnings were R1,4m. In line with sister Trans-Natal, earnings this year will be unexciting, with the next boost coming from the 50% stake in Matla.

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... 47 labour disputes with no stoppage of work involving

... rs. These were usually settled by Bantu Labour Officers.

... es, where work stopped, but which could not be regarded as

... these involved 22 744 Africans. There were also 246

... 338 Africans took part.[23]

... ir to infer that the alternative system of labour relations

... by the State was inadequate and that when it was subjected

... African workers eschewed it, employers showed a

... use it in a meaningful way, and even the State implemented

... 744

... TIONS REGULATION ACT (NO. 70 OF 1973)

... unrest the Government moved quickly to overhaul the

... draft Bill embodying its aims in this regard. Its

proposals, in the words of the Minister of Labour "... evoked wide interest, and comment as well as proposals for its improvement were received from most of the major employers' organisations, from trade unions, individual employers and other bodies".[24] As a result the authorities altered the original Bill and later introduced the Bantu Labour Relations Regulation Amendment Bill.[25]

The new machinery retained the three-tier system, which had operated for twenty years, with certain important differences.

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23. Ibid.

24. Hansard 17 column 8390, 6 June 1973.

25. Some of the comment elicited by these Bills is recorded in: Muriel Horrell and Dudley Horner. A Survey of Race Relations in South Africa, 1973. Johannesburg, S.A.I.R.R., 1974 pp.276-281 and 286-291.

Key role for blacks in new coal mine

RDM 30/11/78 215

By RIAAN DE VILLIERS
Labour Correspondent

BLACK workers are to play a key role in operations at Rietspruit — the new open-cast export coal mine near Bethal in the Transvaal — according to a shareholders' report released yesterday

The report said blacks "of high calibre" were being trained for certain jobs

Blacks were being trained as shift supervisors and would work in the mining and metallurgical sections, as well as the laboratory.

Black's would operate coal processing plants and drive earthmoving machines.

They would also be trained as welders, laboratory analysts, personnel administrators, store controllers, security officials and nurses, the report said

The plan was spelled out in an annual review by Mr Tony Petersen, chairman of Transvaal Consolidated Land and Exploration Company, which has a 50% interest in Rietspruit The other 50% is held by Shell.

Mr Petersen said that to promote stability in the labour force the employment of married men who would move their families to the mine was being encouraged.

Houses for about 180 white and 500 black employees "on the most progressive lines" were being built as well as accommodation for single employees.

Recreational amenities and community services would also include a clinic and a school for blacks.

Dealing with employment conditions generally, Mr Petersen said housing, particularly for blacks, was being improved with houses on older mines being renovated and villages of modern houses being built on or near the newer mines

1.3.6.3 Labour productivity (measured in tons of ore), especially in 1975 and 1976, has risen to a new peak but this may at least partly be a short-run phenomenon having to do with neglect of normal development work in a time of real labour shortage (as apparently in 1975).

1.3.6.4 The underlying strength of labour demand in this 1970s sub-phase is reinforced by the current development of three new mines, as well as new shafts and further development of existing mines.

1.4 It is finally important to emphasise the dominant role of goldmining as generator of employment in the mining sector. This is connected with the labour-intensity of its production processes which result from the peculiar deep-level, hard-rock, narrow tubular character of the gold-bearing reefs - which makes mechanization difficult and expensive. All we need to notice here is the preponderance of gold in the employment statistics. Although its share has been declining on trend since 1946 (78 per cent in that year down to 61,1 per cent in 1976) goldmining still employs roughly 3 out of every 5 workers (of all races) employed in mining. Even relatively small (percentagewise) changes in goldmining employment are capable of swamping in absolute size major developments in other branches of mining employment. (And it is this importance which justifies the detail of the above discussion. We do not attempt to repeat it in the discussions that follow).

1/12/78

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WELGEDACHT

2,15 1/12/78

Reduced growth

Activities: *Coal-mining company operating four collieries in Natal TC Land owns 70,7% of the equity*

Chairman: *A A Sealey, managing director: N Zolezzi*

Capital structure: *9,1m ordinaries of 45c Market capitalisation R21,8m*

Financial: *Year to September 30 1978 Borrowings: long and medium term, R250 000. Net cash: R4,1m Current ratio: 1,4. Net cash flow: R6,0m. Capital commitments. R1,5m.*

Share market: *Price 240c (1977-78: high, 325c; low, 160c; trading volume last quarter, 124 000 shares). Yields: 27,1% on earnings; 10,4% on dividend. Cover: 2,6. PE ratio: 3,7.*

	'75	'76	'77	'78
Turnover (Rm)	10,5	17,3	20,2	26,3
Coal sales ('000t)	1 515	1 866	1 831	2 023
Net profit (Rm)	2,4	4,2	4,7	5,8
Working profit (Rm)	2,8	5,4	5,4	6,8
Earnings (c)	26,3	45,6	52,0	63,8
Dividends (c)	6,5	13	16	25

Despite a 22,4% rise in unit costs to 986,7c/t, resulting in a small 5,4% unit working profit increase to 312,1c/t, pre-tax profit rose 24,5% to R7,5m. However, chairman Allen Sealey points out that the improvement was largely due to a number of factors peculiar to 1978. Production was improved due to, *inter alia*, the new open pit operations, which increased production to 590 000 t

The sales improvement to 2,0 Mt (1,8 Mt) was helped by the inability of other Natal collieries to meet their allocations. Welgedacht thus supplied 54,7% of the total trade against its 43,2% allocation.

Turnover increased by 30,2% largely due to the 215c/t domestic price increase in February and higher revenue from a DM denominated contract with Germany

Revenue was also boosted by the R464 000 (R24 000) contribution from the company's railway line, which is administered by SAR, and the lower R333 000 (R443 000) Richards Bay coal terminal levy.

This year any domestic-controlled price increase will probably have only a small effect on profit and the new Zimbutu coal fines washery's maiden contribution is not likely to fully offset the adverse effect of declining domestic sales. Sales are expected to continue to fall until the early Eighties, when the Natal power stations and the steam locomotives will have been phased out. So a levelling in dividend growth is forecast.

Exports, which accounted for 51% of total sales last year, are forecast to only just offset expected lower domestic sales.

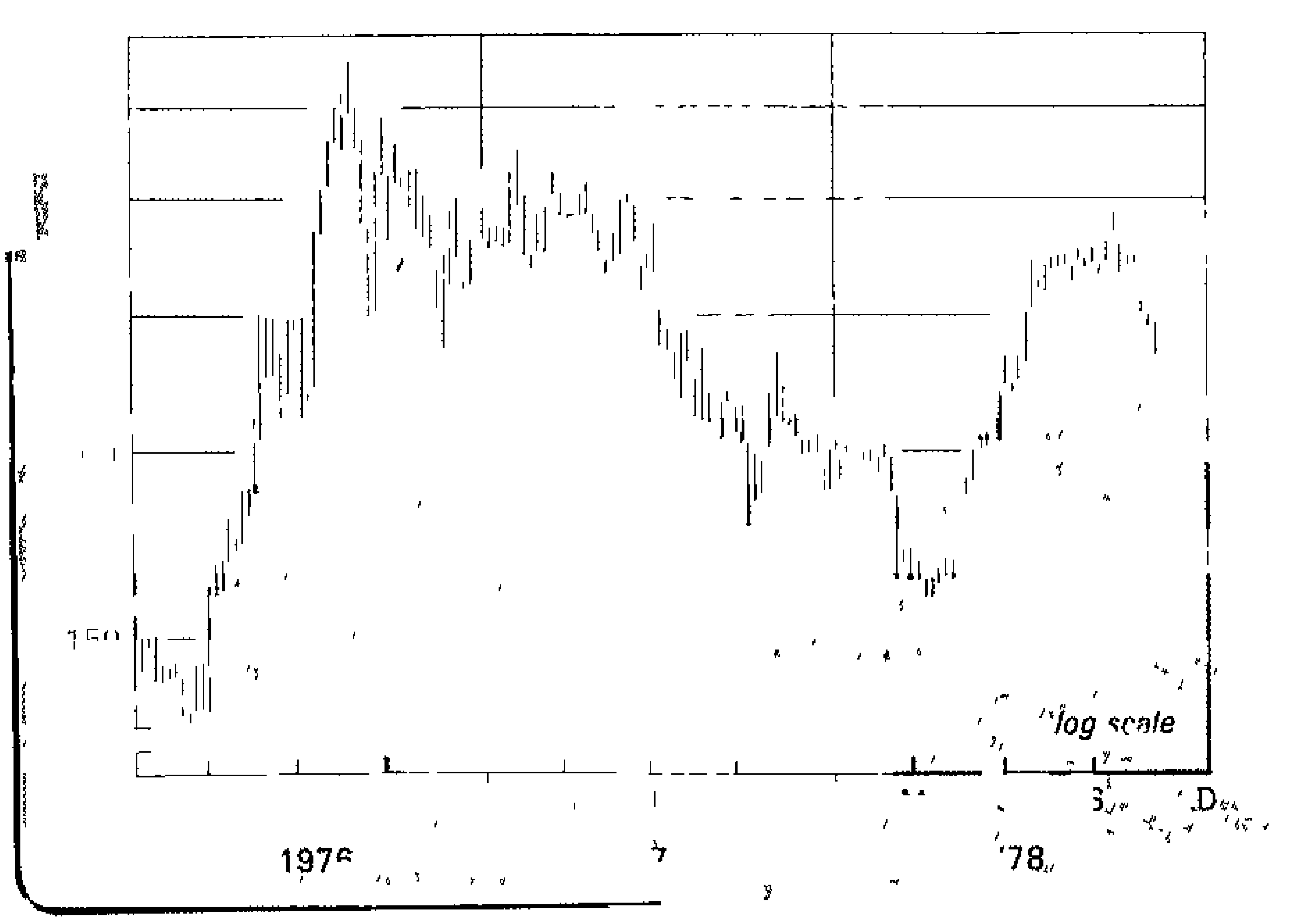
Production at the most important operation, Umgala, where Alfred seam consists of 70% bituminous (the rest being lean and anthracite coal), increased to 1,0 Mt (937 000 t) of which 712 000 t was exported. Faulting of the Alfred seam is less serious than initially expected and development is continuing unhindered.

Sealey says "lower sales and profit margins are likely to prevent dividends from being increased as rapidly as has been the case in recent years," despite lower capex plans.

However, with lower capex, dividend cover could easily be reduced allowing dividend growth on static earnings.

At 240c the share is attractive on yield considerations, but major earnings growth is probably at least three years off.

WELGEDACHT ex growth



215 FM 1/12/78

WITBANK COLLIERIES

Near-term plateau

Activities: *Coal-mining company operating five collieries in the Witbank, Breyten and Middelburg districts and developing the Duvha opencast mine. SA's biggest coal exporter. TC Land owns 71,3% of equity and AT Colls 15,8%*

Chairman: *A A Sealey; managing director. R B MacGillivray.*

Capital structure: *6,8m ordinaries of 200c. Market capitalisation: R149,7m.*

Financial: *Year to September 30 1978. Borrowings long and medium term, R4,7m. Net cash· R15,1m. Current ratio 1,4. Net cash flow: R35,3m. Capital commitments. R63,0m.*

Share market: *Price: 2 200c (1977-78: high, 2 750c; low, 1 075c, trading volume last quarter, 35 000 shares) Yields· 23,7% on earnings; 5,0% on dividend Cover: 4,7. PE ratio: 4,2.*

	'75	'76	'77	'78
Coal sales (Mt)	5,3	6,1	6,9	7,1
Turnover (Rm)	19,0	36,4	62,5	74,9
Pre-tax profit (Rm)	4,8	14,2	34,1	40,3
Working profit (Rm)	5,0	15,2	33,5	38,2
Earnings (c)	77	228	542	521
Dividends (c)	23	23	53	110

Witbank Colliery is developing as expected. Dividends have improved strongly and the next major round of profit growth will occur as Escom-tied Duvha colliery kicks in, to be followed by export-based growth with the completion of Richards Bay phase 3

Largely due to a 17,8% increase in coal exports to 3,3Mt (2,8Mt) and higher export prices, pre-tax profit rose 18% to R40,3m (R34,1m) Operating margins came under pressure, with unit costs rising 22,4% to 517,4c/t while working profits rose only 10% to 537,3c/t

The R6,2m (nil) tax payment with expiration of assessed losses and lower capex offset, left taxed profit unchanged at R34,1m Capex to be funded internally is slowing down And with less need for retentions, dividend cover was cut to 4,7 times (10,2) and the dividend hiked to 110c (53c). The company is sitting on a cash balance of R18,8m earmarked for capex at Duvha, repayment of the 111 000 outstanding convertible notes and R5,7m loan repayments.

Near-term sales growth has limitations. Low Japanese steel industry demand puts a damper on low-ash coal exports. And with no recovery in sight, export sales may not improve much on last year's 881 000 t (806 000 t). However, chairman Allen Sealey points out that other contracts have been negotiated which should enable the group to maintain low ash exports between 800 000 t and 900 000 t. It is doubtful whether there will be any benefit from increased export prices this year Sealey points out that prices will be under considerable pressure.

Steam coal sales were split as to 720 000 t (711 000 t) Gulf and 1,7 Mt (1,3 Mt) Western Europe. With Richards Bay slated to increase handling capacity from 12 Mt to 20 Mt in April 1979, markets for steam coal are being sought.

Local sales are unlikely to improve significantly this year Last year local turnover decreased 10% due to the low level of economic activity, phasing out of steam locomotives by SAR and Escom's phasing in of tied collieries. Last year's 86c/t domestic coal price rise did not cover unit cost increases and it is unlikely that the increase applied for in August will cover the increased costs expected this year

Currently the most important section, Van Dyk's Drift increased its production to 2,8 Mt (2,6 Mt) by incorporating top coaling operations. Extraction will be improved further when a new small scale open pit mine is opened to extract coal from high grade No 2 seam. Low-grade coal in the vicinity of the seam makes large scale open cast operations uneconomic under present conditions. Adverse mining conditions probably contributed to the production decline to 1,5 Mt (1,7 Mt) in Douglas section. A small opencast mine extracting at a rate of some 90% pushed the section's total extraction rate up to 50%. The other sections of the mine are using the bord and pillar method and extraction is low at 41%.

Wolvekrans section increased production to 1,9 Mt (1,7 Mt) and managed a high extraction rate of 79% mainly through opencast mining

Depressed local market conditions resulted in lower 526 000 t (691 000 t) production on a single shift at Albion section

Duvha will come on stream in the current year with a production of some 300 000 t which will be fed into the power station at a rate of 95 000 t a month after September 1 next year, when the first 600 MW generating set is commissioned In the following five years the five other 600 MW sets will be commissioned — one a year

At 2 200c the share discounts medium-term dividend growth potential. There is scope for a higher payout this year but the share is best suited to investors prepared to wait for greater export sales and Duvha

Peter Pittendrigh

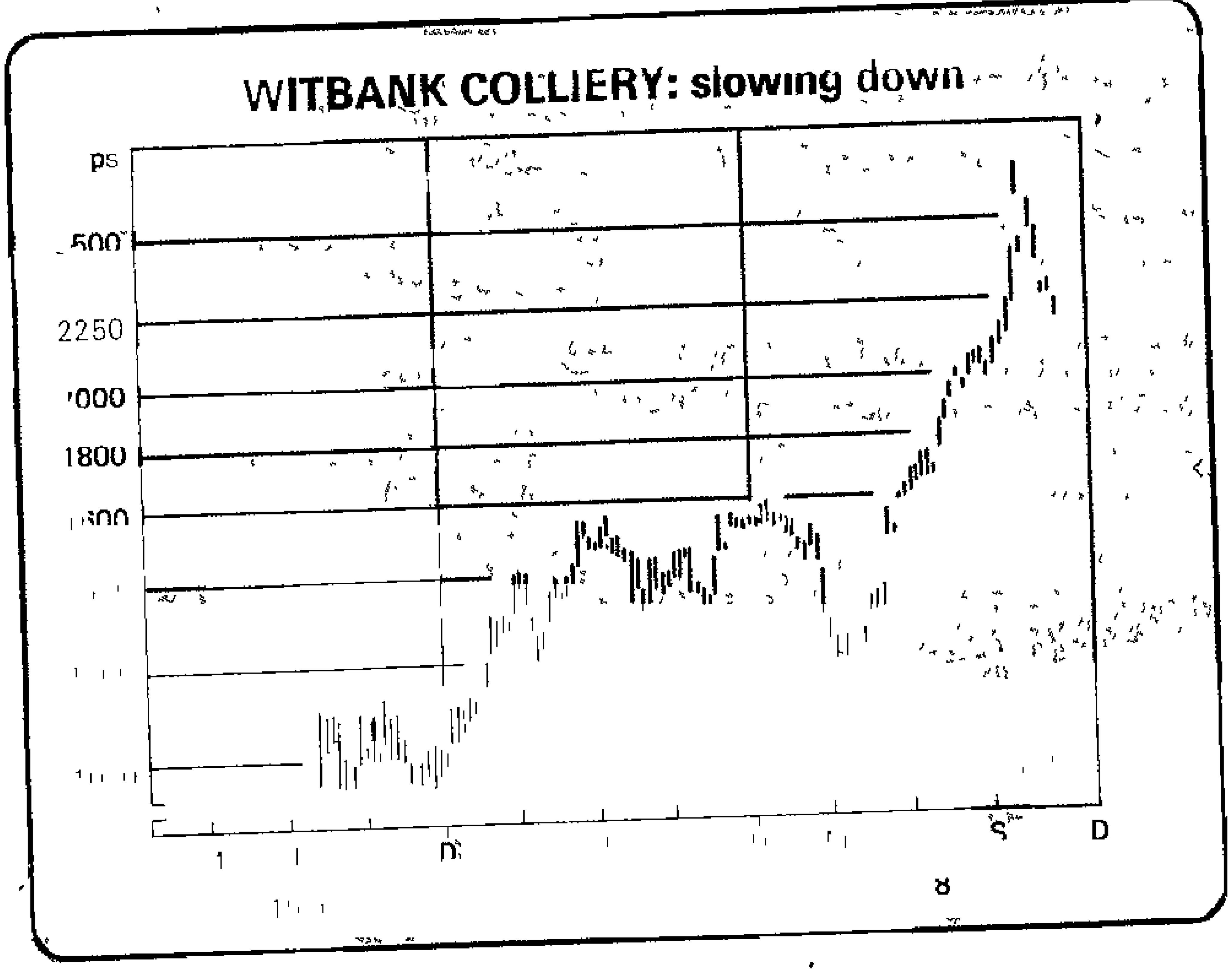
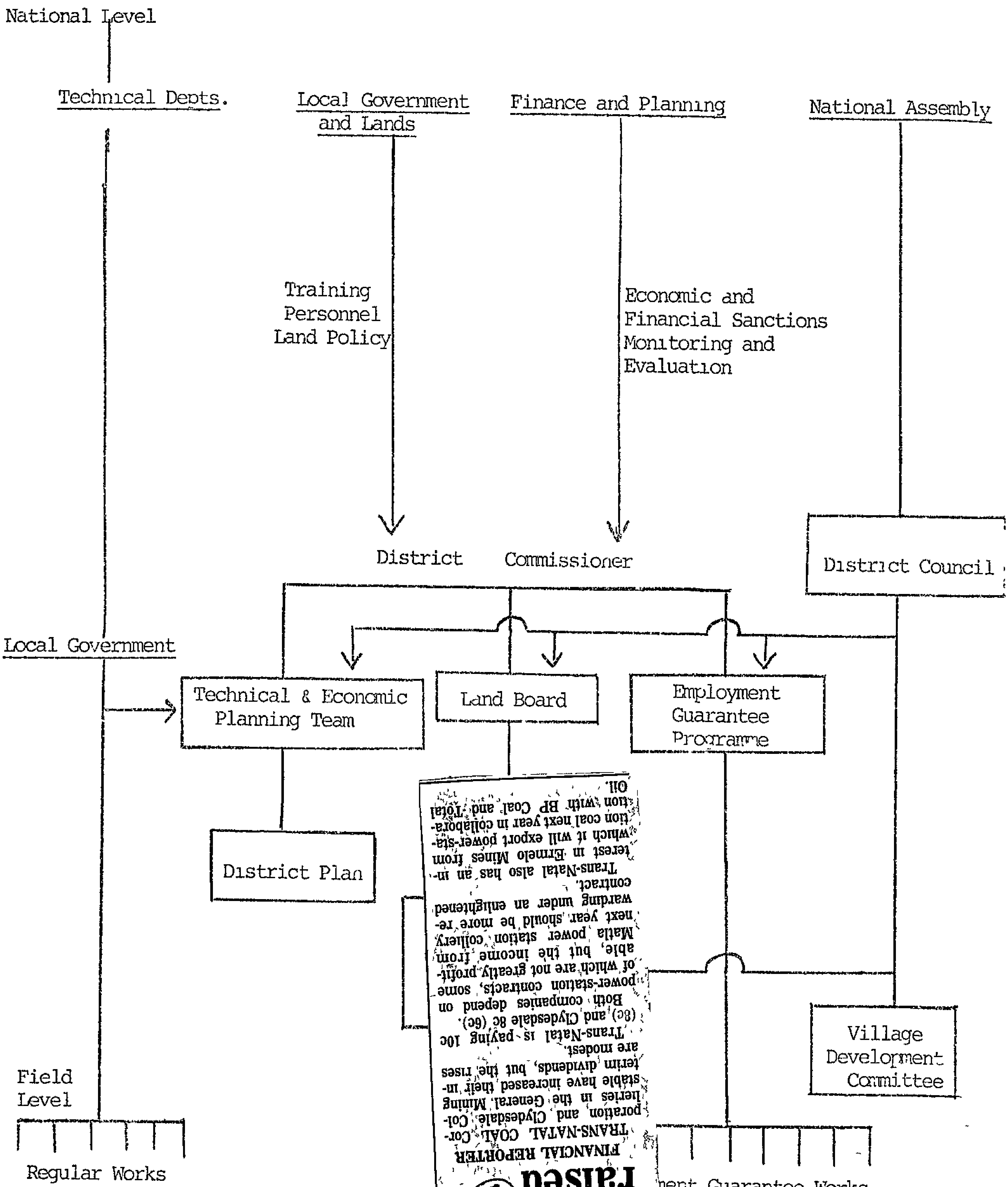


Figure I Model Organisation for Rural Development



RM 7/12/78

Two coal interims raised

FINANCIAL REPORTER

TRANS-NATAL COAL Corporation and Clydesdale Collieries in the General Mining stable have increased their interim dividends, but the rises are modest.

Trans-Natal is paying 10c (8c) and Clydesdale 8c (6c).

Both companies depend on power-station contracts, some of which are not greatly profitable, but the income from Matla power station colliery next year should be more rewarding under an enlightened contract.

Trans-Natal also has an interest in Ermelo Mines from which it will export power-station coal next year in collaboration with BP Coal and Total Oil.

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Coal export boost: green light is awaited

Star 23/12/78

(215)

By Harold Fridjhon

Mining houses and some of the oil companies are awaiting the green light from Minister Chris Heunis which will enable them to push coal exports through Richards Bay from next year's 20m tons to 32m tons a year by 1983 — and then to 40m tons by 1985/6.

At present prices this will mean export income that will top R800m a year, making coal South Africa's second biggest foreign exchange earner after gold.

Mr Heunis is expected to announce soon the names of the companies which have been granted the export quotas which will double the Richards Bay trade

The current export quotas being shipped through the Richards Bay terminal amount to 12m tons a year of which 9m tons are steam coal, 1,2m tons are anthracite and 1,7m tons are low-ash coal, primarily for the Japanese market.

BENEFICIARIES

Beneficiaries of the 8m tons a year step up to the 20m level will be 3m tons for Rietspruit, the TC Lands-Shell oil partnership which Shell is selling, 3m tons from the huge Ermelo field being developed by Transnatal in association with BP and Total Oil, and 2m tons which will come largely from Amcoal's SA Coal Estate which is developing the Kleinkopje mine. It is understood that Amcoal's product will also be marketed by Shell.

This policy makes good sense; it involves the oil companies in this country, not only as importers of energy, but also as purveyors of South African energy. And they have the marketing muscle.

ROLLING STOCK

The doubling of the export quotas could mean expenditure of R1 000m. This includes the cost of opening new mines and equipping them, railway expenditure on capital equipment and rolling stock, and extensions to the coal terminal itself. Expenditure of this magnitude will benefit the economy as a whole.

In his recent chairman's

shareholders, Mr A A Sealey said that the extraction rate and the depth to which coal can be mined are largely determined by the price for the product At the low inland prices ruling a few years ago, few collieries could afford the investment required.

Increases in inland prices have gone some way towards changing the position "but it has been export sales at higher prices that have provided the funds necessary for the heavy capital investment required to achieve a higher level of extraction"

On this basis, Mr Sealey maintains that exports have increased rather than decreased extractable reserves

But by the same token, unless further inland price adjustments are made, men in the coal industry are already asking where the money will come from to establish new mines to supply the domestic market when the older mines are worked out And the first casualties will probably be recorded within the next five to ten years.

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vernacular. There are now two excellent books in which Zulu symbolism is interpreted: Dr Harriet Ngubane's Body and Mind in Zulu Medicine, and Rev Dr Axel-Ivar Berglund's Zulu Thought-Patterns and Symbolism. This is a great help, but the ordinary busy practitioner, not a specialist on Xhosa or Zulu or Sotho symbolism, may still be in difficulties. I used to be rung up by a medical friend who would say perhaps: "I have a patient here who says she sees a leopard walking round her bed at night. Is this evidence of hallucination?"

name the neighbour -- imputation of witchcraft is a criminal offence -- but hints may confirm my suspicions.

I have been watching such a case in the country. One family suffered three misfortunes within a year: a baby dies of enteritis; a cherished hunting-dog died with symptoms of poisoning; a cow died suddenly. Also we were all plagued by a pack of baboons. The head of the homestead wished to go to divine with a traditional diviner, and wished neighbouring families to accompany him. He wanted me to provide transport and press everyone to go. I knew that there was a long-standing feud between his wife and her sister-in-law, living nearby,

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which had begun in the classic fashion as a quarrel between mother-in-law and daughter-in-law living in the same homestead. If the diviner hinted that a sister-in-law was responsible, the quarrel might reach the point that the families could no longer live as neighbours. I refused to participate by providing transport or advising anyone to go to divine. The quarrel has simmered down, I think through the intervention of the Bishop of an Independent Church to which the [illegible], concerned both belong, but I have not yet heard the

of personal causation

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I think about it

me many years ago.

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ard to measure.

Many traditional practitioners are concerned over those whom they, themselves, regard as charlatans, not properly trained and they seek some recognition as an exclusive guild. Of this I am sceptical: it is certainly not something in which any outsider can intervene, and I myself think that the most effective control comes from patients who go only to whose whom they think can help them.

In listening to the papers that are to come, those by West, Schweitzer, Holdstock, Whisson, Solomon, Hirst, Buhrman and others, I think we should address ourselves particularly to the question whether traditional diviners and modern prophets in fact contribute to community health or whether, on balance, they foster belief in personal causation of disease which increases anxiety and conflict.

* * * * *

A medical officer, when he has become accustomed to doing this work and has developed the power of concentration, is able to examine about sixty natives per hour, but requires a break of about half an hour after two hours' work. To many it may appear impossible to examine such a number with any degree of accuracy, but it must be realised that all that is demanded of the medical officer is the detection of an abnormality and not a diagnosis of the condition. After doing this work for several years the WNLA medical officers have naturally become proficient in the use of the stethoscope.

Occasionally defects are missed at this examination, but this is more likely to occur at the close of a heavy day.

It is on account of this possibility that a second examination is carried out by each mine medical officer, where the natives arrive on the mines in smaller numbers. (204) ...

All tuberculous cases, incipient or otherwise, are repatriated to their homes and warned not to return for mining employment.

Silicotic or tuberculo-silicotic cases are transferred to the miners' phthisis wards for examination by the Miners' Phthisis Medical Bureau, a body of medical men appointed by the Government to examine mine natives with pulmonary tuberculosis or silicosis with a view to determining the degree for compensation in terms of the Miners' Phthisis Act. Such natives are repatriated when fit to travel to their homes.

Girdwood himself realised the limitations of a stethoscope examination, but only in so far as it could be compared with radiography which enabled the identification of silicosis in its ante-primary and primary stages and tuberculosis in its simple stage.(205) What doctors at the time did not yet understand was that a stethoscopic examination is of no diagnostic worth at all. Any successful clinical diagnosis of silicosis must include radiography and a history of past occupational exposure.(206) One can perhaps postulate hypotheses that more cases of silicosis, and to a larger extent tuberculosis, remained undiagnosed and uncompensated, than the official figures conceded. Also the policy of repatriating silicotics and tuberculotics after a period of convalesence, and when they were deemed fit enough to travel, concealed a higher mortality than that given by the official figures. Finally, there is no evidence that post-mortems were carried out on deceased Black miners. One can perhaps suggest that a number of Africans died on the mines who did, in fact, have silicosis, but which remained undiagnosed.

In contrast, the initial examinations of the New Rand Miners and Eurafricans (Asians and Coloureds) included a physical examination, and examination of the physique of the aspirant miner, radiography and a discussion of past occupational history. All aspects were recorded and filed. Periodic examinations, of the same kind, and at yearly intervals, enabled strict control of the health of the miners. The same examination procedures

were applied to Old Rand
examinations to determine
contrasting systems were
has shown, the 1943 Miner
state of affairs in regar
and the after-care of Nat
lung diseases'.(208)

Coal exports head for 40m tons by 1986

(215)

RDM 27/12/78

By ADAM PAYNE

ALTHOUGH the coal-mining industry has not received official Government notice that exports of 40-million tons a year will be sanctioned, Mr S L Muller, Minister of Transport, has given the green light for doubling next year's 20-million tons exports by 1986.

This will mean tremendous expansion in the coal-mining industry, with a ripple effect on the industries supplying it with equipment It will also mean big spending by the Railways Administration and the Richards Bay Terminal Company on expanding the Richards Bay railway and port handling facilities

Opening the electrified railway line between Broodsnyersplaas and Richards Bay, Mr MMULLER SAID THAT R300-m would be spent on raising the line's carrying capacity to 40-million tons a year by 1986

This is the first official statement showing that this expansion will be undertaken

Mr Muller said that exports at the increasaed rate after 1986 would earn South Africa R1 000 million a year in foreign exchange, placing coal firmly behind gold as the top foreign exchange earners

He said that at present coal exports through Richards Bay totalled 12-million tons a year, but the figure would reach 20-million a year by April next year, 30-million by 1983 and exceed 40-million tons by 1986

The entire line between Broodsnyersplaas and Richards Bay was controlled by computer It was the first in Africa to use alternating current and was probably the most sophisticated in the world, he said.

To reach an export figure of R1 000-million a year in 1986, the Railways Administration would spend R300-million on improvements and expansion This would include R200-million on rolling stock, R65-million on civil engineering and R10-million on new quays at Richards Bay

He said that electrifying the 772 km railway to Richards Bay had cost R34-million

MINING - Coal

3-1-79 - 16-12-79

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leading sectors being Mini evitably meant that the
first decade was character outlays. In agriculture, good
weather, following a dr independence, led to the
build up of herds (1976 ab which culminated in the
substantial export of beef ly and mid-1970s. Organised
slaughter and export throug Commission (BMC), good
veterinary services, and fa led the payment to farmers by
the BMC to rise from P9,2 m 28 million in 1974. The
throughput of cattle only d to 210 000 over the same five
year period, a slight decli e off-take of the national
herd from about 8% to about

The second and most import s first decade saw a concen-
tration of funds on constr ital formation that was largely
urban in character and wit -take of cattle with high
profits to those in a posi factors favoured those
better placed to take adva rdinary developments.
Those less well placed pre 's income disparities grew.
Indeed, official figures s come households lost
absolutely: their GDP per e their cost of living rose
50% over the period 1964-7

Aware that the rapid growt lopsided, Government took
several measures to redres 1972 an Accelerated Rural
Development Programme was funded the construction of
education, health and oth cture. District Councils
and Village Development C into the management of the
programme with mixed but d lts than were expected.
Also in 1972, the Governme R. Chambers and D. Feldman
to prepare a Report on Rur which the Government could act.
The Report, which will be ready acceptance by Govern-
ment for most of its propo t o n
Government's recent White the
Programme (TGLP). In the ful me
Distribution has been com fi urgency
with which Government must ure ov-
erishment of roughly half and itut-
ional conditions that will com cattle
and assist in the beginnin op agriculture.

Bright hopes for SA coal

215

RDM 3/1/79

By ADAM PAYNE

SIMULTANEOUSLY with the rise in coal share prices on the Johannesburg Stock Exchange, because of world oil problems, the International Energy Agency (IEA) has issued an optimistic forecast on South Africa's future part in international steam coal exports.

It says in a report entitled "Steam Coal, Prospects to 2000" that South African steam coal exports will dominate international steam coal trade in the short term.

"In fact, South Africa could take over markets in Europe nowadays occupied by North American coal," says the report.

But it considers that in the longer term the United States will regain its place as a steam coal exporter.

The report predicts that South Africa's steam coal exports will rise from 6-million tons in 1976, when Richards Bay harbour was opened, to 34-million tons in 1985, 60-million tons ib 1990 and 90-million tons in 2000.

But both Mr Allen Sealey, chairman of the Transvaal Coal Owners Association, and Mr Dick Bird, managing director, point out that there is no Government approval for steam coal exports in excess of 40-million tons a year.

Therefore, the IEA cannot predict exports at 60-million tons in 1990, but its prediction shows the way the energy world views South African development.

Mr Bird said "An increase in Transvaal coal shipments beyond 40-million tons a year would involve big railway development, including doubling of the line to Richards Bay."

The IEA report forecasts that Australia's growth in exports will move from 31-million tons in 1976 to 195-million tons in 2000.

While the report, which is quoted in Coal Week, predicts increases in coal trade and consumption, it concludes that there will be an excess of energy demand over supply during the next 20 years.

For instance, the IEA predicts that demand for energy in 1990 could be 376-million to 400-million tons of oil equivalent over supply. By 2000, demand could rise to 1 185-million to 1 260-million tons

ply

Coal-fired power stations will be competitive with oil-fired plants as long as the delivered prices for high and low-sulphur coal are equal to or less than $71 a ton equivalent for high-sulphur coal and $83 a ton for low-sulphur coal

South Africa scores because it produces low-sulphgur coal and at present is selling at about $22 a ton fob Richards Bay.

The difficult question to answer is how
in the pockets of those 40 000 odd unde
expenditure by District Councils in 1980/
of that goes to pay establishment costs.
it is stressed that Government intends to
in the rural areas does not fall below th
expenditure. Communication, mainly road
32% of development expenditure. For 198
million and P20 million for rural develop
or P38 million out of a total of P62 mil
compared with an average planned total ou
during the three years 1973-74 to 1975-76
ditures that averaged P20 million.

The National Development Plan 1976-81 adm
capacity to implement projects is a great
than the shortage of finance".[1] Also th
problems shows how much more difficult a
There is a need "for greater precision"[2] i
and in unusual environments who tend to be
stated that "much innovation"[3] is require
is disturbing. It appears in full clari
each project, Government must be clear pre
to assist, precisely what it can achieve,
this".[4]

The insistence on precision jars with the
objectives set for rural development, with
sparseness of Botswana's rural population;
agricultural production; with the pervasi
on family production of large numbers of m
and with the admitted limited capacity of
skilled or suitably experienced people.

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1. Para. 4.3 page 67
2. Para. 4.5 " "
3. Para. 4.4 " "
4. Para. 4.5 " "

The pick of coal shares

RDM 8/11/79 (215)

BY ADAM PAYNE

SEVERAL OF THE main coal-mining shares are still a good buy in spite of their run-up last week, says one of Johannesburg's biggest brokers in a general survey of coal-industry and coal-mining prospects.

Not only is coal likely to be more in demand in South Africa and internationally because of the energy situation, but talk on the Johannesburg Stock Exchange is that the Price Controller will give the industry an increase of up to possibly 90c a ton for South African consumed coal to cover increased working costs in the past year

The last increase was at the beginning of last year to just over R7 a ton at the pithead

The brokers, in their excellent coal survey, have based their dividend forecasts and share value forecasts on the present price of coal, but have allowed no inflation in costs, working on the basis that price increases will balance the cost rises

Before going to share price projections, they estimate that because of the curtailment of nuclear programmes overseas, the international demand for power-station coals will increase at a rate exceeding 5% a year

The industry will benefit not only by a coal-price increase but by higher priced exports, in which Amcoal, Trans-Natal Coal Corporation, Witbank Collieries and Apex are the main companies.

It will benefit by Escom expansion because the new contracts are more realistic and profitable than those entered into previously.

The brokers' research results in their selecting Amcoal, Apex, Tavistock, Trans-Natal, Clydesdale and Witbank Collieries as the best buys for increased dividend distribution and capital appreciation

Taking Amcoal first with its benefits from Kriel power station and Kleinkopje export coal — on which there will be continuing heavy capital spending — the brokers estimate present value of the share at 2 430c on the basis of a 9% a year yield Last Friday's closing price was 1 490c

They forecast dividends increasing from 60c in 1977 to an estimated 75c for 1978, to 90c this year and 230c for 1982-1987.

Apex Mines has equally good prospects with a fine spread of sales to the South African market and metallurgical coal sales to the Japanese steel mills and Highveld Steel & Vanadium

On a 9% yield basis the present value of the share is estimated at 2 450c compared with the closing price last Friday of 2 000c Dividends are forecast as rising from 80c last year to 160c this year and to 245c in 1981-1987

Clydesdale Collieries is in a different category and although it has appreciated steadily, there has been some wariness about the share because of its power-station content

However, the company will share big profits from the Matla colliery starting this year because the contract with Escom is on much more favourable terms than earlier Escom deals

New Clydesdale also sells on the domestic market, so it will benefit from a price increase.

Clydesdale's present value on a 9% yield basis is estimated at 790c compared with Friday's closing of 405c

The dividend last year was 15c and the estimate for this year is 20c rising to 25c next year, 30c in 1981 and 48c in 1982

Tavistock is a winner on the domestic market, operating three mines and its profit and dividend record is as impressive as any other in the coal sector

The present estimated value of the share at 5 130c compared with Friday's closing price of 3 425c The 1979 dividend is estimated at 310c, rising to 520c in 1981-87

Tavistock has had such a good run that I would prefer the collieries with export content, such as Amcoal, Witbank Collieries, and Trans-Natal

The value of Trans-Natal on a 9% yield is estimated at 455c with dividends rising from 18,5c last year to 20c this year, 25c next year, 30c in 1981 and 48c in 1982 The immediate growth in distributions is not as great as the growth

Witbank Collieries, which will benefit particularly from the opening of Duvha power station and exports of steam coal in collaboration with Shell, is in the top league

The present value on a yield of 9% is estimated at 3 870c compared with Friday's closing price of 2 700c

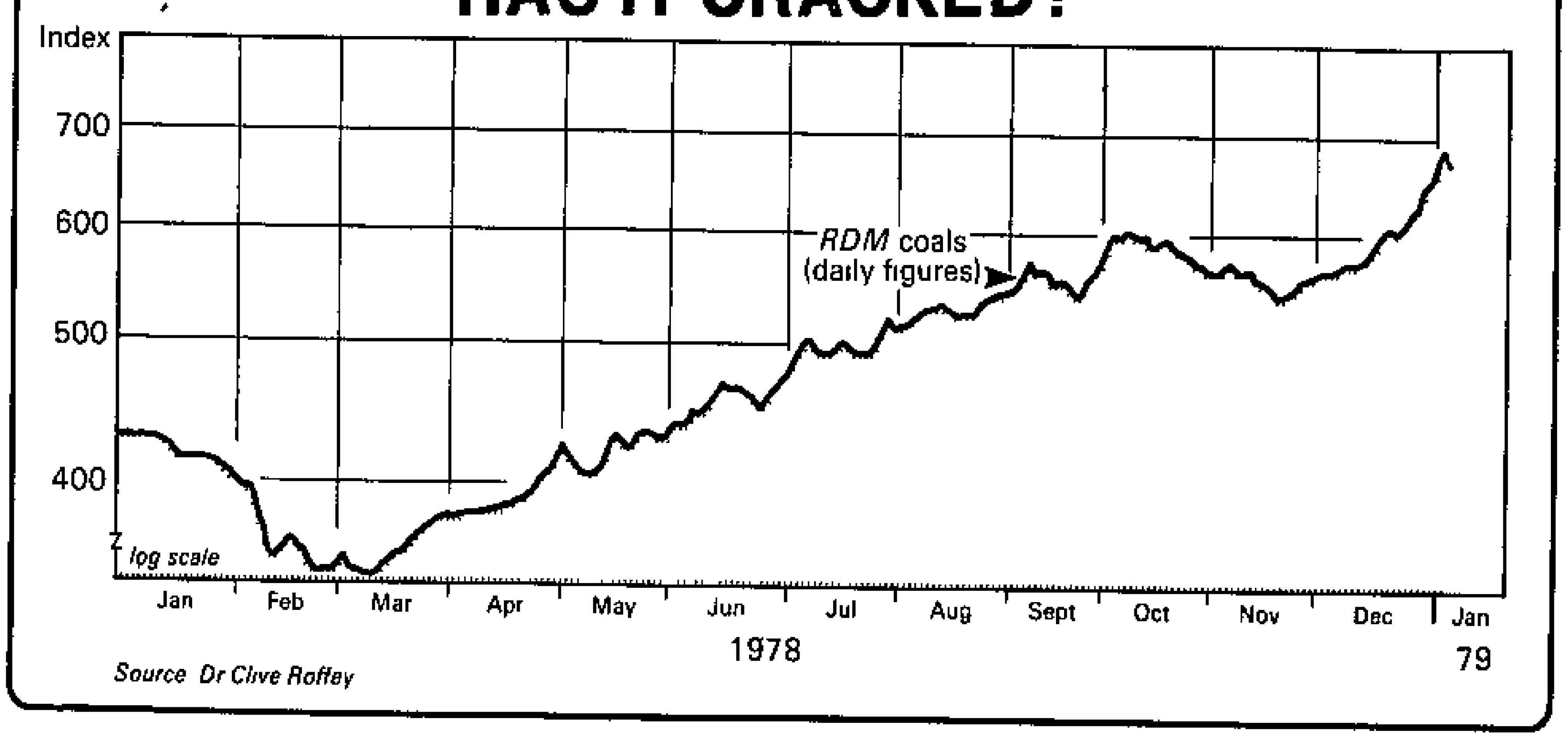
The dividend which was 110c last year is estimated to rise to 140c this year, 170c next year, 275c in 1981-1984 and 470c in 1985-87

COALS

Brown out starting?

215 FM 12/1/79

HAS IT CRACKED?



With one or two exceptions, coals have moved too far and too fast. Well, that is the market's growing view as it awaits the almost inevitable near-term reaction.

Longer term, there are few doubts on coal's underlying strength. Exports are set to rise to at least 44 Mt by the mid-Eighties and domestic consumption slated to rise to over 130 Mt by the turn of the century from 72,3 Mt in 1977. But it goes without saying that these considerations had little influence on the recent buying pressure which boosted the *RDM* coal index from 540,9 on November 22 to 685,2 on Monday this week.

The reasons are clear. Buyers have followed the Iranian crisis and Opec's 14,5% oil price hike and decided that the world and SA is about to set off on a coal-buying splurge. The index's rise has been more emotional than based on near- to medium-term fundamentals.

So what are the fundamentals?

On the export front, allocations for Phase III of Richards Bay have been known for some time (*Economy & finance*) and export growth to the mid-Eighties has been well discounted in share prices. However, guaranteed prices are hard to come by when negotiating export contracts. And with most of the world's steel industries operating well below capacity, buyers are hardly likely to be generous with consumers

If the world does not shake off its recessionary blues in pretty short order and demand for imported coal remains weak, the trend could be for a country such as Japan to concentrate purchases from mines that it has helped finance. There are none of those in SA.

On the home front, prospects of any generosity from the Price Controller, Escom or Iscor look decidedly slim.

Last February the Price Controller granted an 86c/t increase in the domestic controlled price to R7,76/t and another rise is in the pipeline for February. The general view is that it will be in the region of 90c/t, which will scarcely offset intervening cost increases

There is no need for the Price Controller to go overboard on price hikes. Those of two to three years ago served the purpose of triggering a round of expansion. With the domestic market probably now oversupplied, expansion beyond presently in-progress projects is not needed.

The same largely applies to Escom. Normal guaranteed return-on-capital contracts have been improved. But the only major expansion in sight is the new Ilanga power station, whose site has yet to be finalised. The view gaining ground is that Trans-Natal is in line for Ilanga. If it is, the effect on profits is at least five years off

On a short-term view, therefore, there seems to be little reason for rises in shares of companies largely dependent on the domestic trade, Escom and Iscor. It is especially so for a mine such as Vierfontein, whose output is tied to a dying power station, or Zuinguin, whose contract with Iscor expires in June and whose future is tied to exploitation of lean anthracite deposits if markets can be found.

For other, more soundly-based, operations such as Amcoal, Trans-Natal and Tavistock, on a yield basis, current prices appear to be discounting hopelessly unattainable dividend growth over the next three years.

Few institutions are adding to their coal holdings at current levels, though few appear to be offloading at this point. As SA Eagle's investment manager Ian Christison remarks. "I am not buying on current yields, but if I sell, where do I put the cash?" Three mutual funds were small sellers during December.

Buying now has all the signs of the last fling in a bull market and once large blocks are sold into the market, the break could be quick and sharp. My advice to investors is to hold off buying until after the correction and then only buy on fundamental yield considerations. Meantime keep selling into strength. *Jim Jones*

COALS' PERFORMANCE

	Price December 1	Price January 10	% rise	1979 dividend estimate	Prospective yield
	c	c		c	%
Amcoal	1 230	1 480	20,3	80	5,4
Apex	1 675	1 900	13,4	130	6,8
Clydesdale	340	405	19,1	20	4,9
Nat Anthracite	590	660	11,9	70	10,6
Tavistock	3 000	3 450	15,0	300	8,7
Trans-Natal	335	400	19,4	25	6,3
Vierfontein	62	76	22,6	12	15,8
Vryheid	205	235	14,6	20	8,5
Wit Colls	2 150	2 600	20,9	150	5,8
Zuinguin	235	270	14,9	45	16,7

CT 23/1/79

Anglo-Transvaal coal

JOHANNESBURG — During the half-year ended December 31, Anglo-Transvaal Collieries' profit, after taxation, rose to R658 000 from R318 000 in the comparative period of 1977, equivalent to earnings of 38,3 (1977 18,9) cents on each ordinary share

The reason for the rise was the increase in dividends received from its holding of Witbank Colliery shares, income from this source rising to R699 000 (R322 000)

After adding interest received of R7 000 (R14 000) and other income of R1 000 (unchanged), receipts totalled R707 000 (R337 000)

Expenditure rose to R46 000 (R19 000) comprising administration fees of R20 000 (R15 000) and the costs of modifying the rights attached to the company's shares of R26 000 (nil)

In the previous half-year the company paid interest of R4 000

The result was a pre-tax profit of R661 000 (R318 000) of which taxation absorbed R3 000 (nil), leaving an after-tax figure of R658 000 (R318 000) Of this R655 000 (R287 000) was absorbed by dividends

The market value of listed investments at December 31 was R24 464 000 (R16 536 000) with a book value of R3 256 000 (R3 245 000) — Sapa

Coal now in third place among exports

Star 31/1/79 (215) 31/1/79

In 1977, coal moved into third place in South Africa's export earnings league behind precious metals and diamonds, Mr George Clark, chairman of Trans-Natal Coal and executive director of General Mining, told the conference

Speaking on "The energy scene," Mr Clark, also a former chairman of the Transvaal Coal Owners' Association, said coal exports rose from 1m t in 1973 — at only R6,02 per t — to 10,5m t in 1977 — at R19,01 per t This was the first full year of the new coal export facilities at Richards Bay

"During 1970 we entered into firm contracts for a capital infrastructure far in excess of the foreseeable market at that time, this development to come on stream in April 1976," Mr Clark said

"The Arabs obliged at the end of 1973 and we were thus about the first major coal producers to enter the market after the oil crisis

"The second stage of Richards Bay expansion was authorised before the first stage came into operation and this second stage, taking design capacity up from 12 to 20m t per annum, is coming into operation during this year," he said

It was anticipated that the international trade in steam coal would increase from the 1977 figure of 40m t to 100m t by 1985

"Apart from South Africa, Australia, Poland, China the USA and the USSR will be looking at this market We had 25 percent of the trade in 1977 If we hold our percentage, we should enjoy 25m t by 1985

"I believe South African exports will reach 40m t, but that the process will extend rather longer in time Perhaps the most likely prospect at this stage is fairly slow growth for a period followed by a flurry when oil realities really bite," Mr Clark said.—Sapa.

SALDRU / SAMST

CONFERENCE (… AFRICA

N.M 1|2|79 (215)

Coal moves up

JOHANNESBURG — South African Gold production in 1979 would be a "few tons higher than in 1978," Mr D. A. Etheredge, chairman of a number of gold mining companies, said at a one-day investment conference here yesterday

Gold production in 1978 was 703 tons and he said he thought it might rise to about 720 tons this year

"South Africa will produce around 700 to 800 tons annually over the next 10 years, and thereafter there may be a slow decline, depending on the price of gold"

In 1977, coal moved into third place in South Africa's export earnings league behind precious metals and diamonds, Mr. George Clark, chairman of Trans-Natal Coal and executive director of General Mining, said at the investment conference

It was anticipated that the international trade in steam coal would increase from the 1977 figure of 40 million tons to 100 million tons by 1985 — (Sapa)

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STAR 28/2/79

Rand London pays R3m for Aloe coal mines in Natal

2/6

In a move which ensures its long-term involvement in the coal industry, Rand London is to acquire Aloe Minerals from Tegniese Mynbeleggings and Cedarberg Investments (Pty) for R3m of which R2,3m is payable in cash on takeover, and the balance in three instalments.

Aloe, and its subsidiary, Brockwell Anthracite Colliery operate three anthracite mines in northern Natal near Rand London's Kempslust coal mine Most of the 400 000 tons of anthracite produced annually is exported

Central Merchant Bank says that when the agreement between Rand London and the vendors was entered into last November Rand London's shares were 83c each At the time the vendors made it conditional that the Rand London shares to be received by them would be placed and/or sold to ensure that they received R3m in cash

To meet their conditions, Rand London arranged for the Mining Investment Corporation (Mincorp) a United Kingdom mining company, to acquire all the Rand London shares to be received by the vendors at an effective price of 92c.

Rand London is now giving shareholders the opportunity to buy about half of these at the same price

Mincorp will retain some 1 168 096 of the Rand London shares and the remaining 1 330 233 will be offered by Central Merchant Bank, acting for Mincorp, to Rand London's shareholders registered on Friday March 9 at 92c, on the basis of 14 shares for every 100 held The right is not transferable and any Rand London shares not taken up will be retained by Mincorp at the same price

The acquisition is not expected to have a material effect on Rand London's earnings per share in the current financial year, but should contribute significantly thereafter

Faith shown in Amcoal justified

215

STAR 9/3/79

By Harold Fridjhon

Amcoal shareholders who are showing understandable faith in the future of their company by sitting on a 4,3 percent yielding investment will have their confidence reaffirmed by Mr Graham Boustred's comments in his annual chairman's statement.

He conservatively estimates that group sales this year will rise by 12 percent to 30m tons and forecasts higher profits. I say conservatively because major increases in tonnage will come from Kriel and Arnot with the Escom link, Kleinkopje is now on stream and, with forecasts of a severe winter, domestic demand this year is likely to rise.

If sales appreciate by 12 percent, taxed profit should increase by a larger percentage — just how much will be wild guestimating, but to apply Mr Boustred's conservatism lets say 15 percent. This would make the earnings a share about 258c with a dividend of 85c this year feasible.

MARGIN

It could, of course, be higher but the margin between earnings and dividend pay out will depend on how much will be required for further capital expenditure. This year's loan repayements will only require R5m plus any other bridging finance which might be borrowed

But Amcoal shareholders aren't looking to 1979, they are holding their scrip for the mid-Eighties when dividends should be more than double the present rates.

And Mr Boustred's review of last year's operations gives cause for optimism during the next decade. Firstly because last year costs were held down to a level below the overall inflation rate. Amcoal's working costs rose by 9,5 percent — 19,6 percent in 1977 — while the rate of inflation in the country as a whole was 11,6 percent.

EFFICIENCY

Perhaps one of the reasons for this excellent managerial efficiency, is the increasing mechanisation of the group's collieries and a reduction in the mining of hand-got coal. The actual labour force fell from 24 743 to 23 041 in spite of a higher tonnage sold

Another important growth factor is Amcoal's participation in the phase three expansion of the coal export programme through Richards Bay. This will take total exports through this source to 40m tons of coal and four million tons of anthracite a year. Amcoal will export six million tons for 30 years of which two million tons will come from Kleinkopje.

Proven reserves of coal were increased by 200m tons last year to a total of 6 600m while options and explorations made further progress towards achieving a reserve position of 9 000m tons of run-of-mine coal

For the year ended December 31 1978 Amcoal sold 26,2m tons of coal (25,2m tons in 1977) to chieve a turnover of R308m (R259,2m). Tax, with tax equalisation, took R30,3m (R24,6m), attributable profit was R52,7m (R47,3m), equivalent to earning of 224,5c a share (201,3c) of which 72c a share (60c) was paid in dividends.

Last year R96,5m (R85,7m) was spent on capital assets, of this R27,8m was recovered from Escom and other customers. Of the net R68,8m the Kleinkopje development programme accounted for R62,7m.

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15/3/79

Coal

4[illegible] [illegible] DE VILLIERS [illegible] Minister [illegible]

[illegible] coal [illegible] (a) mined [illegible] (b) [illegible] deducted [illegible] [illegible] during 1978

(215) [illegible]

15/3/79

The MINISTER OF MINES:

(a) 90 357 828 tons

(b) 15 388 668 tons

(c) No official estimate of the Republic's coal resources and reserves has been completed since the report of the Petrick Commission was published in 1975 but the Department of Mines is busy with a re-estimate.

215 FM 16/3/79

AMCOAL

Forging ahead

Activities: *Chief holding company for the Anglo group's coal interests. Has 12 operating collieries and is SA's largest coal corporation. Has a 51% interest in Vereeniging Refractories.*

Chairman: *W G Boustred; managing director T A J Braithwaite*

Capital structure: *23,5m ordinaries of 50c. Market capitalisation R417m*

Financial: *Year to December 31 1978 Borrowings. long and medium term, R66,1m; net short term, R2,2m. Debt:equity ratio. 32,5%. Current ratio. 1,03. Group cash flow: R60,2m. Capital commitments· R79,7m.*

Share market: *Price, 1 775c (1978-79· high, 1 825c, low, 790c; trading volume last quarter, 291 000 shares). Yields· 12,7% on earnings, 4,1% on dividend Cover· 3,4. PE ratio. 7,9.*

	'75	'76	'77	'78
Coal and coke sales (Mt)	19,8	22,7	25,2	26,3
Turnover (Rm)	137	198	259	308
Pre-tax profit (Rm)	24,3	49,5	74,7	87,6
Earnings (c)	63	173	202	225
Dividends (c)	28,75	40	60	72
Net asset value (c)	520	651	714	874

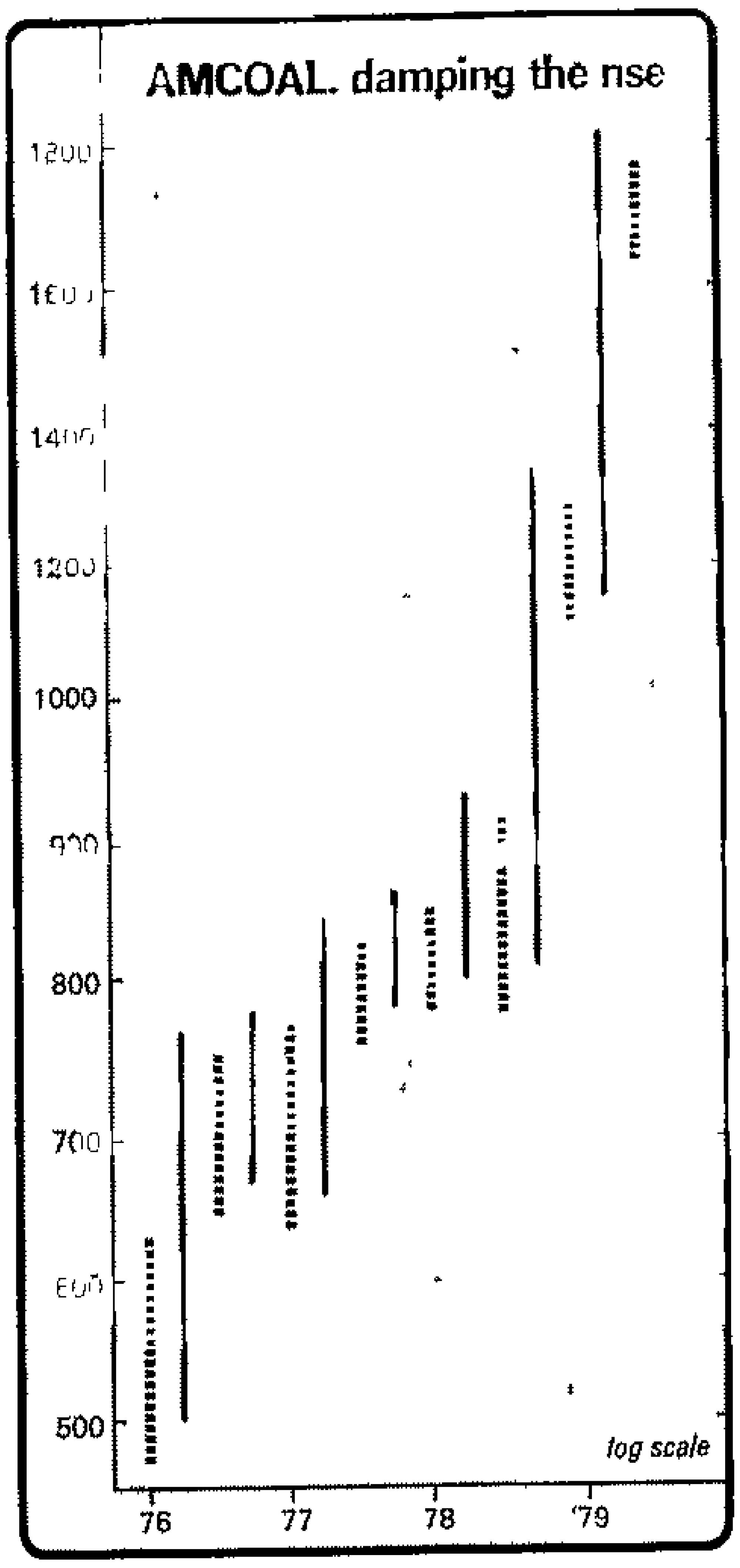
Chairman Graham Boustred's prediction last year that 1978's "operating profit will be similar to that earned in 1977" was apparently overtaken by better operating efficiencies and cost control than expected a year ago.

Against escalation then expected to average 11%, unit costs rose only 9,5%, while the average realisation per ton of coal sold, largely as a result of increased higher-price export tonnages, rose 11,95% to R8,62/t (1977. R7,70/t) This year, with the Kleinkopje colliery on stream and total group coal sales estimated at 30 Mt, a repeat of last year's price and cost trends is on the cards. With the coal and industrial interests both forecasting successful years, Boustred is confident of a further improvement in group profit

How far any improvement will be translated into higher dividends remains to be seen, especially if, as seems likely, Amcoal avoids drawing fully on its R50m loan facility from Anglo

At end-1978, group collieries had capital expenditure programmes of R124m (R181m) slated On R79,7m of this total, R21,2m is recoverable from customers.

This year the group is committed to debt repayments of R5,1m, followed by some R10m next year and R17m in 1981 On projected earnings for this year there should be no strain in funding the entire capex programme from internal sources without further major borrowings and while maintaining a steady improvement in dividends.

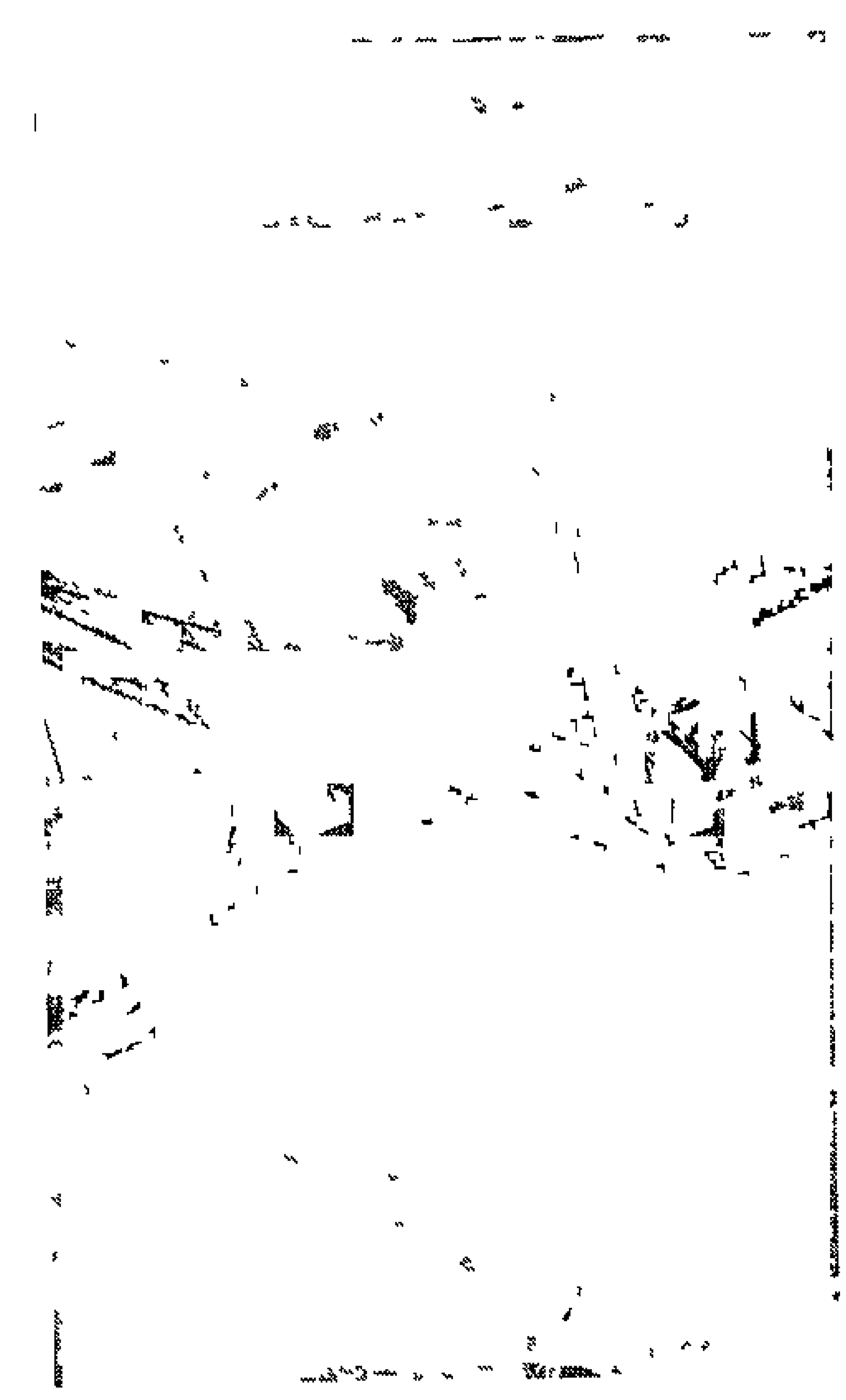


Boustred estimates that coal sales this year will be 30 Mt. On figures given in his review, of the 3,3 Mt sales increase 1,8 Mt will be provided by the Escom-tied Kriel open-cast mine and 1,2 Mt in exports by Kleinkopje It means that the proportion of coal being sold to domestic consumers should fall from last year's 10% and there will be a marginal drop from last year's 64% of sales to Escom on cost-plus contracts

However, Amcoal is fast reaching the limit of its export quotas under the initial phase of Richards Bay. Phase 3 of Richards Bay would allow Amcoal to increase exports by a further 4 Mt to 10 Mt, but the capital cost of providing this additional production capacity will be greater than in earlier phases.

Though it is not spelt out in Boustred's review, this could mean relatively heavy ongoing capex until well into the Eighties; especially as Amcoal now has some 6 600 Mt of proven coal reserves available for exploitation and participates in Anglo's exploration programme aimed at increasing group reserves to 9 000 Mt over the next few years.

Exports or providing domestic chemical plant with feedstock coal probably provide the main areas for sales growth. This year and next, domestic coal sales are unlikely to increase greatly, while



Kriel colliery . . . dragging out the profits

DATES TO REMEMBER

Last day to register for dividends:
March Friday 23: A Lipworth 4c, Buffalo Timber 1c, De Beers Cons 45c, De Beers Ind 45c; Edcon 9,25c, General Tire 22,5c; Hebotex 4c, Industrial Invest 30c; Osborn 23,5c; SAAN 25c; Seardel 4c, Shulton 16c, Stanbic 14c, Trek 7c; Twins 7c; Unidev 4,75c, Union Corp 32c
Meetings:
March Tuesday 20: Otis
March Wednesday 21: Berkshire (East London); Dorman Long; Mondorp (S Randburg); Monkor Trust (Randburg), Volkstrust (Randburg).
March Thursday 22: Aberdare (Port Elizabeth), Shulton (Edenvale); Winkelhaak

All meetings are in Johannesburg unless otherwise stated S = Special meeting growth in sales to Escom will be limited to the increased output from Kriel colliery reaching full production. There is growth potential in sales to Iscor by Kleinkopje, but near term, exports may be a tight market.

Even so, with higher coal sales, good cost control (possible as the new collieries head towards full capacity) and Vereeniging Refractories (see below) set to increase profit, Amcoal's operating profit seems likely to reach R115m this year. At the attributable level, ignoring transfers to tax equalisation account, profit before capex and loan repayments could reach R75m.

Without drawing further on loan facilities, after capex and loan repayments, available earnings should comfortably exceed 100c. On this basis, dividends totalling 85c are well within reach for a prospective 4.8% yield. For investors looking for near term income, this year's prospective yield is not attractive. Attaining a dividend yield that justifies the share's current price is probably three years away. By then, dividend potential will be good.

There is little reason for long-term investors to sell at this stage, though the shares have probably reached the limit of their recent run. On a medium term view the shares could be bought on any reaction to the 1 600c range.

En Jon s

U N I V E

D

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Last name

Rate this student by checking the box which most ... all the items.
If you feel your rating is based on insufficient

1.	Limited Knowledge			...od	Very Good	Outstanding
				15%	Next 5%	Top 5%
				69	70-74	75+
Creativity or Originality						
Intellectual grasp of material						
C...ty of interpretation						
Sincerety of interpretation						
Command of style						
Absorption in performance						
Polish and preparation of material						
Concentration						
Vocal characterisation						
Vocal interpretation						
Imagination						
Co-ordination of physical and vocal interpretation						
Projection						
Stage presence						
Dynamism						
Quality of voice						
Clarity of speech						
Flexibility of speech						
Versatility						
Ability to communicate directly in a two-person discussion						

(215) (74) FM 23/3/79

COAL EXPORTS

Where's the competition?

Exports are the most profitable market for SA's coal producers, but it is a market which is becoming increasingly competitive

By the mid-Eighties, we will be exporting some 46 Mt (against 15,4 Mt in 1978) of coal yearly to the world's steel producers and electricity utilities, but how well are we likely to fare? And if government places limits on SA's exports, can competitors climb in and squeeze us out of our markets?

Over the next few weeks, the *FM* will look at each of SA's major competitors and their plans, starting with Australia, the producer perhaps best placed geographically to sell to the burgeoning Far Eastern market

By any standards Australia's coal export growth has been remarkable in 1958 overseas sales were just 1 Mt, but 20 years later, in the 1977-78 fiscal year, exports had reached 37,2 Mt, worth A$1,46 billion (R1,38 billion) Five years ago, coal became Australia's biggest single export earner and last year it contributed 12% of the country's export income.

The growth of this trade, which now accounts for about 6% of world steam coal and 10% of coking coal, has put Australia into third place among international coal exporters, tucked in behind the US and Poland And the growth has not stopped

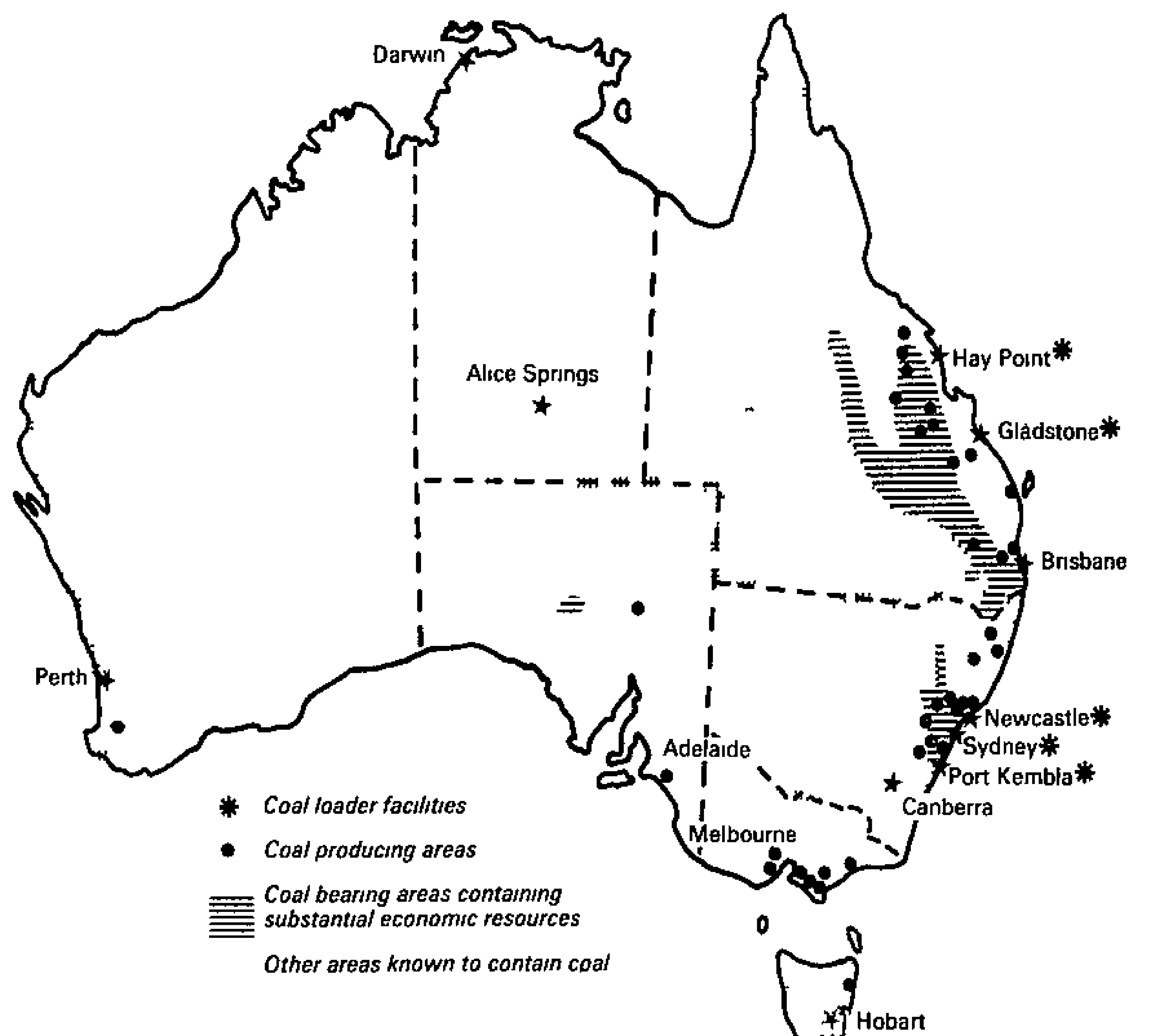
What is happening is that the nature of the Australian trade is changing as the major coal companies thrust into new markets and broaden the variety of coal available for sale abroad On present plans, about A$4 billion (R3,8 billion) will be spent on new capacity over the next decade

Around half of Australian coal production is exported and this proportion is likely to increase Hitherto development has been conditional on long-term and secure markets, but some projects, like that of Houston Oil & Minerals at Oaky Creek in Queensland, are going ahead without definite signed contracts for future output

The growth of the industry was dependent on, and ran parallel to, the expansion of the Japanese steel industry. This was good while it lasted, but there was more than a flicker of concern in Canberra as the reliance of the industry on Japan grew, so that 72,8% of Australia's coal exports were going to this market alone in 1976-77.

But the recession in the steel industry checked this process, so that the reliance

AUSTRALIA'S COAL — BURNING TO SELL



Source National Energy Advisory Committee

had fallen to 65,2% by 1977-78 The Australian exporters are fighting and will continue to fight to maintain their predominance in this market, but they are looking elsewhere too

At least for the next two years, Japanese demand for coking coal is expected to be static The steel mills, proving tough negotiators, have been seeking to cutback contracts, in both quantity and price In contract talks last December, Utah Development, the Australian market leader, had to accept a US$2,50 a tonne cut in the base price to US$49,50 for 6 Mt of sales over the next two years.

But Utah did better than the Thiess-Dampier-Mitsui consortium, which had to accept a price of US$48,50 and reduced tonnages It was this sort of deal which had prompted the Australian government to lay down price guidelines for contract negotiations to see that the

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**307,6**	**301,1**	**302,3**	**196,8**
% change on	—	2,2	1,8	56,3
P/E ratio	5,1	5,1	5,4	3,9
Div yield	7,3	7,4	7,1	10,6
UK *FT* Ind	**505,6**	**506,6**	**460,3**	**458,6**
% change on	—	—0,2	9,8	10,2
P/E ratio	8,6	9,1	8,1	8,1
Div yield	5,6	5,5	6,2	5,9
US Dow Jones	**850,3**	**846,9**	**834,6**	**773,8**
% change on	—	0,4	1,9	9,9
P/E ratio*	8,5	9,1	8,1	8,6
Div yield*	5,1	5,1	6,2	5,4
Gold price (in US $ on London)	**243,1**	**240,1**	**247,6**	**179,6**
% change on	—	1,2	—1,8	35,4
Krugerrand (Rand)				
Public selling price	**234,2**	**232,0**	**243,1**	**181,2**
% change on	—	0,9	—3,7	29,2

* *Standard & Poor index.*
Public buying price is 10% below, subject to negotiation

salisbury

	Price Mar 21 1978 cents	Price Mar 13 1979 cents	Price Mar 20 1979 cents	Yield %
Industrials				
Afri Dist	305	425	425	4 9
Art Print	93	103	103	6 8
Bat	195	205	200	5 5
Cairns	125	112	110	7 3
Capri	85	45	43	8 1
Caps	175	240	235	5 5
C&I Hold	18	†—	†—	—
Clan Hold	63	65	58	9,1
Delta Corp	305	390	390	5 4
Edgars	105	150	155	7 7
Gat Tex	125	85	95	8 4
Gulliver	61	36	36	10,4
Hipaper*	29	†—	†—	—
HippoVall	55	45	40	—
Maceys	25	15	15	6 7
Mash Hold	35	38	36	9,7
Merlin	31	38	38	9 2
More Wear	23	38	40	—
M&R Rho	75	43	48	—
Nat Food	65	86	83	6,0
P and C	125	165	165	5,5
Plate Glass	155	135	135	6 7
Radar	38	37	37	5 4
Rho Abercom	90	110	110	9 1
Rho Accept	255	273	280	5 0
Rho Bank	368	395	395	5 3
Rho Cables.	350	385	400	6 5
Rho Cem*	53	52	52	6 7
Rho Print	180	220	220	6 8
Rho Sugar	65	60	60	6 7
Rho Treads	55	45	45	8 3
Rothmans	170	155	155	5 2
Salis Cem	75	88	85	—
TA Hold	138	110	110	10 0
Tanganda	143	140	145	11 7
Tedco	11	23	20	—
TS	230	315	315	6 3
Whitehead	64	88	91	6 6
Mining and Finance				
Cor Synd	187	230	230	13 0
Empress	100	110	103	7 8
Falcon	555	660	630	12 7
MTD (Mang)*	123	213	208	12 0
Rho Nickel	50	80	75	4 0
Rio Tinto	80	130	143	5 6
Shangani	30	38	38	—
Wankie*	112	120	125	7 2

**Locally registered with foreign listing*

country's coal exporters are not selling natural resources too cheaply

The effect of checks in the Japanese market is to make Australian exporters more aggressive in other areas There were significant increases last year in sales to Europe, Korea, Taiwan and the US, noted the New South Wales Coal Board A list of recently signed contracts takes in destinations like Israel, Pakistan and Romania

Further, the international switch in energy thinking is working in Australia's favour, opening up new markets for steam coal It is this which has attracted an influx of capital from the major oil groups — BP, Exxon,, Shell, Atlantic Richfield The increased coal import requirement for Western Europe alone is put at 35 Mt of coal equivalant by 1985, and, commented the UN Economic Commission for Europe, Australia is capable of supplying a major share of this

Certainly the industry is firmly set for growth International Energy Agency projections see Australian exports reaching a total of 90 Mt by 1990 and 195 Mt by 2000 There would be reserves to spare.

Based on the Queensland and New South Wales fields, Australian reserves of hard coal are conservatively put at 200 billion tonnes, about three times those estimated for SA, and reserves of brown coal at 40 billion tonnes New resources are being delineated at exploration costs of less than 0,01 cents a tonne, and 87% of reserves have a cover of less than 300 m with a high proportion suitable for opencast mining

But in the industry it is not a case of bread and jam tomorrow Even with problems on the markets in 1977-78, Australian coal mining companies were the most profitable sector of Australian business in 1977-78 The average return on shareholders' funds, after tax and interest, was 23,5%

WALL STREET

A cool view

Investors in ordinary shares normally like to see the companies they own reporting big increases in profits If profits are rising can dividend increases be far behind, runs the thesis The answer of course is that sometimes they can be a long way behind, and this explains Wall Street's cool response to this week's news that in the December quarter corporate profits put in another spurt

The US Commerce Department reported that in the fourth quarter corporate profits increased by 9,6% over the third quarter The rise has a lot to do with the unexpected surge in the growth of GNP in the same three months The department revised the growth rate in real GNP upwards too, from an already high 6,4% to an even more striking 6,9%

True to form the president's chief inflation fighter greeted the news with a

DOW CLOSING

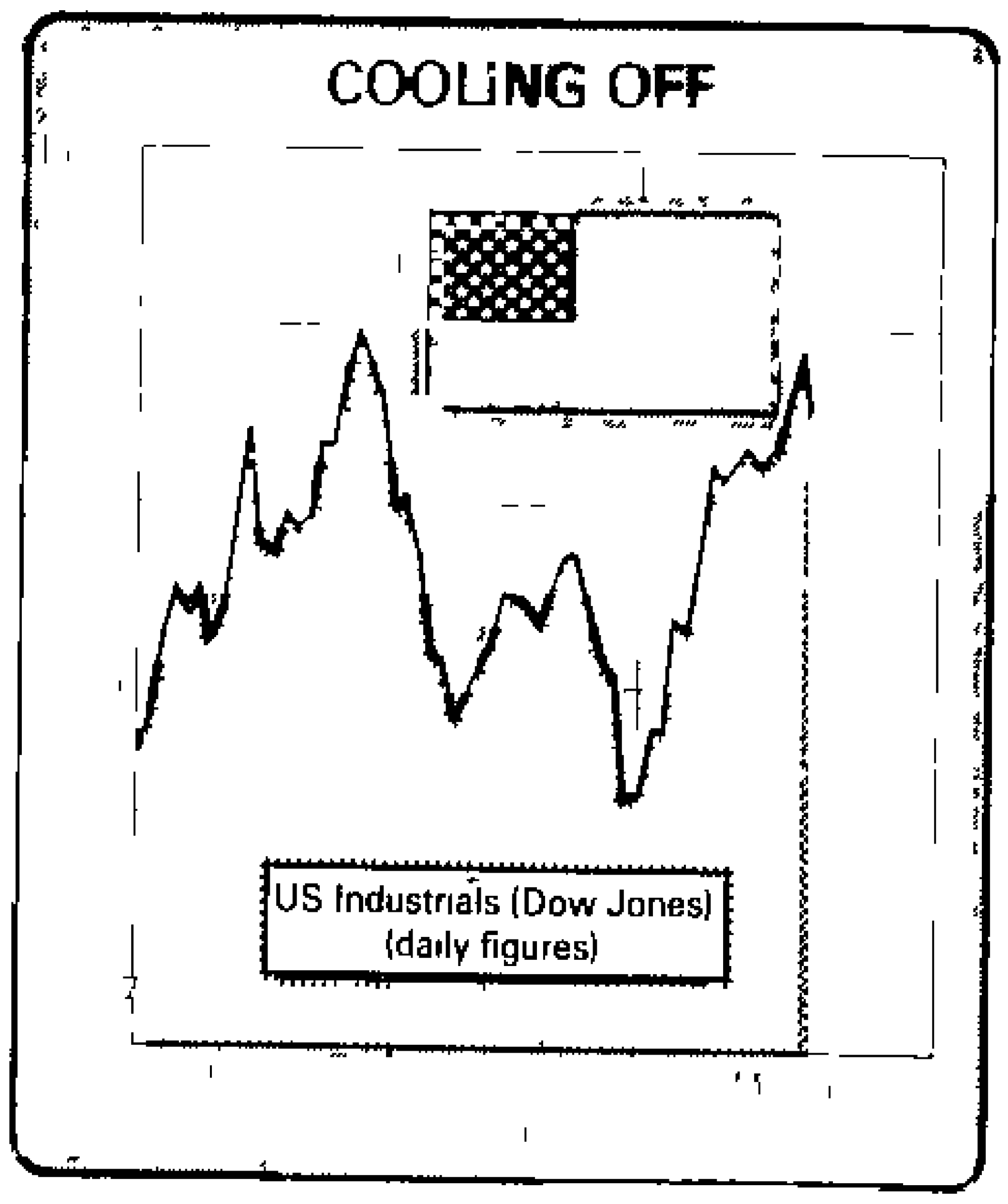
Wednesday	845,37	down	1,56
Thursday	847,02	up	1,65
Friday	852,82	up	56,80
Monday	857,59	up	4,77
Tuesday	850,31	down	7,28

response that is likely to get him dubbed "catastrophe" Kahn unless he can find a new epithet to describe the latest set of worrying economic indications

For Kahn, the fourth quarter profit figures are worrying because they will reinforce the arguments of the Carter administration's increasingly vociferous critics who say that the "voluntary" wage and price guidelines of the anti-inflation policy are too tough on labour and not tough enough prices Big profit increases at a time of national belt tightening tend to suggest the burden of sacrifice is not being shared equally

Wall Street, of course, cannot be expected to share Kahn's anxieties about the politics of price and wage policies. Nevertheless there are a growing number of analysts and investors who find the strength of corporate profits almost as disturbing as Kahn, albeit for rather different reasons

Already some of the brokerage houses, who only a few short weeks ago were predicting an imminent recession, or at least a slowdown in the growth of the economy, are beginning to revise their forecasts and predict that the slowdown will not now come until late in the year at the earliest On this view, corporate profits, which are sensitive to changes in GNP, are likely to carry on growing



rapidly too, at least through the first half of the year

The worrying part of this prediction is what happens then The fear is that president Carter and his inflation fighters will be forced to take further action to curb the economy, otherwise the rate of inflation will accelerate further On this view, the extra restraint will only tip the economy into a recession, which it will already be headed for anyway, except that the recession will be deeper as a result

On this pessimistic view the continued strength of corporate profits is not then a precursor of higher dividends, but of a coming crunch in the economy and a sharp contraction in corporate earnings. It is not surprising therefore that the big institutional investors continue to sit on the sidelines mulling over the inconclusive economic data, waiting for a clearer picture of when the economy will slow

DIAGONAL STREET

Budget gearing

Temporary cessation of the financial rand's gyrations led to a quieter market, though the general scrip shortage con-

23/3/79

country's coal exporters are not selling natural resources too cheaply.

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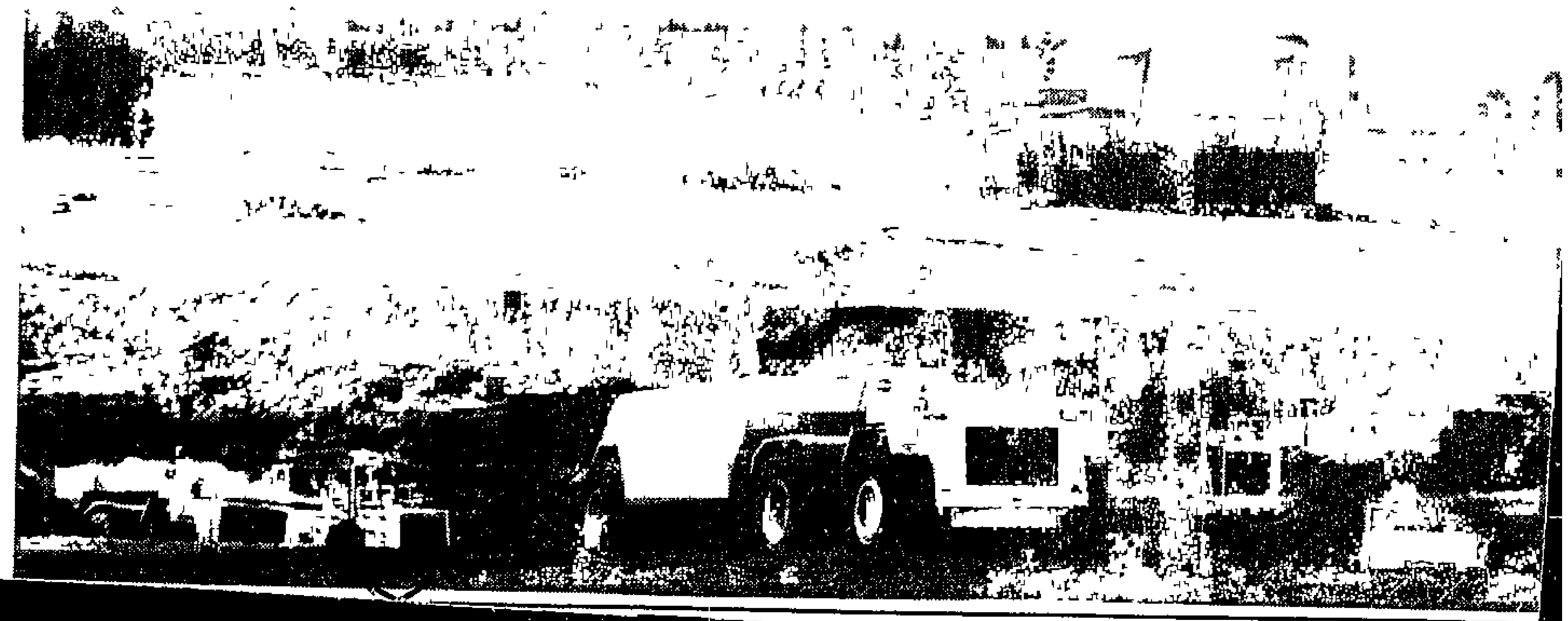
Rapport 25/3/79

(215)

Rietspruit laat rol miljoene

Deur ALPHONS DU TOIT

'n SPLINTERNUWE dagsteenkoolmyn wat oor die eerskomende 20 jaar sowat R2 000 miljoen aan buitelandse valuta (teen heersende geldwaardes) vir Suid-Afrika sal verdien, word Vrydag amptelik geopen deur mnr. C. S. (Punch) Barlow, voorsitter van [illegible] Rand-groep.



RAPPORT 25/3/79

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Die nuwe dagmyn, Rietspruit, wat in die Witbankse steenkoolvelde naby die dorpie Ogies in Oos-Transvaal geleë is, is een van die grootste steenkoolontginningsprojekte wat nog in Suid-Afrika aangedurf is. Die myn, wat teen 'n uiteindelike koste van ongeveer R250 miljoen ontsluit sal wees, is 'n gesamentlike onderneming van Transvaal Consolidated Land and Exploration Company (die mynfinansieringsvertakking van Barlow Rand) en Shell Suid-Afrika.

Die myn sal deur Rand Mines bestuur word terwyl Shell vir die bemarking van die steenkool verantwoordelik is. Die lewensduur van Rietspruit word amptelik aangegee as 20 jaar. Maar die besturende direkteur van die myn, mnr. Rick Chadwick, het aan Sake-Rapport gesê die gangbaarheidstudies wat in 1974/75 uitgevoer is, was konserwatief. Die lewensduur van die myn kan maklik 36 jaar of langer wees.

Rietspruit beslaan 'n oppervlakte van 3 600 ha waarvan ongeveer 1 200 ha vir ontginningsdoeleindes gebruik sal word. Die reserwes waaroor die myn beskik word uiters konserwatief op sowat 115 miljoen ton bereken, sê hy.

Mnr. Mike Watson, hoofbestuurder van Rietspruit, het aan Sake-Rapport gesê daar is in 1976 besluit om met die konstruksie van die myn voort te gaan. Die eerste sooi is in November 1976 omgespit en die eerste treinvrag Rietspruit-steenkool was binne twee jaar op pad na Richardsbaai. „Die gedaantewisseling van 'n rustige, golwende landskap waar vee gewei en roofvoëls in die lug gekring het, was vinnig soos dit pas by so 'n magtige kragbron."

Rietspruit sal vroeg in 1981 op volle dreef wees en sal dan ongeveer vyf miljoen ton uitvoersteenkool jaarliks produseer.

Daar moet egter gelet word dat Rietspruit alleenlik uitvoersteenkool gaan produseer.

Die proses van dagmynmetodes is uiters interessant. Die deklaag word geboor en losgeskiet en daarna word dit met drie yslike elektries-beheerde loopsleepgrawe vervoer. Dié sleepgrawe verrig 'n uiters belangrike funksie, want die welslae van die dagmynmetode hang af van doeltreffende, ononderbroke toegang tot die steenkoollaag. Die sleepgrawe is ontsaglik groot (hul hoogte kan vergelyk word aan dié van 'n gebou van agt verdiepings) is baie ingewikkeld en kos sowat R17 miljoen stuk.

Woon lekker

Die eerste van drie van hierdie reuse is reeds in gebruik en die tweede een sal later vanjaar begin werk. Sodra al die steenkool uitgehaal is, sal die myngebied gerehabiliteer word deur die grond en deklaag terug te plaas en plantegroei te hervestig.

Ongeveer 900 mense sal uiteindelik by die myn werk. Van hulle sal ongeveer 700 swart wees. Om aan die behuisingsbehoeftes van die werkers te voldoen is van die mees gevorderde huise opgerig. Ongetroude swart mynwerkers sal in enkelkwartiere gehuisves word. Dié sal van 'n ongehoorde hoë gehalte wees, met 'n enkelkamer vir elke man, 'n sitkamer met 'n TV-stel en voldoende was- en toiletgeriewe.

Agt manne sal in elke wooneenheid gehuisves word. Die ongetroude mynwerkers sal ongeveer 25% van die werkspan verteenwoordig. Weens die gesofistikeerde aard van die hele bedryf is 'n stabiele werkspan noodsaaklik en gevolglik sal 75% van die swart mynwerkers getroude manne wees.

REGS bo op die foto staan die reuse-loopsleepgraaf wat gebruik word om die deklaag te verwyder. Dié masjien, wat R17 miljoen kos, is in staat om 100 000 ton grond daagliks (in 24 uur) te verskuif teen 'n koste van ongeveer 12c per kubieke meter. Waar gewone toerusting gebruik word, beloop die kostes ongeveer R1 per kubieke meter. Op die voorgrond staan een van die enorme lossersteenkoolsleepers wat elk 136 ton kan vervoer. Rietspruit is heelwaarskynlik op die oomblik een van die hoogs gemeganiseerde steenkoolmyne in Suid-Afrika.

Swart goud laat miljoene rol

Rapport 8/4/79

(215)

Mnr. C. U Cox, bestuurder van Bosjesspruit.

Deur DAAN DE KOCK

DIE Suid-Afrikaanse steenkoolbedryf is vinnig besig om hom voor te berei om een van die land se belangrikste nywerhede te word. Daar word geraam dat Suid-Afrika teen die jaar 2024 sowat 320 miljoen ton steenkool sal produseer, wat ongeveer vier keer meer as die produksie van 1977 is.

Twee groot steenkoolmyne wat vir Suid-Afrika etlike miljoene rande aan buitelandse valuta kan verdien, is verlede maand geopen en verskeie nuwe projekte word ook op die oomblik beplan.

Suid-Afrika gaan ook binnekort die wêreld se grootste steenkoolmyn hê wanneer die uitbreidinge aan Sasol II voltooi is. Die produksie van Sasol se Bosjesspruit-steenkoolmyn sal weens die uitbreidinge aan Sasol II van die huidige geraamde syfer van 12 miljoen ton per jaar tot ongeveer 27 miljoen ton per jaar opgestoot word.

Dit sal hom gewis die grootste steenkoolmyn in die wêreld maak. Hierdie syfer is gelykstaande aan ongeveer een derde van Suid-Afrika se totale steenkoolproduksie in 1977.

Bosjesspruit wat die Sasol II-aanleg van steenkool gaan voorsien, is reeds in produksie en produseer op die oomblik sowat 150 000 ton steenkool per maand dat die aanvanklike twee skagstelsels sowat 7 kilometer uit mekaar sal wees, kry 'n mens 'n idee van die grootte van die onderneming.

Om die aanvanklike 12 miljoen ton steenkool per jaar te produseer sal die myn sowat 3 000 werkers in diens hê. Hierdie syfer sal tot ongeveer 6 400 uitgebrei word wanneer die myn sy produksie tot 27 miljoen ton per jaar gaan opstoot.

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Die myn se produksie word op die oomblik opgegaar sodat daar genoeg voorrade sal wees wanneer Sasol II na verwagting vroeg aanstaande jaar in produksie kom.

Daar is voorsiening gemaak vir 'n opgaargebied so groot soos 60 rugbyvelde. Die doel van die opgaarhope is om die produksie van steenkool met die vraag van die aanleg te balanseer en ook om produksie van die myn aan te vul wanneer die panele van die strookafbouing byvoorbeeld verskuif word.

Daar sal by Bosjesspruit van drie mynboumetodes gebruik gemaak word om die optimum-herwinning van steenkool te verseker, naamlik konvensionele pilaarmynbou, meganiese mynbou en strookafbouing.

Volgens 'n woordvoerder van Sasol sal daar deur van hierdie metodes gebruik te maak ongeveer 60 persent van die in situ-reserwes herwin kan word teenoor sowat slegs 30 persent by steenkoolmyne wat die konvensionele metode gebruik.

Bosjesspruit is 'n ondergrondse myn en sal aanvanklik met twee skagstelsels toegerus wees. 'n Derde skagstelsel sal later aangebring word.

Elkeen van hierdie skagstelsels sal drie skagte hê, naamlik 'n vertikale dienskag, 'n vertikale ventilasieskag, sook 'n skuinskag vir die hantering van die steenkool.

Die steenkoolneerslae by Bosjesspruit kom oor 'n paar duisend hektaar voor en as in ag geneem word

215 13/5/79 Sund Trib

Coal: It's the share of the future

Coal . . . on the right track to countering the world's oil shortages

LONDON brokers believe there is good long-term growth potential for South African coal shares.

NEIL BEHRMANN: London

Cautious brokers say it's a long term certainty

In the short run, however, they believe that prices are already discounting the likelihood of improved dividends this year

Coal shares have been strong performers over the past 17 months Since January 1978 the RDM coal share index has increased by 80%

Yet most of the London firms which specialise in South African securities have missed the ride because they have concentrated on the gold, diamond and platinum counters

Having missed the boat, few are recommending the shares, though they say there is good long-term potential because of the attraction of coal as an energy source

Mr K Thygerson of James Capel points out that "current yields on coal shares are in the region of 7%, while our clients can receive returns of 18 to 20% on quality gold shares

"It is thus difficult to drum up enthusiasm for the coal counters despite their long-term potential "

Brian Imrie of Dunkley Marshall was far more bullish But again, he stresses long term rather than short term gains

He forecasts that coal share prices could double over the next five years and recommends Amcoal, Tavistock and Witbank Collieries

He does not favour Vierfontein Colliery because its contracts its coal to Escom Local prices are less favourable than export contracts

Overall Mr Imrie believes there is good long-term growth potential for coal shares because of the enormous coal reserves, expanding production, growing export markets and high oil prices

Brokers also comment that the recent nuclear accident at Three Mile Island could hamper nuclear power plant expansion and make coal power plants more attractive

A recent investigation by the International Energy Agency (IEA) has estimated that coal, which accounted for roughly a fifth of world energy requirements in 1976, could become a major substitute for oil in the years ahead

The IEA said that if governments took measures to encourage production and trade in coal the major industrial nations' oil imports could be reduced by 3,2m barrels a day to 7,3m barrels a day by 1990

The IEA regards South Africa as "the most promising" source of coal supplies outside the major OECD countries

South Africa once exported small quantities of coal, but the volume has increased markedly since 1973 and currently South Africa is the fifth largest coal exporter in the world

Markets

South African coal production rose from 62m tons in 1973 to 85m tons in 1977 Recent Chamber of Mines estimates suggest that recoverable reserves are in the region of 61-billion tons, enough to last well into the next century

It is generally felt that South African coal will continue to have a growing share in the world's markets Its coal will be especially competitive in Europe and the US, because shipping costs to these areas are lower than from Australia

Australian coal, however, is of superior quality, but it is also more pricey But Japan favours Australia over South Africa because of the closer proximity and quality

In 1978 South African coal exports were in the region of 15m tons, valued at R313m This compares with exports of 2m tons in 1974 at a value of R22m

With extra capacity coming on stream, Richards Bay will have an export capacity of 20m tons and Amcoal, Trans-Natal Coal and TC Lands will be supplying the extra coal

Planning for even greater capacity at Richards Bay would allow exports of 30m tons by 1983 and 40m tons in 1986

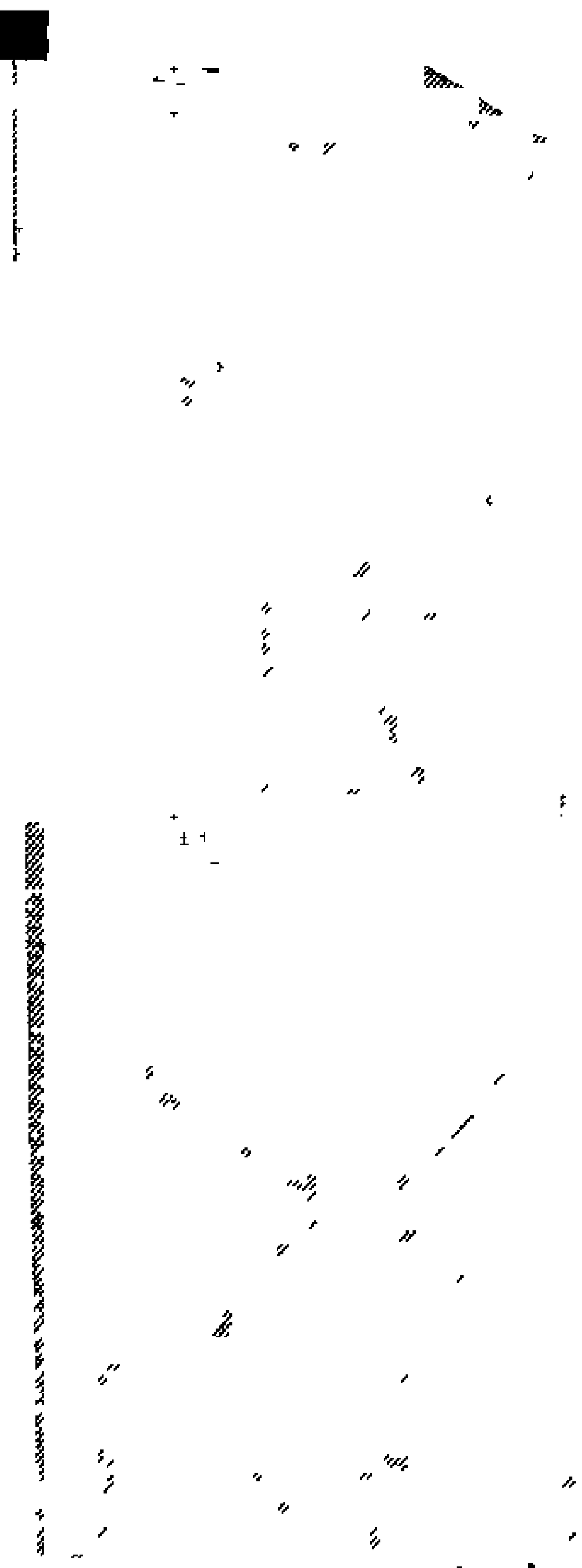
With profit estimates per ton of coal exported in the region at R5 to R6 a ton, it is not surprising that brokers here are confident over the longer term

Coal shares have become latter-day growth stocks

By STEPHEN ORPEN

15/2/79 (215)

Anglo boffin who put SA coal exports on the map



David Horsfall backroom boy

Earnings up 3 200 per cent — thanks to research team

MEET Anglo's coal team In a short seven years the black gold specialists of the powerful Anglo American Corporation have helped push South Africa's earnings from coal exports from some R15-million a year to some R500-million annually — a jump of almost 3 200%

In the next seven years, the team's past and present work is expected to feature in lifting the gross figure by another 200% to as much as R1 500-million

At the same time, the AAC efforts have fuelled highly creative advances in coal processing technology which have saved the domestic economy as much as R500-million

This total is made up of savings in steam coal consumption costs for electricity generation, in metallurgical coal extraction and consumption costs for the production of metals and chemical products, and as a result of higher yields from the various types of coal mined.

Clearly, no single organisation, let alone individual, can claim all the credit for such dramatic achievements Yet, by both accident and design, one man and the team have somehow escaped the attention they deserve for their unarguably crucial contribution.

The man is not, as one might expect, some central planning visionary, or driven, mining house chieftain — although leadership has come from Anglo's top coal executives

He is not a swashbuckling technocrat snatching glory with gadgets that by their nature come to beguile if not dazzle every household.

He is simply process engineer David Horsfall, an Anglo coal consultant

Acceptable

He's a backroom boy if you like But he's also a cultured, if amusingly irreverent, individualist, pacing and chattering from meeting to meeting, mine to mine, plan to plan, country to country, with his colleagues equally at home in negotiations with Japanese steelmen or trading witticisms at some far-flung pit-head

The Anglo team, with Horsfall, initiated the beneficiation processes which first made South African coal acceptable to Japanese and other major overseas buyers They started and developed the answers to critical problems facing major metallurgical coal users like Iscor

South Africa is poorly endowed with suitable coking coal so alternatives had to be found to the traditional methods of mining and processing — which can be very wasteful

They also found ways to significantly boost yields from the products of the coal mines, thus getting more out of the country's available reserves

They showed how to get more of the types and sizes of coal most needed for the various most important domestic applications — in power stations, for the Railways and others in the traction sector, for the petrochemical and other industries

Not least, through the Anglo American group, they shared and proved their concepts and findings with the other mining houses, with the energy authorities, with coal equipment and plant manufacturers and suppliers and with overseas associates

"We'll go for 10%" said former AAC director and coal chief John Shilling in 1965 He was discussing with Mr Horsfall alternative plans for a low-ash feedstock to relieve the coking coal dilemmas facing steelmakers at the time The 10% referred to the ash content in the product they were considering

Now chairman of the Coal Processing Society, and uranium consultant to the Atomic Energy Board, Mr Shilling had given Mr Horsfall and Anglo's coal research and development men the start they needed

Anglo completed a major study, working with coal authorities overseas, which went far towards solving the immediate difficulties, although Mr Horsfall believes there should now be a full-scale programme for the manufacture of form coke

Mitsui

"The yield of metallurgical coal from the main Iscor mine, Grootgeluk, was only 12% and the overall yield only some 30% One normally looks for a saleable yield of 70% "

The Japanese first began looking for diversification of their sources of coal imports in 1969 and Mr Horsfall joined Anglo men in discussing with a delegation from Mitsui what they could do to provide a suitable product

A report on what was required was prepared and circulated throughout the South African coal industry

In June 1970 presentations were made to the Japanese and samples from nine mines provided from Anglo's Witbank laboratories

Mr Horsfall flew to Japan as a member of the Transvaal Coal Owners' Association delegation in the same year As a result of the work on beneficiation which Anglo had developed at Landau colliery, the first export order, for some 270 000 tons a year, was secured from Japan

Also, Government agreed to give the massive Richards Bay export harbour and rail artery projects the green light if the right export orders could be achieved to justify it

Profits soar

Total coal exports from South Africa in that year were about 1,37-million tons Landau's output was then some 400 000 tons annually compared with some 3,6-million today, of which about a million tons are of low ash coal

The mine's profits rose some 300% as a result of the first export orders (yielding some R7,50 a ton) and have since risen 1 000%

Other mines now using the fines beneficiation process include Bank, Greenside, Haasfontein and Van Dijks Drift

Further studies by Mr Horsfall — for instance in November 1975 for the Research Advisory Committee of the Fuel Research Institute, for which he now represents Coal Research — suggested that many more millions could be earned if all mines adopted the latest washing and separating technology to yield more usable fines of less than 1mm

Anglo put up a pilot plant at the Bank mine and this led in time to the involvement of mines like Greenside, in the Gold Fields stable

Horsfall has also contributed much to the petrochemical industry, and oil-from-coal thinking, through studies of alternative processes for extracting the many chemical riches, including petrol and alcohols, that coal can provide

As he has eloquently described, there are three basic routes by which coal can be converted into liquid fuels

- Hydrogenation, where hydrogen is added to coal, using heat and pressure to "force" a marriage
- Gasification, as used by Sasol, in which coal is torn apart into simple components so that the carbon can be used as an energy source to make hydrogen from steam Hydrogen and carbon monoxide are catalytically combined to produce liquid fuels and a range of other products
- Pyrolysis, in which coal is simply heated, "whereupon it will with great alacrity, one might almost say with pleasure," yield hydrogen-rich tars for later conversion to liquid fuels A combustible carbon residue called "char" is also produced

Attractive

Of the three routes, says Mr Horsfall, hydrogenation is the most attractive because of its high liquid yields, but the technology is difficult and the costs high

The thermal efficiency of the gasification process is low and it gives rather modest liquid yields, but it is now well proven

Pyrolysis shows high thermal efficiency ("nature's reward for going along with it rather than taking it by the scruff of the neck") and low capital costs, but the liquid yields are not very exciting

In South Africa, says Mr Horsfall, "where the greater part of the coal reserves is immature and of low-grade (70% with an ash content above 25%), one problem the tar yields, which are lo er than elsewhere

"Much work remains to be done to see if these yields c be materially improved, f example by subjecting t coal to a fairly simple hyd genation treatment befo pyrolysis

"Also, the treatment of tar to give refined liquid p ducts itself needs mu study "

In hands like Anglos' studies will be done and

COAL EXPORTS (215)

The oil connection

FM 18/5/79

SA's coal reserves are being used by government as a powerful bargaining counter in ensuring continued supplies of crude oil despite the protests of some local mining companies

At last week's Afrikaanse Handelsinstituut congress, JCI senior manager Jimmy Linde pointed out that the 33% share of coal exports allocated to oil companies under Phase 3 of the export programme (*FM* January 12) is out of proportion to the oil majors' current contribution to SA's energy needs

But there is a good reason for this, judging by information given to the *FM* this week by Economic Affairs Minister Chris Heunis. The allocation of export quotas, to BP, Shell and Total, says Heunis, "has been subjected to the condition that they continue to fulfil their obligation in supplying liquid petroleum fuels to the country"

He adds that the companies' coal export quotas which total 13,5 Mt/year, "will be reviewed should any of the oil companies no longer contribute towards the country's needs for petroleum products." Out in the cold are JCI and Gold Fields, which applied for allocations, but got nothing.

Linde asserted to his AHI audience that none of the oil companies had exported a single ton of coal before 1977. The initial cost of development of the export market, and facilities such as Richards Bay, fell on the mines, who have been hamstrung by artificially low domestic prices.

Mining houses' further coal development efforts are being significantly retarded by Heunis's refusal to give them export allocations. JCI, for instance, has a coal field, Middleburg Uitkyk, which could produce up to 3 Mt/year for export, given the green light Likewise, Gold Fields has a sizeable deposit on the Highveld which could be opened up if required But so far, says deputy chairman Robin Hope, it has been a matter of repeated representations to the authorities, and continued refusals

Heunis tells the *FM* there is "no possibility, in the present circumstances, of the total allocation being increased."

However, government has laid down some tough conditions for those oil (and mining) companies lucky enough to get a slice of the export action. One is a proposal that profits realised on the export market should be used as a subsidy in the local mining industry

Moreover, "applicants must furnish written assurances that they will export coal at prices that are commensurate to ruling world market prices and that they will not adopt marketing methods abroad which may lead to a disruption of the export of SA coal in overseas markets"

Heunis stipulates that "should successful applicants fail to make satisfactory progress with the mining and marketing of coal within a period which could be regarded as normal," export authorisations may be withdrawn

~~aging 1 g/t, at $250 gold this could result in annual pre-tax profits approaching R3m After tax, it points to earnings of around 17c if everything goes well~~ *Peter Pittendrigh*

DUNDEE FM 18/5/79 (215)

Rekindled at last

Dundee Industries, formerly Coal By-Products & Investments, initially started out life in 1898 as the Dundee Coal Company It has undergone considerable change since then, particularly since 1974 when Finansbank acquired a 61,5% controlling interest through its wholly-owned subsidiary, Finanskoop, at 95c a share

By then, Coalpro had been ailing for some time It had made no profits since 1969, and its nav had shrivelled from 314c to 36c by 1975 Finansbank, however, quickly managed to bring the company back into the black, mainly by turning its debtors and some of its property holdings into cash and by concentrating on the trading activities of Dundee Coal

With this accomplished, Finansbank late in 1975 joined a consortium including Alan Heber-Percy, ex Vavasseur and currently chairman of Rand London, and several other investors

Following a three-for-one rights issue at 130c, which Finansbank declined in favour of the consortium thereby bringing its holding down to the current 15%, control passed to the new management which has as its MD Graham Gard, an Ex-Leyland (SA) director. Dundee's performance since then illustrates just how successful the new brooms have been.

Although starting out with the objective of acquiring larger listed companies to fuel growth, the unsuccessful merger negotions with B & S Steel Furniture in 1976 swayed them to look rather at smaller companies priced around the R750 000 mark and costing roughly three times earnings

Two criteria, however, had first to be satisfied One was that there should be strong entrepreneurial management prepared to stay aboard under service contracts, the other that there should be some operational opportunity that could be turned to account

In quick succession thereafter followed the acquisition of Raco (automotive and other metal pressings) for R770 000 and Jaqmar (engine parts and tools) for R790 000 Beside the purchase of Hi-Fi Car Radio & TV, Dundee itself started up Dunair to capitalise on a market gap for auto air-conditioners These are supplied to the motor plants, and more recently to the public through a national spread of 40 dealers

These acquisitions had the net effect of lifting turnover from R2,3m to R8,6m and taxed earnings from 11c in 1977 to 50c for the year to February 28 1979. And, as a result of the extended purchase terms over two years and burgeoning cash flow, the dividend has kept pace, rising from 5c to 20c.

Although engineering contributed 91% of the R763 000 pre-tax profit, a legacy of the past, coal, unexpectedly chipped in the rest. During the first 50 years, Dundee Coal discarded roughly 1m t of low grade duff. Now, in an almost identical parallel with gold dumps, a higher coal price in some cases, justifies retreatment.

During last year, Dundee concluded the sale of its dump at Wasbank, near Newcastle, to Malungisa Beleggings at a price of R1,50/t Malungisa in turn is selling the coal, after screening, to Escom and deliveries started in November last year at more than the minimum contract rate of 120 000 t per year This is a very useful cushion of about 15c a share and is expected to last for four years.

As for Malungisa, of which Leyland director Dr Francois Jacobsz is the prime mover, it has successfully retreated one dump already That was Rand London's Talana dump, which took two years to exhaust It also has another (Burnside), which could if necessary, be blended with Dundee's nearby dump

Having digested these acquisitions, and with more confidence on continued coal income, Dundee last week acquired S Tabak & Sons, manufacturers of office furniture and computer equipment, for R752 500 This time round, however, a one-for-five rights issue at 210c will be needed to partially finance the deal, which would have boosted last year's earnings by 5c to 55c even allowing for the higher issued share capital.

In the year ahead, chairman Heber-Percy says that fat order books and high coal sales will have a substantial impact on earnings. So much so that he forecasts a 10c interim in December. My view is that earnings could well reach 60c this year, and the dividend 24c. For those who believe in following the man and not the ball, the prospective 10% yield should be enticing enough.

John White

THE RADIOCARBON CHRONOLOGY

The rates derived from the simulations have shown that the fission model provided the fastest rates of expansion. The fission model was also characterised by a lower rate of expansion for a single culture than for the whole tradition. A comparison of the rates of expansion derived from the models with values derived from the radiocarbon chronology should provide a test of the appropriateness of the two models.

METHOD

Early Iron Age radiocarbon dates provide estimate of th- which a site was occ...

RESULTS

The regression line for the Urewe culture had a slope of 0,54 with the origin at 92 years (Fig.4). This gave a rate of expansion of 0,57 Km/year. The slope for the Urewe to Silver Leaves expansion was 0,116 with the origin at 34 years. The overall expansion rate was 9,6 Km/year (Fig. 4). The overall rate of expansion corresponded fairly well with the values derived from the simulation (Table 2) with moderate to high rates of population growth (0,035; 0,040) and medium population densities (5-10/Km^2).

The slope of the regression for the Kwale to Silver Leaves route was 0,096 with the origin at 138 years (Fig.5). The expansion rate was 10,3 Km/year ... than the values derived from the discontinuous spread model

... the rates of expansion derived from the radiocarbon ...iderably faster than the values for the wave of advance ... this coupled with the evidence for a difference between ...n for a single culture and the whole tradition provided ...tinuous spread model of the Early Iron Age expansion.

DISCUSSION

...nalysis of the Early Iron Age radiocarbon chronology ... South temporal ordering in the flutted and bevelled ... used in the present analysis differed from the eastern ...he regression analysis in no way supported the ... However the ...h spread and ... ...imulations of ...er, 1971a) is ... simulations of ...likely mechanism ... tradition ...ere 1974). ...and settled and they ...e than one

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Yskor maak beswaar

Deur DAAN DE KOCK

DRIE van Suid-Afrika se groot semi-staatskorporasies het heftig beswaar gemaak teen die aantygings dat hulle onder meer op feitlik 'n monopolistiese wyse die prys van steenkool bepaal.

Die bestuurder, mynbedryf, van Johannesburg Consolidated Investments (JCI), mnr J C Linde, het verlede week op die kongres van die AHI in Johannesburg gesê dat semi-staatskorporasies nie alleen deur die amptenary 'n sterk invloed op die prys van steenkool uitoefen nie, maar boonop ook die voorreg geniet om die prys van hul kommoditeit op feitlik monopolistiese wyse te bepaal. Die name van Yskor, Evkom en die Suid-Afrikaanse Spoorwee is in die verband genoem.

Die afdelingshoofbestuurder (Mynbou) van Yskor, mnr M J Deats het heftig beswaar gemaak teenoor hierdie aantyging. Hy het sê die metallurgiese steenkool wat Yskor gebruik, is 'n strategiese grondstof en word in die meeste gevalle onder moeilike omstandighede uit dun lae, normaalweg teen lae opbrengste, geproduseer. Gevolglik word pryse deur Yskor by wyse van onderhandeling met leweransiers bepaal en van tyd tot tyd vasgestel.

Hierdie pryse het oor die laaste klompie jare astronomies gestyg in verhouding tot die staalprys en ander insette soos vuurvaste materiale en elektrisiteit wat deur Yskor gebruik word. Indien Yskor 'n monopolistiese mag het, soos beweer word, sou dit nie die toedrag van sake gewees het nie.

Mnr Deats sê, die amptenary lewer ook hoegenaamd geen bydrae in die prysonderhandelinge wat Yskor voer met leweransiers van kookssteenkool nie. Yskor gebruik of beïnvloed ook nie die amptenary vir dié doel nie.

Hy sê dieselfde geld vir die pryse van brandsteenkool, waarvan Yskor se gebruik gering is. Hy sê Yskor koop byna niks brandsteenkool aan nie, aangesien hy self bewaar deur van sy eie middelskotsteenkool gebruik te maak wat ontstaan uit die produksie van metallurgiese steenkool.

Hy sê ander verbruikers van metallurgiese steenkool onderhandel ook afsonderlik oor hul steenkoolpryse en dus is daar geen sprake van 'n monopolistiese benadering nie. Vir Yskor is dit 'n suiwer saketransaksie waarin hy min van 'n keuse het weens die beperkte reserwes van kookssteenkool.

Mnr Deats sê ook dat verhogings in die staalprys nie deur die amptenary of Pryskontroleur vasgestel word nie, maar wel deur die Kabinet.

Yskor koop op die oomblik sowat 77 persent van sy kookssteenkool aan, terwyl 23 persent deur sy eie myne geproduseer word.

'n Woordvoerder van die Suid-Afrikaanse Spoorwee sê hulle het niks te doen met die vasstelling van steenkoolpryse nie, aangesien hulle hul benodigdhede van die Transvaalse Steenkooleienaarsvereniging aankoop teen pryse wat deur die Pryskontroleur bepaal word.

Verder is hul verbruik van steenkool ook baie klein.

'n Woordvoerder van Evkom sê dié onderneming het ook niks te doen met die vasstelling van steenkoolpryse nie. Hy koop sy steenkool op 'n tendergrondslag aan. Die pryse wat hy betaal is dus mededingend en word bepaal deur die gewone markneigings.

Hy sê Evkom het niks te doen met prysbeheer anders as om die Pryskontroleur te nader as die prys van steenkool hoër is as die beheerde prys nie. In so 'n geval kan die pryskontroleur sy diskresie gebruik of pryse verlaag moet word al dan nie.

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Sund Times
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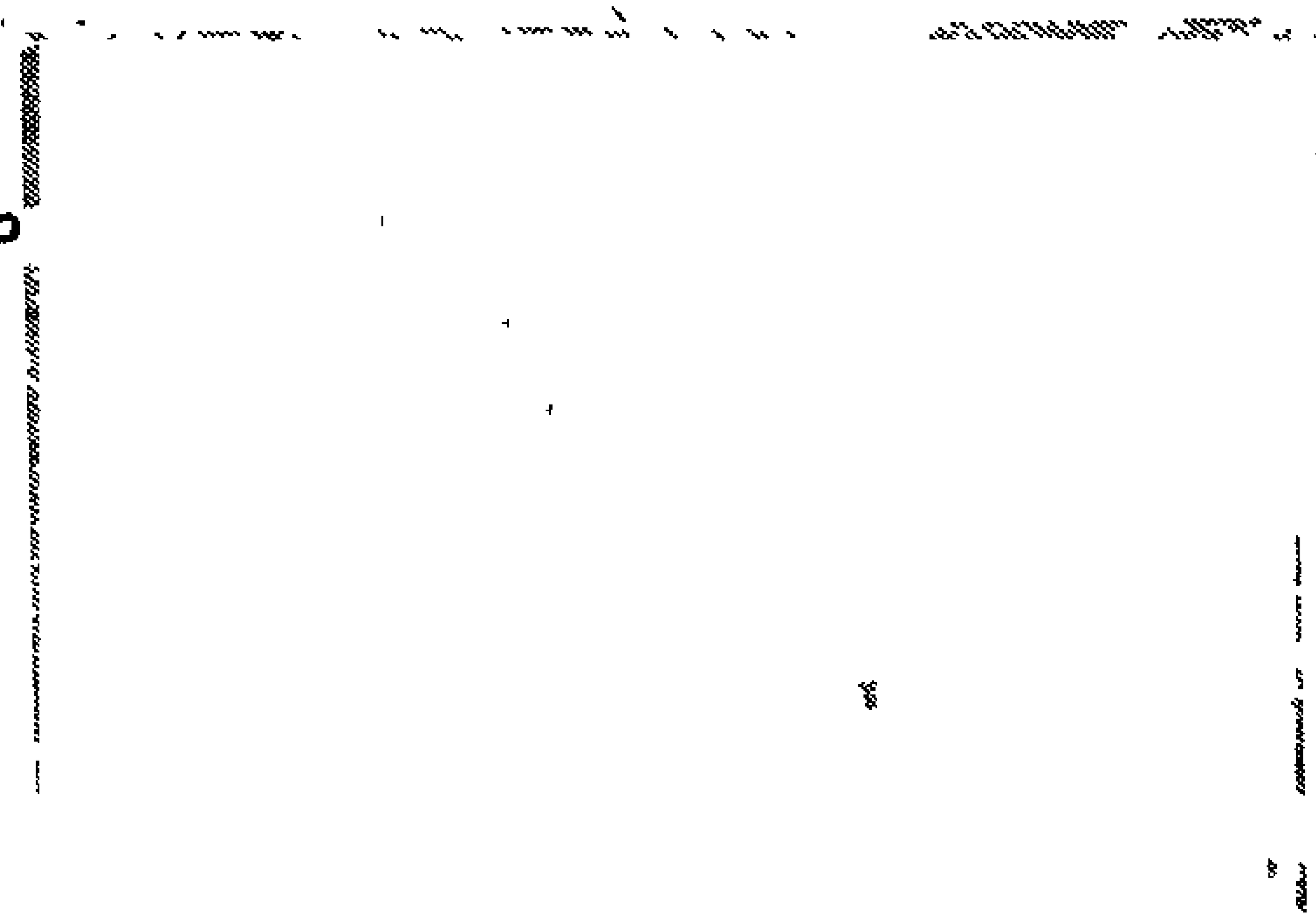
SA second in EEC coal export chart



South African coal .. heading for the top place in the list of exporters to the EEC

By PENLOPE MORGAN

A WHOPPING 42% increase in South Africa's share of the valuable EEC coal market over the past few years, has shot the Republic into second place among the major coal exporters to the EEC.

Despite stiff competition, South Africa may well catch Poland as the largest single outside supplier to the Common Market, with exports to the EEC having increased to 10,5-million tons compared to 3,1-milliom tons, three years ago

At present, SA has 23% and Poland 33% of total EEC coal imports

According to figures published by the European Community Statistical Office, Poland's share of the EEC market grew by only 1% last year

The US, on the other hand, saw its market share reduced by 41%

There are various reasons for the drop in US exports to the EEC, the most important being that US coal is becoming too expensive

Production costs have been increased enormously by the recent United Mine Workers Union strike for higher wages

President Carter's energy conservation policy and the relaxation of various environmental controls — some US coal has a high sulphur content — has resulted in an increase in local consumption of coal There is no sign of these factors changing in the short term.

Poland is seeking to increase her coal exports to Western Europe, becuase of her desperate need for foreign exchange Poland is the second most indebted country in the communist bloc, after Russia, to Western Europe

To service her loans, she must sell coal, her major export It is generally felt in Europe that Polish coal is sold at below cost in Europe, but exact price trends are difficult to establish

Yet, on the spot market, the fob Gransk price tends to be higher than the fob Richards Bay price

There has been a move to subsidise the transport costs of Polish coal, but it has been opposed from within the Community — probably by France and Italy, Poland's largest European customers

Most Polish coal arrives in Europe untreated and is processed in Rouen, France

According to a spokesman for the TCOA, another possible reason why the Polish market share in Europe increased by only 1% in the 1977/78 period, is that Poland has outgrown its infrastructure Railways and harbours will need vast expansion, entailing large capital expenditure, to cope with higher exports

In view of Poland's current indebtedness, additional capital expenditure is unlikely

France is, by far, the largest importer of coal in Europe and is the biggest European customer of both Poland and SA

France imported 5,2-million tons from SA for the period January to October 1978, and 3,6-million tons from Poland for the same period

Over the three-year period covered by the table, SA increased her exports to France by 66%

SA Foreign Trade Association (Safto) and the Standard Bank, have a concerted drive on the go, in the form of trade seminars, to increase all SA-French trade This could have favourable results for coal

With the planned increase in the capacity of the Richards Bay terminal from 20-million tons to 44-million tons by 1986, SA certainly has no short term infrastructure problem

In the long term, India, China and Columbia may become competitors in this market Currently, they have infrastructure developement problems But experts say that SA could be in a strong position in Europe for at least the next 10 years

Europe's coal sources

(In thousands of tons)

	SA	Poland	USA	Russia	Australia
1976	3 161	14 555	12 917	3 706	4 112
1977	7 112	13 405	9 713	3 904	6 167
Jan-Oct 1978	7 809	11 397	4 895	2 413	4 661

Source European Community Stats Office — Coal Monthly Bulletin

Star Busi 19/6/79

SA Coal record

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JOHANNESBURG — South African Coal Estates (SACE), a member of Anglo American Coal Corporation (Amcoal), in May set record tonnages for coal production and for coal shipments from the rapid loading terminal managed by SACE

The company, whose operating collieries include Amcoal's newest mine, Kleinkopje, mined more than 731 000 tons (previous record 642 000) while 617 000 tons (previous record 597 000) were railed through the terminal

Of this figure 542 000 tons were railed to Richards Bay for export while 75 000 tons were sent to the inland market Greenside Colliery, which is run by Goldfields, and also uses the rapid loading terminal facilities, provided 146 000 tons of the export coal — Sapa

RAM Rus

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Summit goes for coal use

By NEIL BEHRMANN

LONDON. — A significant outcome of the summit in Tokyo was the pledge to use more coal for direct energy and for the production of oil

The summit communique said "We pledge our countries to increase as far as possible coal use, production and trade We will endeavour to substitute coal for oil in the industrial and electrical sectors, encourage the improvement of coal transport, and maintain positive attitudes towards investment for coal projects "

Of particular significance to South Africa was the pledge not to interrupt coal trade under long-term contracts, and to maintain measures which do not obstruct coal imports

The seven major industrial nations are also committed to nuclear energy. They said "Without the expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve. This must be done under conditions guaranteeing our people's safety "

The agreement of the leaders was far more impressive than the previous four summits

There was a definite commitment to lower oil imports to offset the increase in Opec oil prices

"The most urgent tasks are to reduce oil consumption and to hasten the development of other energy sources Our countries have already taken significant actions to reduce oil consumption We will intensify these efforts "

The Euorpean Economic Community has decided to restrict 1979 oil consumption to 500-million tons (10-million barrels a day) and to maintain community oil imports between 1980 and 1985 at an annual level not higher than in 1978

The United States goal is to maintain its 1985 oil imports below 1977 ranges — at 8 500 000 barrels a day

In response to Opec's new two-tier price system, oil product prices on the international spot market rose sharply

Saudi Arabi has raised its price to $18, but with more stringent credit terms, the price is effectively $19 a barrel

Under the new agreement, Opec producers will be allowed to add a premium to their basic price up to an upper limit of $23,50 a barrel

Reuter reports from Tokyo that the seven-nation declaration represents the first collective response of the major democratic oil-consuming countries to the challenge to economic growth and employment posed by Opec

Delegates to the meeting described the Opec decision as shocking, unjustified, destabilising, and severely damaging to the economic prospects of the less-developed countries

The two days of discussions among the heads of government from France, Germany, Japan, Canada, the US, Italy and the UK were dominated by the energy issue where hard bargaining resulted in a communique specifying both short and medium goals for reducing oil imports and making the seven countries less vulnerable to the Opec grouping

One result of the hard bargaining, the delegates pointed out, was the commitment of the four EEC countries to ask their five partners not present to accept individual country goals for oil imports

French President Valery Giscard d'Estaing, who is president of the EEC Council, says the energy ministers will be charged with establishing the national goals These goals will be submitted for approval to the EEC summit to be held in Dublin later this year

Delegates of the four EEC countries stressed that throughout the summit discussions on energy, their five other partners were kept informed

Although the communique deplored Opec's action in raising oil prices again, the majority of the nations represented said they believed the declaration provided a convincing demonstration of their will to reduce oil consumption and would thus help the moderate element in Opec to counter the demands for even greater oil-price rises

The British Chancellor of the Exchequer, Sir Geoffrey Howe, said that the commitment "represents a tilting of the balance of the demand side away from Opec"

If the seven countries had not taken any action, the situation would have been even more unbalanced and therefore more difficult to stabilise, he said.

For the EEC the commitment is to maintain oil imports between 1980 and 1985 at an annual level not higher than in 1978 This freeze covers oil imports from outside the community and does not incorporate the supply from the North Sea, according to Sir Geoffrey

Canada's target for imports was originally projected at 650 000 barrels a day by 1985 This has been reduced to 600 000, but Canada will become a big importer during 1981-85 because of the rapid decline in its domestic oil production

Japan's 1985 target is a level of imports not to exceed the range between 6 300 000 and 6 900 000 barrels a day

This will allow for real GNP growth on an annual basis of around 6,3%, but Japan is to review the target periodically in an effort to reduced imports

The British Prime Minister, Mrs Margaret Thatcher, said the Japanese aim was to cut imports to 6 300 000 barrels a day

The US goal for 1985 is for import levels not to exceed the levels either of 1977 or the adjusted target for 1979 of 8 500 000 barrels a day British officials said that the choice of the two years was technical and involved balance of payments measurements, but they could not be more specific

The comments generally by the heads of the summit showed their belief that the major industrial countries were now facing a period of real decline in living standards and changes in the pattern of social behaviour unless they could achieve more productivity and flexibility in their respective economies

US officials said the limit placed on oil imports meant the industrialised nations would not have to rely on increased production by Opec to meet their needs in coming years

They said this maintenance of demand should limit the capacity of Opec to raise prices The summit agreement placed greater reliance in the US in coming years on higher coal output, increased use of nuclear energy and higher natural gas production if the economy was to continue growing

Coal price rise is cold comfort for consumers

Star 9/7/79

(215)

With most of South Africa in the grip of a cold snap, Transvaal coal users have been hit by a five percent increase which raises the price by 11c a bag

Demand for coal and anthracite has soared this winter, and while there is no shortage of coal, insufficient supplies of anthracite are reaching distributors, Mr Wilf Stoloff, chairman of the Coal Merchants Association of the Transvaal, said today

"We are only getting about 10 percent of the anthracite we need to meet the demand We have a backlog of orders totalling 1 400 tons

"We asked for this increase because of higher transport costs — the rise in the diesel price has hit us hard The R1 21 a ton increase granted is not enough to absorb our total costs," he said.

With the average home in Soweto using six bags of coal a month black consumers will be particularly hard hit by the increase, as coal is their main source of heating

Temperatures have dropped over most of the country with snowfalls in some places and several towns recording temperatures below freezing point.

The Transvaal will be cloudy and cold with light rain in places for the next 48 hours, according to a spokesman for the weather bureau in Pretoria.

Snow fell on the Lootsberg, Renosterberg and Joubertsberg In some places the snow was five cm deep In Natal, snow fell on the southern Drakensberg. The whole Natal interior was extremely cold today.

Snowfalls were also reported at Cathedral Peak, Cathin Peak, Giant's Castle and Sani Pass last night There is still snow lying in the upper areas around Underberg and Mont-Aux-Sources

More snow has been forecast for Underberg, but a spokesman said that as yet the weather was cold and overcast

have to pay 10c more a bag of coal from today as a result of a decision taken at an emergency meeting held by the Soweto Coal Dealers' Association at the weekend

The chairman of the association, Mr Douglas Mtshaulani, said today they would absorb one cent of the 11c increase announced by the Trans vaal body

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Mennonite Central Committee se konferensie oor 'Die Rol van Geskiedkundige Vredeskerke', Gaborone, Botswana. Verhandeling voorgelê oor 'The Role of Churches in Promoting Justice in Southern Africa' (Oktober)

konferensie van die Afrikaanse Calvinistiese Beweging, Potchefstroom (Oktober)

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

Die Direkteur het aktief gedien in die Suid-Afrikaanse Instituut vir Rasseverhoudinge as 'n lid van die Weskaap-

...ertheid wat die jaar-
... betaling aan lede van die
... Beheerraad vir hulle
... ir die aangeleenthede van
... t benewens 'n bydrae tot
... ook vir die Sentrum
... mte voorsien. Yet die
... s die huisie op die laer

na ordinêre-fellows het aanvanklik t
program bygedra. dr Sheila T. van
mede-professor van Ekonomie, U.K.,
Boshoff, gewese Rektor van die Univ

LIDMAATSKAP

Soos voorheen gemeld, is die Sentru... geregistreer as 'n maatskappy. In ... 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 E V E. Howes
Professor W F Harlan
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

Coal up as big freeze sets in

(215)

Rnm 9/7/79

By VAL CARTER-JOHNSON

THE COAL price will go up by 5% today — an increase of 11c a bag or R1,21 a metric ton.

The chairman of the Coal Merchants' Association of the Transvaal, Mr Wilfred Stoloff, said last night the price would go up from R2,33 a bag to R2,44

This unexpected increase is a severe blow to consumers, especially blacks in the Witwatersrand, Pretoria and Vereeniging areas who are still reeling from the recent spate of price hikes in basic commodities and are dependent on coal as their only source of heat

The price rise follows increased fuel costs as well as a severe shortage of anthracite since last month

And it coincides with gloomy advice from the Pretoria Weather Bureau — button up your overcoats, the next 48 hours are going to be extremely cold

"A strong belt of high pressure over the south of the country is bringing in cold, moist air and this could mean a cold snap for Johannesburg and the whole of the Transvaal," a spokesman said yesterday afternoon.

Snow has been forecast over mountains in the eastern part of the country

"We expect the very cold and cloudy weather to continue for the next 48 hours or so, then it should clear and warm up a bit," the spokesman added

Mr Stoloff said the association still had a backlog of 1 400 tons of anthracite after receiving their "first trickle of anthracite supplies last week — 400 tons"

Packaging paper up — but not in shops

By VITA PALESTRANT
Consumer Mail

SAPPI, South Africa's biggest paper manufacturer, has announced a 5% increase in the price of packaging paper — but the increase should not affect the public.

Kraft — brown paper in the corrugated boxes used to deliver goods to stores — is also used to package cereals, dog food and eggs

The Sappi announcement said the increases were caused by higher diesel and petrol prices, aggravated by the withdrawal of fuel subsidies for forestry

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RDM

9/7/79

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Mr Eugene Van As, Sappi's chief executive, said packaging was a small component of the price of goods.

"Even then, kraft is only one of many other components in the packaging material. The rise is unlikely to make an impact on the consumer "

He said the increase on a box of cereal would be 0,5% to 1%

Mr Allan Fabig of OK Bazaars said his company would absorb the increase.

"The cost increase on a corregated box is only a few cents. This would have to be shared out between a few dozen cans or bottles. The end effect is slight."

Mr A Crosby of Kohler Bros, a packaging manufacturer, said the increase was slight but had presented problems.

"The increase was announced suddenly. We normally tell our customers three months in advance that there will be an increase. We have hardly had time to digest it."

"We used up all our stocks in June and now have no choice but to wait for new stocks from suppliers," he said.

Mr Stoloff said he had been inundated with telephone calls — both at home and at work — from disgruntled consumers who were desperate for anthracite

"They are accusing us of withholding supplies, but there is nothing to supply," he said.

He could give no reason for the shortage, despite repeated attempts to get explanations from suppliers.

Reacting to the increase last night, the national president of the Black Sash, Mrs Joyce Harris, said she was horrified and called on the Government to subsidise coal in black areas.

"There is already mass unemployment and blacks are entirely dependent on coal for their cooking and heating," she said.

She added that the increase comes at a time when blacks are least able to afford it, after the recent spate of price hikes

The consumer ombudsman for the South African Council of Churches, Mr Eugene Roelofse, said blacks would be hardest hit as coal was not something they could economise on.

However, he was not surprised by the increase, because large amounts of coal were transported by road.

"It's a pity it had to happen in the middle of winter, but it was inevitable that the prices of basic commodities would rocket," he said.

He hoped this would not cause a price rise in electricity.

The vice-president of the Housewives' League, Mrs Yvonne Forshaw, said the increase was unjustified and called for a full explanation.

"We are very distressed as coal is one of the cornerstones of all industrial prices," she said.

215 FM 20/7/79

COAL SALES

Blowing hot and cold

Without exports, the coal industry would be in a sorry state Domestic demand is static and producers complain that recent price hikes on bituminous coal fall well short of what was asked for Yet consumers complain that coal price increases are fuelling inflation

National bituminous coal demand rose only 5,7% from 1975 to 1978 Demand for anthracite declined 14% over the same period

Local sales of bituminous and anthracite topped 66,4 Mt in 1975 to increase marginally to 70,2 Mt in 1978 Value growth however was impressive Free on board (fob) value rose 97% from 1975's R279m to R549m in 1978 Seemingly the increase in value doesn't compensate for hefty production and distribution costs

A 12% rise in the bituminous coal pithead price in February hiked A grade coal from R6,90/t to R7,75/t The Transvaal Coal Owners Association asked Price Control for roughly 15% Says TCOA MD Dick Bird, "price control works by a formula which is never really adhered to What we asked for was not an unjustified increase "

He agrees "inflation is not a good thing" but the producers have no control over the price of spares, materials and stores which increased by a conservative 24% over the last year "One of the main problems we encounter is the decline in the inland market No growth for at least the last two years There is, on average, a reserve of about 15% on capacity on the mines "Another bugbear is the problem of moving the bulk cargoes "Road transport has become unpopular and expensive Currently it's down to moving about 4 Mt But there will always be smaller areas not serviced by the Railways and there are still an enormous number of lorries involved in getting coal direct from the Witbank collieries "

Anthracite producers are hardly euphoric either. A 14,3% pithead price increase in February shoved the price of a ton up from R21,10 to R24,10 Biggest problem is that inland demand "is progressively dropping," says Anthracite Producers Association chairman J D M Ryder. Says Ryder, "From 1975-1978, inland demand for anthracite for domestic heating purposes declined from approximately 253 000 to 187 000t per annum — an average annual decrease of 9% "

However, the severe winter conditions experienced this year caught the industry off balance with an estimated 50% increase in anthracite demand since the beginning of June. Peak orders resulted and while Collieries stocks were adequate, says Ryder, "plus current production to meet the demand for nut sized anthracite, it was physically impossible to load and

Stoloff . . gearing for a three-month season

rail peak tonnage throughout the Republic during such a short period "

Anthracite nut demand is a seasonal three month cycle Merchants stockpile in advance carrying up to three weeks stocks But the cold snap depleted stocks and two to three week backlogs occurred with the Collieries unable to help out adequately

Wilfred Stoloff, chairman of the Coal Merchants' Association complains bitterly "We can't gear ourselves any more over the 12 month period to supply a three month season It's grossly unfair that when we can sell anthracite we don't have the supplies to meet the demand. We've been stockpiling since February but one firm for example is dealing with a 1 500t backlog to supply "

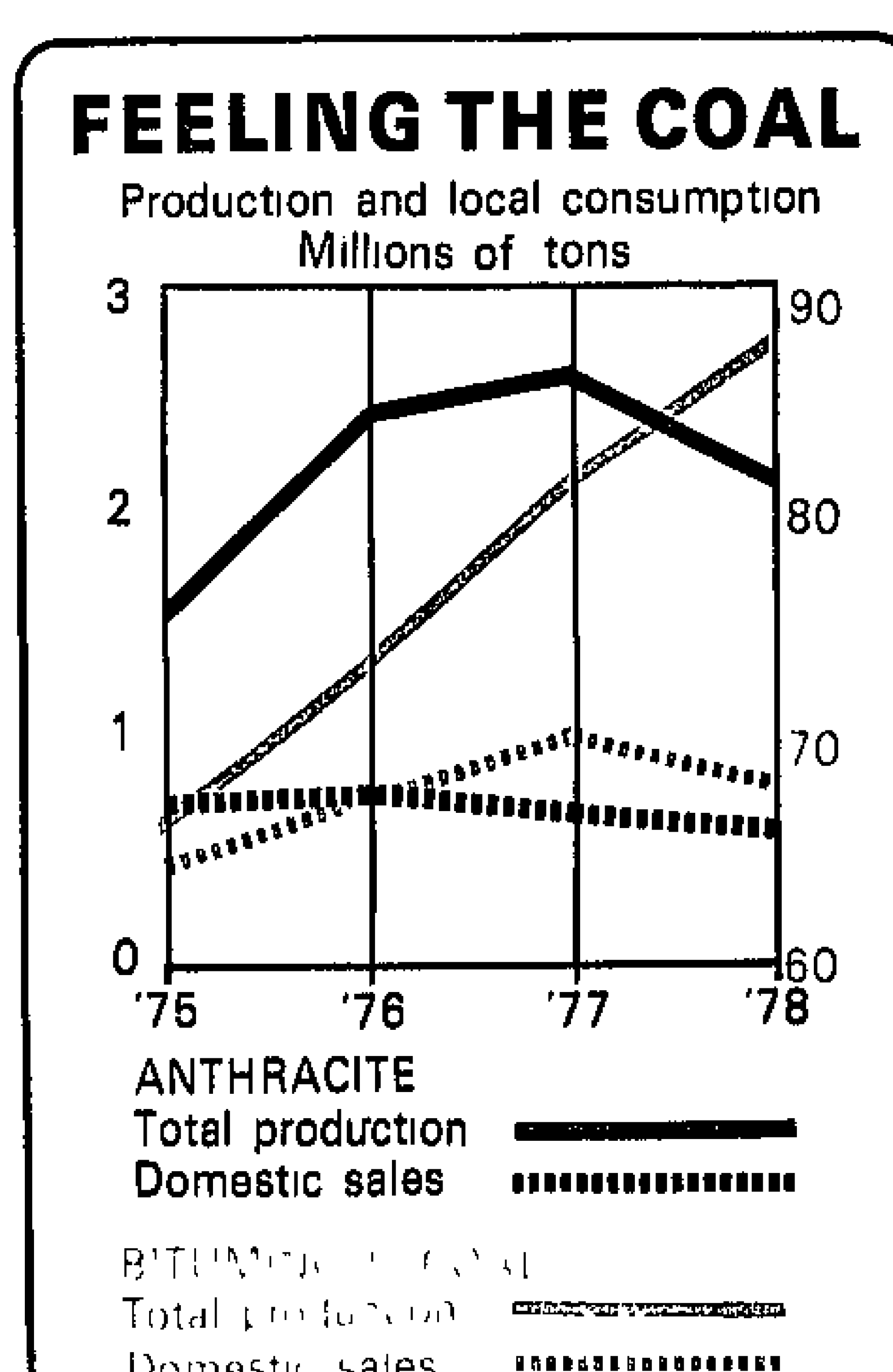
Commenting on the July 9's 5% increase in the retail price of coal awarded to the Merchants, Stoloff exudes righteous indignation

The increase of 11c a bag from R2,33 to R2,44 or R1,21/Mt may come as a blow to white and especially black consumers but it's nowhere near adequate according to the needs of the merchants faced with massive cost escalations avers Stoloff "It's insufficient to cover the 14,4% fuel increase We're absorbing at least 5c a litre plus the 12,5% increase in the price of tyres Each time we apply to the Price Controller for a price increase, he forces us to absorb more and more of the cost increases " What is needed, says Stoloff, is an increase of "at least 10% "

Turning his eyes heavenwards he sighs, "The cost of replacing a delivery vehicle is astronomical Price control allows us 15% on capital We're well off it One can do better with a building society investment and one has no hassles "

On average a lorry plus trailer costs R63 000 A jute grain bag which lasts five to six deliveries now costs 50c, up from last year's 32c A driver earns a minimum of R50 a week, each of six labourers R22 minimum At least four labourers service a 150-200 bag lorry in the yards Yard site rentals hiked 100% on January 1.

"If you spill over the site, you pay a massive encroachment fee at the same rate as the rental fee " Just landing the coal on the Reef now costs R15-R17/t depending on volume, accessability and distance Fuel prices increased by 20c a litre in the last five months "More than 30%, and our delivery vehicles travel an average 320km a day By road it now costs not less than R6/t — on average between R5-R8/t — to the Witwatersrand " Of this figure administration costs run at 3,03%, vehicle depreciation estimated at a low — "and unrealistic" — 10,34%, fuel 40,29%, insurance 1,35%, licencing 1,73%, lub-



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ricants 2,01%, tyres and tubes 17,3%, wages 13,67%, spares and maintenance 10,28%. "The current costs are 30% up on 1978's R4,50," wails Stoloff.

He doesn't foresee a great takeoff in demand for bituminous coal in the short term on the domestic front but expects "somewhat brighter future prospects following switching from oil to coal based heating, especially towards anthracite. The collieries will have to gear themselves to cope with the demands. By week's end anthracite supplies will be back to normal with backlogs taken care of promises Ryder.

Silence in Jail, the new volume will be available on a subscript

Price: R1.50 (for students ordering through their SRC or through NUSAS R1.00). Order from: Scribe Editions, 51 Cleveland Road, Claremont 77oo

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COAL QUARTERLIES

FM 27/3/79 (215)

Profits squeezed

Despite growing oil difficulties, some brokers are currently advising clients to dump coals because, they feel, the sector has advanced too far Others recommend staying aboard because of coal's longer-term strength, but caution that there could be a near-term reaction

In the past year, the coal sector has appreciated 73,3%, with few breaks in the upward run Since the June petrol price increase, the coal sector has risen 12% to stand on an average dividend yield of 6,1% against 8% a year ago

The three collieries reporting for the June quarter have justified some of the rise Although individual profit performances were not great, dividend distributions over the past three or six months indicate higher totals for the current financial year

Apex: Higher tax charges again resulted in lower earnings for the June quarter First-half earnings totalled 143,4c (188,3c) after capex, but the interim dividend was raised to 50c (30c) indicating a total higher than last year's 90c

Higher production and profits are reported from No 2 and No 5 seams Slack domestic coal demand meant lower tonnages of No 4 seam steam coal produced and sold, leading to a R15 000 gross loss (profit R190 000) in that section

The June quarter's profits benefited from the February 2 coal price increase But the next price hike is only expected early next year The outlook is for flat domestic sales this year

Second-half capex is planned at about R3,7m — mostly for extensions to the No 2 seam washing plant These will allow low-ash coal production to be increased by about 10% with little impact on unit costs

Lifting the interim dividend despite lower profits augurs well for a maintained 60c final

Witbank: Tonnages sold increased marginally to 1,7 Mt but working profits fell to 515,3c/t (587,8c/t), partly because of a R1m surcharge levied by Richards Bay Coal Terminal However, a R1,9m compensation from SAR for immobilised reserves next to the railway line, and a R417 000 loan repayment from Richards Bay, allowed a higher R8,5m (R8,3m) taxed profit for the June quarter

R3,7m of the quarter's R7,1m capex was funded by Escom Escom should fund a similar 52% of the September quarter's slated R8,4m

MD Roy MacGillivray says inland sales remain poor with increased competition from smaller operators For the current quarter there is unlikely to be an RBCT loan repayment or any surcharge However, after lifting the interim dividend to 9c (7c) in March, a higher final could also be on the cards

Welgedacht: Sales increased to 492 00 t (434 000 t), but working profits fell to 273,4c/t (358,1c/t) after surcharges of R274 000 and R222 000 levied by Richards Bay, and Natal Associated Collieries Countering these were a R171 000 loan repayment from RBCT and a R201 000 dividend from NAC Welgedacht benefited by an increase in railway revenue to R616 000 (R13 000) because of economies arising from the use of diesel locos The interim dividend was unchanged at 9c though a higher final is likely Allen Sealey warned in his chairman's statement that the dividend growth is not likely to match the previous year's 56%

Des Kilalea

TABLE II

	WHITE Male	WHITE Female	ASIAN Male	ASIAN Female	COLOURED Male	COLOURED Female	BLACK Male	BLACK Female
Rheumatic Heart Diseases (390–398)	115 / 1.[illegible]%	121 / 1.5%	28 / 2.5%	15 / 1.9%	120 / 3.9%	139 / 4.4%	49 / 2.1%	56 / 2.9%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	276 / 8.8%	273 / 11.4%	212 / 11.0%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	566 / 18.0%	148 / 6.2%	66 / 3.4%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1278 / 40.7%	772 / 32.3%	749 / 39.0%
Circulatory Diseases (390–458)	9752 / 100%	926 / 100%	[illegible] / 100%	[illegible] / 100%	[illegible] / 100%	3140 / 100%	2390 / 100%	1921 / 100%
[illegible]	750 / 38.0%	287 / 42.4%	122 / 36.6%	28 / 26.9%	572 / 26.3%	161 / 24.7%	282 / 15.1%	59 / 18.2%
[illegible]	485 / 24.6%	104 / 15.4%	42 / 12.6%	13 / 12.5%	84 / 3.9%	18 / 2.8%	76 / 4.1%	11 / 3.4%
[illegible]	59 / 3.0%	41 / 6.1%	41 / 12.3%	2 / 1.9%	680 / 31.3%	167 / 25.6%	806 / 43.1%	89 / 27.5%
[illegible]	1973 / 100%	677 / 100%	333 / 100%	104 / 100%	2175 / 100%	652 / 100%	1868 / 100%	324 / 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

Sunday Express 29/7/79 (215)

Coal export ceiling could be increased

By PAUL DIAMOND

THE tremendous potential that lies in our coal exports has been heavily underscored by industry spokesmen in recent weeks and current thinking clearly is that the present authorised ceiling of 44-million tons moving to foreign markets by 1983-4 will be comfortably exceeded — even doubled or trebled in time.

Pursuing this line of thought, it could mean further massive extensions to Richards Bay (to which the Railways will be sending 150 unit trains carrying 8 000 tons in a year or two) and even another coal outlet

Last year the export of 15-million tons to eager foreign customers netted the country a revenue of R325-million

This week Chamber of Mines president Dennis Etheredge noted "The energy crisis has already thrown the spotlight on the value of our coal resources and while the Government seems quite firm in its limitation on exports to 44 m tons a year, it is not impossible for political or economic reasons or as a result of new coal discoveries that this figure might be doubled or trebled at some future date "

Etheredge, talking to the Total Transportation symposium, stressed in particular that a dynamic extension in our mining industry as a result of a future minerals crisis (and he prophesied one) would place a dramatic and unprecedented demand on our transport infrastructure

The other, slightly more sombre, glimpse into coal exports came from Steve Ellis, general manager of General Mining's coal division — and that house is heavily in coal.

"From South Africa's point of view coal possesses a long term export potential unequalled by any other material," said Ellis A future increase in coal exports to the level of say 60 m tons a year would not affect the South African energy situation, or imperil its resources

And indeed neither the Ellis nor the Etheredge export figures would make any appreciable dent in our coal reserves which have been variously calculated at 24 000, 37 000, 64 000 and even 100 000 million tons As the Petrick Commission observed· "Coal reserves are dynamic — higher prices and improved technology tend to increase reserves, particularly extractable reserves."

How the mines save on fuel

By PAUL DIAMOND

A FASCINATING account of how the mining industry is "doing its bit" in conserving fuel and switching to other energy sources and transport methods was given by Chamber of Mines President Dennis Etheredge to the Total Transportation symposium last week.

The mining sector currently consumes less than 4% of the country's petroleum products.

Transporting material from open pits in trucks is swift and efficient but will soon be a thing of the past, stresses Etheredge. Every mining house with opencast operations is looking at alternative methods. For one thing the fuel used by the big lhd trucks of up to 175 tons can account for as much as 50% of working costs, and one major opencast operation whose fuel costs totalled 6,2% of total costs last year calculated the fuel component at 20% this year.

The most favoured alternative transport for horizontal or near horizontal transport appears to be to drive vehicles by overhead electric trolley lines and would seem well suited to many mines situated close to power stations, especially coal mines This is under active consideration for the development of coal mine some 50 km from the nearest railhead.

Another alternative which will certainly be introduced for shallower open pits is the extension of conveyor belts. Pipelines with a choice of pneumatic or hydraulic systems are being investigated, with the Ergo pipeline network a prime example.

"This," says Etheredge, "is a mere fraction when compared with the distances covered by pipelines in the US where one conveys coal 800 km."

Sunday Express

Soviets take over SA coal stream ideas

A SOUTH African concept to extract the last possible megajoule out of a run-of-mine coal stream has been taken over holus bolus by Soviet Union coal experts.

The Soviets have seized upon the Coalcom (an acronym for coal, coke, oil and megawatts) project and are implementing it in a so-called coal factory.

The Coalcom approach is to produce oil, coke, gas and electric power in one complex with the power station using the high ash coal.

In view of the steady increase in oil prices South African coal processing men have been eyeing for some time the 40-million a year intake by Escom pow-

FOUR-WAY IDEA UP AND RUNNING

By PAUL DIAMOND

er stations with a view to extracting coal liquids and certain fractions for metallurgical use, and even export, without any deleterious effect on what would remain for power stations

The Soviet version of Coalcom, reports the US magazine Coal Age, is now being built in Krasnoyarsk to process about 1,2-million tons of coal a year.

The decision to proceed followed the successful performance of a pilot commercial installation that converts coal into products ranging from fuel oil to briquettes

The Coalcom idea does not embrace any new processing technology but relies on "here and now" processes While basically designed for the particular quality of coals in South Africa, the ideas can be employed in all countries where there is large-scale burning of coal in power stations.

It is strongly felt that the typical low-grade coal being used in increasing quantities in South African power generation is capable with treatment of performing a number of duties on its way to the massive Escom furnaces

For example, this coal stream can produce coal with a sulphur content low enough for metallurgical use, a middling coal suitable for power generation from which adequate amounts of ash, sulphur and abrasive material have been removed, coal liquids formed by pyrolysing both low and medium ash fractions to obtain tars as a source for liquid fuels, a low ash char that can be briquetted to give form-coke, and a medium ash char that could be burned in fluidised bed boilers for power generation

Sunday Express Business

Coal defies the chartists to burn out the high-priced opposition

FUNDAMENTALISTS ARGUE THAT IT'S NO GOOD FOR INVESTMENT CHANCES

COAL shares have continued to defy the chartists who have been talking them down, and some fundamentalists who have argued that as long the industry is price-controlled and the yields remain low, there is no point in looking at the sector as an investment opportunity.

However, the shares have continued to out-perform many other sectors, such as diamonds, which on fundamentals alone should have shot ahead

One of the prime reasons for the continued bull trend is in part due to the small capitalisation, putting the shares mainly in individual's hands and keeping the institutions and foreign investors out

Being locally held and constituting strategic stocks makes an investment in coals doubly secure in the long term Certainly, local investors are less likely to cause a run on the shares in the face of adversity than their foreign counterparts

In the last 12 months the RDM Coal Index rose 75% to 867,0 reflecting the strong upward movement. The strongest performer on the coal board was Natal Coal on speculation after Mr Graham Beck took the mine over from Anglo American

The stock has put on 378% to 110c since August last year. In the share price growth stakes Amcoal came second. It was traded up 91,0% to 2 015 due to its growth prospects Predictably, Amcoal announced last week that its first-half sales had increased from 12,7-million tons to 15,8-million tons due to Kleinkopje coming on stream in December and increased production. As Escom's generating facilities continue to demand more coal from these collieries sales can be expected to continue to rise sharply.

This is not, however, the only factor expected to boost growth. For example, the completion of phase 3 of the Richards Bay project in 1984 will enable Amcoal to to increase its export quota to 10-million tons With phase 2 now on stream Amcoal's export quota amounts to 4-million tons. And, as Richards Bay facilities are expanded to handle close to 100-million tons towards the end of the Century, Amcoal will be first to benefit.

In the short term the group will benefit from the unintentional and advantageous additional capacity available at Richards Bay, which it apears can now handle 24-million tons compared with its 20-million ton design capacity.

Then there is the prospect of increased take off of coal for chemical and liquid fuel purposes The possibility of eventual Sasols 4 and 5, which Bosjespruit, the coal mine attached to the Sasol 2 and 3 projects, will not be capable of supplying fully, cannot be ruled out (Sasol's process is still the cheapest alternative route available for producing liquid fuels At an official Opec oil price of $22 a barrel Sasol 2 will be profitable.)

So this share shows strong potential for further sales growth, with the additional advantage of being relatively free from price control due to its export possibilities Its colliery subsidiaries, which accounted for 88% of group pre-tax profit, increased their combined taxed profit 21,8% to R31,2m This enabled Amcoal to raise its interim dividend to 30c (24c) from 136,3c (109,8c) A 60c final is possible, which would put the share at 2 015c on a 4,5% prospective yield

Amcoal has four listed collieries — Natal Anthracite, Zinguin, Vierfontein and Vryheid Coronation — which are not really worth a mention due to their limited growth prospects

However, it is interesting to note that Zinguin, which relied on a contract which expired at the end of June to supply Iscor with coking coal for its entire revenue, was traded up 55% to 365c Investors responded, despite the possibility that Iscor, which owns part of the mining assets, would agree to purchase its coking coal and allow the mine to use its share of the mining mining assets this year

As it happens, Iscor has agreed to purchase Zuinguin's entire production until the mine is exhausted, possibly in four years. This is indicative of the almost blind faith some investors have in coal shares

General Mining's two listed collieries, top contenders to benefit from increased electricity generation and export sales, also announced results last week Trans Natal increased its final quarter attributable profit to R6,4-million (R6,0-million), which was a little disappointing due to high expectations for its Ermelo Colliery Ermelo is an export colliery, which has been hard put to match its export quota.

Trans Natal's fourth quarter profit was expected to be of the order R7-million and on the strength of this analysts expected a 15c final As it turned out a 14c final was paid for a 24c (18,5c) total, putting the share at 525c on a yield of 4,6c.

The low yield probably discounts the shares' promising prospects, particularly due to its half-share in Matla which, after a delay, will probably be in operation in the first-half of this financial year Trans Natal increased its year-end taxed profit to R21,4-million (R19,1-million) on sales of 22,9-million tons (20,8-million tons) of coal

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215

FM 10/8/79

COALS

Dividends accelerate

Four coal companies reported higher sales and profits in the past week, partly as a result of the increased domestic price granted in February But cost pressures are likely to negate a large part of this increase in the coming six months

All of them also declared higher dividends, and reduced cover indicating that, with major near-term capex now past, improved distributions are in the pipeline.

Amcoal: Interim earnings of 136,3c (109,8c) were up to market expectations, and there is a promise of at least the same in the second half. The interim dividend was lifted to 30c (24c).

Total sales were 15,8 Mt (12,7 Mt) of coal and 243 000 t (217 000 t) of coke. The increase came largely from higher production at power station-tied Kriel and export colliery Kleinkopje.

It is understood that Kriel produced about 4 Mt in the first half as 8,5 Mt a year is targeted. Kleinkopje produced about 1 Mt, and should be in full production towards the end-1979 Kriel is scheduled to reach full output next year

Last year, Amcoal succeeded in holding unit cost increases down to 9,5% against an 11% budget. This year, annualised first-half unit costs have grown even more slowly with higher production and increased efficiency paying off.

51%-owned Vereeniging Refractories contributed more to earnings in the first half and a further increase is on the cards this half-year This resulted in a fall to 88% (91%) in the coal sector's contribution to pre-tax profits

Capex in the first half amounted to some R13,5m with about R30m now expected for the rest of the year With capex tailing off and no problems in repaying borrowings over the next few years, dividend increases seem secure

Second-half profits should be similar to those of the first half, indicating total earnings of about 280c If dividends remain three times covered, a final of at least 60c (48c) is on the cards for a 90c (72c) total, putting the share on a prospective yield of 4,4% compared with a sector average of 5%.

Tavistock: All three group collieries matched targeted outputs, but mining profit growth for the year to end-June at 19,1% was below the 52% recorded in the first half. Earnings for the year were 688c (595,9c) from which a 150c (125c) final was declared for a 250c (200c) total

Coal sales amounted to 3,8 Mt (3,7 Mt). The second half benefited from February's domestic coal price increase, which led, with increased sundry revenue to a gross profit of R4,67 (R3,97) per ton sold.

After February's opening of Tavistock No 2 section, capacity has increased, but slack local demand will inhibit the extent to which the mine can lift output

TCOA export profits should compensate for the flat local market And now that spending on Tavistock No 2 section is coming to an end, capex should slow down However, tax will remain low as Tavistock has about two years of assessed losses The share, at 4 350c, yields an historic 5,7% which is attractive relative to the sector's average and in view of the industry's longer-term growth potential

Trans-Natal: Higher sales of 6,4 Mt (6 Mt) produced lower mining income of R8m (R8,6m) in the June quarter because of increased export costs, restoration provisions at Transvaal Navigation and a price adjustment on supplies to Iscor from Hlobane Colliery

Trans-Natal has 50% of the developing Matla mine which is running 10 months behind schedule However, chairman George Clark expects the power station to come on stream later this month, so no contribution is expected until the second quarter. Outstanding capex on Matla stands at R15m-R20m spread over four years

Shipping delays meant a nominal return from Ermelo Clark says Trans-Natal is looking for a better yield on its 33,3% investment this year

Trans-Natal benefits only marginally from domestic coal price increases with about 13% of output going to the general trade On the export side, prices "are not as good" as Clark would like

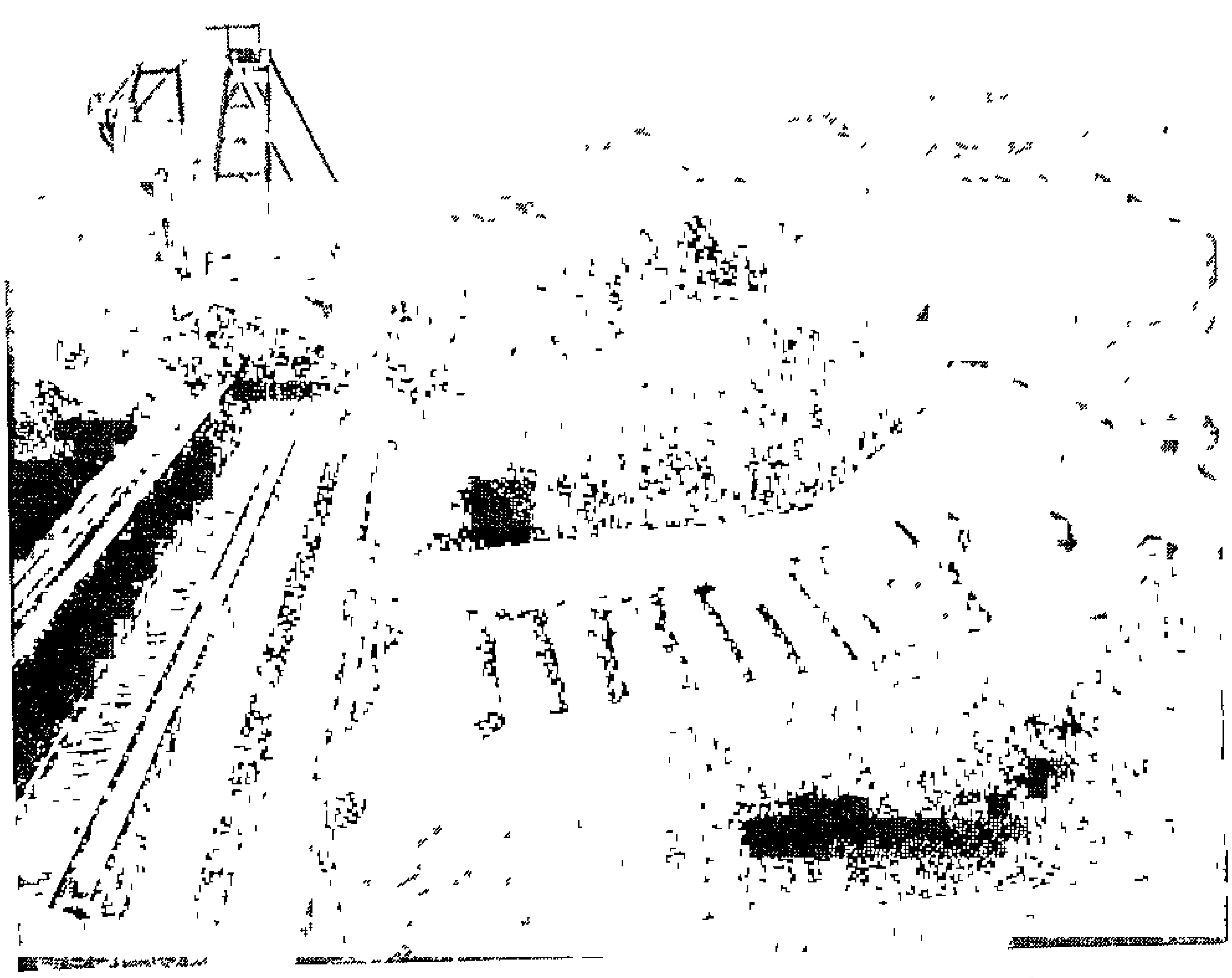
Nothing has been finalised with Kanhym and colliery development is still some years off Delmas colliery, acquired from Genmin for certain coal reserves, did not perform as expected

The 14c (10,5c) final dividend gave a 24c (18,5c) total from earnings of 42c (38c) The outlook for this year offers further scope for a dividend hike, although the tax rate may start increasing now that capex is tailing off

Clydesdale: Profit per ton sold in the June quarter increased to R1,51 (R1,30), mainly as a result of the domestic coal price rise

Like Trans-Natal, the group is liquid and has the bulk of its capex behind it, hence the higher 18c (9c) final dividend for a 26c (15c) total from earnings of 59c (53c)

Des Kilalea



Saldanha Bay coal terminal . . . overseas profits steam in

Kruger Park coal mining threat grows

Star 22/8/79 (215)

By Graham Ferreira

Kruger Park's battle against coal mining may be lost — a mining township, a railway line and a dam are in the initial planning stages.

Kruger Park authorities have been "talking things over" with Iscor, which is behind the move to mine.

Permission has been granted for a two-year programme for drilling 100 more boreholes under the guise of a geological survey. In fact, the search is on for the right spot to mine coking coal.

Plans include a 120 km long railway line which would run from Punda Milia in the north to Phalaborwa in the middle west of the national park

There has also been discussion about a dam on the Levubu River inside the park — one of the major tributaries of the Limpopo

Prohibited

All depends on the results of the 100 new boreholes The new prospecting holes do not include 25 which have already been sunk and which discovered deposits of good quality coking coal

The coal is needed by Iscor for smelting steel

Mining and prospecting are specifically prohibited under the National Parks Act

Although Iscor this week denied it has such plans — "It is the biggest lot of rubbish" an official said — The Star's CARE campaign is confident plans are under way

Wilderness

The new holes are to be drilled for Iscor under contract to the Department of Mines Geological surveys across the border in Vendaland have also shown good deposits but these are badly faulted The Kruger Park seam is more intact

These facts emerged after a week-long investigation by CARE in the park

If Iscor's plans to mine the park are put into operation it would affect if not destroy a large part of the park's most important wilderness area

"Shattering"

The area, the Madzaringwe Valley, includes some unique vegetation zones and is one of the major breeding grounds for the park's elephants.

The chief professional officer of the park Dr Uys de V Pienaar, told CARE if the mine was sunk in the park it would be a shattering blow for conservation in South Africa

"We will fight against the sinking of a mine in the park with everything at our disposal," said Dr Pienaar

"I have no fight with Iscor — they have a job to do which is vital to the country's economy but they must play their cards openly or they will find a massive public opinion against them

"When we first heard of Iscor's plans, and the

To Page 3, Col 7

Coal mine threat to park grows

Star 22/8/79 (215)

From page 1

original drilling survey it was a complete surprise to us

"Recently, however, we have got together with Iscor and talked this thing over and there seems to be a much better understanding now I am hopeful that the drilling will show the park's coal seams to be just as fractured as those in Venda This would change the whole position," he said

Dr Pienaar said if South Africa's coking coal deposits ran out and it became necessary to mine the Kruger coking coal he would insist that the mine be sunk in Venda and that traverse shafts go underground into Kruger This would cut down on the effect of mining in the park

When CARE visited the area in which the original 25 prospecting holes had been sunk, it was obvious that a minimum of damage had been done to the surrounding areas and that care had been taken not to cause excess disturbance

Asked about Iscor's plans for prospecting and mining in the park Mr H

manager for Iscor, said any suggestion that Iscor was planning a coal mine in the park was the "biggest lot of rubbish"

"We are busy looking at the whole area from Tshipise in the northern Transvaal to the Kruger National Park as far as coking coal is concerned, but you will have to speak to the Department of Geological Survey as far as the Kruger Park is concerned," he said

Mr Jerling also denied that Iscor was planning a railway line in the park

Dr W L van Wyk, director of the Department of Geological Survey of the Department of Mines said there was nothing going on at the park at the moment

"There is talk that additional boreholes should be drilled in the park to get a better idea of the coal deposits in the park, but this is still in the planning stage," he said

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ika te bevorder en te
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D VAN BEHEER

der die toesig van 'n
bestaan het uit die

Konstruktiewe Program wat ons in staat gestel het om meer
...neel aan te stel en om publikasies en werkgroepe te

Star (215) 27/8/77

Showdown over the Kruger Park

At last somebody has resolved the dilemma which has been facing conservationists for two years. Mr Rupert Lorimer, MP, is forcing a legal showdown on the Kruger Park mining issue

The Kruger Park coal mining row might well end up in court. It will then be a fight to the death for the world-famous park. JAMES CLARKE of the Star's CARE campaign comments.

The dilemma was whether the conservation lobby should seek legal action against prospecting in Kruger Park — and thus risk the Government amending the National Parks Act — or do nothing in the hope mining would never take place

To have done nothing would have had its dangers: it would have been tacit approval for the Government to disregard the Act in other areas.

But now the fat is in the fire.

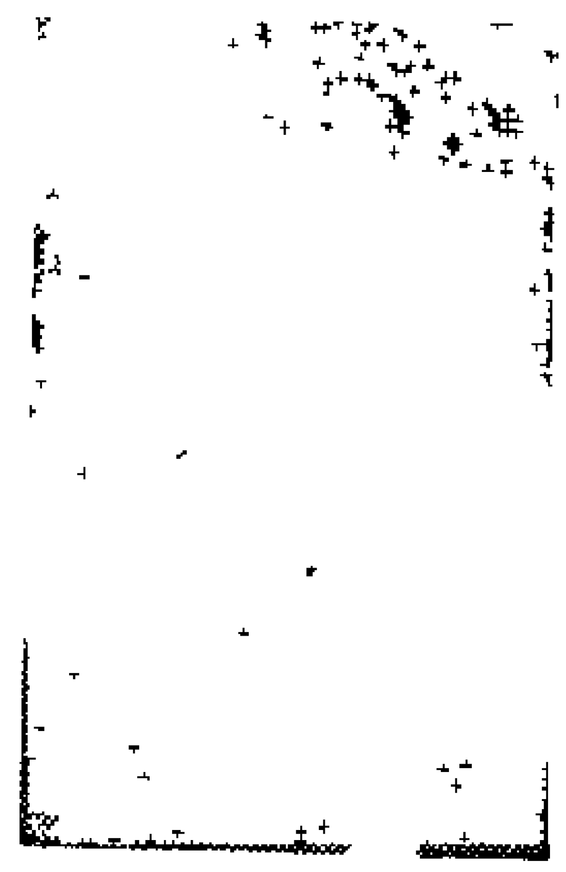
The current drilling programme is unquestionably illegal. On television a few days ago Mr Hendrik Schoeman who, as Minister of Agriculture, is responsible for the protection of national parks, admitted that mining itself is illegal

But prospecting is also specifically forbidden under the Parks Act and is legally defined (in the Mining Rights Act) as "intentionally searching for minerals by means of boring"

The Minister also said "There is no question at present of mining coal in Kruger Park." The words "at present" made it a transparently defensive statement.

It is as well that conservationists become militant for they are fighting militant men.

In the House of Assembly last year when a CARE statement was produced pointing out the illegality of prospecting in



Rupert Lorimer . . . forcing a confrontation.

Kruger Park, Mr Schoeman was contemptuous of the National Parks Act. "Say we have broken the law. Why the tremendous row? We are doing it for the nation"

By forcing a confrontation on the issue Mr Lorimer will almost certainly force the Government's hand one way or another. It is very likely it will end up with the Government amending the Act

This will have the effect of removing protection from the last two percent of South Africa which was supposed to have been inviolate.

But at least it will force a debate in the House. It will also force the Government to tell the people why it is prepared to sacrifice the world-famous game reserve for the sake of a few years' extra coking coal for the steel mills.

It will also be forced to say why the search for substitute coking coal has stopped since the Kruger deposits were discovered.

More important, it could make a lot of people start thinking of what "national interest" is really all about

The lobby behind the mining is obdurate. Dr F W Quass, who has criticised the extraordinarily wasteful methods by which we mine coal in South Africa — 60 percent is left underground — said recently: "Exploit it (the Park) without delay if it is proved economical"

In a letter to The Star he attacked "overzealous ecologists and conservationists" who stood in the way of exploitation

They have hardly been overzealous. In fact, denied a frank disclosure of the facts, the conservation lobby has been confused and ambivalent.

Now that the whole thing is likely to be precipitated the public must muster its forces and its arguments.

Kruger Park's 19 000 sq km represents 60 percent of the nation's "inviolate" parks There is only one other large national park — half the size of Kruger — and that is the Kalahari Gemsbok Park The other five are tiny

Kruger Park is an essential part of the nation's more positive image. Part of "the heritage they gave us" of which we sing so loftily in our national anthem

It is irreplaceable and, as an essential part of our tourist image and industry, it has a large economic value which could last for ever Which is more than one can say for 10 years' supply of coking coal

To trade it in for a short term cash benefit is barbaric.

Star 29/8/79 (215)

SA coal reserves 150pc higher than thought

By Jean Moon

South Africa has far more extractable coal than previously thought, and the estimated peak of production has been extended from early in the next century to the end of the century.

A Chamber of Mines report appearing in the July edition of Energy and the Environment suggests that at today's prices, and by using modern technology, extractable reserves are at a level of 61 000m tons, 150 percent higher than the 25 290m tons on which the official South African energy planning is based.

Coal reserve estimates were arrived at by the Petrick Commission based on 1972/73 data, which put total reserves at 81 274m tons to a depth of 300 metres, of which only 31 percent would be mined.

OUTLINES

In a paper presented to a recent conference Mr R E Burnton, General Mining's Division Project Manager, outlines certain factors which he says have changed the original analysis. Reserves down to 400 metres given by the Petrick Commission were put at 91 767m tons, but to this can be added 10 000m tons since discovered.

In addition there has been a shift in reserves from the inferred category to the proven category and a reduction in the minimum mining height in terms of today's technology and economics. It is also certain, he says, that further additional reserves will be proved in the future.

Improvements in the efficiency of coal usage as a source of energy and further utilisation technology permitting the use of coal having an ash content in excess of 35 percent maximum as set by the Petrick Commission will further extend the lifetime of these reserves.

There are five major basins containing coal deposits in South Africa, ranging from the Limpopo Basin in the north to the Molteno-Indwe in the south. About 19 separate coalfields have been identified in the major basins and coal in them is contained in anything from one to five economically mineable seams (between 1 m and 11 m thick) within strata normally less than 150 m thick

In general, the coal can be split into four main categories — raw bituminous coal, washed bituminous coal, metallurgical coal and anthracite

South Africa's coal is generally low quality with about 85 percent made up of raw bituminous coal with a high ash content of between 20 percent and 46 percent.

This coal makes a satisfactory product for power station fuel, feedstock and oil-from-coal projects

About 10 000m tons of raw bituminous coal from these areas is regarded as suitable for washing and upgrading to produce a product with an ash content of about 16 percent. This good grade seam coal is used for power stations both here and abroad.

navorsingsassistente in diens geneem.

Die hoofdoel van die Sentrum is om navorsing na die onderlinge groepsverhoudinge in Suid-Afrika te bevorder en te lei, in die besonder oor verhoudinge tussen rasse- en taalgroepe

2

AKADEMIESE ADVIESKOMITEE EN RAAD VAN BEHEER

Die program van die Sentrum staan onder die toesig van 'n Akademiese Advieskomitee wat in 1978 bestaan het uit die ... (Voorsitter), die Prinsipaal van die Universi- ... die Adjunk-Prinsipaal,

kampus, waar ons gedurende die laaste vyf jaar gehuisves was, ontgroei. Daarom is ek besonder dankbaar vir die ekstra ruimte wat ons nuwe kantoor in die Leslie Social Sciences Building op die Groote Schuur Campus aanbied.

Ek wil weereens die Carnegie Corporation en die Algemeen Diakonaal Bureau van die Gereformeerde Kerken van Nederland bedank vir hulle gulle ondersteuning van die Konstruktiewe Program wat ons in staat gestel het om meer personeel aan te stel en om publikasies en werkgroepe te finansier. Ek wil ook graag weereens die ondersteuning deur plaaslike skenkers, firmas en trusts noem, kort ... die Program gestig is. Hulle hulp het dit moontlik ... gratis te versprei onder ... belangstelling belang-

... ek my verpligtings ... ie Sentrum vir ... boekstaaf en ... op hulle hulle

... an der Merwe ... ekteur

'Coal exports bring enormous benefit to mine workers'

(215) 7/9/79 Post

ABOUT 40 000 black workers on 27 mines would suffer if overseas countries stopped importing coal from South Africa, the managing director of the Transvaal Coal Owners' Association, Mr R C E Bird, said yesterday.

He was commenting on a statement by the secretary-general of the SA Council of Churches, Bishop Desmond Tutu, at a Press conference in Copenhagen this week, in which he had urged all countries to halt imports of South African coal "even if it meant black workers would lose their jobs".

'ENORMOUSLY'

Mr Bird said the black mineworkers benefited "enormously" through the export of coal. If exports were stopped, the profits of all companies would be affected and consequently the black workers would suffer.

"Bishop Tutu has probably never been to a coal mine in his life. He should visit one of the new coal mines and see for himself what has been done to benefit the workers and improve their living conditions.

"At the Rietspruit mine we have accommodated our black married workers in houses that are as good as — if not better than — those of many whites. This would not be possible without the export of coal." — Sapa.

CCOUNTING PRACTICE

XAMPLES

ited acquired an item of new plant for R60 000
19.6. Depreciation is provided at 12½% p.a.
line. A 25% initial allowance is granted for
ses, wear and tear being 20% on the reducing
Tax rates were 40% in 19.6 and 42% in 19.7,
le income amounted to R45 000 and R50 000
ely, for the financial years ended 31.12.19.6

he balance on deferred tax account in respect
nt at 31.12.19.7, assuming

leferral method

iability method?

he tax charge will be disclosed in the
tement for the year ended 31 December 19.7,

leferral method

iability method

(assume there are no other items causing timing differences)

he answer to 2. be affected by the existence
raordinary gain on disposal of a division of the
amounting to R70 000, all of which was taxable,
7 financial year?

he answer to 3. change if the R70 000 is now a
loss, which can be set off against the taxable
m other sources of R50 000? Draw up the
tement assuming the deferral method is used.

Note 4, assume now that the company has a set
ore depreciation of R60 000 in 19.8.

e income statement for the 19.8 financial year
liability method

b) deferral method

Assume the tax rate remains 42%

~~280~~ ~~335~~ 215

R6 000 to the South Afri- a statement

Rom 7/9/79

Wide reaction to coal boycott call

ABOUT 40 000 black workers on 27 mines would suffer if overseas countries stopped importing coal from South Africa, the managing director of the Transvaal Coal Owners' Association, Mr R C E Bird, said in Johannesburg yesterday

He was commenting on a statement by the secretary-general of the South African Council of Churches, Bishop Desmond Tutu, at a Press conference in Copenhagen this week in which he urged all countries to halve imports of South African coal "even if it meant black workers would lose their jobs"

"Bishop Tutu has probably never been to a coal mine He should visit one of the new coal mines and see what has been done to benefit the workers," Mr Bird said

The chairman of the Christian League of Southern Africa, the Rev Fred Shaw, accused the bishop of "sentencing" blacks to starvation and unemployment

Mr Shaw challenged Bishop Tutu to be sincere in his call by accepting a 90% cut on his salary and that "the South African Council of Churches, which Bishop Tutu represents, reject all foreign subsidies".

"Bishop Tutu has shed all pretensions regarding his true desires for South Africa which is not the ending of apartheid, but turning South Africa into a socialist state "

The chairman of the Soweto Committee of Ten, Dr Nthato Motlana, said he found Bishop Tutu's reported remarks "surprising and puzzling", but said the bishop might have been misquoted and declined to comment before speaking to him.

The acting secretary-general of the SACC, Dr Wolfram Kistner, said he thought the bishop's remarks probably had the backing of many politically aware blacks

The general director of the South Africa Foundation, Mr Peter Sorour, said economic pressure of the kind advocated by Bishop Tutu would not bring about political change in the short term

The Minister of Justice and the Interior, Mr A L Schlebusch, yesterday expressed disgust at the bishop's boycott demand — Sapa.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage	tomatoes
onions	fresh pineapple
carrots	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 bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

---oOo---

GERMAN POTATO SALAD — Ethne Beard, Port Elizabeth

boiled potatoes	chopped onion
cooked bacon	salt and pepper
mayonnaise	

Cube the potatoes while still hot. Chop up the bacon, mix with the potatoes, onion and mayonnaise. Season with a little salt and pepper. Use hot or cold.

---oOo---

EGG SALAD — May Bennett, Ridgeworth

hard boiled eggs	salt and pepper
salanaise	paprika and parsley

Cut eggs in half and lay on a flat salad platter; cut side down. Pour over salanaise.

---oOo---

CHICKEN AND CUCUMBER SALAD — S. Drury, East London

1 cup cooked chicken, diced	1 cup cucumber, peeled and diced
4 T finely chopped walnuts	1 cup cooked green peas
French dressing/mayonnaise	
lettuce	

Marinade chicken, cucumber, nuts and peas with French dressing. Serve on lettuce with mayonnaise. Cover with greaseproof paper and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

SPRING GREEN SALAD — May Bennett, Ridgeworth

Police to probe coal search

215 DD
8/9/79

JOHANNESBURG — Police will investigate the government's alleged coal prospecting in the Kruger national Park "at the highest level."

This was confirmed yesterday by a spokesman for the Commissioner of Police, General Mike Geldenhuys.

A dossier has been drawn up by Mr Rupert Lorimer, Progressive Federal Party spokesman on conservation, who wants the Transvaal Attorney-General, Mr J Nothling, SC, to prosecute the government for allegedly prospecting in the park.

Mr Lorimer met Gen Geldenhuys yesterday and will send the dossier to police headquarters today.

Earlier this month, the National Parks Board gave permission to the Department of Geological Survey to sink a further 100 boreholes in the park in its search for coking coal. The department has the authority to search for strategic minerals anywhere in South Africa

Mr Lorimer said yesterday that his dossier was based on Section 20 of the National Parks Act which said: "No prospecting or mining of any nature shall be undertaken on any land included in the park."

Mr Lorimer said. "The only definition in law that I could find on the word prospecting was contained in the Mining Rights Act of 1967.

"It said: 'Prospecting means intentionally searching for precious metals, base minerals or natural oil by means which disturb the surface of the earth, and includes all excavating necessary for the purpose, whether by underground or open working or otherwise, as well as boring and all work necessary for or incidental to such searching'

"It is for the government to set an example and obey its own laws I don't believe what they are doing is in the public interest

"The government must realise if it goes ahead it is doing so against the wishes of the public." — DDC.

and onions, bring to boil again. Bottle.

---oOo---

APPLE TUNA TOSS SALAD

1 medium head lettuce, torn in bite-size pieces (4 cups)	1/3 cup coarsely chopped walnuts
2 cups diced apple	1/2 cup mayonnaise or salad dressing
1 11 oz can (1 1/3 cups) mandarin orange sections, drained	2 t soya sauce
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks	1 t lemon juice

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.

---oOo---

215 The Star Friday September 14 1979

Amcoal in 460m-ton deal with Escom

By Stephen Suckley

Amcoal, the coal mining arm of the Anglo Group, has clinched a deal to supply the Electricity Supply Commission with 460m tons of steam coal over the next 40 years.

The coal will be used to supply proposed new power stations. Deliveries will commence in the late 1980s.

The deal follows Escom's inquiries in July last year to various concerns for the supply of such coal.

The statement from Amcoal did not go overboard on details but said a further annoucement would be made in due course.

The fact that Amcoal has been successful in obtaining such a large contract does not necessarily preclude other bidders such as Rand Mines and General Mining.

Although Amcoal's allotment must be something of a coup and certainly one of the largest deals of its kind, Escom has the reputation of spreading its requirements out, so no doubt the other coal mining giants and even Iscor will get a slice of the cake, albeit a small one

At today's prices the deal could be worth in the region of R4 000m but taking into account inflation over the period of the contract it will probably be worth a great deal more.

Details of the proposed new power stations are pretty scarce but industry sources expect both to be built in the southern Transvaal

Amcoal has lots left in the locker

RDM 17/9/79

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By DON ROBERTSON
Mining Editor

ANGLO American Coal's lucrative Escom contract to supply 460-million tons of coal over 40 years, starting in the late 1980s, has captured the attention of the coal-mining industry, and of shareholders.

Amcoal shares put on 120c on Friday to 2 200c in a quite coal market, giving the share its first real boost for some weeks. Although the benefits that will flow from the deal are many years off, the price move reflects the sentiment in the market which is looking for anything encouraging.

Amcoal's competitors are not sour about "big brother's" success. It is pointed out that Government environmental regulations require certain minimum sulphur emmissions from power stations and that this alone precluded some mining houses from tendering successfully. Although they have ample reserves of good grade steam coal, some of these reserves are high in sulphur content.

It is expected that in the initial stages of the Anglo contract, most of the feed for the two new power stations, Ilanga and Tutuka, will be met from existing facilities, to be replaced by supplies from two new mines which could cost at least R100-million each to develop.

One of the mines, expected to be called New Denmark, will probably be sited between Bethal and Standerton in the south-eastern Transvaal. Escalation clauses in the contract will be based either on the wholesale price index or on the inland price of coal. The present price of steam coal supplied to power stations is between R8 and R10 a ton.

By committing this large tonnage of coal to the domestic market, Amcoal has by no means reduced its potential to participate in the more profitable export market which fetches prices of between $23 to $25 a ton fob Richards Bay.

Earlier this year, the company reported that it had 6 600-million tons of recoverable reserves and was pushing these reserves up to 19 000-million tons. In the current year alone, it hopes to prove additional reserves of 1 000-million tons.

Some sections of the industry remain critical of the Government's restrictions on coal exports which have been set at 24-million tons a year in terms of phase two of the Richards Bay project, rising to 44-million tons a year by 1983. Latest estimates of recoverable reserves in South Africa are 66 000-million tons.

The sources believe that although the Richards Bay facility is fully committed, it could be rapidly expanded to meet additional export tonnages.

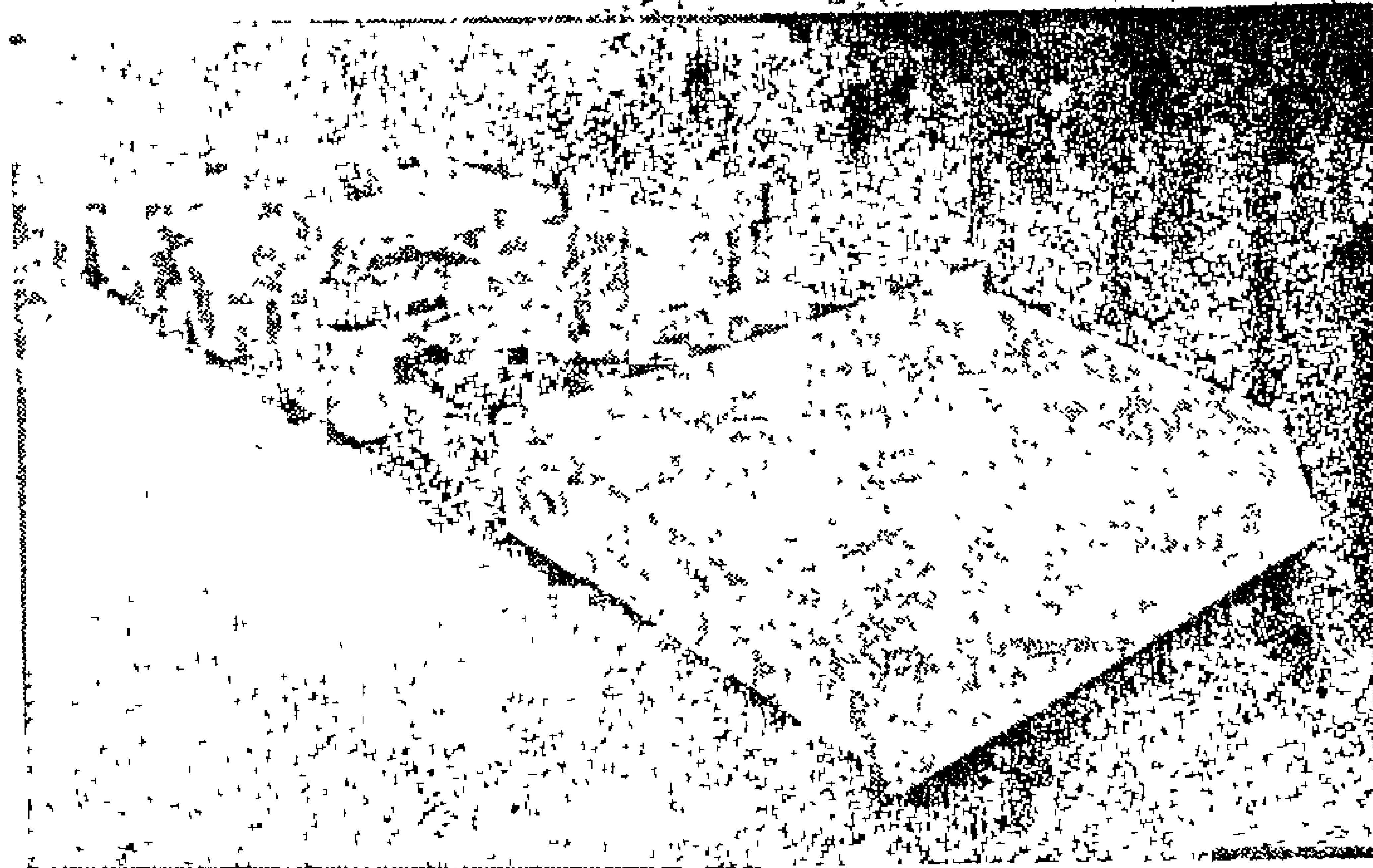
Talk of yet another power station near Ellisras has caused some enthusiasm in the market, although it is expected that requirements for this station will be met by Iscor's Grootegeluk mine which produced about 2-million tons of steam coal a year as a by-product of its blend coking coal operation.

25/9/79

Coal

THIS article was contributed by the Chamber of Mines

Keeping the home fires burning . . .



A PYOTT-BOONE battery-powered low-seam coal scoop has been delivered to Anglo Americans' Springfield Colliery near Grootvlei in the Southern Transvaal by Coalequip (Pty.) Ltd. It has a lifting capacity of 13 180 kg.

SOUTH AFRICA has 61 000 million tons of recoverable reserves of coal, according to a current estimate by a mining industry expert

Coal in the Republic has traditionally been important domestically because it has provided about 75 percent of the country's total energy requirements, making South Africa much less dependent on oil than most countires

Coal has now become infinitely more important since the Arab oil-jack in 1974 and the oil price rises since then

Total coal production in 1978 increased by 5,8 percent from 85,4 million metric tons to 90,4 million metric tons and total revenue increased by 15,8 percent to R874,4 million

Coal exports totalled 15,4 million metric tons, an increase of 21,2 percent

Export revenue increased by 30,8 percent to R325,1 Million

Local sales of coal amounted to 70,3 million metric tons, a decline of 2,8 percent, reflecting slack conditions in the economy.

All available evidence indicates that the demand for the Republic s coal will continue to increase, particularly for export, and for the country s power stations and oil-from-coal plants

Although the country has not been in the export business long, already South African coal has become a valuable supplementary energy resource for some of the major industrialized countries

South Africa is, for example, at present becoming the European Economic Community's biggest foreign supplier of coal after Poland

The expansion of the Republic's coal export industry may be gauged by the fact that from 900 tons in 1960 and just over 1 000 000 tons in 1969, the country is now exporting some 20 million tons annually and it is planned over the next five or six years to bring this up to 44 million tons, a maximum laid down by the Government

Fortunately, South Africa's energy is based on its large low-grade coalfields, while exports require a higher calorific value coal of which there are also adequate reserves

The Republic's electric power comes mainly from 18 coal-fired power stations that consume 40 million tons of coal a year, most of them situated adjacent to the power stations so the coal is conveyed economically from the mine directly into the furnaces

It is expected that electricity generated in South Africa will be 90 percent coal-based until at least the end of the century. Between now and then capacity will be doubled

What are destined to be the two biggest coal-fired power stations in the world, Duvha and Matla in the Eastern Transvaal, each with an output of 3 600 megawatts, are at present under construction

In the past few years eight major new collieries have appeared on the scene with ultimate plant output of 56,8 million tons a year

The additional production from these collieries will be spread between Sasol II oil-from-coal plant which alone will consume an additional 14 million tons a year from about 1981, for new power stations; and to provide blend coking for Iscor and steam coal for export and the domestic market

An important factor of the coal-mining industry in recent years has been the spectacular change to mechanised mining methods.

Mechanisation has taken many forms but about 90 percent of mechanised coal mining is performed by mechanical loaders, continuous miners, surface strip mining and longwall mining

The traditional method of coal mining followed in South Africa was the bord and pillar method, as it required relatively little capital outlay, while unsophisticated labour could be easily trained in its techniques.

But this method of leaving pillars of coal behind to support the roof is obviously wasteful and recent years have seen the introduction of longwall and open-cast mining combined with a rapid increase in machinery and adapting imported equipment to local conditions, and in the application of computers for simulation models used in mine planning and for assessing the country's total coal reserves.

Some of the research has been prompted by the different conditions obtaining in South Africa

Continuous miners which are built to European or American specifications, for example, cannot cope adequately with the much

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25/9/79

The percentage of handgot coal decreased between 1965 and 1978 from some 45 million tons, which was 90 percent of coal mined at that time, to 13 million tons, only 14 percent of the total output in 1978.

The productivity gains from increased mechanisation and the switch to different mining techniques may be gauged by the fact that in terms of average sales output per underground man shift, the output of collieries in the Transvaal and Free State increased from 4,17 tons in 1960 to 5,23 tons in 1970 to 7,06 tons in 1976. This compares with a comparable underground rate of about eight tons in the United States, 10 in New South Wales and four in Britain.

Over the period 1965 to 1976, when production increased by 79 percent, from 48 million tons to 86 million, the labour force remained relatively static, increasing from 81 000 people to 83 000 — but productivity gains from the switch to new mining methods has enabled the coal industry to increase the wages of Black employees sixfold in as many years.

A wide variety of coalmining research is being carried out in South Africa by among others, individual mining companies, the Council for Scientific and Industrial Research, the fuel research institute and the Chamber of Mines research organisation which has its own coalmining research laboratory.

The Chamber's laboratory is engaged in work on, among other things, strata control and the improvement of extraction from coal seams, on support systems, in assessing new types of coal found in South Africa and the Chamber's researchers have been concentrating with some success on improving the robustness and cutting performance of such machines

GRAHAM BOUSTRED

King of coal

215

FM 21/9/79

"What counts is to get into the market place and sell at prices that generate profit," says Amcoal chairman Graham Boustred "You learn to tender with confidence to secure major contracts Those who mess up the tendering fall flat on their faces "

There's no fear of that at Amcoal (Anglo American Coal Corporation), which last week landed the biggest ever coal contract signed in SA Escom accepted offers from Amcoal for the supply of 460 Mt of steam coal over a period of 40 years The supply of coal commences in the late 1980s At current market value the deal is estimated to be worth in excess of R4 billion. Boustred neither confirms nor denies this In fact he discloses no facts other than those contained in the skeletal announcement last week.

He also stresses it's a deal that involves no personalities A team of more than 100 experts in the fields of mining, geology, management and finance burnt the midnight oil over nine months to construct what Boustred sees as "the best possible offers we could have done " The tenders cost Amcoal R1m in manpower Says Boustred, "If we hadn't won it we would have been absolutely horrified "

A lean, rangy six-footer who was a Rhodes scholar with a masters degree in pure chemistry, he admits to having "a good ability to sort out the essentials, joining them together and laying them on the table." Clearly this was the role he played in securing the contract for Amcoal But he stresses, "It was team effort No question of one man working 24 hours a day for two weeks putting the contract together. We would have lost it if that had been the case "

Having landed the contract, Boustred emphasises there's no time for complacency nor smugness "You've got to be a fat cat to be smug We weren't smug because we needed this business."

He sees the importance of the Escom contract primarily as an opportunity for Amcoal to invest its money in new coal mining assets and to earn a return on that investment "It means a great deal to us to slug in a very important element of business in the mid-Eighties when we'll really need it " Confidently Boustred sees Amcoal in a very strong cash flow situation at the moment "We've covered our dividend What we want to do is show we're not just a five or six year wonder operation and then peter out. There are now opportunities for major investments in new business as the older mines are phased out with our own resources "

The lead time in for creating the capacity is considerable But the sense of urgency pervades Amcoal "We have to implement these offers Don't you realise the work and effort required to bring into production coal mines producing in excess of 10 Mt a year?" Cost of the mines will be "well in excess of R100m each."

Boustred . . . you've got to be a fat cat to be smug

Boustred's faith in the future of coal is unwavering "We've never had views other than that Escom's main expansion till the end of the century is coal based Even before the tremendous increase in the oil price we believed SA industry and other energy ventures would be increasingly coal based On exports it's quite clear — the role of coal is very important "

The government's current coal export target of 44 Mt a year he sees as "reasonable " "Once that's achieved we could take another look at it " With the economics and technology of coal extraction changing higher tonnages of extractable coal are likely to be achieved

"I'm optimistic Provided political stability is retained, I'm certain about the future of Amcoal No other coal company measures up to Amcoal with its tremendous technical capabilities and physical reserves "

Amcoal was informed last Wednesday of Escom's acceptance of its offers Says Boustred, matter of fact to the last, "We summoned together all those involved, nearly 100 There was no celebration, not even a Coke To have had champagne would have been a bloody anti-climax "

Domestic coal market tight

215 RDM 27/9/79

By ADAM PAYNE

MR A H Taylor, the chairman of one of South Africa's biggest domestic coal suppliers, Tavistock Collieries, does not expect any increase in domestic sales this year. He says coal supply exceeds demand.

However, in the long term he is confident about coal's future of coal

He says in his annual review "During the next decade the world energy situation can only worsen and the West will become more reliant on coal, whilst in this country we can expect an increased trend for industry to reconvert from oil to coal for much of its needs "

He reports that domestic coal sales by the industry fell by 10% last year

This was brought about by the fall off in demand by the SA Railways, which is converting to electric locomotion where possible, and to Escom's policy to channel supplies through the grid system and away from the non-tied power stations

To a lesser extent, the Transvaal Coal Owners Association, of which Tavistock is a member, has been faced with competition from small suppliers which have been attracted to the industry by the higher price of coal

Mr Taylor is confident this position will rectify itself

Reviewing mining operations in the year to June 30 last, Mr Taylor says group sales rose by only 1,3% in volume, but he considers this result satisfactory in present market conditions

The turnover at R29-million showed an increase of 14,6%, due largely to the increase in the domestic price of coal last February

This increase particularly benefited producers of A grade coal in which field Tavistock is a leader

Production costs rose 52c a ton sold or 16%

Net profit from mining was R12 968 000 or 14% higher than in the previous year

Costs in the current year should be helped by the fact that No 1 section of Tavistock will have come into full production, so reducing unit costs Costs of limited production in this section last year were a high 725c a ton sold and the selling price was 777c

South Witbank's unit costs rose by 16% and its net profit was virtually unchanged

COMMENT. Tavistock's shares at 4 250c provide an historic dividend yield of 5,8%. This is not high compared to yields on gold shares, but Tavistock is a sound, long-term investment. It has a long life ahead of it, it is well run and projections of its dividends, allowing for price increases to equal cost rises, are encouraging.

Taking the calculations of an analyst, the dividend in the year to June next should total 300c to 310c compared to 250c last year, which would provide a yield of 7%. This is not exciting, but one cannot expect more in the present situation of a dull internal market'

The same analyst predicts a dividend of 520c in the years 1981-1987 He estimates the present value of the share on the basis of a 10% yield at about 4 700c

WANKIE

Cost pressures

FM 5/10/79

215

After a bumper 1978, Wankie was squeezed by advancing costs in the year to end-August, as the ZR government allowed no coal price increases until one month before the year-end

Earnings for the year fell 20 7% to ZR 13,4c (ZR 16,9c), but the final dividend was pegged at ZR 6c for an unchanged ZR 9c total Profits for the year were $307 000 lower as a result of additional depreciation on No 4 colliery's assets

Coal and coke sales for the year increased, the former to 2,22Mt (2,16Mt), and the latter to 201 000t (179 000t) However, trading profit dipped 33,8% to ZR $4,2m from last year's high of ZR $6,4m

Wankie's profits were $2 1m lower than allowed in terms of the Coal Price Agreement (CPA) in 1976/77, an amount which should have been recovered last year However, price increases to recoup this shortfall were not allowed, and the CPA was suspended The suspension has now expired, and Wankie wrote-off ZR $1m of the deficit from last year's profit A 10% coal price increase was granted with effect from August 1, so last year's profits reflect a static price for 11 months in the face of continuously rising costs

Wankie chairman Sir Keith Acutt ... no growth in sight

The CPA is now back in force, but the company has agreed not to ask for a price increase before the beginning of February. But whether the rise will be sufficient to recoup the remaining ZR $1,1m deficit depends on developments north of the Limpopo

Sales this year are expected to increase slowly, but cost escalation is unlikely to abate As there is no certainty when the mine will earn the returns allowed to it under the CPA, anything better than a maintained dividend is especially doubtful as No 4 colliery could require heavy capex For SA shareholders, even those prepared to overlook the political risks, this makes the share unattractive at 160c, particularly as distributions are reduced by a 20% non-resident shareholders' tax.

Des Kilalea

1 young fowl parsley
brown bread crumbs onion
herbs

Cut the fowl through the back bone, and ope melted butter. Sprinkle with salt and pepp chopped parsley on both sides. Sprinkle wi till 1/2 done, then cover with breadcrumbs till well done. Serve with a sharp sauce.

---oOo---

PLUM PUDDING May Be

2 cups flour 1 small cup
1 t baking powder 1/2 grated
1 large cup brown sugar 1/2 pt milk
1 cup currants 1/2 t salt
3 beaten eggs a little mi
1/4 t ground spice

Mix all ingredients together well. Tie in a pudding cloth, and boil for three hours. Serve with hot nutmeg sauce. This recipe was used for Christmas dinner in 1916 by my mother and gran, who says "we used 1 cup of flour and 1 cup of stale breadcrumbs instead of 2 cups of flour. Very successful".

---oOo---

MUTTON, ROAST SHOULDER OF 1900

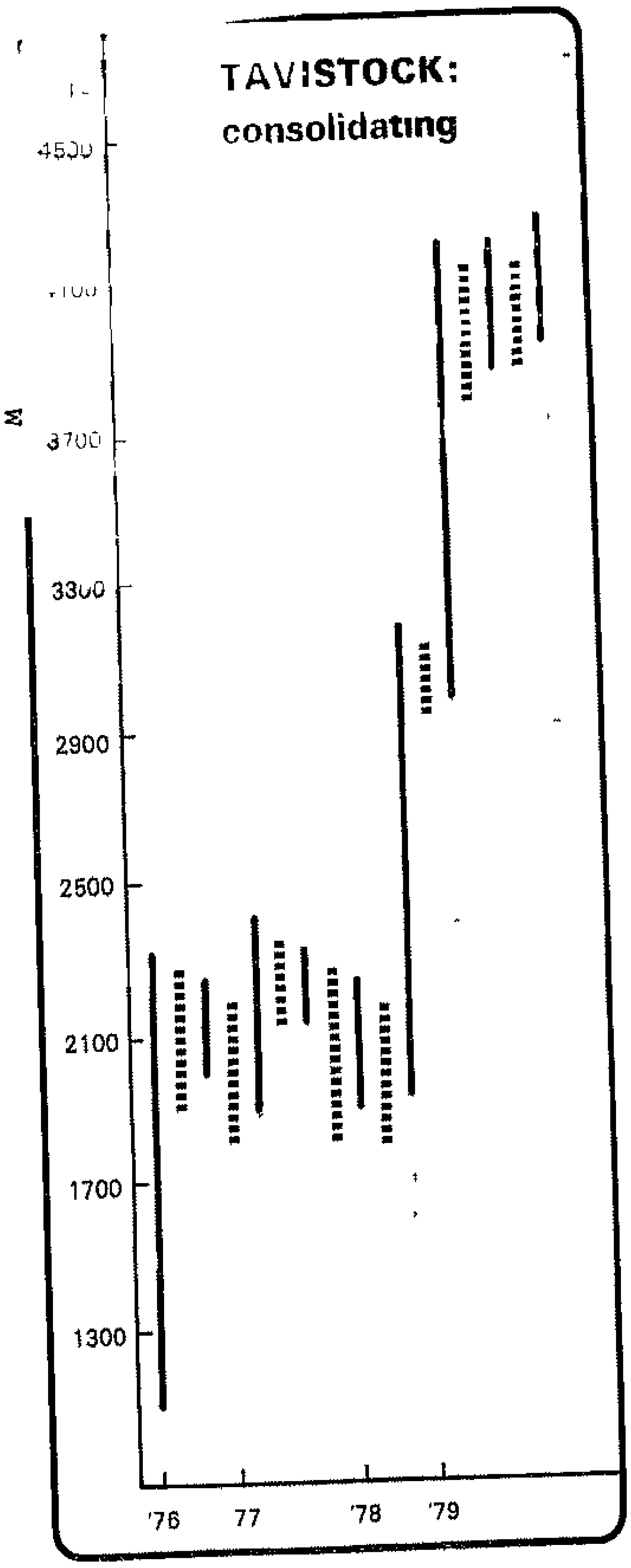
shoulder of mutton salt
dripping flour

Put the joint to a bright clear fire, floured well. Baste contin-

TAVISTOCK pms\10\79 (215)

Improving grade

Activities: *A 53%-owned subsidiary of JCI with three operating collieries — Tavistock, South Witbank and Phoenix — in the Bethal, Transvaal district Also holds mineral rights in the Klip River, Natal, area Owns the Keens Group*
Chairman and managing director: *A H Taylor*
Capital structure: *2m ordinaries of 50c Market capitalisation R85m*
Financial: *Year to June 30 1979 Borrowings long- and medium-term, R1,7m, net short-term, R367 000 Current ratio 1,5 Net cash flow R8,9m Capital commitments R2,2m*
Share market: *Price 4 250c (1978-79 high, 4 400c, low, 1 880c, trading volume last quarter, 15 000 shares) Yields 16,2% on earnings, 5,9% on dividend Cover 2,8 PE ratio 6,2*



TAVISTOCK: consolidating


Arthur Taylor . . . sitting on steady demand

	'76	'77	'78	'79
Coal sales (000t)	4 132	3 659	3 727	3 776
Profit/t coal (c)	178 9	353 9	396 9	467 5
Turnover (Rm)	42 5m	45,3m	52 1m	58 7m
Pre-tax profit (Rm)	9 7	14 3	16 0	18 9
Earnings (c)	312,8	477 7	596,5	688 8
Dividends (c)	70	150	200	250

Despite almost static coal sales, Tavistock reported a 15,6% earnings improvement and paid a 25% higher dividend for the year to end-June This year, coal sales are unlikely to show an appreciable improvement But, with capex declining and unit costs well contained, a further dividend advance is on the cards

Chairman Arthur Taylor says last year's profit increase stemmed largely from the February 1979 domestic controlled coal price increase TCOA sales fell 10% because of slack local demand following SAR's conversion to electric locomotives and Escom's policy to channel electricity supplies through the grid system and away from non-tied power

TRANS-NATAL

(215) FM 26/10/79

Capex — the next round

Activities: *Coal arm of General Mining and Federale Mynbou, mainly supplying Escom Controls extensive coal reserves and maintains prospecting programme General Mining holds 42,8% of the shares*
Chairman *G Clark*
Capital structure: *50,9m ordinaries of 50c Market capitalisation R271m*
Financial: *Year to June 30 1979 Borrowings long- and medium-term, R17,0m Net cash R6,3m Debt equity ratio 20,0% Current ratio 1,1 Capital commitments R89,8m*
Share market: *Price 550c (1978-79 high, 595c, low, 215c, trading volume last quarter, 376 000 shares) Yields 7,7% on earnings, 4,4% on dividend Cover 1,8 PE ratio 12,9*

	'76	'77	'78	'79
Coal sales (Mt)	18 0	20 5	20 8	22,6
Turnover (Rm)	82,1	121,0	143 7	204 4
Pre-tax profit (Rm)	13,7	28 4	32 0	36,6
Gross margin %	19 3	26,0	24 9	19,3
Earnings (c)	24 5	37,8	37 6	42 5
Dividends (c)	9,5	17	18,5	24

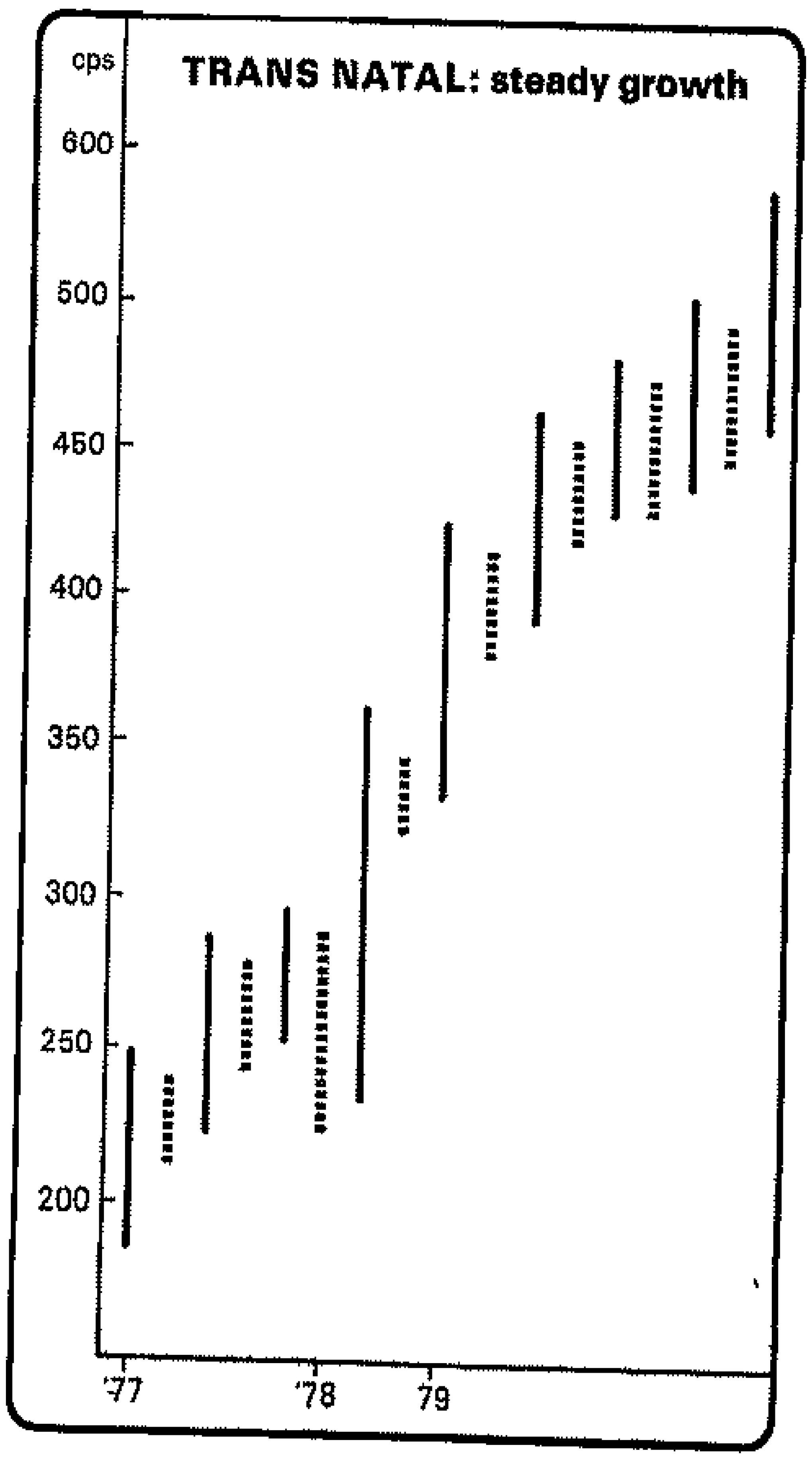
In his previous review chairman George Clark said the past year would be one of consolidation, although a cutting-down of the group's capex plans would result in a reconsideration of the earlier cautious dividend policy Effectively, that is what happened, but there were snags which prevented attainment of full near-term potential And as regards the next couple of years, Clark is characteristically cautious.

SALES BROKEN DOWN

	Tonnage		Turnover	
	1975	1979	1973	1979
Power generation	74	70	51	43
Metallurgical	10	10	37	35
General trade	11	15	11	14
Export		5	1	8

Commissioning of the 50%-owned Matla colliery was delayed by some five months and is only expected to impact on earnings during the final three quarters of the current year. The Ermelo export colliery was held back by shipping delays at Richards Bay, though a contribution to profits is expected during the current year The real impact of these two major developments will only be felt next year

Even so, the next expansion round is on the drawing boards, though there will be no precipitate rush to develop the group's substantial coal reserves There is scope for increasing Hlobane's annual metallurgical coal production to 1 Mt from the current 600 000 t Negotiations with Iscor have reached an advanced stage but the capital cost is estimated at up to R80m at today's prices, to be funded largely from outside sources Outside funding is also to be employed in converting the Escom-tied Optimum colliery entirely to opencast operations — a move which will result in borrowings increasing by about R10m over the next couple of years.



On the export front, Ermelo is expected to reach its planned initial 250 000 t monthly capacity this November But the group has an annual coal export quota of 6 Mt and is faced by export markets which favour buyers and are currently characterised by price-cutting among SA producers Markets are only expected to improve substantially by the mid-Eighties It adds up to the fact that Trans-Natal has time in hand to plan additional export capacity to come on stream in time for an export market improvement

Elsewhere, development of the Pienaars River coal/uranium deposits is not going to be rushed No idea of the area's feasibility can be gained until laboratory scale testing of the difficult-to-process coal is complete And that may take another two years or so

Clark does not indicate this year's dividend prospects but, depending on where coal markets appear to be heading later in the year and the availability of outside funds, cover could, if necessary, be increased Completion of Ermelo and Matla does not mark the end of the group's relatively heavy capex programme While management cannot for obvious reasons provide precise estimates of medium-term capex, it appears that by the mid-Eighties at least another R200m could be on the cards, largely funded by increased long-term borrowings and, perhaps, by customers

Over the past 12 months investors have boosted the shares from 365c to their current 550c for an historic 4,4% yield There is scope for a dividend increase to around 30c this year, but that still means the share price discounts several years of growth At current levels, the shares are best suited to investors looking towards the mid-Eighties *Jim Jones*

ESCOM: COAL CO COS

	1973	1974
Consumption (000 t) ...	27 908	30 892
Total cost (Rm) ...	66,9	90,3
Average cost (R/t) ...	2,39	2,92
Cost increase % ...	6,2	22,2

TC LAND (215)

Stripping coal

FM 2/11/79

The takeover of Cape's SA asbestos mines, as well as improved profits from coal mining subsidiaries, accounted for most of TC Land's earnings improvement in the year to end-September Taxed earnings rose 25% to 470c (376c), and the final dividend was lifted 10c above forecast to 93c (75c) for a 135c (110c) total

Group revenue is derived from coal, asbestos, chrome and timber subsidiaries, as well as portfolio investments in other mining sectors Last year's R65,6m (R56,5m) pre-tax profit included R44m (R40,3m) from 71,3%-owned Witbank Colls and R6,2m (R1,3m) from 70,7%-owned Welgedacht At the time of taking over Cape's asbestos interests, with effect from January 1, management reckoned they would contribute 30c to earnings and increase net worth by 137c a share

The bulk of group income still comes from the stake in Witbank which reported taxed profit of R32,7m (R34,1m) in the year to end-September according to the quarterly reports At the pre-tax level Witbank contributed 67% (71,3%) of TC Land's profit So, assuming a similar percentage of the R7,6m (R11,3m) deferred tax provision in the group accounts is on behalf of Witbank, the taxed contribution after minorities should have amounted to around R18,2m (16,3m), or 250c (223c) a share of the 470c (376c) TC Land's total

Welgedacht added something like R3m (R2,6m) to TC Land's earnings, equivalent to 41c (36c) a share The dividend portion of Witbank's contribution amounted to R9m (R4,9m), the increase being due to the almost doubled 200c (110c) total paid by that company This is 122,8c (94,7c) a TC Land share, meaning that about 127c (128c) of TC Land's stated earnings were retentions in Witbank

Welgedacht paid an unchanged 25c dividend which translated into 22c a TC Land share out of an earnings contribution of 41c (36c) Hence 19c (14c) of TC Land's earnings were retained by Welgedacht

Thus TC Land's total distributable earnings were about 324c (234c) — a 38,5% increase The 135c (110c) dividend is covered some 2,4 (2,1) times The profit increase was tempered by first time interest charges on borrowings for Rietspruit

With capex at the chrome mines nearing completion and coal mines expansion likely to absorb a smaller proportion of funds now Rietspruit is in production, there appears every reason to expect a more generous distribution policy, even though management's intention is to repay Rietspruit borrowings quickly

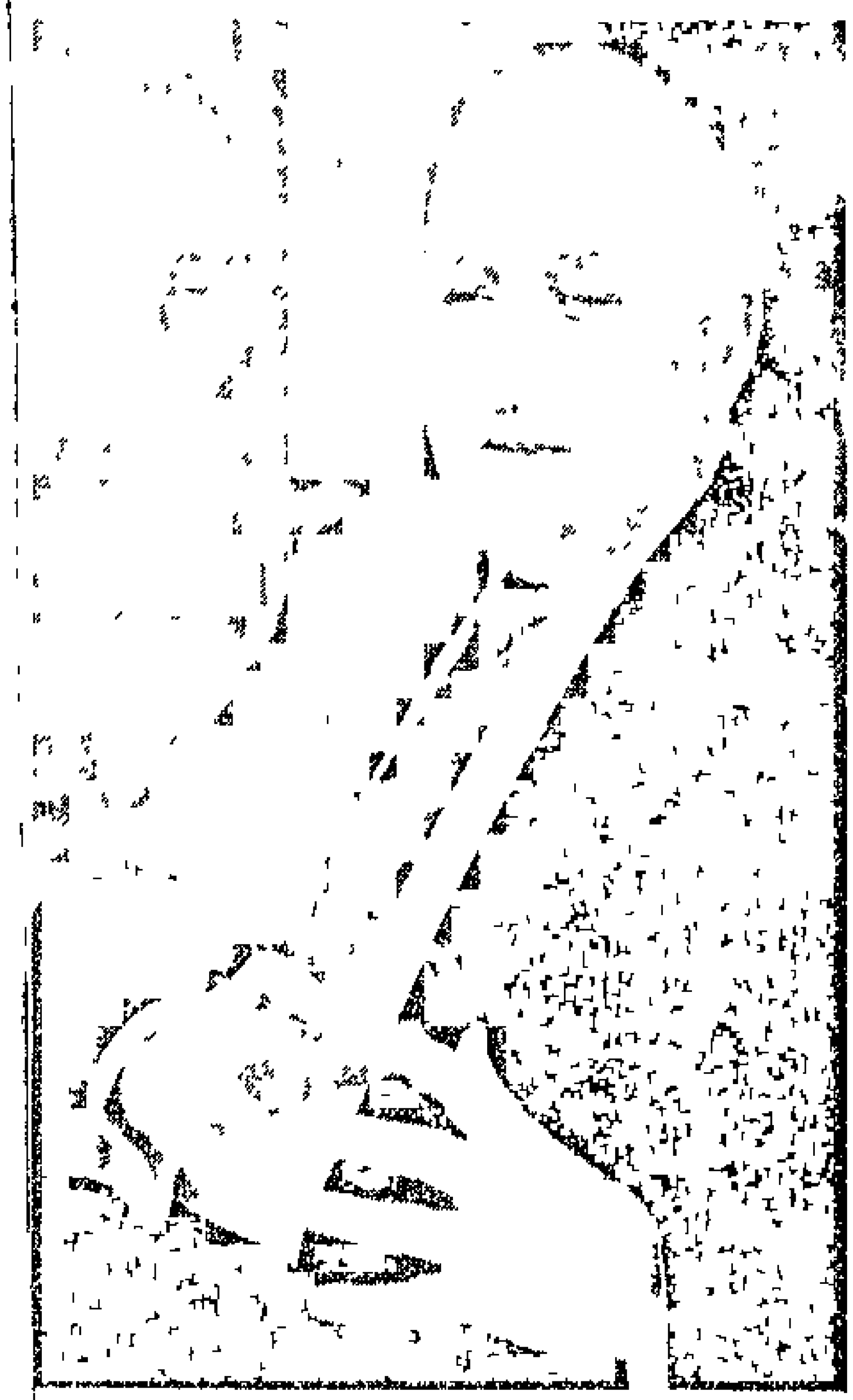
At 357c to yield 4% the share discounts a dividend advance this year but it remains one of the sounder counters for medium term investors

T C Land chairman Paterson banking on coal

4.5 COMMUNITY HEALTH WORKERS

Despite the obvious potential in the clinic approach, many fel[t]
important problems would remain unsolved if health care were t[o]
to rest on doctors and nurses alone. Such problems were:

(1) the shortage of trained staff, even of nurses as demand
in extended roles expands, which mean that some areas st
be served by a clinic within easy walking distance (10,
It has been shown that attendance drops off rapidly at
distances than 7 km, as does the number of cases of illr
and treated (Burney, Vol.2; Westcott, Ch.11).



Donny Gordon . . home fires burn bright

CLYDESDALE (215)

Matla delays FM 9/11/79

Activities: Coal mining company which supplies TCOA trade from New Clydesdale, and Escom from Coalbrook. Has a 50% share in Matla Colliery. Guardian-Liberty group holds 39% of the equity and General Mining 21,1%.

Chairman D Gordon

Capital structure 10,1m stock units of 50c. Market capitalisation R55,5m

Financial Year to June 30 1979. Borrowings long- and medium-term, R59 000. Net cash R2,9m. Current ratio 1,4. Group cash flow R6,1m. Capital commitments R9,9m

Share market Price 550c (1978-79 high, 580c, low, 215c, trading volume last quarter, 116 000 shares). Yields 10,9% on earnings, 4,7% on dividend. Cover 2,3. PE ratio 9,2

	'76	'77	'78	'79
Coal sales (000t)	4 280	4 512	4 617	5 421
Turnover (Rm)	17 1	25 0	31 6	39 3
Pre tax profit (Rm)	2 7	5 8	6 6	8 7
Gross margin %	15 6	23 0	21 0	22 0
Earnings (c)	16,8	36 0	53 4	60 1
Dividends (c)	8	12	15	26

As expected, no contribution was forthcoming from Clydesdale's 15% effective stake in the Matla joint venture. However, a much improved profit from domestic coal market supplier New Clydesdale enabled the group to produce 30,5% higher pre-tax earnings. After a higher tax rate, earnings rose 12,5% to 60 1c (53,4c) and the total dividend lifted to 26c (15c).

Clydesdale's tax rate increased because only capex incurred during the year was deductible. In the previous year, the one in which production commenced, accumulated capex to date was deductible. The average tax charge last year was 29,8% (18,8%). However, with capex on Matla over the next three years expected at about R24,2m, the average tax rate should remain low.

Main profit source, New Clydesdale, reported a 97,4c increase in operating profit per ton sold compared with a 15 5c drop in the previous year. This arose from more effective cost control on the basis of a higher 1,4 Mt (1,3 Mt) output and the February domestic coal price increase. Selective demand for better quality coal caused the sales increase.

Since February New Clydesdale has produced lower-priced "C" coal because of deteriorating geological conditions in a new area. However, production of "B" grade material will recommence shortly.

Escom supplier Coalbrook continues to return a "basically unacceptable" yield, says chairman Donald Gordon. During the year the No 1 seam longwall operation was adversely affected by large stone intrusions and the equipment transferred to No 2 seam. Results from this are expected to be favourable, but until results are known, the decision to buy another longwall installation will be postponed.

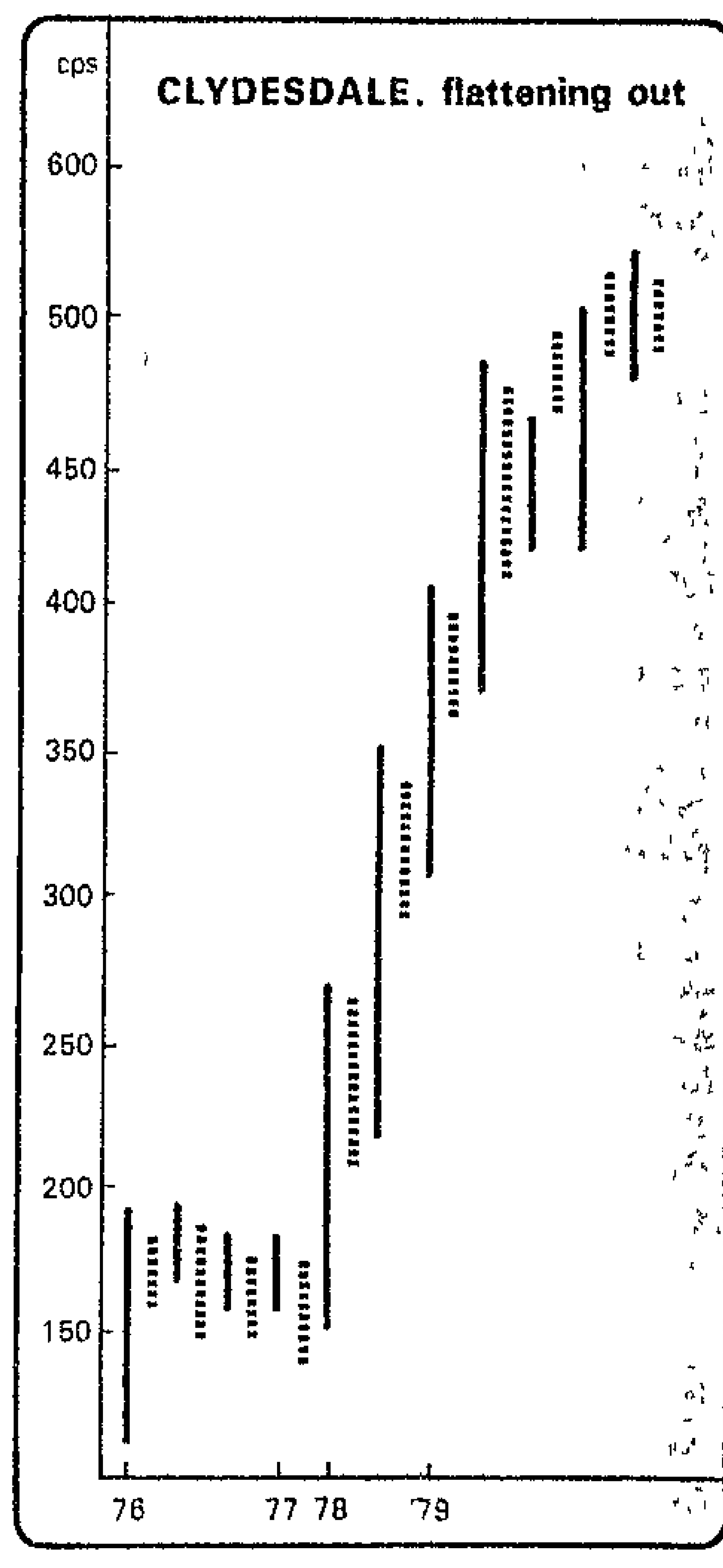
Gordon says when the longwall operation has proved itself, Escom will be approached with a view to exploiting considerable remaining reserves at Coalbrook on a "more acceptable" financial basis.

Matla should weigh in with a small profit contribution this year. Last year saleable output was 857 000 t (33 000 t), most of which was stockpiled by Escom ahead of the power station commissioning. The commissioning of the first generator set, planned for October 1978, was deferred and all pre-generation coal stockpiled. The agreement of joint developers Clydesdale and Trans-Natal with Escom allowed no return on capital until the first generator set was commissioned. However, Escom has now agreed there will be a return from July 1 notwithstanding the delayed commissioning of the first set.

Clydesdale's share of Matla's capital is expected to amount to R29m. Total costs to date at Matla are about R31 6m, leaving Clydesdale with an outstanding commitment over the next three years of R24,2m.

Discussions are taking place with Escom with a view to increasing the joint venture's share in the project. Gordon says it is unlikely there will be finalisation until power station consumption reaches a reasonable and sustainable level. Until the decision is taken, he says, any firm indication of future dividends is impossible. Dividends will depend on how much cash Clydesdale has to earmark for Matla and any decision taken on Coalbrook's second longwall.

At 550c the share has advanced 67% in the past year in line with the rest of the sector. Currently the share yields 4,7% compared with a 6,1% sectoral average.



The potential of village health workers is therefore great. Their tasks will probably continue to be dictated by the major health needs of the area as seen by the health team, and, where trainers are sensitive, by the community.

Experience so far suggests that results are better where the worker is elected by the community after as many meetings and discussions as are required for them to fully understand the functions of the workers; where they are trained and supervised outside a hospital and as close to the community as possible, and where they have easy access to back up personnel or supervisors.

Some have warned that the efficacy of community health workers is also dependent on the social structure within which they work, e.g. whether it is split by class and status divisions; whether community initiative is encouraged or dampened by wider political structures; and by whether the family is an integral unit or whether decision-making is hampered by the absence of men. Traps are also inherent in the worker's role: e.g. in a community with great needs for medical treatment there may be a tendency to concentrate on cure. Another trap which might emerge is a trend towards centrally organised training institutions, professional qualifications and rates of pay. Although there may be much to be learnt from the sharing of experience on the content and methods of training, it would diminish the very ... - their non-professional status and attitude and t... nity - if the way was cleared for the profess... ne argue, have been so detrimental in the case of d... ters.

Near-term, dividends may well be restrained by additional capex at Matla. Prospects this year thus depend largely on the group's ability to control costs as domestic coal price increases are unlikely to be generous. Longer-term the picture will improve once Matla kicks in

Des Kilalea

5.

A ge... of industrial health as seen by the Erasmus Comm... ed by Green and Miller (Vol.2). Their paper cont... ssion's report and (with Horner and Kooy) some... t.

The ... inted in 1975 and reported in 1976 on the natu... occupational disease and measures (present and ... s and 'the public'. The Commission so interpret... s to exclude accidents, although the Commiss... at many accidents are so closely bound up with a pa... may be regarded as acute diseases and indeed as occupational diseases' (Erasmus Commission, p.3, para.2.36).

The Commissioners also assumed that health in the workplace could be distinguished from health in the community. It describes diseases caused by exposure to dust (pneumoconiosis), to gases and chemicals and to industrial metals and diseases caused by physical and biological factors. The picture painted is, by its own admission, alarming in many respects. Hundreds of thousands of workers may be exposed to harmful chemicals, dust or noise. The Commission seems to assume, write the authors in their 'impressions', that some degree of industrial disease is *inevitable* in production; and it is probable that some employers and some workers assum this also.

Further, they continue, the important question for the Commission is the health of the worker as it affects production and the employer.

Attempting to answer the question of why the Commission was appointed at this time, they suggest (a) that 'a high and increasing incidence of occupational disease and accidents which is impairing production - and proving a burden on the State - has itself called forth a response', and (b) that concern that poor working conditions might facilitate the develo ment of politically effective 'pressure groups' prompted the appointment o a Commission.

The authors express surprise at the 'diffidence' of the Commissioner's recommendations, given the high rate of occupational disease in industry and on the mines described in the report. Great emphasis is laid on co-operation between workers and employers as a means of securing industrial safety and health, so that State enforcement is not considered necessary. Indeed, suggest the authors, the Commission appears throughout to assume a congruence of interest between workers and employers.

Finally, they point out that the mining industry attracts little criticism and a great deal of praise from the Commissioners. The Commission does not comment on mine accidents, having excluded accidents from its term of reference. On this question, Kooy (Vol.2) presents some statistics on accidents on the mines, where some 800 workers die annually and about 28 000 are injured, and some notes on the causes of accidents. But what about the victims of dust-induced diseases on the mines?

Two papers by Katz (Vol.2) deal with one such disease - silicosis - on the Witwatersrand gold mines. In her first paper, Katz describes the disease itself, the history of its investigation in South Africa and overseas, an attempts to control it. She also examines the question of compensation and the way in which compensation legislation has developed until the 197(

S. Times 2/12/79 (215)

Lucky timing put TC Lands in 6th spot again

Cashing in on coal exports kept them one jump ahead

FOR the second year in a row, Transvaal Consolidated Land and Exploration fills sixth spot, way ahead of its nearest rival mining house (last year, JCI was 47th; this year, General Mining is 54th).

Tony Petersen, chairman of Transvaal Consolidated, an offshoot of the Rand Mines arm of the Barlow Rand group, is modest when it comes to explaining the reasons for his company's success

"We were lucky in our timing," he says "Whether it was by good guessing or whatever we anticipated the prospects for coal exports a little earlier than anyone else

"We put together Witbank Colliery as a big unit from several smaller mines while in Natal, with the merger of Welgedacht with Umgala and Zimbutu, we also obtained a share of the Natal export trade

"Our increase in coal exports has been far greater than anybody else's up to now. We'll find this edge difficult to keep, as (on the basis of existing Government allocations) we've reached our peak while other groups are still developing

"We've also done a lot to develop our chrome interests, although 1978 was not a very good year for chrome And one of our gold mines, Harmony, has been a particularly good performer

"Not only did its amalgamation with Virginia and Merriespruit enable us to build up mill througput from 200 000 to 600 000 tons a month, with enormous advantages of scale, unlike some gold mines, which ceased uranium out, we kept up production and stockpiled

"That enabled us to make some advantageous sales when the market picked up — although the uranium market is also looking a bit flat now In the long run there may be no alternative to wider use of nuclear power, but there's no doubt that Three Mile Island has hit the market

"Our timing in coal was doubly fortunate Not only did we come into the market at the right time, our development and construction were taking place when the civil engineering industry was going through a bad time

"So we got keen contract prices and no delays All our coal projects were brought in on time and within budget Of course, our own tight planning and control helped"

The benefits of large-scale rationalisation or new projects in mining take some time to reach fruition. In the year just ended TCL's earnings rose by a further 25% which should ensure it a respectable placing in next year's top companies ratings

But a mining house which hopes to be around indefinitely always has to be looking hard for new business By the nature of things, any mineral deposit is finite and will eventually be exhausted, so a mining house needs a steady flow of new projects

Group policy now is that all new ventures are channelled through TCL Rand Mines (a wholly-owned subsidiary of Barlow Rand) manages TCL and has substantial other interests, but Mr Petersen believes that the decision to put new business through TCL avoids what in the old days was a perennial conflict when a new venture came up which of the two should take the [illegible] share?

As rationalisation of the group's mining interests has raised Rand Mines' stake in TCL from only about 15% in 1970 to about 60% now, the possible financial sacrifice in this decision has, in any event, been minimised

TCL is not neglecting the need to keep new projects flowing It acquired the defunct Consolidated African Mines group this year largely because of the potential it saw in two Cams properties the extensive chrome interests in Rhodesia, which could be turned to account if there were a settlement and the extensive rights Cams held near Sishen, [illegible] the Gamagara project

Tony Petersen . . . modest about success

itself holds "Of course," warns Mr Petersen "mineral rights don't necessarily entail any actual minerals"

TCL has, for instance built up substantial gold rights in Barberton, extending over 40 km That there is gold there, there is no doubt But for decades these local deposits, sporadic and irregular, in contrast to the consistent on-reef mining conditions of most of the industry, were of no economic significance

At present gold prices, it is worth TCL's while to try to determine whether the lodes occur in any pattern if one can be established, gold mining on a large scale could well become feasible again in the Bar-

2/12/79

215

As an indication of the time scale mining houses follow, Mr Petersen says. "We believe this will be one of the world's major iron mines. But it's deeper than Iscor's Sishen mine's present open-cast workings, so it won't become economic until Sishen has to mine at depth"

Mr Petersen won't be drawn on how long this will take, but it could easily be five or six years A third, though lesser, attraction of Cams is that it has substantial manganiferous ore rights which may have potential.

Continual investigations also take place over the 1,6-million hectare of mineral rights TCL

Both because of the irregular incidence of new projects, and fluctuating product prices over which producers have little control, mining houses can seldom enjoy as consistent results as the normal manufacturing or trading concern

Perhaps what is significant about TCL is not so much its placing in the overal ratings as the big gap between it and the other mining houses

Its future success may be gauged by whether it maintains that gap

If it doesn't — and any other mining house could easily run into a lucky streak — it certainly won't be for lack of trying

Go-ahead for new mines

RDM 5/12/79

~~2/4~~ 2/5

By DON ROBERTSON
Mining Editor

HEADING off strongly into the 1980s, the mining industry, has announced the possible establishment of a low-grade to medium-grade gold mine; and two coal mines will be started.

- Union Corporation is to start immediately on the pre-grouting of the shaft area on the site of a potential gold mine on the farm Leeubult 52, south-east of its Beisa mine and about 20km south of the Unisel mine
- Anglo American Coal Corporation (Amcoal) will go ahead with two coal mines to supply two Escom power stations, which will be built at an estimated cost of R3 000-million.

The Union Corporation announcement says that a drilling programme on ground held under option by its subsidiary, Beatrix Mines, has delineated a potential gold mine of medium to low grade

A full feasibility study will be completed by mid-1980, but in the meantime a decision has been taken to begin pre-grounting of the shaft area

The feasability study is expected to take about six months to complete, but the decision to go ahead with the initial development of a shaft suggests that early drilling results are sufficiently encouraging to warrant this bold decision

Pre-grouting of the area could take up to a year to complete and it is estimated that the cost involved could be about R1-million Should the feasability study eventually prove that the area is not economical, this would be the only capital expenditure at risk

However, by making an early start on the project, considerable savings can be achieved because of considerable capital cost increases

At this stage, Union Corp is remaining mum on drilling results Nor is it possible to estimate grades from the nearby Beisa mine as its grades are shrouded under the veil of the Atomic Energy Act — it is a primary uranium producer

It is believed that Beisa will mine the Elsburg series, and it is known that these extend to the south of the mine It is conceivable, therefore, that the Beatrix series of boreholes have proved values on the same reef so that the implication from Union Corp that it is looking at a gold mine only might not be the full story

Since the decision to go ahead with Beisa, interest in the area has increased considerably and the surrounding countryside is virtually peppered with drill rigs

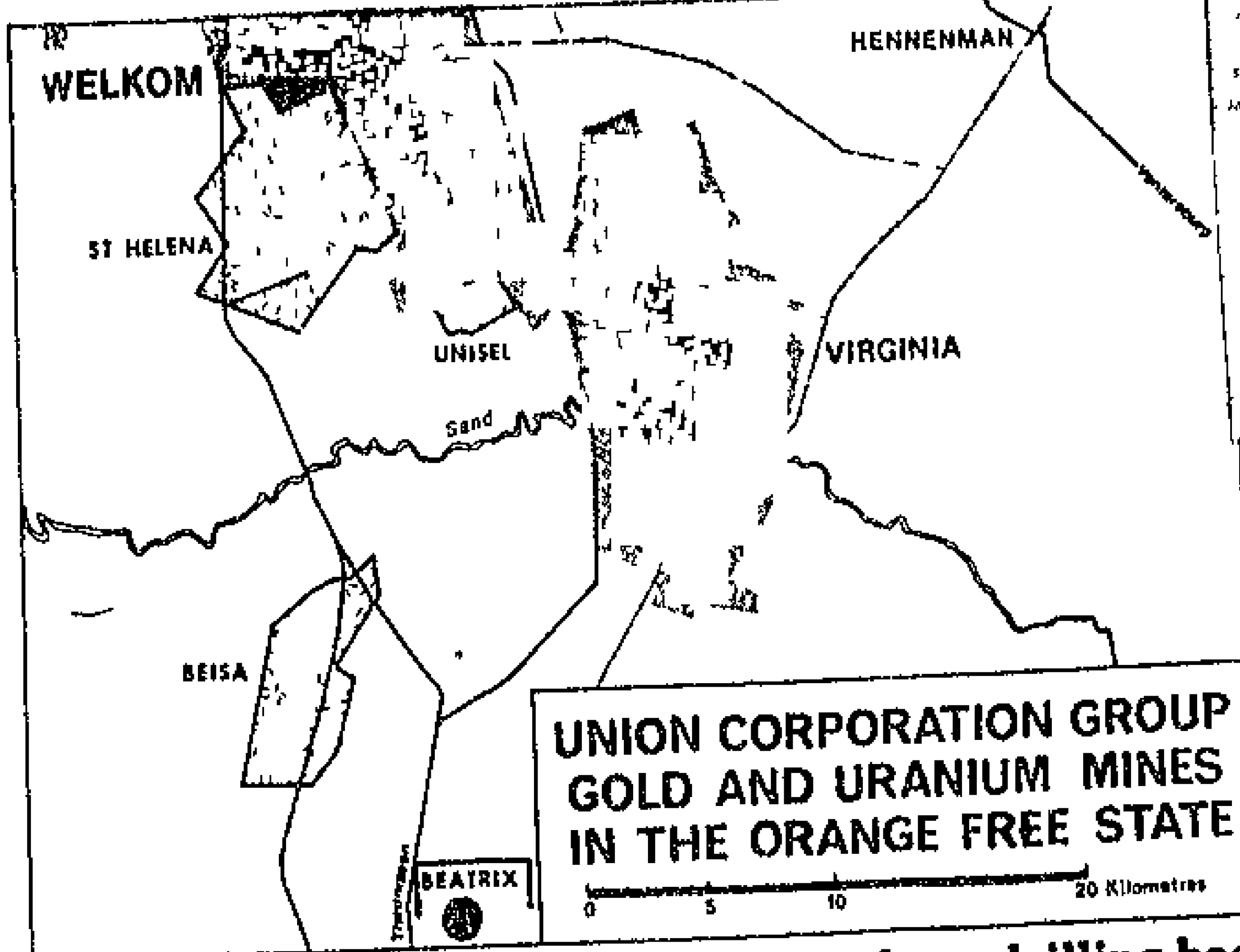
Most enthusiastic of the mining houses involved in the area is Anglo American Gold Corporation, which reported in its last annual report that significant gold and uranium values continued to be obtained

The Besia mine, which is expected to come to full production by 1982 at 100 000 tons a month, is small in comparison with the giants, but will cost R250-million to complete

It would hardly be economic to develop a mine at a milling rate lower than this, and to bring to the production stage in possibly three years, would cost considerably more than Beisa

Unconfirmed reports suggest that Beisa's gold grade is between 1,5g/t and 2,0g/t and that uranium values run at about 0,6kg/t to 0,75kg/t

Beatrix would need bigger gold values than this to establish a gold mine, but could operate on uranium values of this sort



The Beatrix area in the Free State where drilling has indicated gold values that could herald a mine. To the south-east of the Beisa mine, it is known that the Elsburg series extends to this area and it is possible that this reef series will be exploited.

Massive new SA mining projects

RDM 5/12/79 1 ~~214~~ 2 215

By DON ROBERTSON
Mining Editor

ANGLO American is to spend at least R210-million on two new coal mines in the Transvaal — and Union Corporation might open a new gold mine in the Free State.

These dramatic developments for South Africa's booming mining industry were announced yesterday.

And the London gold price, fuelled by the continuing Middle East crisis, soared to $435 yesterday morning before easing back to $431,20 in the afternoon.

These were the highest gold fixings apart from the $437 level touched at one fixing at the start of October.

The Anglo American Coal Corporation (Amcoal) says it will go ahead with two new coal mines to supply two Escom power stations which will be built at an estimated cost of R3 000-million.

The new mines will meet the requirememts of a 460-million ton contract signed between Escom and Amcoal, worth about R4 000-million at current coal prices.

The first mine, New Denmark, near Bethal, will supply the Tutuka power station with about 5-million tons of a coal a year and the second, Cornelia, near Vereeniging, will supply an as yet unnamed power station with 6 500 000 tons a year

And Union Corporation (Unicor) is planning a R1-million opening investment on a new gold mine south of Welkom.

A statement issued yesterday by Unicor, which is owned by General Mining, said a drilling programme on ground held under option by its subsidiary, Beatrix Mines, had delineated a potential gold mine of medium to low grade ore

The results of a feasibil- ... the middle of next year — and if they are favourable a fullscale new mine is expected

Unicor will give no further financial details at this stage — but its new Beisa gold mine nearby will cost about R250-million by the time it comes into full production in 1982.

The company is also remaining silent on the drilling results.

The statement said Unicor would start immediately on the pre-grouting (preparing the ground for shaft sinking) on the farm Leeubult 52, south-east of its Beisa mine and about 20km south of the Unisel mine.

Pre-grouting of the site could take up to a year and it is estimated that the cost involved could be about R1-million. Should the feasibility study eventually prove that the area is not economical, this would be the only capital expenditure at risk.

See Page 16

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by 1970, this figure had decreased to 15,7%, indicating that the whites ha improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are ... than the corresponding IMRs. This is because the denominator fo ... births whilst for the latter it is the

are increasingly related to Cardiovas... 'coloureds' and Africans, however, have a persistently high propor... The Africans exhibit a spectrum of deaths ... diseases. ...mmunities, mortali ... etween the whilst ... he whites ... the Africa ... th the What ... from 'colo ... diseases devel ... ,' in the Table ... contributing to the overall ... for defined age groups. Thus, although cardiovascular diseases are consistently responsible for a fairly small proportion of the overall mortality of the 'coloureds', Table I indicates that the actual rates for cardiovascular diseases have been fairly similar for both whites and 'coloureds' since 1941.

Clearly, the broad diagnostic categories used in this analysis conceal a certain amount of information. However, because of the changes in disease classification which have taken place since 1929, it is not possible to examine the temporal changes of mortality rates in greater detail. Disease categories with rates greater than 5/1 000 appear in italics in ... mortality experiences of the 'coloureds'

From 1941 to 1970, ... an improvement of 57,6%. During this ... decreased from 164,8/1 000 to 132,6/1 ... This is of particular concern when it ... IMR, the more easily should improvemen ... in SMRs between 1941 and 1970 were 28,4 ... 'coloureds' respectively.

The age specific mortality rates are su... is inevitable, it is to be expected tha... perience of younger age groups will gi... in mortality amongst elderly persons. ... that for both whites and 'coloureds' t... the age of 65 years have shown a risin... the mortality rates have also increase... in the 25-44 and 45-64 years age grou...

The imbalance between the age specifi... 'coloureds' has improved or remained ... of 5 and 64. However, for children ... between whites and 'coloureds' is wid... one year old experienced 28,0% of the

5/1/2/3

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Coal mines kick off with R210m

RDM 5/12/79

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By DON ROBERTSON

ANGLO American Coal Corporation (Amcoal) is to start on the development of two coal mines to feed two Escom power stations that will be built in the Bethal and Vereeniging areas

The establishment of the mines at an initial cost of R210-million follows the winning of a contract by Amcoal from Escom for the supply of 460-million tons of steam coal over 40 years worth about R4 000-million at current coal prices

It could be the first phase of an even bigger contract

The first power station, Tutuka, will be supplied by the New Denmark mine, which will be established between Bethal and Standerton It will be a an underground operation, mining a seam of 2m at a depth of 200m

The mine will be highly mechanised, using continuous miners and longwall methods When in full production, the mine will supply the power station with 5-million tons of steam coal a year

Production is expected to start before the first 600MW set is commissioned in September 1985 Two similar sets will be commissioned at nine-month intervals to bring power output to 1 800MW

However, Escom has an option over additional potential coal reserves on the New Denmark property, and if exercised, they will enable the Tutuka station to increase its generating capacity to 3 600MW

Amcoal is drilling in the area to establish the extent of additional reserves

The second power station, as yet unnamed, will be developed at Cornelia, near Vereeniging, and will supply the power station with 6 500 000 tons of coal a year

It will be a joint underground and open-pit mine and is expected to start production in the late 1980s

The combined cost of developing these collieries to bring each power station to a generating capacity of 1 800MW is R210-million in today's money terms, but will presumably cost more by the time of completion

Amcoal will finance 60% of the capital cost and presumably, Escom will arrange finance for the balance

A third power station, Ilanga, which will be fed by coal from an existing Iscor mine in the Eastern Transvaal, will also be brought on stream in the 1980s

R210m plan to boost coal output

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Amcoal is to spend R210m in developing two collieries to supply Escom Power stations with 460m tons of coal over the next 40 years.

The first of Escom's power stations, Tutuka, will be supplied from the new Denmark coal field in the Bethal area which will be capable of exploiting 5m tons a year.

The second power station will be supplied by Amcoal's Cornelia colliery near Vereeniging, which, when in full production in the late 1980s, will supply the station with 6,5m tons annually.

At Denmark, 2m thick seams at a depth of some 200m will be mined by an underground operation using continuous miner and longwall methods

Combined underground and open pit mining will be used at the Cornelia operation situated 15 km south of Vereeniging

The cost of developing the two collieries using the value of money at the beginning of this year will be R210m and it is expected 60 percent of the cost will be borne by Amcoal through to completion.

Amcoal has given Escom an option over further potential supplies from the new Denmark coalfield. If the option is exercised, Tutuka will be able to expand to 3 600 Mw — twice the size of its initial capacity.

Drilling at Denmark is currently being carried out to prove the viability of these extra supplies, and if the results are satisfactory, Escom will [illegible]uss with Amcoal the possibility of increasing supplies to support a maximum output of 3 600 Mw.

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notice is sent before or after receipt

as aforesaid because it was received
or concerned may (without prejudice
sentations be read at the meeting.

ent out and the representations need
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the said other person's costs on an
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ition

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owers and Certain Acts

e share capital.—(1) Notwithstanding
, the directors of a company shall not
pany without the prior approval of the

of a general authority to the directors,
issue any shares in their discretion, or
particular allotment or issue of shares

n of a general authority to the directors,
al meeting of the company but it may
of the company prior to such annual

ngly takes part in the allotment or issue
... in contravention of subsection (1), shall be liable to compensate the company for any loss, damages or costs which the company may have sustained or incurred thereby, but no proceedings to recover any such loss, damages or costs shall be commenced after the expiration of two years from the date of the allotment or issue.

222. **Restriction on issue of shares and debentures to directors.**—(1) No provision in any memorandum or articles or in any resolution of a company authorizing the directors to allot or issue any shares or debentures convertible into shares of the company at the discretion of the directors, shall authorize the allotment or issue of any such shares or debentures to any director of the company or his nominee, or to any body corporate which is or the directors of which are accustomed to act in accordance with the directions or instructions of such director or nominee, or at a general meeting of which such director or his nominee is entitled to exercise or control the exercise of one-fifth or more of the voting power, or to any subsidiary of such body corporate unless—

(*a*) the particular allotment or issue has prior to the allotment or issue been specifically approved by the company in general meeting, or

World in rush to buy SA coal

S. Times 16/12/79

(215)

By JOHN SPIRA

IN A dramatic turnaround on the position some years ago, overseas coal consumers are now jockeying for a slice of South Africa's 24-million ton export allocation

As a result, coal has been sold forward as far as 1985 at prices well in excess of those ruling in the recent past

British sources are talking of 1981 coal contracts being negotiated at around $55 a ton against the current estimated $30

This means that at current export rates, South Africa could earn an additional $460-million in foreign exchange — over and above the current annual rate of $540-million — two years from now, after adjusting for freight rates

Mr A A Sealy, who heads the Rand Mines coal interests, tells Business Times that coal exporters have noted a significant increase in demand in the past three to four months — principally as a result of the worsening oil situation the West is having to contend with

This is in marked contrast to the situation some eight years ago, when local producers, because of cheap oil and an oversupply position on the local front, were forced into peddling their wares from one European power station to the next

According to Mr Sealy, most exporters of coal have already sold their full export allocation for 1980, while others have sold ahead for longer delivery periods

He adds that freight rates have doubled in the past 18 months — a factor which has reduced coal export margins The prospect of hardening coal prices in the years ahead will, however, more than compensate

Coal exporters are understandably disappointed over the country's present inability to export more than the current 24-million tons a year The limiting factor is the capacity at Richards Bay

For the time being, 22-million tons — of which 2-million tons comprises anthracite — are being channelled through Richards Bay and 2-million tons are leaving the country via Durban

It is anticipated that an additional 2-million tons will be squeezed through Richards Bay next year. But it will be five or six years before the final leg of Phase 3 of the Richards Bay expansion programme is complete

At that stage, Richards Bay will be capable of handling 40-

●To Back Page

A section of the Richards Bay coal terminal, showing two shiploaders with the conveyor feed running under them

World in rush to buy SA coal

●From Page 1

million tons of bituminous coal and 4-million tons of anthracite.

In the interim, however, a build up to higher levels of exports will take place when the first leg of Phase 3 of the Richards Bay expansion plan is completed in 1982-83 At that stage export capacity could reach 32-million tons.

Western Europe is South Africa's largest customer, taking some 70% of export production

France accounts for the lion's share of this figure, with Denmark, Italy and Belgium also major buyers

Japan and the Far East take between 20% and 25%, with most of the balance going to North America

Mr Sealy envisages demand from France tailing off over the next few years as more nuclear power plants come on stream

Demand from countries like Israel and Japan, on the other hand, is expected to rise

by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to ... ...ld be noted that the 0 year age specific death rates are

(iv) Proportional Mortality, accounted for by specific conditions.

(v) Expectation of Life. This was calculated both at birth (e_0) and at 45 years of age (e_{45}) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.

...ity was the only index calculated.

...standardised mortality rates (SMR) ...ed in Fig. 2 and Fig. 3. Whilst ... decline in both of these indices ... initial decrease, show a comparatively ... in their SMR since 1960.

... fallen from 50,9/1 000 to 21/1 000, ...s period, the 'coloured' IMR has ...000, a change of only 19,7%.

... is appreciated that the greater the ...nts be accomplished. The decrease ...,4% and 25,7% for whites and

...ality rates are summarised in Fig. 4. Since death ... to be expected that decreases in the mortality ex- ...ge groups will give rise to a corresponding increase ...lderly persons. Thus, although it is to be expected ...nd 'coloureds' the mortality rates for persons over ...ve shown a rising trend, it is of some concern that ...ve also increased between 1960 and 1970 for 'coloureds' ... years age groups.

...the age specific mortality rates of whites and ...ed or remained constant for persons between the ages ..., for children less than 5 years of age, the gap ...oureds' is widening. In 1941, white children under ...d 28,0% of the mortality of 'coloured' children;

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MINING - Coal

1-1-80 - 31-12-80

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SA Industrial 22/1/80

Duvha — a modern miracle on stream

.By David Pincus

ANOTHER modern-day technological miracle in South Africa will come on stream officially on Friday when Jan Smith, general manager of Escom, officially opens the Duvha section of the Witbank Colliery, a part of the Rand Mines group

The mine, 25 km from Witbank, being developed at a cost of about R190 million, is undoubtedly the biggest mine of its type in Africa Its sole purpose for the next 30 to 35 years will be to fuel the boilers of the nearby Duvha power station — only 4 km away by conveyor belt.

The power station will, when completed, provide more than 25% of South Africa's electricity needs from its six 600 MW generators, being commissioned at the rate of one a year.

When completed it will (arguably) be the biggest thermal power station in the world and will consume 10 million tons of coal a year — about 840 000 tons a month, or about 19,5 tons every minute

Escom granted the Barlow Rand group the contract to supply the power station with coal in 1974 Building and site preparation started in 1976

Initial requirements were for the establishment of a 110 000 ton stockpile of coal by September 1979, that the mine grow in sympathy with the power station, and be delivering its full 10 million tons of coal a year by 1986.

Construction of the power station started in November 1975, and it is scheduled for completion in September 1984

At full production capacity the Duvha opencast mine will operate an impressive array of machinery, including.

- Three 53 m^3 draglines for overburden removal The cost of these is still being kept secret, but as far back as the middle of 1978 they cost about R20 million each
- Two 8,4 m^3 draglines for parting removal
- Five 250 mm diameter rotary drills
- Six 100 m diameter drills
- Two 16 m^3 electric shovels and two 16 m^3 front-end loaders.
- Thirteen 136-ton coal haulers and six 24 m^3 scrapers, plus three graders and three water bowsers

The 840 people of all races who will be employed at the Duvha mine, when it is in full production, will be accommodated in Sardinian-style homes situated in five areas around Witbank

cause of deaths' according to the Bantu Reference Bureau nication). At least 50 000 deaths among Africans were not hese occur mainly in the rural areas. It is estimated that e deaths in the main urban districts are not registered for o

ndices were calculated:

lity Rates.

d Mortality Rates. Two standard populations were used: Wales representing a developed population and Mexico 1960 oping one.

se Specific Death Rates. Calculated mainly in five year age the seventeen major divisions of the eighth revision of the nal Classification of Diseases (ICD).

s of Causes of Death.

rtality Rates.

on of Life. Calculated for 1970, the last census year. Mortality Risks.[8] This is the mortality experience of a which would exist if a It gives an indication expectation of life.

the base population age this are available for coloureds, the 1970 population ific survival rates from and deaths in the 0-4 age

DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population. While this figure is independent of the age structure of the observed population, the choice of the standard population will affect the weighting given to the deaths in the various age groups. The choice of an underdeveloped population as a standard will give great weight to infant deaths and little weight to deaths among the elderly, while a developed standard population will reverse the position. The choice of standard population affects the ranking of the mortality between the observed groups. There is no 'true' answer. As the Duke of Wellington said: 'There are lies, damned lies, and statistics'!

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health[9] have estimated the infant mortality rates for their urban areas. These show considerable variation (See also ref.15).

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FM 25/1/80

RAND LONDON

Expensive rights?

Ahead of suspension in December, Rand London's share price shot ahead to 212c And since relisting and the announcement of the proposed rights issue the share has advanced to 245c But, on the information thus far vouchsafed shareholders does the share price fairly reflect the company's worth? And would shareholders have been better served by a straightforward rights issue rather than the one now proposed with partial dismemberment of their company — or even no rights issue at all?

I can see little logic in offering shareholders 22% of the ords and 38% of the prefs in subsidiary Rand London Coal unless that is earnings prospects from the group's non-coal operations are too unattractive to permit raising further cash As it is, I do not feel the proposed rights issue is among the most attractive to have hit the market in the past few years

Based on Rand London Coal's earnings estimates, hiving off part of the coal interests means a 4c earnings drop to 41c for the Rand London ordinary shares this year and something possibly exceeding 13c in the year to end-June 1981

So for every 100 shares currently held in theory a shareholder will be 1 300c worse off as far as earnings are concerned Adding together next year's expected earnings per share of Rand London Coal's ordinary shares and its participating pref dividends, a shareholder who accepts the rights offer will gain 1 543c earnings It means a net attributable earnings improvement of some 240c for present holders of 100 Rand London shares

Of course that does not include any benefits from investment of the R10m to be raised by the rights issue To all intents and purposes shareholders are being offered 25% of the group's coal interests for R10m which means the coal interests are effectively worth R40m So, if half the funds raised are kept in the coal operations it is probably reasonable to assume an eventual five fortieths (12,5%) earnings increase from coal interests and a similar proportion for the parent Roughly that points to additional earnings for every 100 shares currently held of around 375c

So if the rights are taken up a holder of 100 Rand London shares could see an effective earnings improvement of about 615c Which is all very well but taking up the package of 23 RL Coal ords and 46 part prefs offered for every 100 Rand London ords presently held will cost R80,50 And that means buying an investment with an effective prospective earnings yield of 7,6% in 1981 unless some fancy earnings are expected from the R10m Until details of expected earnings from the R10m are announced the rights issue is hardly an attractive proposition when compared with Amcoal's 11% historic earnings yield and Barlows 14,5%

The group probably has little option but to raise additional funds by this method A straight rights issue would, in all likelihood be ill received by shareholders following the September 1978 R1,9m ordinary rights issue and last July's R3m pref placing

At least for the present Rand London shows some of the symptoms of having outgrown itself At its present stage of development, the group needs to show fast rising earnings But if they can only be made by the partial sale of the group's best asset then perhaps the time has come for a period of consolidation

As far as shareholders are concerned there would be nothing wrong with a couple of years of solid profit ploughbacks if that were to build a sound base for advance into the mid-Eighties But with the present arrangement, which is underwritten by Senbank ordinary shareholders have few options open to them If they do not accept and stay aboard, their earnings are chopped and if they accept, their new investment could be expensive Perhaps the best advice to shareholders is to sell out before they are squeezed

Ian Jones

COAL QUARTERLIES

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FM 25/1/80

Damped down

For the past two years the Price Controller has granted domestic coal price increases in February This year, however, the climate is apparently not right for any significant controlled price increase In fact, the TCOA's Richard Bird says the industry has asked for increases which are below the national inflation rate But with inland demand still slack and fairly substantial cost increases to recover, profit margins on domestic coal sales are likely to remain tight

Bird expects that domestic demand this year will not be much different from last year's 18 Mt. A small improvement is possible, he says, but it is unlikely to be anything significant However, export prices remain strong, and by June there should be some news on the feasibility study on raising the capacity of Richards Bay from the present 24 Mt to 44 Mt

Apex: Results reflected slack domestic trade in the fourth quarter with a R30 000 loss (R256 000 profit) on coal sales from No 4 seam Production at No 4 fell to 82 500 t (103 500 t) with sales totalling 81 300 t (107 00 t) Otherwise, production and sales for the quarter were much the same as the period to end-September. No 5 seam produced marginally lower sales of metallurgical coal and reported a pre-tax profit of R1,1m (R1,2m) No 2 seam's quarterly profit rose to R1,8m (R1,6m)

On an annual basis taxed profits were higher at R9,5m (R9,1m) from which dividends of 130c (90c) were paid

Witbank: Tonnage sold slipped 1,4% to 2,0 Mt (2,02 Mt), while working profit per ton rose to 595,4c (550,1c) This produced a working profit of R11,9m (R11,1m), but lower sundry revenue and a higher tax rate — 33,5% (25,2%) — resulted in a reduced taxed profit of R8,1m (R8,8m) The tax rate rose as capex for the quarter was lower at R2,6m (R13,5m) For the rest of the year the tax rate should remain around current levels as capex is planned at R8,2m

Duvha kicks in

The higher unit working profit arose partly out of a 329 000 t sale of coal from Duvha The colliery could add up to 750 000 t to sales this year depending on final operations at the power station

Welgedacht: Tonnage fell to 438 000 t (462 000 t) in the three months to end-December because of seasonal factors But working profit was more than halved to 87,2c/t (182.3c) in line with lower seasonal demand, higher working costs and increased freight charges on export tonnages, mostly the latter The second quarter is viewed with more optimism in line with new negotiated export prices

Taxed profit for the quarter dropped 19,4% to R807 000 (R1m) as Welgedacht paid a higher tax rate in line with lower capex Capex for the quarter was R252 000 (R1m), and for the balance of the financial year commitments total R872 000

Though export realisations are expected to improve this quarter, there appears little hope of any real improvement — other than seasonal — in Natal domestic demand Chairman Allen Sealey said last year that dull demand is likely until the mid-Eighties

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Amcoal's Escom contracts

JOHANNESBURG — The board of Amcoal has announced further details of the contracts awarded by Escom to Amcoal for the supply of 460 million tons of coal over a 40-year period to two new power stations.

The first power station, Tutuka, is to be supplied from Amcoal's New Denmark coalfield situated between Bethal, Standerton and Greylingstad

The two-metre thick seam at depths of 200 metres below the surface will be exploited by an underground operation using continuous miner and longwall methods

At full output the colliery will supply five million tons per year

Production will commence in advance of the commissioning date of the first 600 mW set which is expected to be September 1, 1985, with the remaining two 600 mW sets being commissioned at nine-month intervals thereafter

Amcoal has given Escom an option over additional potential coal supplies from the New Denmark coalfield which, if exercised, will enable the Tutuka station to be expanded to a maximum capacity of 3 600 mW

Drilling is underway to prove that these additional coal supplies are available and Escom has indicated that if the results are satisfactory it will enter into discussion with Amcoal with a view to increasing coal mining capacity to a level with will support a 3 600 mW station

Amcoal will supply a second 1 800 mW power station from its Cornelia coalfield, some 15 km south of Vereeniging where a combined underground and open-pit colliery is to be established

This colliery is expected to commence production in the latter part of the 1980's and at full output will supply approximately 6,5 million sales tons to the power station each year

Coal from this area was first supplied to a power station in 1914 and the new agreement will extend this association well into the 21st century

The combined cost of developing the collieries to supply the first 1 800 mW phase of Tutuka and the 1 800 mW power station at Cornelia has been estimated at R210 million in January 1979 money values It is anticipated that 60 percent of the cost of the two collieries to completion will be funded by Amcoal — (Sapa)

3. THE SPATIAL DISTRIBUTION OF MORTALITY AND ITS RELATION TO SOCIOECONOMIC INDICATORS IN SOUTH AFRICA IN 1970 [1]

1. INTRODUCTION

When trying to find health indicators for particular areas in South Africa, one is obliged to rely exclusively on mortality data as no comprehensive morbidity data are published. The incidence of mortality (deaths per annum) for Whites, coloured people and Asians is reported annually for each magisterial district in the country and for Africans in 33 magisterial districts, 31 of which jointly comprise the metropolitan areas.[2] Deaths are classified by cause; this classification has been considered by Dick and Bourne who conclude that

- Whites show a typical developed country spectrum of mortality with infectious and parasitic diseases being of minor importance and neoplasms (tumours/cancers) and diseases of the circulatory system being of major importance;
- Coloured people and urban Africans display an underdeveloped country profile ... and parasitic diseases and respiratory diseases are important.

As a by-product, maps are produced showing the spatial distribution of mortality.

2. MORTALITY RATIOS BY RACE AND DISTRICT IN METROPOLITAN AREAS

Crude mortality rates (deaths per annum per thousand population) may vary across districts for no reason other than that the age distributions of the populations vary. To eliminate this source of variation, two sets of *mortality ratios* have been calculated for each race group in each district. These ratios have been calculated as follows

- Define EM_1 as the expected mortality if *White* age-specific death rates for South Africa as a whole are applied to the age distribution of the population for the race and district under consideration. (For the purposes of the calculation nine age-groups were considered: 0-4, 5-14, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74 and 75+)
- Define EM_2 as the expected mortality if *own-race* age-specific death rates for South Africa as a whole (or in urban areas only in the case of Africans) are applied to the age-distribution of the population for the race and district under consideration

...d in percentage terms, are found ... M_2 respectively. Clearly for Whites ... em. ... loured people in Bellville is the ... age White population having the ... red people. MR_1 is the difference ... ured mortality in Bellville ... s the effects of the size of the ... e distribution.

Such an average is ... ingle-year observations. To guard ... ios were calculated where EM_1 and ... there were small numbers of the ... is with 31 observations for Whites, ... or Africans.

... each race group. The differences ... coloured people, Asians and Africans are very small, the respective Spearman rank correlation co-efficients being 0,981, 1,000 and 0,942 respectively (all easily significant at the 1% level). This suggests

Escom accuses coal mines of callous waste

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RDM 26.1.80

By ADAM PAYNE

COAL MINES were accused last week of "callous waste of resources" in dumping duff Mr Jan Smith, chairman-designate of Escom, made the allegations when he opened the Duvha colliery near Witbank.

The open-cast mine serves the new Duvha power station

He criticised members of the Transvaal Coal Owners association for wasting energy

He said Escom, because of its efficiencies, could burn coal with as low a calorific value as 15MJ/kg

"We have played an important part in making use of the lower-value end of our coal bounty

"This naturally raises the waste incurred in the dumping of fines and discards The TCOA has also at last appreciated the economics of selling rather than dumping duff

"This is a welcome development It is to be hoped that the industry will now be able to cooperate in removing the serious blot on its escutcheon, namely, the millions of tons of discards from 12MJ/kg upwards "

He said this dumping had earned for the industry the "ugly face of capitalism tag through its callous discard of energy resources "

He hoped that a solution to this state of affairs could be worked out Escom was prepared to participate in discussions provided an economically viable solution could be achieved

Mr Tony Petersen, chairman of Rand Mines, said sanctions against South African coal could cost many blacks their jobs and their hopes of advancement

He referred to blacks performing responsible and well-paid jobs on the mine "These people work and live under conditions not only far better than in the rest of Africa, but also well above the standard achieved by millions in the so-called developed countries

"Do these protagonists of sanctions really want the living standards of these black workers severely reduced at a time when we are constantly striving to improve them?

"Do they want the same workers' chances of further training and greater opportunities destroyed forever?"

COMMENT: The coal industry will dislike the "ugly face of capitalism" tag because the collieries maintain that the material dumped has not been saleable. There have not been buyers at an acceptable price. The TCOA has not arranged a small contract with Escom at less than the domestic price for this material. Presumably more sales will be arranged.

Fattis & Monis Strike

For almost a month 88 workers at the Fattis & Monis factory in Bellville South have been on strike. They struck because five of their fellow workers were dismissed. The workers say the dismissals were because all five were members of a trade union. The union was trying to negotiate for better pay and hours of work - R40 a week and an 8 hour working day. A director of the factory says these demands are "out of all proportion", and unreasonable and would lead to "disruption" in his firm.

Officials of the 10 000 member union (the Food & Canning Workers Union), say the dismissed men had signed a document giving the union rights to negotiate for better conditions. The factory refused to negotiate with the union. It says the men were replaced by machines and that it was part of a cut-back of staff.

Although those dismissed were 'Coloured', more than half of the men who were on strike are African contract workers. In spite of the threat of being endorsed back to the homelands, the African workers are standing firm with their 'Coloured' brothers and sisters. On the first day of the strike, men from the Department of Labour tried to separate 'Coloured' and African workers who had gathered outside the factory. The workers refused to be separated. One said, "We were all there for the same purpose."

Moves of solidarity with the striking workers are increasing. At a solidarity last week more than 500 university and college students from U.W.C., ~~Hewat~~ Peninsula Training College and Bellv... s to be re-employed and for a boy... ot to

The Western Province Traders ... sell the factory's products

The South African Council of schools affiliated to SACOS ... a boycott of the factory's p...

More than 400 students from ... called for a boycott of all

The Women for Peace movement ... workers

The Cape branch of Nafcoc - ... has issued a statement in sup...

Fattis and Monis insist that ... firm says he is worried about ... by blacks because much of the ... kept production going by empl... workers However production h...

Who are Fattis and Monis? Fa... following products The foll... Bread flour, Sifted flour, Un... Philadelphia flour, Koeberg ... Fattis & Monis brand name. Th... macaroni, spagetti, large and ... and green, pain rings, dilati... products under the following ... name brand, Ckeckers and R... bakeries in the Cape Town are... River, Wrench Town Bakery in ...

(215)

STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

REGULASIEKOERANT No 2949 PRYS + 1c AVB 20c PRICE + 1c GST REGULATION GAZETTE No. 2949

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GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No R 160 1 Februarie 1980

PRYSBEHEER

MAKSIMUM PRYSE VAN STEENKOOL

Ek, Elias George de Beer, Pryskontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), bepaal hierby, met ingang van 1 Februarie 1980, soos volg

1 Die maksimum pryse waarteen die produsente van steenkool in Natal asook Spitzkop Steenkoolmyn hulle steenkool (uitgesonderd smidsteenkool, antrasiet, gassteenkool en steenkool wat in metallurgiese en chemiese prosesse gebruik word) aan enigeen mag verkoop, is soos volg

(a) Newcastle Platberg Steenkoolmyn 1 982c per metrieke ton;
(b) Natal Cambrian Steenkoolmyn 1 882c per metrieke ton;
(c) Hlobane Steenkoolmyn· 1 862c per metrieke ton;
(d) Northfield Steenkoolmyn 1 923c per metrieke ton;
(e) Zimbutu Steenkoolmyn· 1 814c per metrieke ton,
(f) Umgala Steenkoolmyn 1 822c per metrieke ton;
(g) Spitzkop Steenkoolmyn 1 676c per metrieke ton

Met dien verstande dat—

(i) wanneer steenkool in ertjiegrootte gegradeer word die steenkoolmyn 'n bedrag van hoogstens 60c per metrieke ton kan byvoeg;
(ii) 'n diskonto van 50c per metrieke ton ten opsigte van stofsteenkool toegelaat word, en
(iii) wanneer steenkool per spoor aan die koper of aan die order van die koper vervoer word, die maksimum prys vry-op-spoor steenkoolmyn is

2 Die maksimum prys waarteen 'n produsent (uitgesonderd Spitzkop Steenkoolmyn) van Transvaalse of Oranje-Vrystaatse steenkool sodanige steenkool (uitgesonderd smidsteenkool, antrasiet, gassteenkool en

GOVERNMENT NOTICE

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No R 160 1 February 1980

PRICE CONTROL

MAXIMUM PRICES OF COAL

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), do hereby prescribe, with effect from 1 February 1980, as follows

1. The maximum prices at which the producers of coal in Natal as well as Spitzkop Colliery may sell their coal (excluding smithy coal, anthracite, gas coal and coal used in metallurgical and chemical processes) to any person, are as follows

(a) Newcastle Platberg Colliery 1 982c per metric ton,
(b) Natal Cambrian Colliery· 1 882c per metric ton,
(c) Hlobane Colliery 1 862c per metric ton,
(d) Northfield Colliery· 1 923c per metric ton,
(e) Zimbutu Colliery. 1 814c per metric ton;
(f) Umgala Colliery 1 822c per metric ton,
(g) Spitzkop Colliery 1 676c per metric ton

Provided that—

(i) when coal is graded into pea size, the colliery may add an amount not exceeding 60c per metric ton,

(ii) a discount of 50c per metric ton is allowed in respect of duff coal, and

(iii) where any coal is railed to or to the order of the buyer, the maximum price shall be free on rail colliery.

2 The maximum price at which any producer (excluding Spitzkop Colliery) of Transvaal or Orange Free State coal may sell such coal (excluding smithy coal,

steenkool wat in metallurgiese en chemiese prosesse gebruik word) aan enigeen mag verkoop, is soos volg

Steenkool met 'n hittewaarde op 'n lugdroe basis van—

(a) minder as 25,5 MJ/kg (graad D), 904c per metrieke ton,

(b) 25,5 maar minder as 26,5 MJ/kg (graad C), 940c per metrieke ton,

(c) 26,5 maar minder as 27,5 MJ/kg (graad B), 976c per metrieke ton, en

(d) 27,5 maar minder as 28,5 MJ/kg (graad A), 1 012c per metrieke ton

Met dien verstande dat—

(i) wanneer steenkool in ertjiegrootte gegradeer word die steenkoolmyn 'n bedrag van hoogstens 60c per metrieke ton kan byvoeg,

(ii) 'n diskonto van 50c per ton ten opsigte van stofsteenkool toegelaat word,

(iii) wanneer steenkool by die steenkoolmyn op padvoertuie gelaai word, die steenkoolmyn 'n bedrag van hoogstens 11c per metrieke ton by die prys wat by die mynskaghoof gevorder word kan byvoeg, en

(iv) wanneer steenkool per spoor aan die koper of aan die order van die koper vervoer word, die maksimum prys vry-op-spoor steenkoolmyn is

3 Die maksimum prys waarteen enigeen wat steenkool by die trokvrag verkoop, sodanige steenkool aldus kan verkoop, is die steenkoolmyn se netto faktuurprys van die steenkool, plus 16c per metrieke ton

4 Behoudens die bepalings van regulasie 3 hiervan is die maksimum prys waarteen enigeen (uitgesonderd 'n steenkoolprodusent) steenkool aan enigiemand anders mag verkoop—

(a) (i) in die geval van Transvaalse en Oranje-Vrystaatse steenkool (uitgesonderd steenkool van die Spitzkop Steenkoolmyn), die prys per 90 kg wat die verkoper gewoonlik gedurende Januarie 1980 vir steenkool gevra het, plus 9c per 90 kg, en

(ii) in die geval van Natalse steenkool asook steenkool van die Spitzkop Steenkoolmyn, die prys per 40 kg wat die verkoper gewoonlik gedurende Januarie 1980 vir steenkool gevra het, plus 7c per 40 kg, of

(b) indien enigiemand nie voor die datum van hierdie kennisgewing steenkool verkoop het nie, die prys wat gewoonlik deur enige verkoper in dieselfde of naaste gebied gevra word

5 Waar steenkool deur enigeen (uitgesonderd 'n steenkoolprodusent) in hoeveelhede van minder as 90 kg of 40 kg na gelang van die geval, aan enigiemand anders verkoop word staan die maksimum prys van sodanige kleiner hoeveelhede in verhouding tot—

(a) in die geval van Transvaalse en Oranje-Vrystaatse steenkool (uitgesonderd steenkool van die Spitzkop Steenkoolmyn), in verhouding tot die prys per 90 kg wat kragtens regulasie 4 (a) (i) bepaal word, en

(b) in die geval van Natalse steenkool asook steenkool van die Spitzkop Steenkoolmyn, in verhouding tot die prys van 40 kg wat kragtens regulasie 4 (a) (ii) bepaal word

6 Hierdie regulasie is in die Republiek van toepassing

7 Goewermentskennisgewing R 179 van 2 Februarie 1979 word hierby ingetrek

E G DE BEER, Pryskontroleur

anthracite, gas coal and coal used in metallurgical and chemical processes) to any person is as follows

Coal of a calorific value on an air dry basis of—

(a) less than that 25,5 MJ/kg (Grade D), 904c per metric ton,

(b) 25,5 but less than 26,5 MJ/kg (Grade C), 940 per metric ton,

(c) 26,5 but less than 27,5 MJ/kg (Grade B), 976c per metric ton, and

(d) 27,5 but less than 28,5 MJ/kg (Grade A), 1 012c per metric ton

Provided that—

(i) when coal is graded into pea size, the colliery may add an amount not exceeding 60c per metric ton,

(ii) a discount of 50c per ton is allowed in respect of duff coal;

(iii) when coal is loaded at the colliery into road vehicles, the colliery may add an amount not exceeding 11c per metric ton to the pithead price of the coal, and

(iv) where any coal is railed to or to the order of the buyer, the maximum price shall be free on rail colliery.

3. The maximum price at which any person who sells coal by the truck-load, may thus sell such coal, is the colliery's net invoiced price of the coal, plus 16c per metric ton.

4 Save as provided in regulation 3 hereof, the maximum price at which any person (other than a producer of coal) may sell any coal to any other person is—

(a) (i) in the case of Transvaal and Orange Free State coal (excluding coal from Spitzkop Colliery), the price per 90 kg ordinarily charged during January 1980 plus 9c per 90 kg, and

(ii) in the case of Natal coal as well as coal from Spitzkop Colliery, the price per 40 kg ordinarily charged during January 1980 plus 7c per 40 kg or

(b) if any person did not sell coal prior to the date of this notice the price ordinarily charged by any seller in the same or nearest locality

5. Where coal is sold by any person (other than a producer of coal) to any other person in quantities of less than 90 kg or 40 kg, as the case may be, the maximum price of such smaller quantities in proportionate to—

(a) in the case of Transvaal and Orange Free State coal (excluding coal from Spitzkop Colliery), the price per 90 kg determined in terms of regulation 4 (a) (i) hereof, and

(b) in the case of Natal coal as well as coal from Spitzkop Colliery, the price per 40 kg determined in terms of regulation 4 (a) (ii) hereof

6 These regulations apply in the Republic

7 Government Notice R 179 of 2 February 1979 is hereby withdrawn.

E G DE BEER, Price Controller

GENMIN COALS

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Summer slackness

FM 1/2/80

Trans-Natal and Clydesdale marked time in the December quarter, with little change in sales or profits And, while they have a joint interest in the Escom-tied Matla colliery, very little flowed from this source Now that the first generator set has been commissioned, some contribution can be expected in the second-half of the financial year to end-June

Clydesdale: TCOA Sales by New Clydesdale and to Escom by Coalbrook, amounted to 1,5Mt (1,4Mt) But mining profit dipped to R1,77m (R1,82m) because of a bias towards greater sales from less-profitable Coalbrook Last year an improvement in profitability was recorded by New Clydesdale. However, with production moving to a lower grade area early in the year, a temporary dip in profitability is possible as the colliery has no washing plant.

Although pre-tax profit was 2,8% lower at R2,06m (R2,1m) for the quarter, taxed earnings rose to R1,5m (R1,4m), while for the first six months to end-December, taxed profit was lower at R2,8m (R3m)

That Clydesdale declared a 15c (8c) interim dividend in December is explained by the group's desire to reduce the discrepancy between the interim and final (last year's total was 26c). But, with a favourable tax rate likely for the full year in view of the three-year Matla funding commitment and falling capex, a higher total is possible

Trans-Natal: A marginal sales decrease to 6,3Mt (6,5Mt) arose from lower sales to Escom during the summer months Small variations occur as some generators are withdrawn from use for repair ahead of the peak demand winter season Mining profit was R12,7m (R13,6m) for the quarter, although for the year to date taxed earnings at R14,3m (R8,6m) are well up

The export-oriented Ermelo colliery is now operating at its full 250 000 t monthly capacity But with a surplus of SA coal on international markets last year, prices may have been depressed However, contracts concluded this year should be at better prices

Last year, Sentrachem and Genmin agreed on a scheme to produce methanol or coal based chemical feedstocks centred on the Pienaars River reserves held jointly by Trans-Natal and Genmin The price for the reserves was a 10% stake in Sentrachem valued at R39m What seems likely is that Trans-Natal will get a greater share of the coal mining side of the scheme, while Genmin would retain the investment in Sentrachem

In December Trans-Natal declared a 14c (10c) interim dividend Various forecasts have put the total for the year at an easily attainable 28c for a 4,4% prospective yield

Des Kilalea

SUNDAY TIMES Business Times February 3 1980

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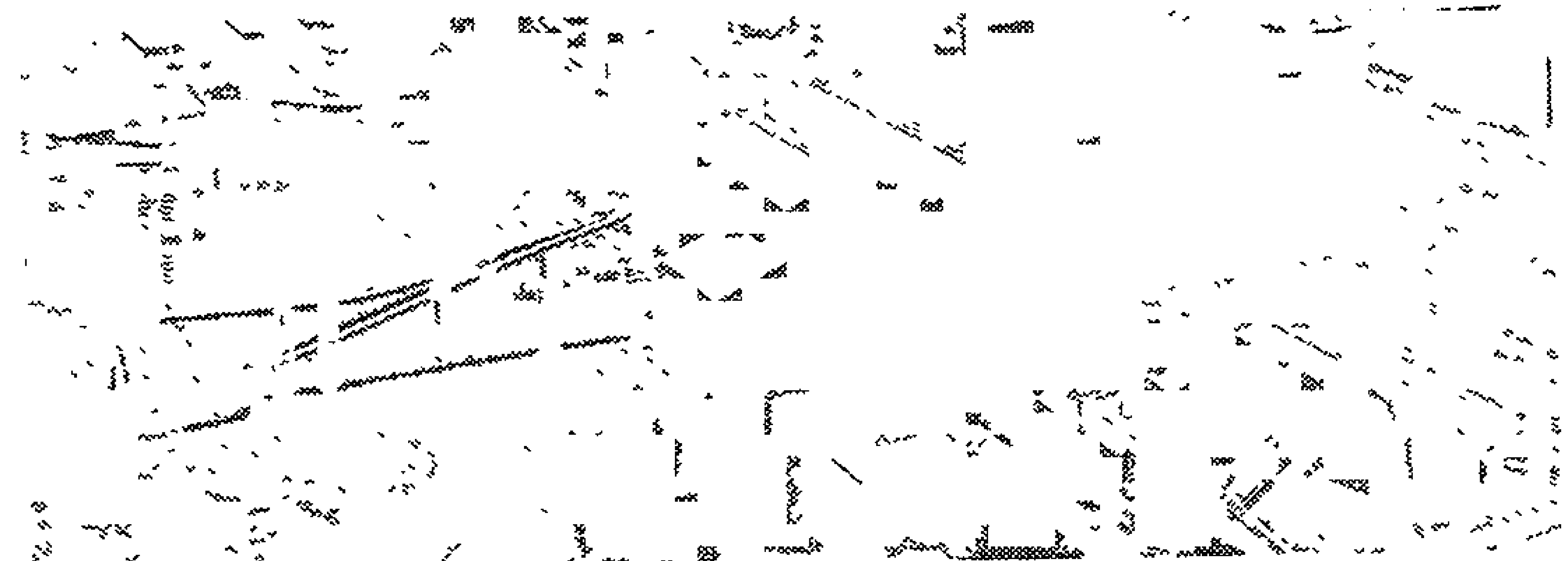
Coal could earn same as gold by year 2000



The coal processing plant at Kleinkopje, one of the new collieries now on stream for local consumption and export

By JOHN SPIRA

WITH as much as R17 700-million at stake, the crucial debate between the authorities and the private sector about the future of the country's coal exports is coming to a head.

The importance of the debate can be gauged from the fact that South Africa's earnings from coal exports could run a firm second to those from gold by the late eighties — provided Government gives the industry the go-ahead to expand its export sales.

This is the view of Dr Dirk Neethling, director of the influential Minerals Bureau — an arm of the SA Department of Mines.

The International Energy Agency of the OECD has published official estimates of likely future SA coal exports. The agency projects this country's exports at 94-million tons in the year 2000.

Based on these estimates and assuming an export price of $230 a ton by the year 2000 (the current price is around $30 although 1981 forward sales are estimated at $55) annual export earnings would total R17 700-million.

One arrives at a similar figure for gold on the assumption that by the year 2 000 gold production will be 600 tons (currently 700 tons) and that the gold price will be $2 000 an ounce.

The growing impasse between the authorities and the private sector must soon be resolved because a decision has to be reached now if we are to take advantage of the growing coal export potential of the eighties.

For the time being SA's export capacity is limited by the facilities of Richards Bay and the Government's export allocation which places a ceiling on the coal tonnages which may leave the country in order to avoid the rapid depletion of SA's coal reserves.

Export capacity is currently 24-million tons a year — a figure which will rise to 44-million in 1986 when Phase III of the Richards Bay expansion programme is scheduled for completion.

The intended volume of coal exports after 1986 remains in abeyance. And this is the issue over which Pretoria and the mining houses have disagreed.

The former argues that since the country's coal reserves are not limitless they should be protected against being depleted at too rapid a rate. South Africa's coal needs should first be satisfied and thereafter exports should be rationed.

Coal is after all South Africa's prime source of energy.

The mining ... view is that with the growth of nuclear and other forms of power generation coal demand could evaporate some 30 years hence at which time the country will be sitting on vast tonnages of coal reserves for which no use can be found.

South Africa has sufficient reserves, it is claimed, for a theoretical 600 years at 1978 production levels.

A peripheral argument contends that it is not the quantity but the quality of the reserves which are being depleted. More attention should be paid to rationing the quality of the coal being exported.

Much of the impasse derives from varying estimates of the extent of SA's coal reserves.

The Petrick report (1975) placed mineable in situ reserves of raw bituminous coal at 81 274-million tons of which 25 995 tons were thought to be economically recoverable.

A more recent estimate claimed a total in situ tonnage of 101 767-million of which 61 000-million were thought to be economically extractable.

Dr Neethling believes that there is clearly a need for a reliable reassessment of our reserves and resources to be made taking into account modern technological and economic factors.

Predictions as to the future volume of South Africa's coal exports hinge largely on the Government's decision on export allocations subsequent to 1986.

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Steenkoolprys dalk gou hoër

DIE binnelandse prys van steenkool gaan moontlik binnekort sterk verhoog word. Sekere gerugte wil dit hê dat 'n verhhoging van sowat 15 persent in die binnelandse prys reeds vanaf 1 Februarie vanjaar in werking tree.

'n Woordvoerder van die Tansvaalse Vereniging van Steenkool-eienaars wou geen kommentaar lewer nie. Hy het egter daarop gewys dat daar reeds teen die einde van verlede jaar by die Pryskontroleur vir 'n verhoging aansoek gedoen is, maar dat nog geen amptelike aankondiging tot dusver deur die Pryskontroleur gedoen is nie

Na verneem word sal die grootste deel van die prysverhoging na die verspreiders van steenkool gaan. Hierdie verspreiders is veral swaar getref deur die sterk verhoging in brandstofpryse.

Die binnelandse prys van steenkool is in Februarie verlede jaar verhoog., maar in die verlede is prysverhogings nie op 'n gereelde jaar grondslag toegestaan nie en dit kan wees dat die verhogings eers later as Februarie in werking kan tree

Kenners sê dat 'n verhoging van 15 persent in die plaaslike prys van steenkool ook weer aanleiding kan gee tot ander prysverhogings. Veral sementvervaardigers en die vervaardigers van bakstene is groot verbruikers van steenkool en 'n sterk verhoging in die steenkoolprys kan daartoe lei dat die pryse van dié materiale verder verhoog word. Dit sal weer die boukoste verder die hoogte laat inskiet.

Intussen word verneem dat dit baie beter gaan met Suid-Afrika se uitvoer van steenkool as op die binnelandse mark. Suid-Afrika se uitvoer van steenkool het vanaf 1976 'n sterk opwaartse neiging begin toon Daar is byvoorbeeld in 1978 volgens die jongste beskikbare syfers, altesame 15,4 miljoen ton steenkool met 'n gemiddelde waarde van R325,1 miljoen uitgevoer. Dit vergelyk met 'n plaaslike afset van 70,3 miljoen met 'n waarde van slegs R549,4 miljoen

'n Woordvoerder van die Minerale Buro het geê syfers oor die totale produksie, binnelandse verbruik en uitvoer van steenkool sal ook binnekort beskikbaar wees, maar die aanduidinge is dat die verdienste uit die uitvoer van steenkool verder sterk toegeneem het.

Daar was in 1978 'n afplatting te bespeur in die plaaslike verbruik van steenkool. In 1977 het die plaaslike afset byvoorbeeld 72,3 miljoen ton beloop, maar in 1978 het hierdie syfer gedaal tot 70,3 miljoen ton. Die waarde van die afset was egter aansienlik hoer op R549,4 miljoen.

Na verwagting sal die binnelandse aanvraag hoer wees veral vanweë die hoë oliepryse verlede jaar. Die plaaslike afset van steenkool veral in Natal, is egter verlede jaar geknou deur die feit dat stoomlokomotiewe in die gebied uitgefaseer word en ook die feit dat Evkom van sy ouer kragsentrales in dié gebied sluit.

— Daan de Kock

SA gooi 10 m.t. steenkool weg per jaar

Argief 10/2/80

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DAAR word jaarliks in Suid-Afrika ongeveer 10 miljoen ton steenkool met 'n kaloriewaarde van meer as 12 MJ/kg weggegooi. Dit is ongeveer 'n kwart van die steenkool wat Evkom in 1978 gebruik het en ongeveer 10 persent van Suid-Afrika se jaarlikse steenkoolproduksie.

Dit is baie moeilik om 'n waarde op hierdie steenkool te plaas, maar as 'n konserwatiewe prys van R2 per ton geneem word, beteken dit dat daar jaarliks steenkool met 'n waarde van sowat R20 miljoen vermors word.

Die ironie van die saak is dat hierdie steenkool vir die opwekking van elektrisiteit gebruik kan word of selfs vir die vervaardigigng van brandstof.

Die bestuurder van Evkom, mnr Jan Smith, het onlangs met die opening van die Duvha-steenkoolmyn hom sterk uitgelaat teenoor hierdie vermorsing en het onder meer gesê dat die steenkoolbedryf, afgesien daarvan dat hy die land jaarliks miljoene rande aan buitelandse valuta verdien, baie onge-erg staan teenoor die land se energiebronne.

In hierdie stadium lyk die beste benutting van hierdie steenkool te wees in die opwekking van elektrisiteit. As hierdie steenkool na die kragsentrales vervoer moet word, sal dit heeltemal onekonomies wees, maar ondersoek het aan die lig gebring dat 12 van Evkom se 22 kragsentrales by die steenkoolhoofde gelee is en die gevolg is dat hierdie steenkool baie maklik met vervoerbande na die kragsentrale geneem kan word.

Evkom het die laaste tyd daarin geslaag om die doeltreffendheid van sy kragsentrale so te verbeter dat steenkool van 'n baie laer kaloriewaarde verbrand kan word. In 1978 was die gemiddelde kaloriewaarde van die steenkool wat deur Evkom verbruik is net meer as 21 MJ/kg.

Die onderneming sal gevolglik in staat wees om die steenkool wat op die oomblik weggegooi word, met hoer graad steenkool te meng en nog die vereiste kaloriewaarde kan bereik.

Dit is die een kant van die saak, maar wat sê die steenkoolprodusente. Baie van hulle meen dat die raming van 10 miljoen ton steenkool wat per jaar weggegooi word, moontlik konserwatief is en dat dit selfs hoer kan wees. Hulle sê die probleem word terdee besef, maar die feit is dat Evkom nie bereid is om vir hierdie steenkool te betaal nie. Hulle sê die prys wat deur Evkom aangebied word, is ver benede die produksiekoste van hierdie steenkool en dit is gevolglik beter om die steenkool op te gaar met die hoop dat daar later 'n beter prys daarvoor verkry kan word.

Die probleem is egter dat hoe langer die steenkool opgegaar word hoe meer verloor dit van sy waarde, en verder bestaan daar natuurlik ook die groot gevaar dat die hope deur brand permanent verwoes kan word.

'n Woordoverder van een van die groot mynhuise het gesê dit het hoog tyd geword dat Evkom en die versillende produsente van steenkool by 'n konferen-

● NA BLADSY 3

Baie steenkool weg

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● VERVOLG VAN BL. 1

sietafel byeen moet kom om die hele aangeleentheid te bespreek. Hy het gesê een moontlike oplossing vir die probleem is dat daar ooreengekom moet word oor 'n beter gemiddelde prys van steenkool wat Evkom van die produsente koop.

Hy sê steenkoolprodusente is net soos enige ander onderneming op wins ingestel en dit kan nie van hulle verwag word om steenkool van 'n lae kaloriewaarde teen minder as produksiekoste aan Evkom te lewer nie.

Hy het gesê daar is bereidwilligheid van die steenkoolprodusente om met Evkom te praat. Mnr. Smith van Evkom het by die opening van Duvha dieselfde bereidwilligheid aan die dag gelê en hierdie groot vermorsing wat niemand tot voordeel strek nie kan moontlik binnekort om die konferensietafel uitgesorteer word.

Daan de Kock

u awo nazo zonke
e baphinde

—ye nabasebenzi.
zingathengwa okanye zingasetyenziswa.

Umbutho oyi Women for Peace Movement ucele ukuba efektri yenzi uphando nothethwathethwano kunye nabasebenzi.

Umbutho walapha eKapa oyi National African Federated Chamber of Commerce ubhalile wakhupha istatement uxhasa abasebenzi abagxothiweyo.

UFattis & Monis uphikele ukuthi akukho ngxabano nakungevani kulefektri. Kodwa ke lowo ungumphati wefem le uthi, ukhathazekile xa kusithiwa imveliso yabo mayingathengwa ngabamNyama njengoko inkxaso enkulu ivelo kwabo bamNyama. Abaphathi bale Fem baqashe abasebenzi abangabanye ukuba basebenze endaweni yabo bagwayimbileyo ukuze kubekho imveliso, kodwa imveliso yehlile

Ngubani uFattis & Monis? UFattis & Monis yiFektri enezimveliso zilandelayo:
Record Self Raising Flour, Record Cake Flour, Record Bread Flour, Record Sifted Flour, Record Unsifted Flour, Record Wheatie Treat Flour; Philadelphia Flour; Koeberg Mille pack Mealie Meal; Fattis & Monis icecream cones, wafers and cake cups;
Fattis and Monis Macaroni, spagetti, shells, ribbons, rings, dilatines;
Princess macaroni, spagetti, shells, rings, ribbons, dilatines;
Checkers, Poto' Gold, Pick 'n Pay macaroni, spagetti, rings, ribbons, shells, dilatines;
Wrench Town Bakery, Observatory ; Good Hope Bakery, Elsies River; Ultra Bakery, Somerset West.

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S. Times (Consumer)

Top grade coal users hard hit

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CONSUMERS of top grade coal are now paying far more than other coal users — and this trend is likely to continue.

By ANDREW McNULTY

The difference in the controlled pithead price for top and lowest grade coal has risen by some 355% in the past 12 months

This is the message that lies behind the average 11,2% rise in the controlled price of coal announced this week

This average increase is well below the increase in mine working of costs of 16,3% over the past year and Transvaal Coal Owners (TCOA) financial director, Robin Hoar, says the industry elected to do its part in fighting inflation by requesting a price increase at a lower rate than the cost rise

Only about 25% or 20 million tons a year of total domestic coal sales of about 80 million tons are sold under the controlled price, the remaining 75% going mostly to Escom and Iscor

However, the last two coal price rises, in February last year and this year, have increased the price differential between grades from 7,9 c/ton to 36 c/ton

The overall gap between prices for the lowest and the high grade coal is now R1,08/ton

New coal prices are **Grade A** — 27,5 MJ/kg R10,12/t (R9,04) **Grade B** — 26,5 MJ/kg R9,76c/ton (R8,74) **Grade C** — 25,5 MJ/kg· R9,40 (R8,46) **Grade D** — 25 MJ/kg R9,04 (R8,17)

The higher differential between grades is aimed primarily at introducing more equitable prices for the qualities of coal sold

"People have been mesmerised by the idea of tonnages," says Graham Boustred, managing director of Anglo American Coal Corporation

"But we are selling energy and we have got to charge the right price for the product"

The major benefit of this policy is that it is expected to persuade consumers who are technically capable of burning low grade coal to do so, leading to conservation of coal resources

In the past, with little difference between prices, many coal users have demanded top quality unnecessarily The result has been wastage and stockpiling of smalls

Specialised users such as lime kiln operators need top quality coal while many other industrial users such as cement producers can easily take the lowest grade

Sources in industry believe it may become Government policy to raise Grade A price substantially further to enforce better use of resources

Richard Bird, managing director of the TCOA, says "Up to now I don't think consumption patterns have changed much Part of the problem is that too many people still have appliances that can't burn smalls"

Steve Ellis, general manager of General Mining's coal division, notes that the impact of the higher grade differential on consumer's prices is sharply reduced when transport costs are added, particularly at the coast economic status than the average, and that where the difference was marked it could affect their work; that care groups had been successfully educated, and that those families which had had contact with care group members had better knowledge of the causes of disease and how to prevent it than those who had had no contact. The workers are now ready to take on more health tasks.

Another group of lay workers has been developed in Rhodesia to deal with a particular problem -- described by Sapire (*61). Until recently, motivational work for family planning had been done by educators trained b[...] Family Planning Association. However, it was found that motivator[...] talked of methods and were unable to provide a service were not fulf[...] an urgent need in the rural areas and they often lost credibility be[...] of this. Thus educator/distributors were taught to recognise the d[...] indications to oral contraceptives and signs for referral to a docto[...] nurse and allowed to provide them. However, 73% of acceptors were [...] *Depo Provera* (a three-monthly contraceptive injection). So ED's ar[...] trained to provide this. Sapire notes that this step meets commun[...] preference in regard to the method of contraception, but 'it is impo[...] to have a reliable back-up service to support them at clinics within reasonable distance'.

The effectiveness of distribution within the community is shown in that whereas clinic-oriented sources show continuation on oral contraceptives to be between 14 and 33% after a year, Brazil where contraceptives were distributed in the community, their continuation rate was 83% for pill patients'.

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

Supervision is done by the loca[...] Public Health nurse. The RHV's monthly salary of E20,00 by the [...]

The first group of 41 RHV's have [...] results of preliminary evaluatio[...] utilisation of antenatal and chi[...] and the number of immunisations [...]

Dick (*62) describes another tra[...]

R56,8-m FOR BIG PROJECTS

Argus 12/2/80

TWO chemical plants and a giant timber factory costing a total of R56,8-million brings to almost R442-million the amount of major industrial developments announced in the past three weeks.

Sentrachem is to build a R40-million carbide plant at Newcastle, raising its investment in synthetic rubber production at Newcastle to R163-million.

The plant is due to begin by mid-year and be working by 1982.

A R12-million expansion programme to double polystyrene output is to be begun at Germiston by Stryochem, partly owned by Sentrachem.

A factory in Kwa-Zulu is to be set up by National Veneer Holdings, which is borrowing R4,8-million to develop it from the Corporation for Economic Development.

Other major developments are planned by Fedmis R17-million, National Chemical Products (R40-million), Toyota (R40-million), Blue Circle (R30-million), De Beers R130-million and Middleburg Steel R127-million.

● **Hesperus Holdings** forecasts total dividends will exceed last year's 13,5c. Taxed profit rose 7 percent to R419 000 for the half-year and a 6c interim will be paid.

Tom Hood

[...] for which baseline data is already being collected.

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

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

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

(i) the 'agentes polivalentes' of Mozambique;

(ii) Family Welfare Educators in Botswana, and

(iii) Village Health Workers in Lesotho.

SA to get fourth oil-from-coal plant

(215) Argus 13/2/80

Argus Correspondent

PRETORIA. — South Africa is to get a fourth oil-from-coal plant in a R1 000-m complex in the Springbok Flats coalfield north of Pretoria.

The scheme will be a joint venture between the giant mining group, General Mining and Sentrachem, a large chemical company.

The marketing of the diesel and petrol produced will be handled by either Trek or Total.

DETAILS

While the capacity of the plant and details of the construction are not yet available, early reports said the plant would produce diesel and petrol in a 70 percent-30 percent ratio.

The coalfield which stretches from Bophuthatswana in the west, through Warmbaths to Settlers and Zebediela in the north.

The exact siting of the complex will probably be announced today but it is known that General Mining has been taking up options of farmland in the area around Settlers and Lehau.

PROSPECTING

General Mining has been involved in intensive prospecting in the area for the last three years which led local residents to believe important developments were to take place in the region.

'Rumours that something big was about to take place near Warmbaths have been doing the rounds for a long time now,' a prominent local resident said today.

'General Mining has taken options on farmland in practically the whole of the Springbok Flats and we have been anticipating an announcement on their research.

'If such a fuel-from-coal plant is built near Warmbaths it will mean a mini-boom for the region,' the resident said.

; Monis factory in Bellville South
e of their fellow workers were
e because all five were members of
ate for better pay and hours of
A director of the factory says
d unreasonable and would lead to

od & Canning Workers Union), say
ng the union rights to negotiate
o negotiate with the union. It
hat it was part of a cut-back of

re than half of the men who were on
e of the threat of being endorsed
re standing firm with their 'Coloured'
e strike, men from the Department
African workers who had gathered
be separated. One said, "We were all
irpose."

vith the striking workers are increasing. At a solidarity
500 university and college students from U.W.C., Hewat,
Peninsula Training College and Bellville Technical College called for workers to be re-employed and for a boycott of Fattis & Monis products.

The Western Province Traders Association says it will instruct its members not to sell the factory's products unless there is negotiation.

The South African Council of Sport (SACOS) has called on all sports bodies and schools affiliated to SACOS to support a call for re-employment of the workers and a boycott of the factory's products.

More than 400 students from the University of Cape Town held a meeting and called for a boycott of all Fattis and Monis products.

The Women for Peace movement has called on the factory to negotiate with the workers.

The Cape branch of Nafcoc - the National African Federated Chamber of Commerce - has issued a statement in support of the dismissed workers.

Fattis and Monis insist that there is "no dispute". However a director of the firm says he is worried about calls for a boycott of the factory's products by blacks because much of the factory's trade is with blacks. The management have kept production going by employing scab workers in the place of the striking workers. However production has slowed down.

Who are Fattis and Monis? Fattis and Monis is the factory which produces the following products: The following Record flours, Self-raising flour, Cake flour, Bread flour, Sifted flour, Unsiftes flour, Wheatie Treat flour; Philadelphia flour; Koeberg Mille pack - mealie meal; all products with the Fattis & Monis brand name. These include icecream cones, cake cups, wafers, macaroni, spagetti, large and small shells, pasta ribbons - broa d, narrow, plain and green, pain rings, dilatines. Fattis and Monis also pack their pasta products under the following brand names; Princess, Pot o' Gold, Pick 'n Pay no name brand, Ckeckers and Roma. Fattis & Monis also control a number of bakeries in the Cape Town area. These include the Good Hope Bakery in Elsies River, Wrench Town Bakery in Observatory and the Ultra Bakery in Somerset West.

R1 000-m plan for fourth fuel-from-coal plant

13/2/80 Star 215 145 56

Own Correspondent

South Africa is to get a fourth fuel-from-coal plant in a R1 000-million complex in the Springbok Flats coalfield north of Pretoria.

Plans for the complex, which will further reduce the country's dependence on imported fuels, were to be revealed at a Press conference in Johannesburg today.

The scheme will be a joint venture between the giant mining group, General Mining and Sentrachem, a large chemical company.

The marketing of diesel and petrol produced will be handled by Trek or Total

The capacity of the plant and details of construction are not yet available, but early reports in Pretoria said the plant would produce diesel and petrol in a 70 percent/30 percent ratio.

The coalfield stretches from Bophuthatswana in the west, through Warmbaths to Settlers and Zebediel in the north.

The exact siting of the complex will probably be announced today but it is known that General Mining has been taking up options of farmland in the area around Settlers and Lehau.

General Mining has been involved in intensive prospecting in the area for the last three years, which led local residents to believe developments were to take place

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FM 15/2/80

COAL PRICE

Loading the scales

In awarding an average coal price increase of 11%, the Price Controller has extended the spread of prices between different grades of coal to the point where they roughly equalise the pithead value of the energy content of each grade

But a coal industry expert explains that this set of differentials is still more than off-set by the negative influence of railage costs, so that it is still cheaper to burn Grade A coal than Grade D on the Witwatersrand In Cape Town, because of the greater distance from the coalfields, the disincentive effect is, of course, so much worse

The expert explains that the negative gearing of railage costs works as follows the cost of railing one ton of coal is the same whether the coal is Grade A or Grade A coal than Grade D on the Witwatersrand In Cape Town, because of the each ton of coal contains more megajoules than Grade D And, as railage costs are so high, even to the Witwatersrand, the cost per megajoule is still loaded in favour of the higher grades by the time the coal reaches the consumer

So the goal of providing financial incentives for consumers to switch to the lowest grade of coal (technicallly suitable for any given application) is still very remote Consequently, the coal industry has still not been given an incentive to mine greater proportions of lower grade coal, a necessary development if SA is to make full use of its coal resources

It seems the situation calls for a formula to relate the price to the consumer of the different grades of coal to his distance from the pithead (along the lines adopted for sugar pricing) If such a formula is properly devised, it will ensure that the consumer of coal, wherever he is, will pay the same price for high or low grade coal (or preferably a little less for the lower grades) Then, there will be some incentive to switch from the higher grades

Whatever the difficulties, though, effective action on this issue is so overdue that it's time the industry and the government's price administrators put their heads together to rationalise matters and so ensure optimum resource utilisation through the price mechanism

COAL INCREASE

No fuelling

FM 15/2/80

The latest 11,2% coal-price increase will affect only 20% of the 100 Mt produced in SA annually. Small traders and private users who consume only 1 Mt to 1,5 Mt annually, will be hit, but not the chemical industry and users of anthracite and gas coal.

The increase is, however, significant in that it re-introduces a system of coal pricing related to heat value rather than quantity which was scrapped five years ago and phased in last year. "We've now fully implemented a system whereby a consumer can choose the precise quality of his coal and pay accordingly," says Ronald Hoar, general manager, finance, for the Transvaal Coal Owners' Association (TCOA).

"A customer will pay for the number of megajoules the coal contains, not its mass."

The overall gap between the lowest and highest grade coal is now R1,08/t. Coal which contains 28 megajoules per kilogram will cost R10,12 as opposed to R9,04 per ton. The lowest grade coal containing 25 megajoules per kilogram will cost R9,04 compared to R8,17 per ton.

Despite the industry's hope that the new price system will have a positive effect by encouraging economical use of fuel resources, black households who rely on the use of coal as a source of heat and cooking fuel will feel the pinch.

A guesstimated 75% of the urban black population uses wood or coal stoves while fuel costs account for 25% of total incomes. "This increase will adversely affect the black population's quality of life. The timing is particularly bad with winter approaching," says Deborah Mabiletsa of South African Council of Churches.

She says that if price increases on essential commodities are unavoidable, it is imperative that the government should subsidise them.

Graham Boustred, chairman of Anglo American Coal Corporation, says he is sympathetic to the effect the increase will have on lower income groups.

But, he points out, the rate of inflation and a 16,2% increase in pithead costs could have justified a far greater price hike. "If we'd stuck strictly to the formula we could have commanded a much higher increase."

He adds: "Our pithead prices are rock bottom compared to the rest of the world." He says Britain's prices are five times higher and those of Germany seven times higher than SA's.

The increases will not affect consumers uniformly across the country. The pithead price for Natal coal will increase by 11,2% while Johannesburg prices will rise by 3,86% and Cape Town's 3,69%.

Explains Hoar: "Mining costs and transport are the two greatest expense factors. As a result there's a differentiated price increase for coal mined in Natal and that from the Transvaal and Orange Free State."

He says the coal mining structure in Natal operates on far greater costs and as a result different prices have always been implemented.

Well over 90% of the coal used by Iscor and Escom is obtained from their own tied collieries which will not be affected by the price control. Says Boustred: "Quite obviously this increase will have a minimal effect on the price of electricity."

Hansard 2 Ques. Col 94
15/2/80

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Commission of Inquiry into the Coal Resources of the Republic of South Africa

*18 Mr I F A DE VILLIERS asked the Minister of Mines

Whether his Department has made an estimate of the Republic's coal resources and reserves since the publication of the report of the Commission of Inquiry into the Coal Resources of the Republic of South Africa, if so, what are the estimates?

The MINISTER OF MINES

The Department of Mines is still busy with a re-estimate of the Republic's coal resources and reserves and the figures are therefore not yet available

XIV CONGENITAL ANOMALIES

RAPPORT 17/2/80

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Is steenkool se tyd verby?

DIE grafiek toon die krag van die steenkoolsektor relatief tot indeks vir metale en minerale Dit is taamlik duidelik dat die steenkoolsektor sedert 1974 heelwat beter as die ander afdelings vir metale en minerale gevaar het. Die steenkoolsektor het egter sy krag gedurende die afgelope ses maande verloor. Daar is geen twyfel dat die ander metaalsektore sedertdien beter as die steenkoolsektor begin vaar het nie. Die tendensielyn oor die ultra-langtermyn is steeds ongeskonde. Die korttermyntoestand is egter heelwat anders, want die opwaartse kanaal van 1977/78 is duidelik verbreek. In geheel gesien lyk dit asof die steenkoolsektor oor die korttermyn ietwat kan terugspring en effens sterker as die ander metaalsektore kan vertoon. Oor langtermyn moet metaalaandele, met die uitsondering van steenkool, egter tydens enige groot terugsakking gekoop word. Steenkool het vir die afgelope ses jaar 'n baie goeie lopie gehad Dit beteken nie dat steenkool se tyd verby is, nie, maar wel dat die metaalsektore gedurende die volgende ses jaar sterker sal wees.

— Dr. Clive Roffey

C M	C F	B M	B F
1,24	0,79	0,89	0,74
0,05	0,02	0,04	0,05
0,01	0,02	0,00	0,00
0,00	0,01	0,00	0,00
0,00	0,00	0,00	0,00
0,00	0,03	0,00	0,00
0,04	0,03	0,03	0,00
50	33	54	47

IDITY AND MORTALITY

	W M	W F	A M	A F	C M	C F	B M	B F
					,22	24,78	23,16	22,23
					,02	0,04	0,04	0,00
						–	–	–
						–	–	–
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

IX DISEASES OF THE DIGESTIVE SYSTEM

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,17	0,08	0,10	0,21	0,78	0,29	0,49	0,48
1-4	0,01	0,01	0,00	0,00	0,07	0,10	0,05	0,05
5-24	0,02	0,01	0,03	0,01	0,04	0,03	0,05	0,05
25-44	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
45-64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

X DISEASES OF THE GENITO-URINARY SYSTEM

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,02	0,03	0,00	0,10	0,25	0,10	0,04	0,06
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

RDM 22/12/80

(215)

Amcoal lifts final to 60c

By DON ROBERTSON
Mining Editor

FULFILLING forecasts, Anglo American Coal Corporation has had a successful second six months and has raised the final dividend for the year to December to 60c from 48c in 1978

Attributable profits rose by 24% to R65 511 000 from R52 728 000 on a 25% rise in turnover to R386 238 000 from R308 141 000

The higher turnover partly reflects the increased contribution from the Kriel and Kleinkopje collieries and from Vereeniging Refractories in which Amcoal has a 51% stake

Earnings for the year improved to 278,9c a share from 224,5c covering the total dividend of 90c compared with 72c a barely changed 3,1 times

The relatively heavy cover is understandable because of the substantial capital expenditure that will be incurred in the next few years

Tax was proportionately lower at 19,7%, surprising because of the sharp fall in capital expenditure to R57 634 000 from R71 611 000 reflecting the completion of the Kriel and Kleinkopje collieries

At the current price, the share yields a meagre 3,82% on the dividend The price, however, correctly reflects the group s potential for expansion

It will participate fully in the the second phase of the Richards Bay export programme and will benefit in the current year from the domestic coal price rise announced earlier this month The export price has also improved to about R26 a ton fob Richards Bay and the market for steam coal remains firm

More important is the group s successful negotiation of a substantial contract to supply Escom with 460 million tons of coal for two new power stations Cornelia and Tutuka

It is expected that additional tonnage to supply the power stations will amount to about 11 500 000 tons a year with production starting in about 1985 However, if the Tutuka station is developed to its full planned capacity of 3 600Mw production for the two could be as much as 16 million tons annually

Capital expenditure for the two mines is estimated at R210 million in 1979 money terms, of which Amcoal will fund 60% It will also boost export production by about 4 million tons in the next few years

Production in 1978 reached 30 million tons and should move upwards each year to about 50-million tons by the mid 1980s and the eventual target of 100 million tons

Amcoal hopes to finance its share of the the capital expenditure — spread over about 10 years — from internal funds and loans

RDM 22/2/80. 215

Anglo American Coal Corporation Limited

Incorporated in the Republic of South Africa

Results for the year ended December 31 1979

The following are the audited consolidated results of the company and its subsidiary companies for the year ended December 31 1979 together with the comparative figures for the year ended December 31 1978.

	1979 R000	1978 R000
Turnover	386 238	308 444
Profit before taxation	106 577	87 580
Deduct:		
Taxation — South African Normal	17 480	17 479
— Equalisation	17 354	12 881
	34 834	30 360
Profit after taxation	71 743	57 220
Less: Profit attributable to outside shareholders in subsidiary companies	6 232	4 492
Profit attributable to shareholders of Amcoal	65 511	52 728
Dividends declared:		
No. 112 of 30 cents per share declared August 2 1979	7 047	5 638
No. 113 of 60 cents per share declared February 21 1980	14 095	11 276
	21 142	16 914
Number of shares in issue	23 491 438	23 491 438
Earnings per share (cents)	278,90	224,50
Dividends per share (cents)	90,00	72,00
Dividend cover	3,10	3,12
Net expenditure on fixed and mining assets	57 634	71 611

The annual report will be posted to members on or about March 18 1980

DIVIDEND NO. 113

Dividend No. 113 of 60 cents per share (*1978: 48 cents per share*), being the final dividend for the year ended December 31 1979 has been declared payable to members registered in the books of the company at the close of business on March 7 1980 This dividend together with the interim dividend No 112 of 30 cents per share declared on August 2 1979 makes a total of 90 cents per share (*1978: 72 cents per share*).

The transfer registers and registers of members will be closed from March 8 to 23 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about April 17 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 8 1980 of the rand value of their dividends, less appropriate taxes Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or the United Kingdom on or before March 7 1980. The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries

Per P. J. Eustace
Senior Divisional Secretary

remaining 1 300 Gold Society
gold value.
ith of an ounce of gold, are being
discount of 5% on the ruling
vied, and sales tax is inclusive.

BUSINESS

World set for 'second coal era'

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Star 25/2/80

By Stephen Suckley

Coal is black gold

Day by day the search for an alternative for oil gains momentum in some way or another but coal figures right at the top of the list

When the price of a commodity starts to go crazy or when suppliers start to threaten by limiting supplies, then the question of substitution comes in

The platinum market certainly has fears of this, especially in recent times as the free price has rocketed in line with gold.

Oil at present is suffering a major purge in finding an alternative for it

DANGERS

But the dangers are that the official price of something can suddenly fall through the floor — pulling the rug from beneath the feet of those who rushed into the substitute market

As far as oil is concerned there is little likelihood that the price will crack Known reserves available to the Western world are running out

Weighed against this there are "intangible" sources of oil deep beneath the earth's crust, and seabeds that stand in defiance of today's methods of recovering them, but might be viable with tomorrow's know-how.

ALTERNATIVES

Getting back to the fixing of prices, history has shown that they do not have a pattern of lasting

Take the gold market for instance The Swiss cracked London's traditional market and of course the fixed price of gold at 35 dollars an ounce collapsed when America devalued the dollar

However, the search for alternatives is well spread, and universal when it comes to coal — so perhaps the race for alternatives is money well spent

For South Africa, the development of coal reserves, whether it be for chemical or fuel production or even for exports, has its merit in the light of energy-troubled times.

SAVING

Sasol has proved that it can work and added clout has been given to a politically hated country

Stephen Suckley

Energy

Foreign exchange is saved, enthusiasm fired, jobs created, new investment encouraged, and the domestic purchasing power is given a boost

So, more and more attention is being focused on coal

The Petrick Commission has estimated that there are 25 000m tons of coal available in South Africa, a figure which is now thought to be very much on the conservative side

People are starting to talk about the "second coal era". And South Africa has not been lagging behind in cashing in.

News that AECI, the country's chemical giant, has a huge methanol plant on the cards which could be in production in three years further entrenches coal as a prime source of energy in the country, and adds to a growing list of similar moves such as

- Sasol's R3 000m expansion on its number 3 plant aimed at making the country less dependent on imported fuel by the end of the decade,
- The recent announcement by General Mining and Sentrachem that consideration is being given to large scale investment to produce synthetic fuel from coal;
- Various experiments by individuals and mining house-backed concerns into the feasibility of using methanol as an alternative fuel for the diesel engine

GASOHOL

Add to this the fact that South African motorists will soon be running their cars on a mixture of petrol and alcohol (gasohol) and it can clearly be seen that "substitu[illegible]ver is on the move."

In a recent paper delivered to an energy symposium, AECI's J H R "Ross" Norton said in order for an alternative raw material such as coal to substitute oil, it will be necessary that suitable processes be found to convert coal into the fuels and petrochemical intermediates in use in industry today

"Technically, coal can be used to produce any of the fuels and chemicals presently produced from oil"

REASONS

Mr Norton says that despite the increase in the price of oil (some 300 percent in real terms), oil is still preferred for a great many processes for producing liquid fuels and chemicals

Spelling out reasons for this he says coal is difficult and expensive to handle in bulk Because of this coal-based plants have high capital costs and low energy efficiency, relative to petroleum-based plants.

He said that any switch from oil to coal should take place before oil shortages cause a major disruption to the major economies of the world

Sound reasoning It probably follows that other governments are very interested in the various fuel and chemical coal projects

LABOUR

But it is those with access to coal — and in certain cases the right type of coal — that stand to benefit the most. Fortunately South Africa is one country in this envious position

One dark cloud on the horizon, especially regarding South Africa, is the question of skilled labour. Many top people are anxiously awaiting the full implementation of the Riekert and Wiehahn recommendations, especially as the economy is on the threshold of an upswing

But what if South Africa were to find quantities of oil within her own boundaries

Offshore drilling on a modest scale has been carried out, with little success But South Africa could just as easily discover a major oil field tomorrow in which case would the enormous amounts of money ploughed into research for substitutes be wasted?

Nat Ants raises final

(215) 27/2/80

Mining Editor

NATAL Anthracite Colliery, a member of the Anglo American group, has declared an increased final dividend of 32c for the year to December compared with 30c in 1978 in spite of a moderate decline in profits.

The final takes the total for the year to 50c from 47c previously, but reduces the cover to 2,2 times from 2,4 times

Turnover rose to R21 624 000 from R17 900 000 but produced only a slightly increased pretaxed profit of R5 672 000 against R5 316 000 Tax, however, increased to R1 369 000 from R735 000 — an increase in the effective rate to 34% from 14%.

This left attributable profits of R4 303 000 compared with R4 581 000, equivalent to earnings of 107,6c a share against 114,5c.

The directors say the market price of anthracite was increased from R24,10 a ton to R27,11 a ton with effect from February 5 this year

Zuinguin Natal Collieries has also increased its final to 26c from 22c for a total of 37c against 32c

This was paid on an increase in attributable profits to R606 000 from R547 000 after a rise in turnover to R6 627 000 from R5 818 000 Earnings were 43,3c a share compared with 39,1c, giving an unchanged cover on the dividend of 1,2 times

Vierfontein Colliery has maintained its final at 5c for an unchanged total of 8,5c

Turnover rose to R12 090 000 from R10 062 000, resulting in taxed profits of R372 000 compared with R374 000 Earnings were unchanged at 9,3c a share, covering the dividend 1,1 times

Hansard
27/2/80
4(222)

215

For written reply

Export of coal

4 Mr N B WOOD asked the Minister of Commerce and Consumer Affairs

(1) What was the value of coal exported from the Republic during the last year for which figures are available,

(2) whether his Department has during that year received representations to limit or cease such exports, if so, (a) from whom and (b) with what result?

The MINISTER OF COMMERCE AND CONSUMER AFFAIRS

(1)

Period	Coal	Anthracite coal
1978	R274,6 m	R67,5 m
January to September 1979	R345,4 m	R52,8 m

(2) No

(a) It may nevertheless be mentioned that the 1979 Congress of the National Party of Transvaal considered a motion in which, having regard to the development of the Sasol projects, concern was expressed about the actual quantity of coal which is, in fact, available in the Republic of South Africa, as well as about the question whether the country can on the long term actually afford to export this raw material on a large scale and whether the coal

Major boost for Richards Bay

RDM 6/3/80

Political Staff

THE ASSEMBLY — South Africa's coal export drive through Richards Bay is to be given a major boost costing nearly R300-million, Mr Heunis announced yesterday

Extensive improvements on the line from Broodsnyersplaas to Richards Bay — the main coal artery which was especially built for the harbour — will cost R255-million

"The additional coal berth to be provided at the harbour, together with the harbour rail facilities, will cost a further R32-million," said Mr Heunis

The annual flow of coal through Richards Bay was expected to reach 31-million tons by January 1983, and 44-million by the end of 1985

The combined foreign exchange earnings of the Richards Bay and Sishen- Saldanha Bay projects by the end of 1979 was R1 650-million.

Mr Heunis said that in 1976/77, the first year of operation of the coal scheme, the tonnage conveyed by rail amounted to under 6,8-million tons

In the first 10 months of last year over 18-million tons were recorded — a yearly equivalent of about 21,7-million tons.

Mr Heunis said that maintaining a favourable balance of payments on the current account was a high priority A major factor in the present favourable situation had been the success in exporting Raw materials, minerals and manufactured goods

Wasteland is brought back to life

(215) RDM 12/3/80

Staff Reporter

VAST tracts of land ravaged in the quest for coal are being remade into green pastures in the Eastern Transvaal

The scene of this project is Arnot Colliery, 45km from Middleburg, where a land rehabilitation scheme is restoring the scarred grassland to its former beauty

Against a background of hillocks of rock and black shale, sheep nibble in lush pastures, unperturbed by a massive dragline operating nearby

The dragline is conspicious on the landscape valued at R16-million, it has a 100m long boom

Under the rehabilitation scheme, the land disturbed by the dragline will be returned to agricultural use within a few months

The scheme began in 1977, under the auspices of Anglo American's Amcoal, in conjunction with Escom

Strip mining is used to mine Arnot's 4Mt of coal

This involves trenching the surface with a dragline to expose the coal seams which are then blasted and loaded into trucks Spoil overlying the coal is removed and dumped into empty trenches

The dragline disturbs surface land at the rate of 6ha a month and rehabilitation follows 75ha behind the mining operation

It begins with bulldozers which contour the huge spoil piles

Farming equipment is then used to put back grass and trees Cattle and sheep have also been introduced recently

Costs of rehabilitating a mined-out area range between R5 000 and R7 000 a hectare, but are increased by R2 000 when crops similar to those grown before mining are to be regrown

The cost is passed on to the consumer, but it is intended this will be offset by income from the eventual resale of the rehabilitated land — combined with undisturbed land — to farmers

As it is, expected revenue from crops and livestock from the rehabilitated land is estimated at R94 000

Tweefontein 97c

RDM 14/3/80 (232) (215)

Mining Editor

TWEEFONTEIN United Collieries, a member of the Lonrho stable, has raised its interim dividend to 97c a share from 63c after a 114% rise in the interim payment from Coronation Syndicate, in which it has a 66% interest.

Coronation Syndicate, benefiting from improved gold and copper operations in Rhodesia, has raised its interim to 30c from 14c. This higher payment flowed through to Tweefontein and compensated for the unchanged interim of 18c from Duiker Exploration.

Duiker owns the coal assets of Tweefontein and Witbank Consolidated and the major source of income for these two companies comes in the form of dividends from Duiker.

In contrast, Witbank Consolidated, without the benefit of any additional income source, has declared an interim of 33c compared with 32c previously

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 4

13010 BACHELOR OF ARTS YEAR : 1 13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
155148P	JERVIS	JOSEPHINE ALEXANDRA	115103	ITALIAN INTENSIVE	F	(47)	1	155148P
156426D	JONES	TIMOTHY ARNOT	106103	ECONOMICS IA	F	(44)	1	156426D
160764U	JONES	MARK FRANCIS	115101	FRENCH I	UP	(62)	1	160764U
162323N	JOOSTE	LINDA ADELE	114101 118101	RELIGIOUS STUDIES I CULTURAL HISTORY OF W.E. I	ABS ABS		7	162323N
~~157009M~~	~~KATZ~~	~~MARCELLE FAYE~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~1~~	~~157009M~~
157519R	KENYON	GERDA-MARIE	004101 107101	PSYCHOLOGY I ENGLISH I (PRE-1980)	UP 3NX	(58)	1	157519R
160448A	KOOY	CAROLYN MAY	110101	HISTORY I	UP	(57)	1	160448A
157025E	KOTZE	MONIQUE RUTH	102103	AFRIKAANS EN NEDERLANDS I	F		1	157025E
160168W	KRAMER	JANINE MARIETTA CAROLINE	107101 115101	ENGLISH I (PRE-1980) FRENCH I	3NX F	(48)	1	160168W
~~137458L~~	~~LANCASTER~~	~~DEBORAH ANNE~~	~~103202~~	~~SOCIAL ANTHROPOLOGY I(PRE~~	~~1UP~~	~~(50)~~	~~1~~	~~137458L~~
159478W	LE ROUX	KAREN JEANETTE	908101	GEOGRAPHY I	ABS		1	159478W
~~156804P~~	~~LOUW~~	~~RIAAN~~	~~102103~~	~~AFRIKAANS EN NEDERLANDS I~~	~~UP~~	~~(50)~~	~~1~~	~~156804P~~
130847A	MAHOMED	RIYANI	004101 105104 ~~107101~~	PSYCHOLOGY I LATIN I ~~ENGLISH I (PRE-1980)~~	F F ~~ABS~~	(43) (46)	1	130847A
		VIVIENNE NORAH	102101 908101	AFRIKAANS GEOGRAPHY I	ABS ABS		7	137330X
		GODEON JOZUA	105103	GREEK & ROMAN LIT & PHIL	ABS		1	159321A
		JENNIFER MARY	106103	ECONOMICS IA	ABS		1	150182R
		JENNIFER ANN	004101 103202	PSYCHOLOGY I SOCIAL ANTHROPOLOGY I(PRE	UP 1UP	(52) (50)	1	155800Y
		~~ADRIAN~~	~~601101~~	~~COMMERCIAL LAW A~~	~~ABS~~		~~7~~	~~157772R~~
		RICCARDO EDWARD GREGORIO	115103	ITALIAN INTENSIVE	F	(45)	1	158259W
		~~SANDRA RUCHEL~~	~~106103~~	~~ECONOMICS IA~~	~~ABS~~		~~1~~	~~156326V~~
		CECILIA AGNES	107101	ENGLISH I (PRE-1980)	3NX		1	157549Z
		~~MELISSA JANE~~	~~911101~~	~~MATHEMATICS I M102~~	~~F~~	~~(48)~~	~~1~~	~~159454V~~

UCT

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Amcoal to examine possibility of methanol from coal

18/3/80

CT

By ADAM PAYNE

JOHANNESBURG. — Amcoal, Anglo American Corporation' coal holding and managing company, looks forward to a sucessful year in 1980, with major capital projects being considered in builing up for higher exports.

This is said by the chairman, Mr W G Boustred, in his annual review He adds that Amcoal, in co-operation with major South African interests, will be examining the possibility of manufacturing methanol from coal and it welcomes the government's encouragement of developments in this process

Highlights from Mr Boustred's review are

- Both the coal ming division and the industrial division — Vereeniging Refractories — of Amcoal expect growth in turnover during 1979
- The rapidly-escalating price of oil and realization of the political instability of oil-producing regions has resulted in coal being substituted for oil on a wide scale, together with plans to build new coal- burning capacity
- The new investment opportunities made available by the group's participation in the Richards Bay phase 3 export programme — up to 44-million tons a year — and the detailed planning of the New Denmark and New Vaal Collieries to supply Escom will ensure a growth in Amcoal's earnings in the future
- Conditions in the export market for steaming coal are expected to firm and pricing headway will be made under medium to long-term contracts with established consumers
- Metallurgical coal prices, which have been on a plateau are now being exposed to the pressure of the rising level of world steam coal prices and some price advance can be expected

One of the impressive sections o Mr Boustred's impressive review concerns Amcoal's tremendous reserves of coal and steps to increase these

He says the company's strong coal reserve position was underlined during the year when tenders for coal supplies to new Escom power stations were successful at New Denmark and New Vaal

Between them, these two power stations will consume 551-million tons of coal and a further 215-million tons will be dedicated at New Denmark if Escom execises the option to double the capcity of that power station

Proven reserves owned and available for exploitation were increased during 1979 by 995-million tons to 7 700-million run-of-mine tons

Additional options over 13 000 ha were acquired and it is expected that the target of Anglo American Corporation and its associates in this programme of securing more than 9 000-million run-of-mine tons of proven coal reserves in consolidated coal fields will be met by the end of 1982

This year it is expected that coal rights to a further 500-million tons will be bought These reserves are calculated on 1975 methods of mining and would be greatly increased with present and planned mining methods

New schemes to further increase Amcoal's ability to supply coal competitively on a wide georgrahical bais by improving the strategic siting of reserves will be inroduced in 1980

Other points from the review are

- At the end of the year Amcoal's collieries had capital spending programmes estimated at R371-million in 1979 money compared with R124-million at the end of 1978
- Escom and Amcoal have agreed that Amcoal will now fund the entire capital cost of completing Kriel colliey, estimated at R101 500 000 Amcoal will thus invest a further R28 900 000 in the colliery in 1980
- Anglo's exporting collieries railed 6 700 000 tons of steaming and metallurgical coal to Richards Bay in 1979 Kleinkopje export colliery will produce steam coal at a rate of 2 500 000 tons a year in the first stage of its development compared with the original planned 2 200 000 tons
- Although steaming coal export prices have improved it is clear that further real advances in pricing will be necesary to enable new mines to be brought into production worldwide to meet the increasing deand for internationally-traded steam coal
- Amcoal remains confident that its participation in the phase 3 export programme will make a valuable contributoon to its future earnings

Japan to announce anti-inflation package

TOKYO — Prime Minister Masayoshi Ohira said the government will introduce a package of price-curbing measures within 10 days to combat inflation

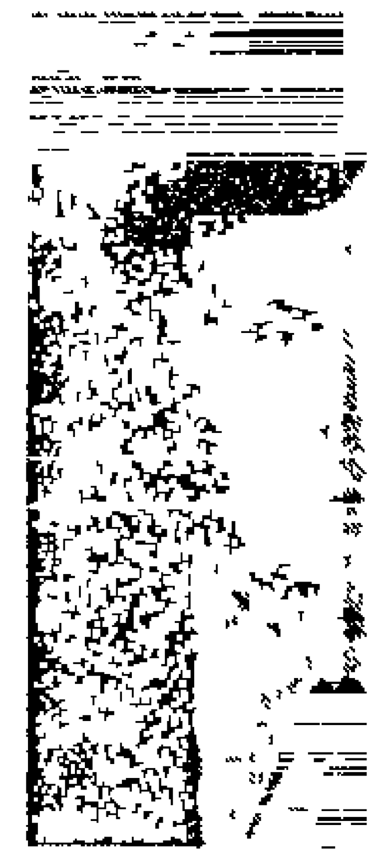
Mr Ohira also told the upper house of Parliament that the government will do its best to restrict a rise in the consumer price index in fiscal 1980, starting next month on its 6,4 percent target He did not give any indications of measures that may be introduced

Exports slash deficit

TOKYO — A big increase in Japanese exports sharply reduced this country's world trade deficit in February from the previous month, the Finance Ministry said yesterday

The value of Japanese exports last month rose by 23 percent over the corresponding month of last year, the biggest year-on-year increase in 17 months it said

However, February imports, boosted by higher crude oil and other fuel prices, showed a 46 percent increase



Mr A J Badenhorst, left, manager of Hun (Engineering) has been appointed a director of manager of Murray and Roberts (Engineerir appointed an alternative director of the con manager mechanical and electrical, for Mur appointed an alternative dir

Mr John Allison has been appointed chief executives of the bearings and services division of Hubert Davies Engineering Supply Co, a Blue Circle company

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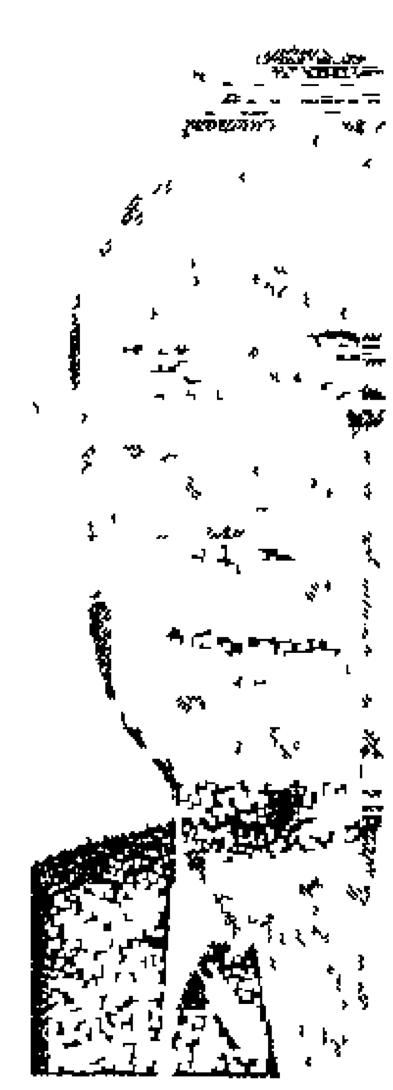
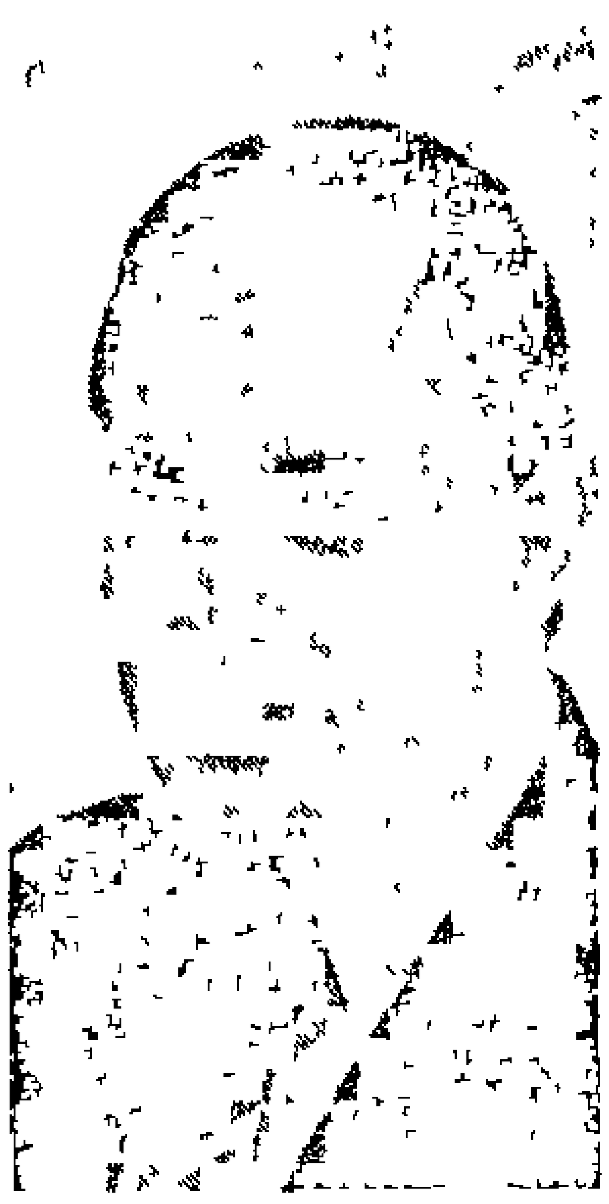
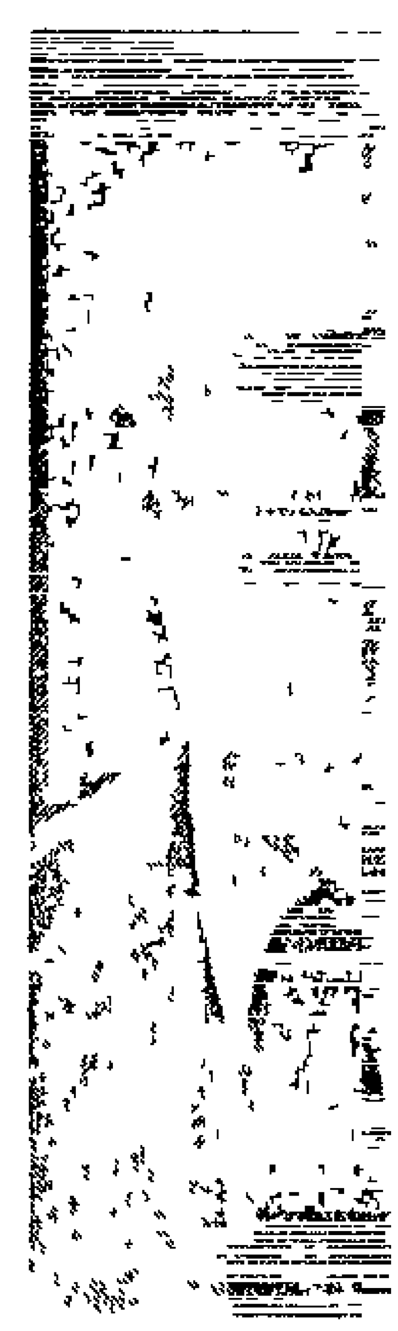


A South Africa H Havenga, has pointed direct struction, Midd the Otis Elevator



Mr Ken Mourant has been appointed managing director of Lectrolite (Pty) ltd, a company in the Saficon group He succeeds Mr Herbert Muller who becomes deputy chairman



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Amcoal is gearing up for surge in exports

215

RDM 18/3/80

By ADAM PAYNE

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RDM 19/3/80 ~~214~~ 215

Why Unicorp needs Genmin

By ADAM PAYNE

GENERAL MINING and Union Corporation shareholders will decide at meetings today whether to accept the merger proposals made by General Mining. If accepted the resulting combined mining house will be second only to Anglo American Corporation in size

Union Corporation minority shareholders will be asked to accept the proposals for a merger

General Mining shareholders will be asked to approve a rights issue to raise R189-million to finance expansion programmes now being considered by Genmin

An eve-of-poll evaluation of the proposals by a Johannesburg stockbrokers says that Union Corporation shareholders will benefit considerably by the merging of the two groups. They recommend acceptance of the Genmin offer.

The report says "The final merging of these groups not only provides a wider spread of interests, both actual and potential, but would also appear to be essential if future capital commitments are to be adequately funded"

Without taking into account the value of General Mining's Northern Transvaal coalfield, which it considers of great future potential, the report says the merger is much needed to give the muscle for future ventures

Without it the individual groups could not embark on these ventures when it is realised that a twin shaft system for Western Deep Levels will cost R750-million in today's money and expansion of Sappi will cost R500-million

Summing up future capital needs the three analysts who compiled the report say "To cover the cost of the Beatrix and Beisa mines, the coal-processing projects and probably certain other gold mines, we arrive at a potential capital commitment over the next five years of about R3 000-million

"This is 1½ times the present combined market capitalisation of the two companies. There is thus considerable logic in establishing an asset base capable of bringing such projects to fruition"

The analysts estimate dividends from Union Corporation, as a separate company, at 94c this year, compared with 62c last year, 120c in 1981, and 144c in 1982

After a merger they estimate the dividends at 120c this year, 150c in 1981, and 185c in 1982

The Union Corporation shareholder will thus receive higher income after the merger

A General Mining shareholder's dividends, without the merger, are estimated at 135c this year, 180c in 1981, and 215c in 1982

Thus the General Mining shareholder sacrifices income in the short term as a result of the dilution of equity

His only consolation in the short term is the rights offer which does not fully compensate for the decline in income and net asset value

At a price of 1 850c, Genmin is on a prospective dividend yield ex offer of 7,1%

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

13010 BACHELOR OF ARTS YEAR : 1 13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~0859133~~	~~ABRAHAMS~~	~~NASLEY~~	~~004101~~	~~PSYCHOLOGY I~~	~~2~~	~~(61)~~	1	~~0859133~~
152249N	ACKFRMAN	KATHRYN JANE	115101	FRENCH I	F	(34)	7	152249N
~~154508U~~	~~ACKERMAN~~	~~BARRY JOHN~~	~~004101~~	~~PSYCHOLOGY I~~	UP	(54)	1	~~154508U~~
			908101	GEOGRAPHY I	UP	(60)		
157349G	ADAMS	ZULEIGA	911101	MATHEMATICS I M102	F	(44)	1	157349G
			911102	MATHEMATICS IA	3	(50)		
		FUAD	104101	ARCHAEOLOGY I	UP	(55)	1	155374K
		~~MARIA JOAO CARDIGA~~	~~115101~~	~~FRENCH I~~	F	(39)	1	~~153885R~~
		CLIVE ANTHONY	107101	ENGLISH I (PRE-1980)	3NX		1	162594H
		~~HENRY NICHOLAS~~	~~110101~~	~~CULTURAL HISTORY OF W.E. I~~	~~ABS~~		1	~~117046Z~~
		CRAIG KEIN	004101	PSYCHOLOGY I	UP	(53)	1	157724P
			105202	SOCIAL ANTHROPOLOGY I(PRE 1	UP	(54)		
			~~906101~~	~~GEOGRAPHY I~~	UP	(51)		
		LINDA JEAN	101103	AFR LANG INTENSIVE (XHOSA)	ABS		1	162809K
			502113	HISTORY OF ART I	ABS			
		CAROLINE ALISON JANE	106104	ECONOMICS IB	UP	(61)	1	153940B
		CLIVE CARL	107101	ENGLISH I (PRE-1980)	F	(37)	7	115210D
			~~603102~~	~~ROMAN LAW & JURISPRUDENCE IF~~	F	(46)		
		SYLVIA MARITA	115102	FRENCH INTENSIVE	F	(36)	1	159729U
			116120	DRAMA I	UP	(50)		
		MARK DAVID	110101	HISTORY I	UP	(51)	1	155052K
		LOHELLE	117101	POLITICAL SCIENCE I	3	(52)	1	138311N
		KIM	107101	ENGLISH I (PRE-1980)	3NX		1	161780Y
		MICHAEL CLIFFORD	106104	ECONOMICS IB	UP	(53)	1	157700N
			~~110101~~	~~HISTORY I~~	F	(44)		
		MARTIN FRANCIS CORNELIUS	117101	POLITICAL SCIENCE I	ABS		1	153399N

Modesty the key to Natal coal mines (215)

RDM 19/3/80

Mining Editor

VRYHEID Coronation, in the Anglo American stable, expects earnings in the current financial year to be similar to the R5 651 000 earned in 1979, the directors say in their report for the year to December.

Production of coking coal is expected to be marginally lower, but demand is forecast to continue at the improved level experienced towards the end of last year. This will result in a decline in coking coal available for Iscor

Reserves of saleable coking coal are estimated at 7 800 000 tons and if mining continues at the current rate, they will be exhausted in about 10 years.

However, an agreement has been reached with Enyati Colliery to exploit the remaining reserves on its property about 40km from Vryheid Drilling is in progress to establish the extent of these reserves and until the results are available, it is not possible to estimate what they will mean to the life of Vryheid However, it is hoped that the life will be extended by two to three years

Natal Anthracite expects only a modest increase in profits in the current year.

Production is expected to be maintained at about last year's level and no difficulty is seen in marketing the product

Although most export contracts for 1980 show statisfactory price increases, a disappointing price was obtained for low ash duff, which constitutes 19% of group sales tonnage In addition, carryover contracts from last year will weaken the effects of the price increase on the annual results.

Domestic household consumption is expected to decline, but industrial demand should increase for high-quality anthracite, say the directors.

Zuinguin is looking for improved earnings in the current year in spite of an expected decline in sales to Iscor to 360 000 tons from 888 000 tons in 1979.

The coal-supply agreement with Iscor ended in June last year, but Iscor has bought coal from the mine since then and will continue to do so until a new agreement is reached.

Negotiations are well advanced and a reassessment of the reserves in the remaining area is being undertaken. Should this prove satisfactory, it is expected that a new agreement will be signed with Iscor

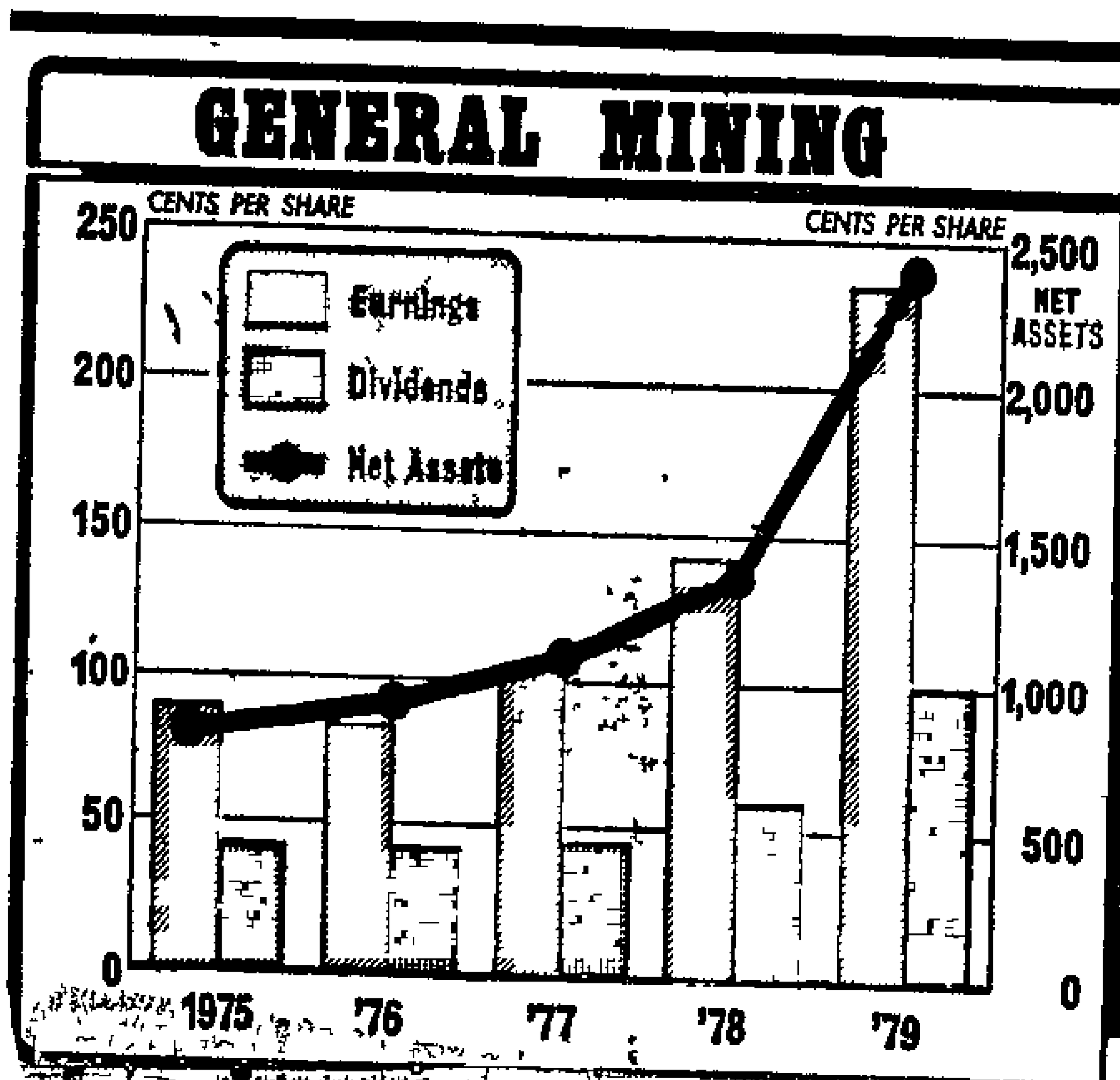
The possibility of exploiting the lower-grade coking coal reserves in the eastern area of the Indumeni colliery was studied at Iscor's request and cost last year. The investigation is expected to be completed this year and if it is decided to develop the area, supplies of coal should start in 1983 This could extend the life of Indumeni by about two years Iscor will finance the project should it be decided to go ahead

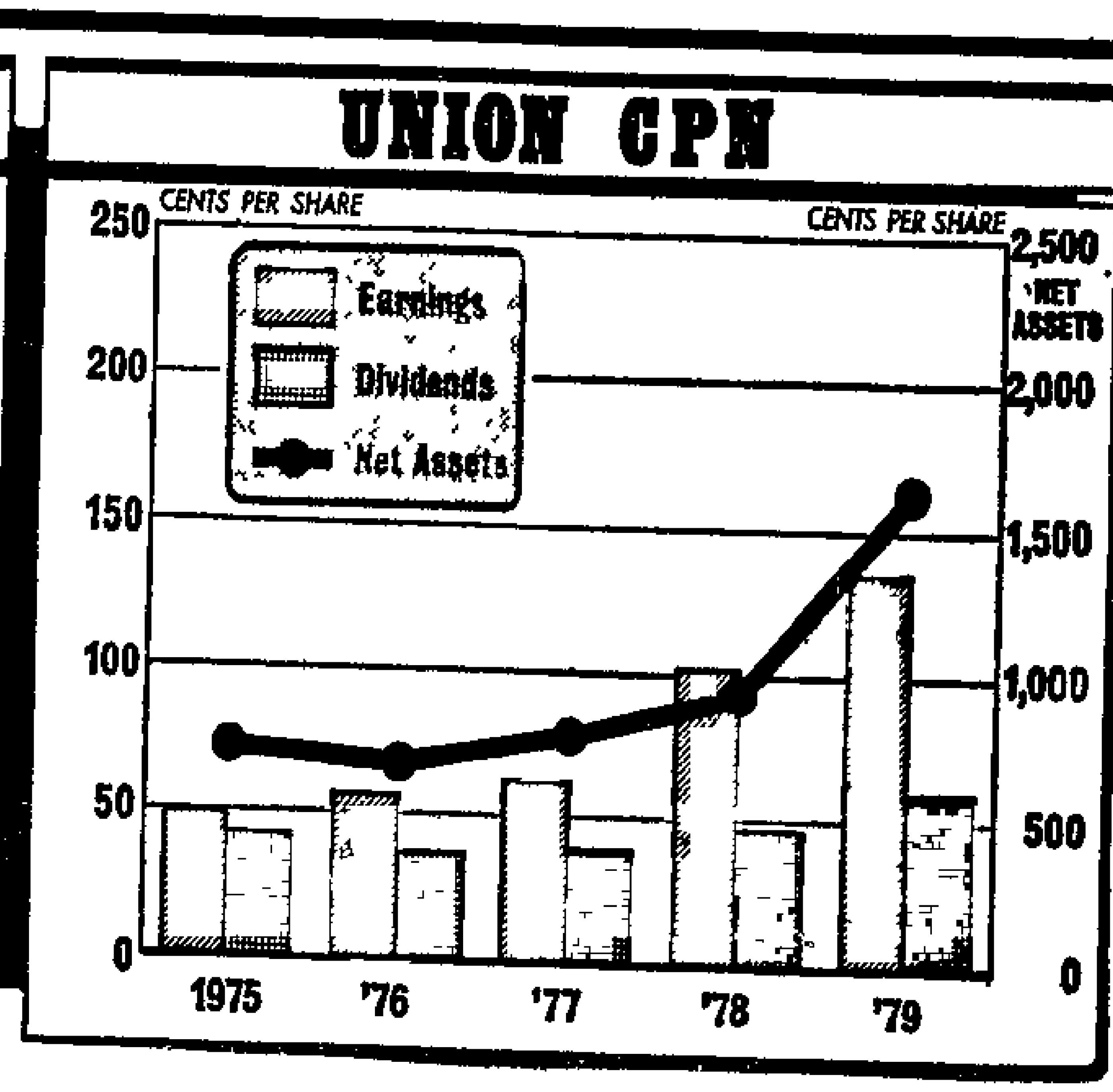
Vierfontein Colliery forecasts a decline in sales to Escom to 90 000 tons a month this year from 137 000 tons a month last year, reflecting the reduction in Escom's required output from Vierfontein power station.

This is expected to have an adverse effect on profits, although it could be offset by improved contractual arrangements with Escom

Reserves are estimated at 11-million tons, but it is possible that this may increase to 15 200 000 tons by the inclusion of additional opencast reserves which are overlain by a greater depth of overburden than those now being mined.

These reserves are should be sufficient to meet Escom's indicated burning requirements for the remainder of the power station's life





Unicorp deal through

215 214

By DON ROBERTSON
Mining Editor

SHAREHOLDERS of Union Corporation, at a series of meetings in Johannesburg yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining.

The merger will create South Africa's second-biggest mining house with assets of R2 700-million RDM 20/3/80.

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

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

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

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

At a General Mining meeting, shareholders voted unanimously in favour of the acquisition by General Mining of all the shares in Union Corp not already held. General Mining shareholders also approved plans to inject R189-million cash into their company through a 30-for-100 rights issue at R15 a share

Modesty key to Natal coal mines

JOHANNESBURG. — Vryeid Coronation, in the Anglo American stable, expects earnings in the current financial year to be similar to the R5 651 000 earned in 1979, the directors say in their report for the year to December.

Production of coking coal is expected to be marginally lower, but demand is forecast to continue at the improved level experienced towards the end of last year

This will result in a decline in coking coal available for Iscor Reserves of saleable coking coal are estimated at 7 800 000 tons and if mining continues a the current rate, they will be exhausted in about 10 years

However, an agreement has been reached with Enyati Colliery to exploit the remaining reserves on its property, about 40 km from Vryheid

Drilling is in progress to establish the extent of these reserves and until the results are available it is not possible to estimate what they will mean to the life of Vryheid

However, it is hoped tha the life will be extended by two to thee years **Natal Anthracite** expects only a modst increase in profits in the current year Production is expected to be maintained at about last year's level and no difficulty is seen in marketing the product

Although most export contracts for 1980 show statisfactory price increases, a disappointing price was obtained for low ash duff, which constitutes 19 percent of group sales tonnage

In addition, carry-over contracts from last year will weaken the effects of the price increase on the annual results

Domestic household consumption is expected to decline but industrial demand should increase for high quality anthracite, say the directors

Zuinguin is looking for improved earnings in the current year in spite of an expected decline in sales to Iscor to 360 000 tons from 388 000 tons in 1979 The coal supply agreement with Iscor ended in June last year, but Iscor has purchased coal from the mine since then and will continue to do so until a new agreement is reached

Negotiations are well advanced and a reassessment of the reserves in the remaining area is being undertaken Should this prove satisfactory it is expected that a new agreement will be signed with Iscor

The possibility of exploiting the lower grade coking coal reserves in the western area of the Indumeni colliery was studied at Iscor's request and cost last year The investigation is expected to be completed this year and if it is decided to develop the area, supplies of coal should start in 1983 This could extend the life of Indumeni by about two years

Iscor will finance the project should it be decided to go ahead

Vierfontein Colliery forecasts a decline in sales to Escom to 90 000 tons a month this year from 137 000 tons a month last year, reflecting the reduction in Escom's required output from the Vierfontein power station

This is expected to have an adverse effect on profits, although it could be offset by improved contractual arrangements with Escom

Reserves are presently estimated at 11-million tons, but it is possible that this may increase to 15 200 000 tons by the inclusion of additional opencast reserves which are overlain by a greater depth of overburden than those currently being mined

These reserves are should be sufficient to meet Escom s indicated burning requirements for the remainder of the life of the power station

Unit trusts

	Buyers	sellers	yield
SA Growth	332 91 (329 80)	328 75 (305 86)	4 66 (4,70)
NGF	199 87 (196 36)	186 56 (183 28)	3 50 (3 56)
SA Trust	143 65 (141 22)	134 01 (131,74)	4 18 (4 25)
Old Mutual	314 95 (312 20)	294 57 (292 00)	3 63 (3 66)
UAL	329 61 (326 21)	311 10 (307 90)	4 42 (4 47)
Sanlamtrust	310 66 (307 00)	290 25 (286 83)	4 25 (4 30)
Trust	97 04 (94 66)	90 52 (88 31)	4 43 (4 54)
Santamgro	137 38 (135 45)	128 19 (126 38)	4 22 (4 28)
Syfrets	96 20 (95 32)	90,72 (89 89)	5 34 (5 39)
Guardbank	295 80 (294,25)	278 20 (276 82)	4 28 (4 31)
Standard	206 91 (205 29)	196 54 (194 94)	4 44 (4 48)
Standard Income	102 86 (102 86)	100 32 (100 32)	9 25 (9 25)

— Reuter

Associated Ore and Metal Corp — Pre-tax profit R2,78m (R2,12m) for six months ended December 31 Interim dividend 60c (40) Taxed profit R2,39m (1 44m) Tax R433 000 (539 000), minorities R40 000 debit (R139 000 credit) Listed investments — book value R8,14m (8,03m), market value R56,73m (41,59m) — Reuter

NATAL MERCURY 21/3/80

~~107~~ 215

Coal mining plans well advanced, says chief

Mercury Reporter

PLANS for the exploitation of millions of tons of coal deposits in the Nongoma area of KwaZulu are well developed and employment will be created on a massive scale.

This disclosure by Chief Gatsha Buthelezi, Chief Minister of KwaZulu, is contained in the first issue of Action, a new journal for the KwaZulu Development Corporation.

Chief Buthelezi says the known coal reserves in the Nongoma district total many millions of tons.

He points out that Nongoma will be developed at a greatly increased rate. At least 500 new houses will be built there in the near future.

The KwaZulu leader says the climate is right for investment in the territory. The area has the facilities the industrialist or financier seeks and it also has stability.

He continues: "My personal philosophy is that KwaZulu should always be regarded as an integral part of South Africa. It is this total commitment to have KwaZulu remain inside South Africa that I offer as a guarantee to industrialists who wish to invest here.

It is the carrot that my Government dangles before foreign as well as South African investors. We will not jeopardise their investment by creating the circumstances for violent confrontation in which the economy will be destroyed."

From our side, we would like to ensure that projects undertaken in KwaZulu will be not only viable but also financially attractive. Therefore a number of concessions will have to continue to be made for the foreseeable future.

"These include loans, rebates on plant and the black wage bill, assistance in moving plant to the new site, housing concessions for key staff from outside, transport concessions and advantages when tendering for Government purchases."

Apex forecasts drop in profit

(215) RDM 21/3/80.

By ADAM PAYNE

APEX MINES, the GFSA colliery, has issued a dampening annual report. Mr Robin Hope, the chairman, forecasts that it is likely that the cost of sales in 1980 will increase at a faster rate than sales revenue and there will be a lower gross profit level.

In spite of the prospect of little or no increase in sales and a high level of capital spending, Mr Hope says it is envisaged that it will be possible to maintain the dividend rate this year at the same level as that last year

It is unlikely that the mine will be able to expand production greatly in the next few years, because of a limitation of markets, capital spending is likely to continue at a high level and will be about R6-million this year

It is unlikely that sales of low-ash coal in 1980 will exceed those of 1979

Export sales of power station smalls will be limited by the TCOA's export allocation

Sales of metallurgical coal to Highveld are running at the maximum capacity of the No 5 seam plant.

There is the possibility of a small increase of TCOA sales of No 4 seam coal Production from this seam is running at less than 30% of the capacity of the plant.

COMMENT: In the face of inflation, Mr Hope's forecast of a maintained dividend is not cheering. The dividend last year totalled 130c giving a yield of only 5,3% on yesterday's share price of 2 450c.

The yield is higher than Amcoal's, but Amcoal should be a much better investment because of its prospects of enormous production and sales and increased exports.

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

13010 BACHELOR OF ARTS YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~162004R~~	~~BURNE~~	~~SUZANNE ELIZABETH~~	~~106103~~	~~ECONOMICS IA~~	~~F~~			
158955C	CARO	SALLY-ANN	107101	ENGLISH I (PRE-1980)	F			
			116120	DRAMA I	2-			
			~~116101~~	~~CULTURAL HISTORY OF W.E. I~~	~~3~~			
162195Z	CHAIT	CHERYL	102101	AFRIKAANS	UP			
~~153965D~~	~~CLARKE~~	~~PENELOPE JILL~~	~~105202~~	~~SOCIAL ANTHROPOLOGY I (PRE~~	~~1UP~~			
157789K	COHEN	DAVID	104101	ARCHAEOLOGY I	2-			
			110101	HISTORY I	F			
156503M	COLLIER	LINDSEY JEANNE	911101	MATHEMATICS I M102	UP			
			916103	ANIMAL BIOLOGY (HALF COURSE)	UP			
~~153999D~~	~~COLLINS~~	~~BEVERLEY RHYNO~~						
153621E	COUCHER	ROBERT GEORGE RENESON						
~~153572X~~	~~COURIE-JAY~~	~~COLETTE~~						
153796V	DAVIS	CASSANDRA ELAINE						
~~140457N~~	~~DELAHUNTY~~	~~ANNA TERESA~~						
162384E	DOMAN	MICHAEL EDWARD						
~~155931D~~	~~DU PLESSIS~~	~~MARCIA ELIZABETH~~						
158919N	DUNCAN	ANDREW SYMON						
156415R	ERASMUS	ARNO JACQUES ERASMUS						
~~162310Z~~	~~EVANS~~	~~GAVIN MARK READ~~	~~101103~~	~~AFR LANG INTENSIVE (XHOSA)~~	~~3~~	~~(57)~~		~~162310Z~~
161480X	FAFAK	GIULIETTA	107101	ENGLISH I (PRE-1980)	3NX		1	161480X
~~153863T~~	~~FARQUHAR~~	~~GILLIAN DEBORAH~~	~~115101~~	~~FRENCH I~~	~~UP~~	~~(57)~~		~~153863T~~
152866J	FARRELL	MICHAEL BRUCE	004101	PSYCHOLOGY I	UP	(55)	1	152866J
~~157359T~~	~~FINLAY~~	~~PAMELA JOAN~~	~~104104~~	~~ECHONOMICS IB~~	~~UP~~	~~(52)~~		~~157359T~~
			115102	FRENCH INTENSIVE	UP	(54)		
			115103	ITALIAN INTENSIVE	UP	(54)		
~~159744K~~	~~FIORAVANTI~~	~~LUIGINA~~	~~214102~~	~~PHYSICS IA~~	~~UP~~	~~(58)~~		~~159744K~~

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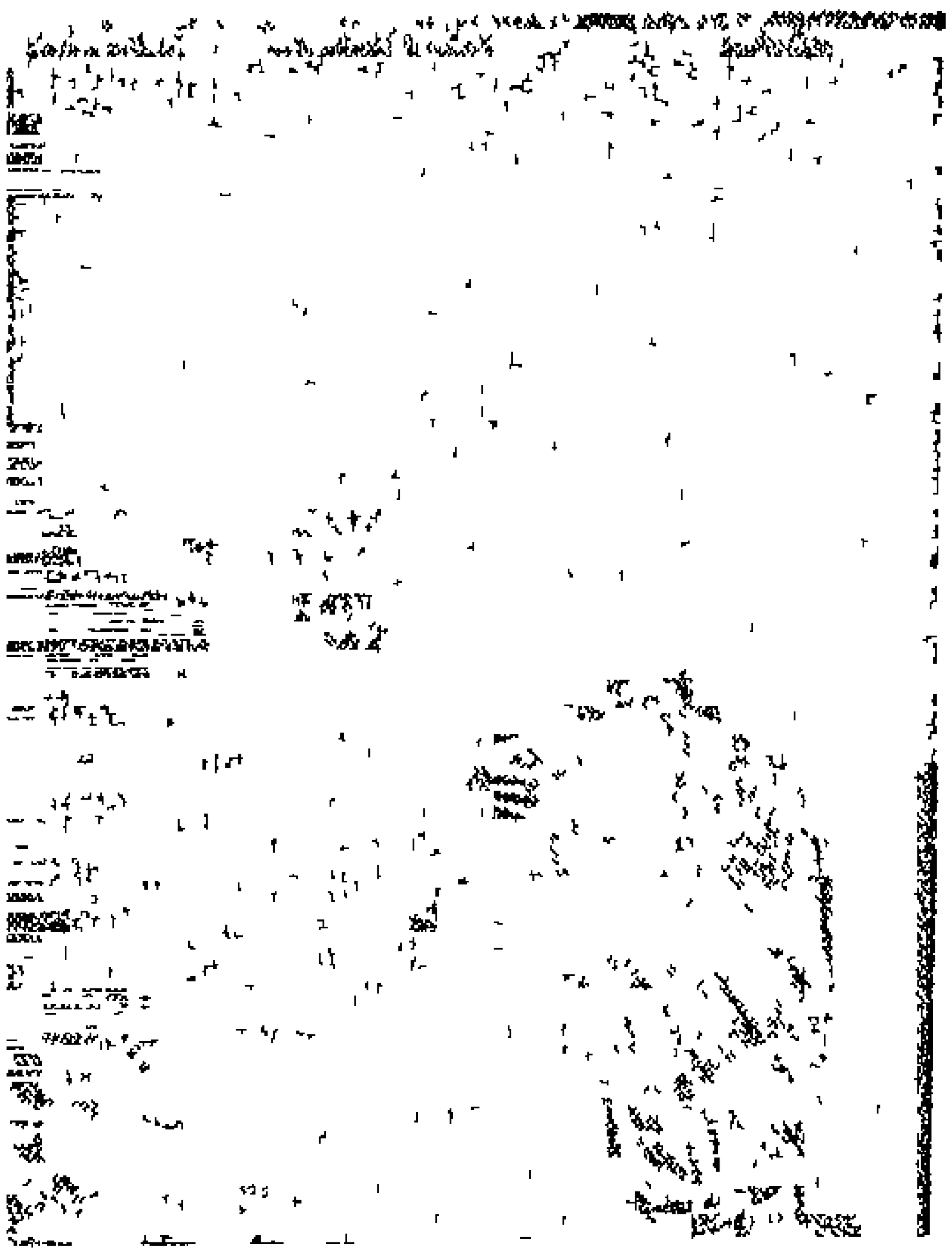
›al-mine fears are rekindled

›scor probe?



'eft of the koppie, near the Levubu River

By

Graham Ferreira

A VISIT to the Kruger National Park by a high-level deputation from Iscor recently has rekindled fears that the park is to be mined for coal

Fears are growing that in spite of public demand that the park be left untouched, Iscor may go ahead with plans for a coal mine in the Parfuri area of the northern section of the Kruger Park

Zoologists say that the plan could have disastrous effects on the park as a whole

The area under consideration is one of the most remote areas and is the heart of the breeding ground for the park's elephant herds Many prospecting holes have been drilled there already This week, Mr Mike Nicol, editor of African Wildlife, the magazine of the Wildlife Society, said an Iscor deputation had visited Punda Milia camp, near the likely site for a mine

If mining development did take place, it could also involve a dam on the Levubu River (an important tributary of the Limpopo), the building of a mining town and a railway line through the park

Thousands of people have signed petitions against a mine

The head of the mining section of Iscor, Mr Michael Deats, told me an Iscor group had visited the Kruger Park.

But he said they had merely gone to Punda Milia 'for tea'.

'We have a drilling camp in Venda (near the border of the park) and we use the airfield at Punda Milia We went to the camp for tea We are not drilling in the park,' he said

GOOD LOOK

Mr Nicol said he believed the deputation had a 'good look around' inside the Kruger Park

Mining experts believe that if the coking coal deposits in the Kruger Park are to be mined, the infrastructure and shafts might be sunk inside Venda

Mr Nicol said: 'As far as I can see, if they mine those coal seams they will use open cast technique

'Wherever they put the mine they will have to dam the Levubu River, and the effects of that to the area will be very, very, bad,' he said

Mr Clive Walker, director of the Endangered Wildlife Trust said that the principle at stake was that it appeared that the prospecting holes and the permission to drill had been granted in contravention of the National Parks Act.

SACRED

'If they don't observe the Act what's the point of having laws, and if they change the act to allow mining then the future is very black Then nothing is sacred' he said.

'The area where they want to put that coal mine is possibly the most important area in the whole park'

Among the fears expressed by zoologists, ecologists, and conservationists should mining take place are

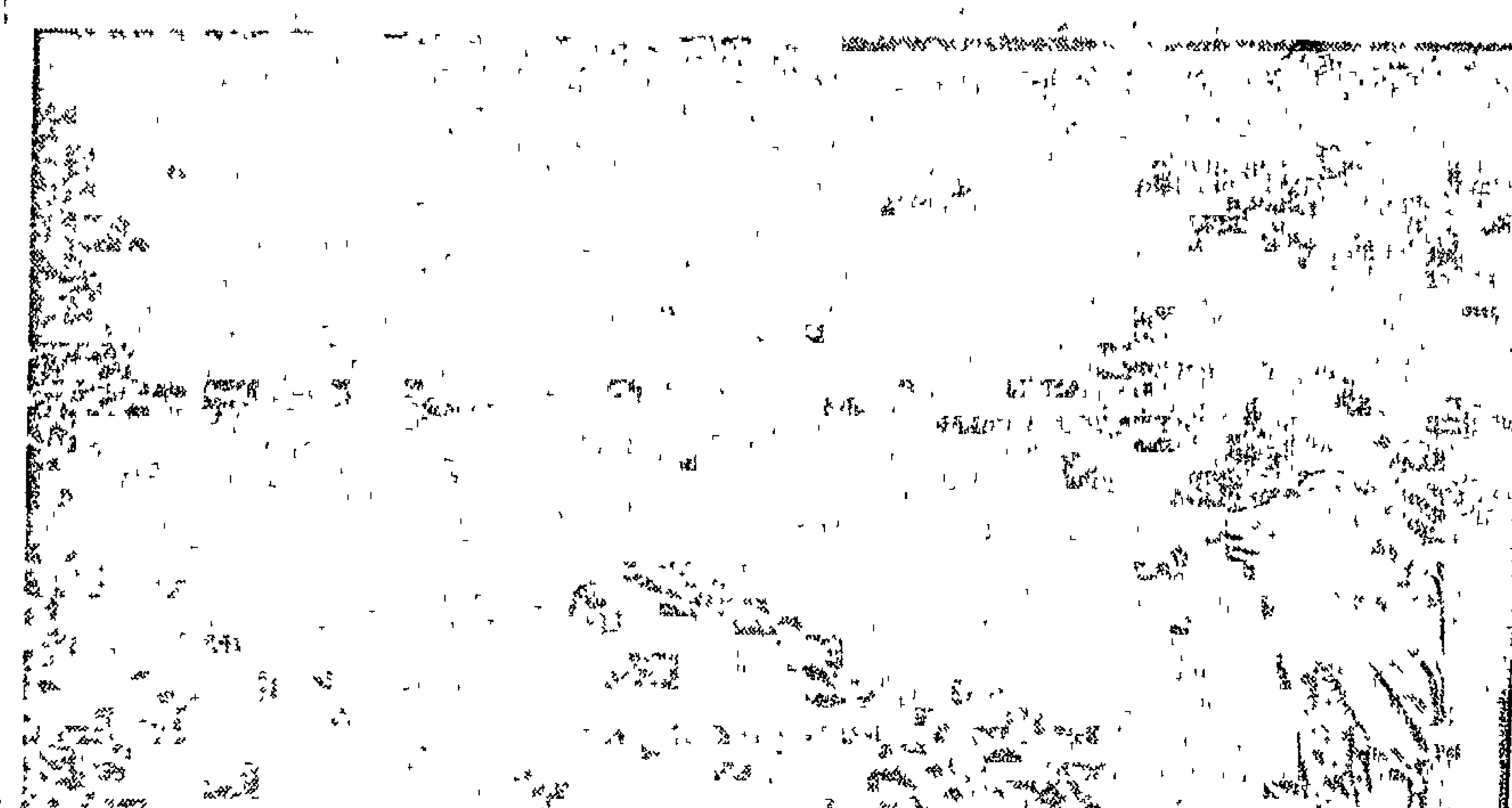
- Most of South Africa's boabab trees in a protected area are found in Parfuri These could be badly affected by any change in the water table cause by damming the Levubo River
- South Africa's only mopani forest in a protected area occurs nearby This could be destroyed or badly damaged
- The most important breeding ground in South Africa for elephants would be seriously disturbed
- The Levubu River would be seriously polluted and this pollution would find its way into the Limpopo
- Before the presence of coking coal seams became of interest to mining concerns, plans were afoot to turn a large part of the area into the worlds most exciting wilderness trail These plans may now have been scotched

UCT

22/3/80 215

Kruger Park coal-mine

New Iscor



THE most likely site for the mine is just behind and to the left of the koppie, near the Levubu River in the foreground.

The Star
Tuesday March 25 1980
CLASSIFIED ADVERTISEMENTS INSIDE

215

Anglo American coal is spending around R7 000 a hectare to rehabilitate "spoil" — the rocky ground that is thrown up in digging down to the coal seam in strip mining

Reclaiming the Vaal highveld

CARE Reporter

Coal mining groups and Escom are spending several million rands on turning strip-mining dumps into land fit for farming in the Eastern Transvaal.

At Arnot Colliery in the Eastern Transvaal, Amcoal has flattened and regrassed about 200 ha of "spoil", — the rocky ground that was thrown up in digging down to the coal seam

The rehabilitation of spoil costs about R7 000 a hectare If the land were to be sold, it would fetch between R200 and R500 a hectare

Some shareholders might describe this as a waste of money An outlay of about R1,5-million adds a mere 200 ha to Transvaal farmland

Yet as Amcoal's ecology consultant, Professor John Phillips points out "The value of Arnot's effort lies not in the 200 hectares themselves, but in setting an example to future strip mining which will run into thousands of hectares'

The case for reclaiming mined land arose in 1970 when General Mining opened Optimum Colliery at Hendrina, Eastern Transvaal This was the first open-cast coal mine in South Africa

The open-cast mining of other minerals, such as diamonds at Finsch mine and copper at Prieska, takes place at concentrated deposits This type of mine creates a huge hole and a few dumps around it But strip mining follows the coal bed for kilometre after kilometre gouging out successive trenches, and throwing up row upon row of spoil heaps

Overburden

An idea of how much land will be distributed in this way is provided by the facts that Arnot will continue for 35 years and Optimum will last 30 years

The alternative to the strip method is underground mining This technique is applied at the older collieries whose coal beds lie at depths which make it uneconomic to use strip mining

The newer collieries — Arnot, Optimum, Kriel and Kleinkoppie — are situated at places where the overburden is so shallow that the advantages of strip mining cannot be resisted

Arnot's overburden is 20 to 25 metres deep The mine manager, Mr H C "Billy" van Zyl, estimates that were the most sophisticated underground techniques to be used, the mine would recover only 40 percent of the coal seam

With strip mining, Arnot recovers 90 percent

Its disadvantage is that reclaimed land is unlikely to be as fertile as undisturbed soil The rehabilitated ground has a thinner layer of top soil, a higher rock content, and its natural acidity-alkaline balance has to be rectified

One of the main motives for rehabilitation is that if the mines did not take the initiative, pressure groups such as farmers and conservationists would force the Government to impose conditions.

This occurred in the US where some collieries left their spoil dumps like long welts across the land When the Government did legislate the mines found the stipulations to be excessively punitive.

South African strip mines began their rehabilitation within a few years of the start of operations Optimum has already regrassed 236 ha and Arnot's restoration programme is never more than two rows of dumps behind the advancing pit

As Billy van Zyl puts it, "We thought we should take the lead rather than wait to be pushed "

Production

The Chamber of Mines has drawn up a code of practice for strip mining and the Government has approved it The main consumer of coal, Escom is helping to offset the costs of rehabilitation

The code obliges the mines not only to flatten their dumps, but also to establish vegetation which "if possible" is of economic value.

Optimum began its rehabilitation on ground that was a swamp before it was mined Experiments with pine trees, beans failed, but sunflowers and mealies have taken well.

The mine manager, Mr Rob Cowley, hopes to begin large-scale crop production on the dried land that is being [illegible] now

Kriel and Kleinkoppie are newer Amcoal mines and so have regrassed only a few hectares

From this season's results, Arnot hopes to be able to support sorghum on a third of the reclaimed land The rest will support livestock

So far the plant density of the sorghum fields is lower than what a farmer would require, but Professor Phillips is confident that adequate rainfall and continued nursing of the soil will yield a better crop

"Nature is a funny old woman," he smiles. "You can push her so much, but then you've just got to wait "

25/3/1980

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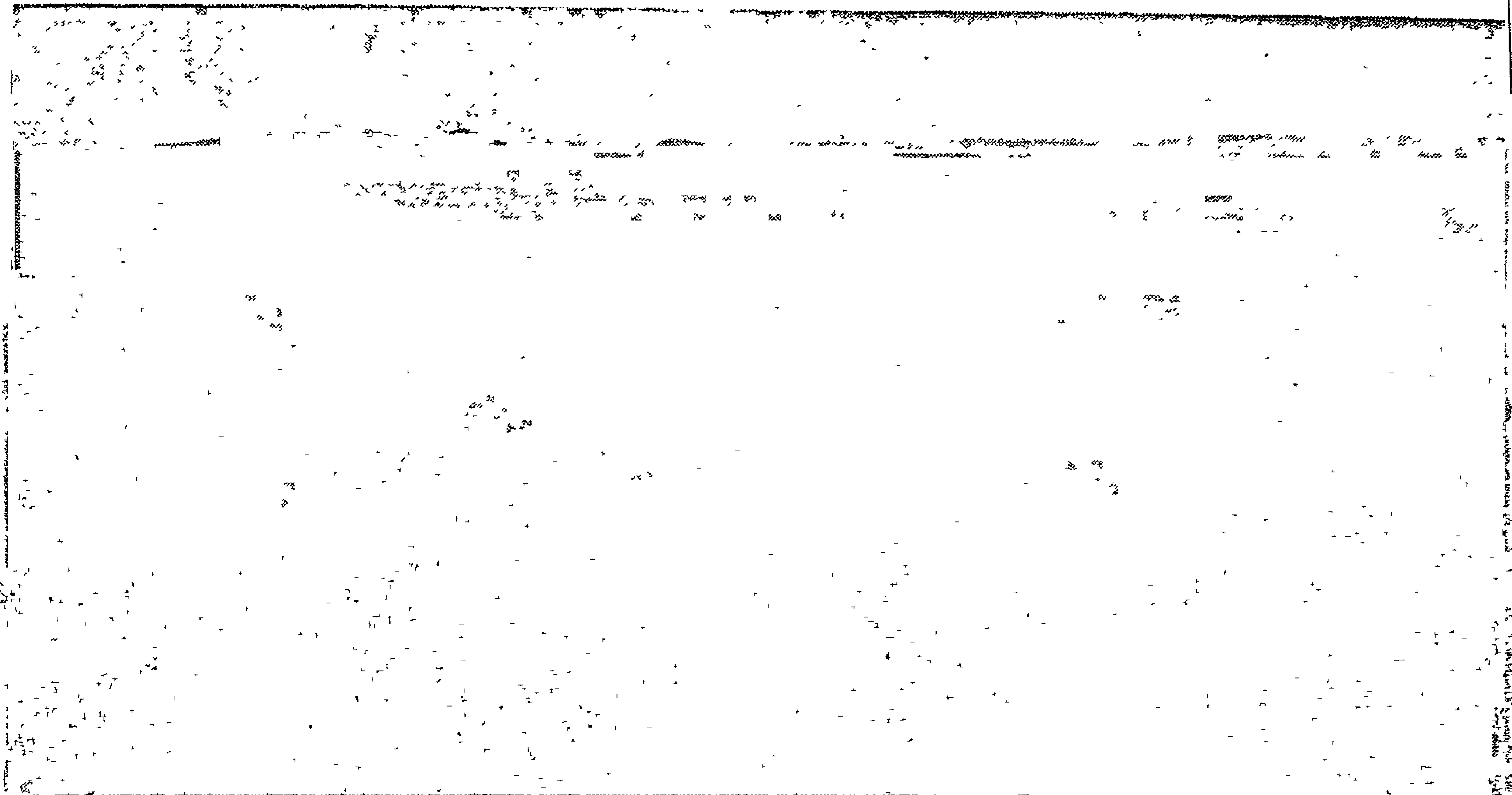
BRIEFING



This row of spoil dumps at Arnot Colliery will be flattened and grassed until it is like the land in the background. Strip mining reduces the fertility of the soil, but it recovers so much more coal than underground methods that it cannot be avoided, particularly at today's energy prices. However, the rehabilitated land can support livestock and possibly crops.

AMCOAL

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More growth ahead

FM 28/3/80

Activities: *Holding company for Anglo American group's coal interests Has 12 operating collieries and is SA's largest coal corporation Has a 51% interest in Vereeniging Refractories Anglo holds 48,6% of the equity*

Chairman: *W G Boustred, managing director D Rankin*

Capital structure: *23,5m ordinaries of 50c Market capitalisation R564m*

Financial: *Year to December 31 1979. Borrowings long- and medium-term, R47,6m, net short-term, R28,6m Debt equity ratio 28,1% Current ratio 0,9 Group cash flow R74,5m Capital commitments R56,4m*

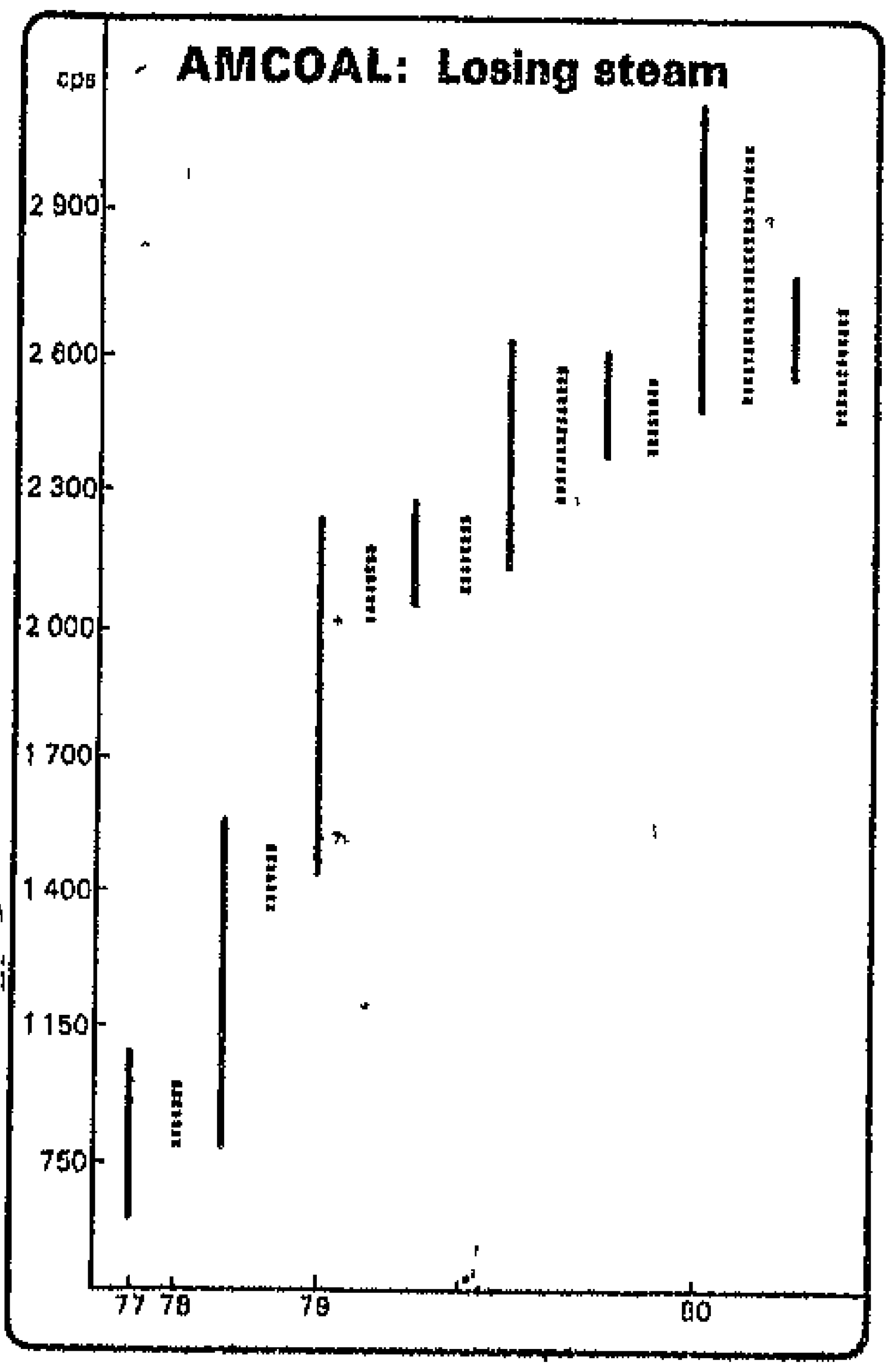
Share market: *Price 2 400c (1979-80 high, 2 850c, low, 1 420c, trading volume last quarter 286 000 shares) Yields 11,6% on earnings, 3,8% on dividend Cover 3,1 PE ratio 8,6*

	'76	'77	'78	'79
Coal and coke sales (Mt)	22 7	25 7	26 7	33 0
Turnover (Rm)	198	259	308	386
Pre tax profit (Rm)	49 5	74 7	87 6	106 6
Earnings (c)	173	202	226	279
Dividends (c)	40	60	72	90
Net asset value (c)	651	714	874	1 076

The containment of operating costs is one of the most pleasing aspects of Amcoal's annual report This plus steady expansion, new investment opportunities and sales contracts should ensure sound future profit growth

In the year to end-December Amcoal's increase in unit working costs was only 2,8% (9,5%) largely as a result of the build-up in opencast operations in Kriel and Kleinkopje But even had these mines been excluded, the average increase would have been 10,6% — lower than the inflation rate and far better than the 19,6% hike in 1977

The success in containing costs flows from a 30,5% increase in productivity to 125,7 sales tons (96,3t) per man, reflecting higher tonnages sold, plus a 4,8% reduction in staff in line with further mechanisation In 1979, 88% (80%) of Amcoal's coal was won by mechanised methods, and a further rise is in prospect



Coal and coke sales in 1979 were 33Mt (26,7Mt), the largest increase being a 36,7% rise in exports to 36,7% to 6,7Mt (4,9Mt) Deliveries to Escom power stations rose 27,1% to 21,6Mt (17,0Mt) Amcoal's average price per ton rose only 3,25% to R8,90 (R8,62), largely because of the lower margin on sales to Escom

In 1979, sales from Kriel accounted for much of the higher supply to Escom The burning rate at the Kriel power station was higher than forecast so coal production was increased ahead of schedule, rising 86% to 8,2Mt (4,4Mt) At Arnot sales lost due to a lower burning rate were augmented by deliveries to other stations, resulting in total sales of 5,5Mt (5,4Mt)

Amcoal is now to fund the entire cost of Kriel, estimated at R101,5m This means additional investment of R28,9m, of which an R8,7m balance is to be spent as incurred Initially, Escom was to have helped finance the project, but Amcoal appears happy with the new arrangement

Amcoal has been awarded large supply contracts for two new 1 800MW power stations The first station, Tutuka, will be supplied by the New Denmark coalfield. Production should commence in 1984 and the 5Mt full capacity should be reached in 1987

Escom also has an option over additional potential supplies from New Denmark, which, if available, will enable the station to be expanded to a maximum of 3 600MW

The second contract was awarded to the Cornelia coalfield, where underground and opencast operations are to be established Production is scheduled for the late Eighties with maximum capacity of 6,5Mt a year

At end-December, Amcoal had capex programmes of some R371m (R124m), including R210m for completion of the collieries to supply the 1 800MW power stations at Tutuka and Cornelia Of this R210m, Amcoal estimates it will fund some 60%

Sales increased on all but the domestic market General industrial user demand was unchanged but SAR and the cement industry requirements fell Escom demand at its older stations is falling as the Eastern Transvaal units are commissioned, while SAR is phasing out steam locomotives Sales to the cement industry suffered due to competition from non-TCOA collieries and lower production and exports following the changes in Iran

On the local market, Amcoal chairman Graham Boustred says consumers are becoming more grade selective The Price Controller granted domestic price rises between 10,6% and 12,1% effective February 1 this year Amcoal sees little advance in domestic sales this year by the TCOA, but, with the group's success in holding cost increases below the annual inflation rate, there should be at least the same contribution from this source in the year ahead

On the export market, Amcoal supplied nearly 50% of the TCOA tonnages — a total of 5,6Mt plus 1,1Mt sold in terms of Amcoal's own export authority The third phase of the Richards Bay, which will boost capacity from the present 24Mt to 44Mt, is expected to be completed in two stages during 1983 and 1986, says Boustred Given the trend towards a lesser reliance on oil as an energy source internationally, Amcoal is confident of benefiting from this expansion

Amcoal's balance sheet remains strong As a consequence of its fairly extensive capex requirements over the coming years the group will need additional funds, However there is ample scope in the balance sheet to finance this expansion — despite total borrowings of R78,7m (R72,8m) — without restraining dividend distributions At 2 400c, Amcoal stands on a 3,8% yield — the lowest in the coal sector — reflecting the group's size and solid base through its contracts to Escom and dominance of the more lucrative export market

Des Kilalea

COAL AND COKE CUSTOMERS

	1978		1979	
Escom	17,0	64	21,6	65
Export (TCOA & Amcoal)	4,9	18	6,7	20
Domestic	2,5	9	2,1	7
Iscor	1,6	6	1,8	5
Other	0,3	1	0,3	1
Coke	0,4	2	0,5	2
	26,7	100	33,0	100

Welgedacht pays same

RDM

HELPED by improved export realisations, Welgedacht Exploration, the Rand Mines Natal coal producer, has declared an unchanged ~~interim~~ dividend of 9c (215) 12/9/80

The chairman, Mr Allen Seeley, warned in the last annual report that because of expected lower export realisations, profits could be down on 1979 levels and Welgedacht might not be able to maintain dividend distributions at the level of the past two years.

Today's dividend announcement says, however, that net realisations on exports have improved, enabling the company to maintain its interim.

Coal profits rise

(215) RDM 16/4/80.

Financial Reporter

AN INCREASE in the inland price of coal plus higher tonnages sold helped the coal mines in the Rand Mines group — Witbank Colliery and Welgedacht — to boost net profits in the quarter to March 31.

Welgedacht showed the expected improvement in the quarter, mainly due to better exports

This, coupled with an increase in tonnage sold — from 437 972 to 446 522 — and the higher price produced a sharp rise in working profit from R382 000 to R1 600 000

Net profit was R1 100 000 (R807 000) Capital spending rose from R252 000 to R656 000

Estimated total capital spending for the rest of the year is R943 000

Tonnage sold by Witbank rose from 1 995 429 to 2 100 002 and it is said there is now a fairly steady flow of coal to Duvha power station

Working profit rose from R11 900 000 to R12 400 000 Net profit was R8 900 000 (R8 100 000), helped by lower tax

There are commitments for capital spending on Duvha, net of Escom funding, of R46 700 000, of which R21 600 000 has been contracted

Estimated net capital expenditure for the rest of this year is R7-million

$300m Ford expansion

MELBOURNE — Ford Motor Co of Australia plans a $300-million three-year investment programme, says Mr John McDougall, Ford's vice-president, international automotive operations

Apex hit by tax

16/4/80 (215) RDM

By Financial Reporter

APEX Mines, the GFSA colliery, made a lower net profit in the March quarter compared with December because of greatly increased tax.

Profit before tax was higher at R4 061 000 (R3 062 000), but a fivefold increase in tax to R1 562 000 (R290 000) reduced net profit to R2 499 000 (R2 772 000).

More coal was mined in total from the three seams, but low ash coal production was lower as was sales of low ash coal.

Domestic coal production from No. 4 seam increased sharply from 82 500 tons to 102 500 tons, but sales were marginally higher at 84 700 tons (81 300 tons).

Sales revenue rose because of the 11% increase in the coal price from February 1, and costs of sales were lower, resulting in an increase in gross profit at R3 701 000 (R2 858 000).

RDM 17/4/80.

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Platinum boosts Western 136%

Mining Editor

WESTERN Platinum, a member of the Lonrho group, has benefited from the platinum boom and has boosted working profits for the six months to March by 136% to R15 635 000 from R6 641 000 in the first half of the previous year

Sales for the six months amounted to R26 151 000 compared with R17 691 000 Overall costs fell to R10 486 000 from R10 977 000 Unit costs however, rose by 9,5% to R14,84 a ton milled from R13 55

Production in the half-year was well up after an increase in tonnage milled to 651 000 tons from 537 000

Platinum production increased to 1 293kg from 1 160kg, palladium to 563kg from 514kg and other precious metals from 254kg to 284kg Nickel output rose to 829 tons from 743 tons copper to 529 tons from 471 tons Cobalt production for the first time amounted to six tons

The pace of development increased to 11 754m advanced, of which 6 160m were sampled as aving 4 87g t of platinum group metals over a channel width of 96cm

Duiker Exploration which operates the coal activities of Tweefontein and Witbank Consolidated collieries, has maintained profits in the quarter to March — R1 354 000 compared with R1 372 000 in the December three months

Earnings were equivalent to 12,1c a share compared with 12 4c, but the company will benefit by an additional R57 000 in the quarter after the abolition of the loan levy which in its case, takes effect from October last year

Sales of steam coal were up to 608 909 tons from 581 232 tons, and anthracite sales were 133 145 tons against 133 375 tons Asbestos sales were unchanged at 2 502 tons

Bosveld Tin Mines became a wholly owned subsidiary in March Bosveld owns the dormant Klipwal gold mine near Piet Retief and it is planned to reopen the mine at an estimated cost of R5-million over the next two years The mine is expected to come into production at the rate of 84 000 tons a month and produce 400kg of gold annually

Corsyn Consolidated, a subsidiary of Coronation Syndicate, had a taxed profit of R4 99 000 in the quarter to March compared with R2 853 000 in the December quarter

Working profits at the Arcturus, Mazoe and Muriel gold mines and the Inyati copper mine were well up on the previous quarter's figures with total working profit at R6 118 000 against R4 240 000

Tonnage milled at all mines was 118 000 against 119 000, producing 466kg (493kg) of gold and 827kg (857kg) of copper

Anglovaal, Caltex in coal-methanol study

55
215
RDM 18/4/80

ANGLOVAAL has agreed with Caltex Oil to investigate jointly the production and distribution of methanol from coal

It says 'For some time now Anglovaal has been sponsoring the University of Cape Town's Energy Research Institute programme, part of which involves the conversion of Perkins and Mercedes diesel engines to run on methanol diesel dual-fuel systems and, more recently, pure methanol

After undergoing bench tests the converted engines have now been put into trucks supplied by Unity Longhauls (Pty) for road testing under normal operating conditions

'The research has resulted in provisional patents being taken out by Anglovaal on several aspects of diesel engine conversion

The agreement with Caltex is a logical step in Anglovaal's programme to investigate the economical production of methanol from the group's coal deposits in the Witbank area

Tweeftn's profits

(215) RDM 23/4/80.

Mining Editor

BOOSTED by the increased dividend income from Coronation Syndicate, Tweefontein United Collieries has more than doubled its attributable profits for the six months to March to R5 188 000 from R2 584 000 in the first half of the previous year.

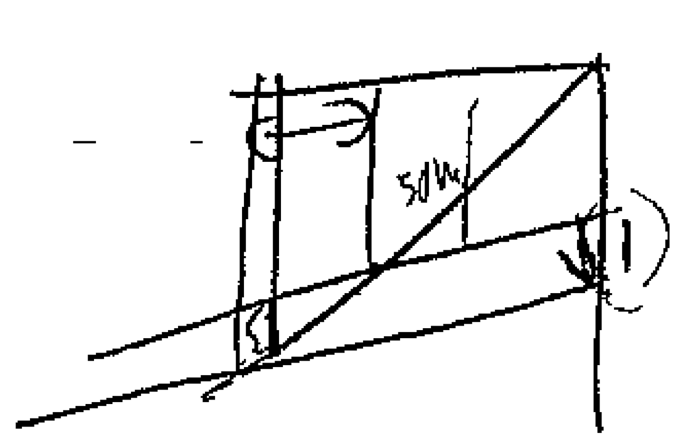
The interim dividend, already declared, is 97c compared with 47c.

Group income rose to R11 009 000 from R4 076 000, but tax absorbed R3 371 000 compared with R417 000

The provision for minorities was R2 450 000 against R1 075 000. Earnings rose to 299c a share from 149c previously.

Sister company, Witbank Consolidated, which receives the bulk of its income from dividends from Duiker Exploration, has recorded a modest rise in profits for the six months to R307 000 from R300 000.

Earnings were 33,4c a share against 32,6c out of which an unchanged interim of 33c was paid.



Reverse takeover bid made for Skye

RDM 24/4/82

(232) (215)

By DON ROBERTSON
Mining Editor

SKYE, a cash shell which was floated during the heady days of 1969 as a wig producer, is now the subject of a reverse takeover by the Johannesburg Mineral Corporation

The purchase consideration is R4 475 000 which will be settled by the issue of 4 500 000 ordinary shares in Skye and 750 000 deferred shares and the payment of R1-million in cash, representing the bulk of the company's cash resources

This will secure a 90% interest in JMC — the remaining 10% being held by Government Gold Mining Areas

JMC is currently negotiating a deal for the acquisition of certain claims over property on the East Rand and has entered into an agreement with Messina regarding these claims Should this come to fruition, Skye will issue to the vendors of JMC — Mr Joe Berardo, head of Waverley and Carrigs being the most important — a further 1 500 000 deferred shares in Skye

The deferred shares will not qualify for dividends for two years, but will then rank pari passu with the ordinaries

Skye will also purchase from Southern Prospecting (Pty) for 850 000 ordinaries and 850 000 deferreds, the option on the issued share capital of Egoli Mining Company, which has an interest over a considerable tonnage of slimes on the East Rand

Exercising the option will cost Skye R1 200 000 in cash payable over 10 years

The major shareholder in Southern is Mr Jim Wilson

In addition, it will entitle Skye to the rights over certain sand dumps in the Germiston area

JMC and its subsidiaries have the right to treat certain gold-bearing sand dumps and slimes dams on the East Rand At present, the main source of income is from the treatment of dumps and slimes at the SA Lands property The Egoli potential is the mine and dumps at the old Modder Bee mine

The development of this prospect, which could involve the re-opening of the mine, will be costly, but initial plans suggest that it can be financed from borrowings

However, current operations should produce earnings of at least 10c in the year to February next at a gold price of $400 Out of this, it is expected that a dividend of at least 7c will be paid on the increased share capital

The shares of Skye, suspended at 90c in February, will be relisted today

The deal, the first reverse takeover for many years, will give Mr Joe Berardo his long sought-after listing, but at the same time means that Mr Peter Gain, who acquired control of Skye in January, will relinquish this control

The new board will be headed by Mr Berardo, with Mr Gain holding second position on the board

25/4/80
FM (215)

General Mining Group

COAL MINING COMPANIES' REPORT FOR THE QUARTER ENDED 31 MARCH 1980

Both companies are incorporated in the Republic of South Africa
(All figures are subject to audit)
Shareholders are reminded that quarterly results are not necessarily indicative of the results which may be expected over a full year

Trans-Natal Coal Corporation Limited

	Quarter ended 31 3 80	Quarter ended 31 12 79	Comparative quarter previous year 31 3 79	9 Months to 31 3 80
Tons sold ('000)	6 520	6 292	6 070	19 323
GROUP INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	13 575	12 539	11 320	39 590
Deduct Interest of joint venturers	1 984	1 934	739	6 126
	11 591	10 605	10 581	33 464
Add Financing and sundries	283	131	481	703
	11 874	10 736	10 100	34 167
Deduct Taxation	3 041	2 452	2 654	8 411
Outside shareholders interest	1 370	1 257	1 257	3 964
NET GROUP INCOME	7 463	7 027	6 189	21 792
CAPITAL EXPENDITURE	3 041	3 995	4 765	12 870

Note
Certain figures have been regrouped for clarity and comparison purposes

On behalf of the Board
G CLARK
S P ELLIS | Directors

The Clydesdale (Transvaal) Collieries Limited

	Quarter ended 31 3 80	Quarter ended 31 12 79	Comparative quarter previous year 31 3 79	9 Months to 31 3 80
Tons sold ('000)	1 493	1 505	1 073	4 399
INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	2 099	1 770	1 889	5 694
Add Other income	246	292	222	835
	2 345	2 062	2 111	6 529
Deduct Taxation	812	583	631	2 160
NET INCOME AFTER TAXATION	1 533	1 479	1 480	4 369
CAPITAL EXPENDITURE AND LOANS	412	674	1 430	(306)

On behalf of the Board
D. GORDON
G CLARK | Directors

Secretaries
GENERAL MINING AND FINANCE CORPORATION LIMITED
6 Hollard Street
Johannesburg
P O Box 61824, Marshalltown 2107

24 April 1980

Witbank coal worth more in Japan

Argus 28/4/80

(215)

WITBANK Colliery has won price increases of about three dollars a ton and worth an extra R4,8-million a year for soft coking coal in Japan.

Price negotiations were concluded in Tokyo where industry sources said the import volume in fiscal 1980 would be about 1 980 000 tons, roughly the same as last year.

The contract, however, allows shipments up to 2 450 000 tons.

● De Beers and Anglo American say they have no immediate intention of raising their combined stake in Consolidated Gold Fields above 29,9 percent

In a statement today, they also say there is no intention of using the holding to bring about any change in the control or management of Cons Gold.

to R4,9-million. Profits before tax were also up 21 percent at R8-million,

All Kimet's holdings should increase profits substantially this year, says the chairman, Mr Natie Krish.

● Turnover of **Dundee Industries** engineering group rose 43 percent to R12,3-million for the year to February. Taxed profit was 58 percent higher at R928 000.

The final dividend of 17,5c is up 2,5c, boosting the year's payout by 37,5 percent to 27,5c (20c).

All subsidiaries are taking full advantage of the economic upturn and the group is actively looking for further acquisitions, says the company.

Tom Hood

RDM 7/5/80 (215)

Coal a leading growth industry

THE coal-mining industry has emerged as one of South Africa's leading growth industries, according to the May issue of the Standard Bank Review.

"Its sales revenue has increased more than fivefold since 1974.

"Last year, for the first time, earnings from coal sales exceeded R1 000-million (foreign exchange earnings accounted for almost half of this amount), and output rose above 100-million tons," the review says

This was almost 60% higher than production levels five years earlier

"Undoubtedly, the major factors behind these impressive growth rates were the launching of an active export programme together with a substantial increase in Escom's coal requirements "

The success of the coal industry, the review says, was in penetrating foreign markets over the past five years by over tenfold

The volume of coal exported soared from only 2 300 000 tons in 1974 to 23 400 000 tons last year

Domestic coal sales have risen by 20% over the past five years — from 62-million tons in 1974 to 75-million tons

Escom, the largest coal consumer, accounted for 58% of the 1979 domestic sales

"Sasol, which until recently has been a relatively small consumer of coal, is likely to emerge as the second largest local consumer by 1985 when Sasol Two and Three are in full production," says the review

"In view of the anticipated growth in both local and export sales the firm upward trend in coal output which has characterised the industry since 1974 can be expected to continue for some time." — Sapa

TC Lands doubles profit

RDM 9/5/80

By ADAM PAYNE

TRANSVAAL Consolidated Lands, a Barlow Rand subsidiary with wide mining interests, has almost doubled its attributable profit for the six months to March compared with the same time last year, and has declared an interim dividend of 65c (42c) which is more than five times covered by earnings of 349c a share

The attributable profit of R25 521 000 for the half-year compares with R13 432 000 in the half-year to March 1979 and R20 988 000 in the second half of the year to September

Prospects for the second half of this year are bright with a forecast that profit levels should be maintained and that the final dividend should be at least 120c (93c), making a total of 185c (135c)

As TC Lands has exceeded dividend forecasts, this prediction should prove to be conservative

On a total of 185c for the year the yield on yesterday's share price of 4 000c would be 4,6% This is a low yield, but TC Lands in the past has grown strongly in profits and share appreciation from year to year and this performance should be continued, particularly if the gold price remains high

Income from coal will be much higher this year than in previous years

The main increases in income in the past six months came from gold and coal investments Turnover, which covers sales of asbestos, chrome, coal, fluorspar and timber, jumped by 73% to R130-million, helped by income from the new Duvha Colliery which contributed nothing last year

It was helped on a much smaller scale by income from the asbestos division which owns Cape Asbestos

Rietspruit Colliery, jointly owned by TC Lands and Shell, was in production for only a short while in the previous financial year but contributed to turnover throughout the past six months

In its gold investments, TC Lands benefited by a trebled final dividend from Harmony and by higher dividends from other gold holdings

COMMENT TC Lands did slightly better than expected from its asbestos division which is good news at a time when sections of the asbestos mining industry are struggling

Whether asbestos will be better than the platinum investment which was sold to buy Cape Asbestos remains to be seen — depending on what dividends the platinum companies declare this year

When TC Lands held its platinum shares, dividends were small and were passed on occasion

The asbestos interests have good potential

The coal picture here is excellent with increasing output from Duvha which serves Escom, and rising exports from Rietspruit

Rietspruit exports last year totalled 2 600 000 tons and they are expected to rise to 4 800 000 tons this year and 5 500 000 tons by the middle of 1983.

A pointer to the strength of TC Lands investments is the fact that the market value of its listed investments rose from R69-million at March 31 1979 to R127-million at March 31 this year

(55) (215) (74)

SA on verge of new coal bonanza

RDM 12/5/80.

Own Correspondent

PARIS. — South Africa will benefit enormously from a new "golden decade of coal", which is just starting as Western countries seek cheaper fuel than oil.

Le Monde newspaper reported yesterday that the coal boom will increase South African exports by 20% annually for the next five years.

It said that Richards Bay, one of the two main coal ports in the Southern Hemisphere, and Haypoint in Australia, will be at the hub of the new traffic.

This is because Western countries will have to invest in giant bulk carriers and only ports such as Richards Bay and Haypoint have the facilities to take them.

For instance, French shipowners have just ordered five 140 000-ton bulk carriers from Japan, costing R200-million. They will be launched in 18 months time and will use Richards Bay.

France has tripled its imports of South African coal in the past three years — South Africa is the third largest supplier after West Germany and Poland — and this increase will be stepped up.

France's coal needs last year were about 30 000 000 tons, of which about 21 000 000 tons were delivered by sea. This year France's needs are estimated at 33 000 000 tons and 23 000 000 tons will be shipped.

This increased rhythm is planned to continue until 1985 when France's first energy programme is completed. The new five-year plan, to 1990, will also lean heavily on South African coal.

A leading role in buying bulk carriers for coal is being taken by the consortium of French merchant fleets known as Centragpa — Economic Grouping of French Shipowners).

Le Monde said the group's fleet of bulk carriers, including the five new ones, will be used on direct France-South Africa routes and the South Africa-Rotterdam route for third party cargoes.

Le Monde said: "The coal boost is not a straw in the wind, either for the mine-owners or shipowners."

A communist campaign to halt French imports of South African coal, which started six months ago, has been a total flop.

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Vryheid Cor is suspended

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RDM 13/5/80.

By ADAM PAYNE

VRYHEID CORONATION, the only listed coal mining subsidiary of Amcoal, was suspended on the JSE yesterday at the company's request because of negotiations aimed at making it a wholly-owned subsidiary of Amcoal.

A statement setting out the proposed terms of the deal is expected on Friday

The shares of Amcoal were not suspended since the acquisition of Vryheid as a wholly-owned subsidiary will have no material effect on the earnings a share of Amcoal or on its net asset value

An anomaly — Vryheid being the only listed coal mining subsidiary — will be cleared up by making the company wholly owned.

In spite of the fact that Vryheid is one of the few coking coal mines in a country which is short of coking coal, its shares have not enjoyed the growth of many other coal mining shares which have notched up greater profit performances.

The shares were under a cloud at one time because it was feared that the coking coal contract with Iscor would not be renewed

However, the present demand for coke is firm and as a result less coking coal will be available this year than Iscor could take

Because of increased difficulties in mining, the production of coking coal will be marginally lower this year than last

It is forecast that earnings will be similar to last year when they totalled 29c a share and dividends were 27c giving a yield of 9,3% on Friday's price of 290c

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13/5/80

BUSI

Amcoal bids for Vryheid

By Jean Moon

A 66 percent stake in Vryheid Coronation is just not enough for Anglo American Coal Corporation (Amcoal). The coal giant is going for a 100 percent holding

The shares of Vryheid were suspended on the JSE yesterday because negotiations are in progress in terms of which Vryheid will become a wholly-owned subsidiary of Amcoal. Shareholders can expect to have further information on Friday.

Vryheid's real value lies in its coking coal, being one of the few producers in the country which is short of this particular coal Iscor is a huge user.

The acquisition by Amcoal will have no material effect on the earnings or net asset value of Amcoal. It would seem that this is a tidying up operation, as Vryheid is the last remaining share in the Amcoal stable to be quoted.

The pre-suspension price of Vryheid was 290c, at which level the dividend yield stood at 9,2 percent on an earnings yield of 20,2 percent.

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Japan pays more for SA coal

215

~~74~~

RDM 14/5/[illegible]

By ADAM PAYNE

A TRANSVAAL Coal Owners Association delegation — led by the chairman, Mr Steve Ellis, head of General Mining's coal division — has renegotiated the low ash blend coking coal contract with Japanese steel mills at a higher price to cover increased working costs

The delegation obtained an increase from $39,45 a long ton f o b Richards Bay to $42,38 a long ton f o b Although this will compensate for increased working costs, it will not fully cover the loss of a rail subsidy of about 80c a ton provided by the Department of Commerce and which ended on March 31

In the year to March 31 next the Japanese will take 2 million tons of coal, which is about the same quantity as supplied in the past year

Because of the loss of the rail subsidy and because of higher production costs, the increased price will not provide a boost in profits for the mines supplying the coal, but it should keep them at similar profit levels to those achieved in the past year

Collieries supplying the coal are SA Coal Estates in the Amcoal stable, Witbank Colliery operated by Rand Mines and Apex Colliery managed by GFSA

Mr Ellis said "In addition to the rise to cover additional costs, we tried to gain some cover on the appreciation of the rand against the dollar but without success

"The Japanese wanted to settle the price for a longer term, suggesting three years, but we were not happy about that because at present it is difficult to determine the escalation in the market

"The steam coal market is starting to harden and this will reflect on metallurgical coal prices Therefore we were not agreeable to signing a longer-term agreement The Japanese then accepted one year from April 1 to March 31 next

"We travelled to Japan in February, but were unable to reach agreement This time we came to terms that left both the Japanese and ourselves reasonably satisfied "

Mr Ellis said that the rise of $2,93 a ton or 7%, putting the price at $42,38 a long ton, meant that South African coal was competitive with Australian coking coal, but did not undercut it substantially

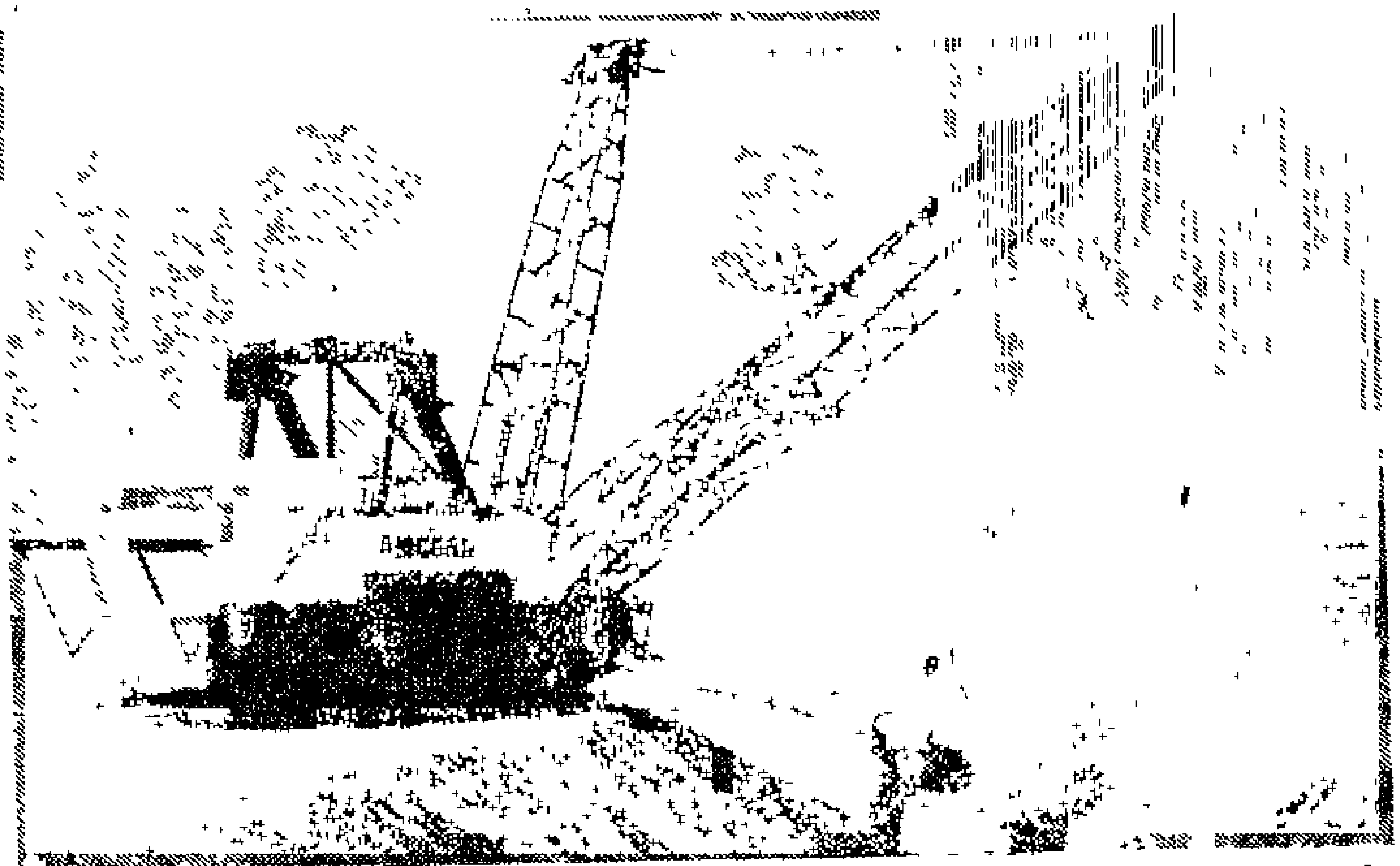
"The Australian price has been held down in the past few years and the prices are more comparable now than they were in the past," he said

The low ash blend coking coal contract was the first agreement for exports that enabled the Richards Bay harbour and rail project to go ahead, largely as an act of faith because the initial contract did not cover capital costs but in a short time the existence of Richards Bay led to multimillion-ton contracts for Transvaal steam coal, bringing substantial profits to the coal-mining industry

Will coal be king again?

STAR 15/5/80

215



A new study suggests that the future of coal may be rosy — in spite of environmental problems. A report from our New York Bureau.

…oal has a dirty reputa…on — and rightly so

Mining it kills thou…nds, scars landscapes …d ruins waterways with …id drainage Burning it …llutes the air killing …ousands more No won…er that coal gave way to …l as the world's premier …el — and no wonder …hat environmentalists …ave been wary of turning …ack to coal, no matter …ow plentiful

But now it seems clear …hat they, and all of us, …ad better take another …ook Coal may be good …or the world and especi…ally good for America

An internationally-…ponsored world coal …study, issued yesterday after 18 months of work, offers a surprisingly up-beat prognosis for expan-ded coal use in the next two decades The study contends that oil now costs so much that it is possible to spend heavily to clean up coal and still come out far ahead And it predicts that coal can compete successfully against oil in export markets The United States could become a "Saudi Arabia of coal exporters"

This is a rosy vision. But if it is even remotely accurate, the old image of coal is clearly wrong Coal can fill the world's energy gap without threatening major environmental damage.

The central message of the report — compiled by Professor Carroll Wilson of the Massachusetts Institute of Technology and experts from 16 countries that produce and use most of the world's coal — is that coal use must be tripled, and steam coal exports increased ten-fold, if the world is to solve its immediate energy problems

What are the alternatives?

Conservation alone cannot contribute enough Nuclear power is meeting increasing resistance Solar and other renewable energy sources cannot be developed and widely marketed until about the year 2000 So, in the meantime, most of the added energy needed for moderate economic growth must come from coal.

That can be accomplished, the report contends, without sacrificing health, safety and environmental protection.

The reason: oil is now so expensive that it is economic to clean up coal

The cost of mining, transporting and burning coal in this country, even after applying the strictest environmental standards, is roughly 60 dollars a ton — the equivalent amount of crude oil would cost about one hundred and sixty-five dollars That gives coal an enormous price advantage that could be used to meet even stricter environmental standards, if deemed necessary And the price gap is getting bigger not smaller

Coal's greatest environmental threat is thought to be the "greenhouse effect"–the possibility that carbon dioxide produced by burning coal and other fossil fuels might cause catastrophic changes in global climates.

On this danger, the coal study temp rises It notes, rightly, that there are many uncertainties as to whether such changes will occur, even if they do. coal may not make such a difference That seems a reasonable approach— if the world is really prepared to take the necessary control steps at the time

The export potential for coal is often overlooked, even by the American coal industry itself

The United States has by far the biggest export potential, followed by Australia and South Africa By the year 2000, coal could become America's largest single source of foreign exchange — not to mention a benefit of incalculable value greatly lessening United States dependence on imported oil

The world coal study is more upbeat than many previous reports on the potential for coal But its projections are not outlandish The goals can be reached through a five percent annual growth, a level that has been met in recent years

The study calls for a prompt start on building the transportation and equipment needed for a large expansion in coal use It also seeks government action to speed licensing stabilise environmental standards and encourage investment What a small price to pay, in both industry and government for shattering the oil cartel's domination of world energy

The report says coal demand will grow from 2 500-million tons in 1977 to up to 7 000-million tons by 2000

And, the report estimates, international trade in coal will rise from about 200-million tons a year to between 560-million and 980-million tons

This increase in trade will require an estimated 1 000 bulk carriers, each of 100 000 tons, to be built

The report says the use of steam coal to fire industrial boilers and power stations could climb from 60-million tons in 1977 to 680-million tons by 2000

RDM 17/5/80. (215)

Mine the Kruger Park for coal — Sybrand

LEGISLATION should be introduced to permit the exploitation of strategic minerals in nature reserves, particularly of coking coal in the Kruger National Park, the former Administrator of the Transvaal, Mr Sybrand van Niekerk, said yesterday "Exploitation of these minerals can in certain circumstances be done in such a way that it does not necessarily clash with the interests of nature conservation," said Mr Van Niekerk (NP Koedoespoort), a former member of the Parks Board

Coal leads way to growth for SA

215

STAR 17/5/80

The Escom annual report, tabled recently, has underlined the major growth potential that exists in South Africa's coal resources as a major asset towards power in the 80s

Last year, for instance, Escom's power stations used 43m tons of coal to generate the country's electricity

And to cope in the 1980s, Escom itself will have to generate double its present operating capacity — which will mean more coal

REVIEW

According to Standard Bank, which had recently conducted a review into the coal industry, coal mining has emerged as one of the leading growth industries

Over the past five years sales revenue alone has increased more than five times — last year topping the R1 000m mark

An important aspect of this is that half of this amount was in foreign exchange earnings

Production levels rose above the 100m tons level — about 60 percent above the amounts achieved five years earlier

Behind this impressive growth lies two major factors Firstly, there has been an escalation in export programmes, and secondly, Escom's needs have been substantially boosted

EXPORT BOOST

Under the phase II export allocation about 20m tons are exported through Richards Bay but under phase III this will be more than doubled to 44 m tons.

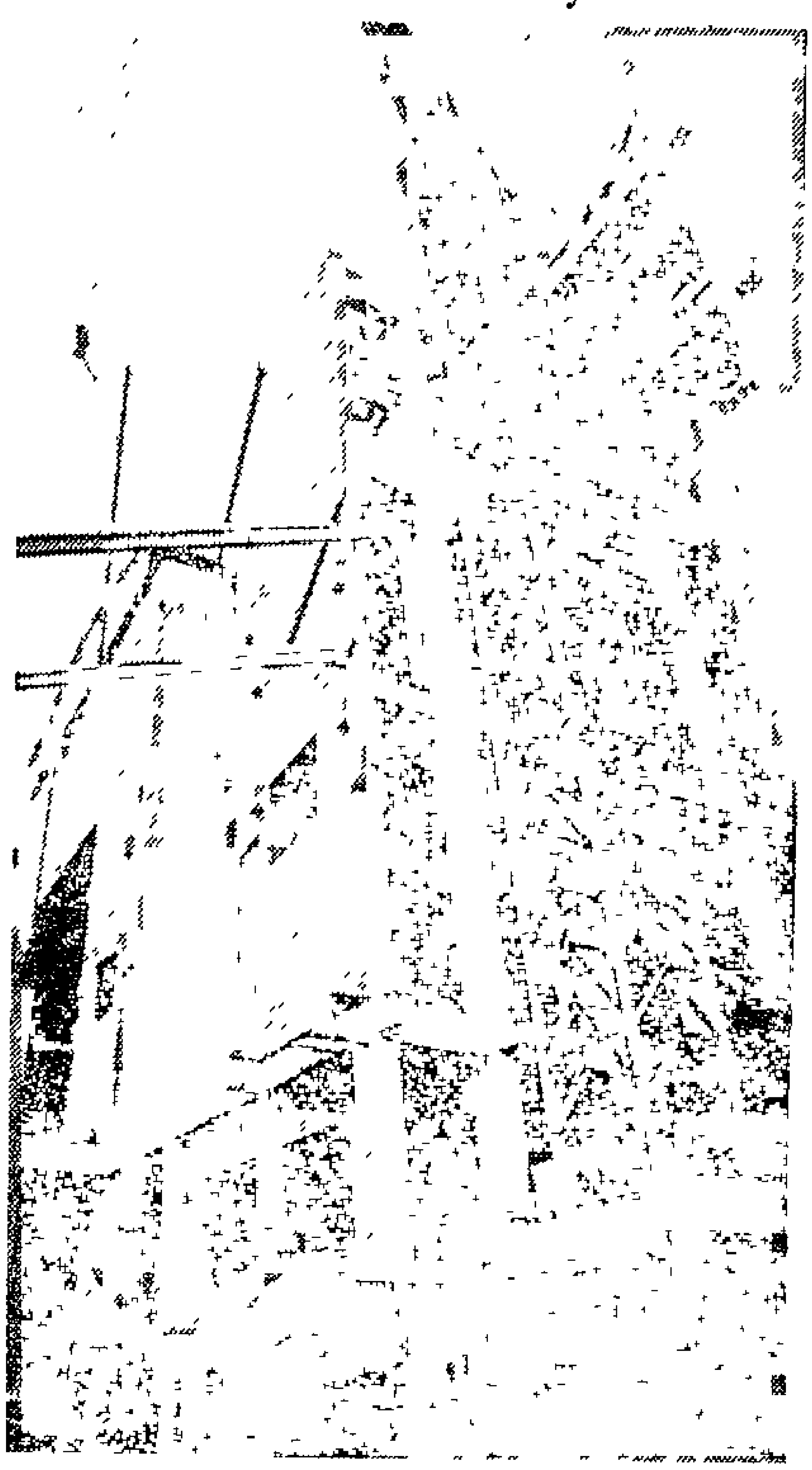
Coal mining companies under the Transvaal Coal Owners' Association umbrella currently export the bulk, followed by Anglo and General Mining producers

TRANSPORT

Adding to the growing domestic demand — aside from Escom's planned expansion — will be the substantial requirements needed by the country's oil-from-coal project, Sasol II and III, and other oil-from-coal projects.

Worldwide demand for steam coal following the oil crisis will also mean that exports should enjoy further boosts

Stephen Suckley examines the role coal has to play in South Africa's growing economy.



Matla power station at 3 600 mW is one of the two largest in the country. Coal-powered, it will burn up 9,6m tons of coal a year.

The Standard Bank comments that most of the growth in export earnings up until 1983 will be based on price increases as there will be limitations on transport facilities

Real volume growth will only give a meaningful boost in the latter half of the five-year period to 1985, when phase 111 of the export programme gets under way

But where will all the additional coal come from? A great deal will come from recently developed mines which are actively boosting production, from existing mines which are expanding and over the next few years several new mines can be expected

MECHANISATION

But while expansion in the future will undoubtedly aid export earnings and the gross domestic product, as well as stimulate investment goods, it will not attract a great deal more labour

Coal mines are increasingly moving towards greater mechanisation — and this is one industry that in expansion will not be able to help the unemployment situation

On the domestic front, Escom will continue to be the largest consumer of coal It is estimated that in the current year the Commission will use 47m tons rising to 63m tons by 1985

The bulk of this massive increase will come from two newly developed coal mines, Matla and Duvha

Escom has awarded coal contracts to supply three new power stations which will be constructed in the 1980s

SASOL

Standard Bank comments that at least one of the contracts is likely to have a small impact on local sales figures over the next five years

Production from Amcoal's New Denmark operation is on the cards for start-up in four years' time and will supply about 5 m tons when it reaches full production in 1987

Moving up into second place on the coal off-take table will be the two new Sasol projects when they reach full capacity in 1985

Commenting in the 1979 annual report, Amcoal's chairman, Mr W G Boustred, said the most important aspect during the year was the award to Amcoal of two out of three coal contracts, from Escom

AMCOAL

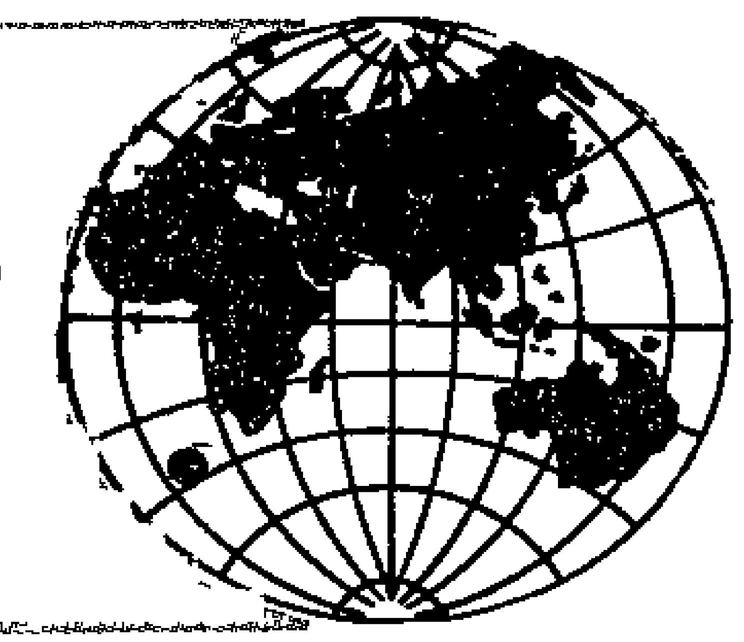
Amcoal is probably the shining light in the coal mining industry Last year the group sold 33m tons due to the build up of Kleinkopje and Kriel collieries and to the better performance of the domestic and export markets Proven reserves were 7 700m tons — a figure which is expected to increase to 9 000m over the next two years

The potential in coal mining shares was realised a good few years ago when institutions climbed in

215

SA looms large in look at world's coal

Business Times on the International scene



By NEIL BEHRMANN: London

WORLD coal production must increase threefold in the next 20 years if it is to meet the growing energy requirements of the international community.

This is one of the main conclusions of the World Coal Study (Wocal) published this week

The conclusions are the result of 18 months' study by an 80-man team from 16 major coal-using and producing countries led by Professor Carroll Wilson of the Massachusetts Institute of Technology

The study says coal must supply between a third and a half of the additional energy needed by the world during the next 20 years

Launching the report, one of the participants, Sir William Hawthorne, said in London that "The world cannot depend on a supply of petroleum any greater than the amounts received in 1978

"In spite of a substantial increase in nuclear power, most of the increase in energy will have to come from another source This must be coal

"In fact, coal already supplies more than 25% of the world's energy, and economically recoverable reserves are many times that of oil and gas"

Wocal predicts that South African coal production will rise threefold during the next 20 years

The nine largest producers, the US, the Soviet Union, Red China, Poland, West Germany, the UK, Australia, South Africa and India, account for 85% of world production — for both 1977 and the projected levels in the year 2000

In 1977 South Africa produced 73-million tons of coal equivalent (mtce) and by the year 2000 should produce 228 mtce a year

Mtce is a standard measure of energy and on an energy basis, 76 mtce a year is equivalent to one-million barrels of oil a day A ton of coal equivalent is a metric ton of coal with a specific heating value of 7 000 kcal/kg)

South African output amounts to about 3% of the world's total and this share is expected to rise marginally to 3,4% by the year 2000

Total world output was 2 450 mtce in 1977 and is estimated at 6 780 mtce by the year 2000

The US, Russia and China produce nearly 60% of the world's coal and this ratio is expected to grow to 65%, with Chinese and US production increasing four times and three times respectively

However, South Africa will be among the export leaders The Richards Bay coal port is operating near its capacity of 24-million tons a year

Expansion to 44-million tons a year is now under consideration but Wocal concludes that another terminal is necessary to meet further growth in coal exports

The largest coal flows in an expanded world coal trade system will be from Australia, Canada, Poland, South Africa and the US to Japan other East Asian countries and Western Europe

"The trading implications for exporters and importers are substantial For example, if the landed (cif) value of steam coal were $50 (R40) a ton of coal equivalent the estimated value of trade of 600 to 1 000 mtce a year would amount to between $30 and $50-billion annually

"This would have significant consequences for balance of payments relationships"

For example, in 1977, South Africa exported 12 mtce On current expectations the country should export 55 to 75 mtce a year by the year 2000 But Wocal believes the maximum export potential is as much as 100 mtce

On R40 a ton of coal equivalent, the growth in value terms is R480-million in 1977 to between R2,2-billion and R4-billion a year

Of course, prices vary and will rise over 20 years However, it is interesting to note that the current value of gold exports is running at R11,5-billion

18/5/80 SUN TIM

Coal exports may rocket in 1980s

18/5/80 (215)

By TONY RIDER
Washington

SOUTH Africa can look forward to dramatically increased coal exports to fuel-hungry nations trying to lessen their dependence on Middle Eastern oil in the next two decades.

South Africa could in fact — by one American forecast — become the source for as much as 25 to 30-million tons of coal a year for Asian countries like Japan, Korea and Taiwan.

That is a skyrocketing figure when contrasted with the 1-million tons a year that that the US — currently South Africa's biggest coal importer — takes.

For reasons of convenience the US has been importing low sulphur coal for power stations in Florida, a state with strict environmental standards.

While the US is not likely to increase its imports of SA coal, the Asian countries will begin looking to South Africa as a major supplier along with Australia and Canada

One US estimate is that Japan could import as much as 60-million tons of steam coal a year by 1990.

Taiwan could buy between 30 and 40-million tons and South Korea 15-million tons a year

CORPR,CORM,PERTOT

,CORM

BUSINESS MAIL

RDM 19/5/80

Generous Amcoal offer for Vryheid

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By ELIZABETH ROUSE

AMCOAL is offering generous terms to Vryheid Coronation minority shareholders in the complete takeover deal.

They will have the choice of receiving a capital payment of 360c a share cash, or a special dividend payment of 310c a share plus a capital payment of 50c a share.

Amcoal holds 66% of Vryheid's issued shares and the acquisition of the remaining 34% will involve Amcoal in a cash payment of R11 500 000.

Besides the generosity of the offer of 360c against a pre-suspension price of 290c, the decision to give minorities alternative methods of taking payment to suit their tax status, means that Amcoal is anxious to get Vryheid.

Small investors will obviously opt for the capital payment only, as the profit will not be taxable. Institutions and non-resident shareholders might opt for the mixture of special dividend and cash payments for tax purposes.

Non-resident shareholders registered in Vryheid's books on May 19, 1980, may accept either alternative, but those registered after that date may accept only the first.

Those Vryheid shares which are subject to these proposals will not qualify for any dividend in the year to December 1980

The acquisition of the remaining Vryheid shares is expected to benefit marginally Amcoal's earnings and net asset value a share.

The shares will be reinstated on the Johannesburg Stock Exchange tomorrow.

CORM,PERTOT

(MODEL(I,J),J=1,N)

RDM 20/5/80

Maputo in R50m bid for SA coal

218 215 ~~332~~ 74

By ADAM PAYNE

MAPUTO Harbour and Railway authorities are expected to make a bid for a lucrative 5-million to 8-million tons of coal exports, mainly from the Transvaal, by building a R50-million coal-handling plant to ship coal from South Africa, Swaziland and probably Zimbabwe

Prequalification documents for prospective tenderers have been issued by the Johannesburg representative of Mozambique Harbours and Railways, Mr J Coelho

Watching the bid to gain this traffic is TCOA whose managing director, Mr Dick Bird is puzzled

He said We understand that export permits are limited to 44 million tons by the mid 1980s

By the mid-1980s Richards Bay coal terminal will be able to handle this tonnage The 5-million to 8 million tons of possible exports through Maputo would therefore seem to have to get further export permission but we do not know that this has been granted by the Government

'It seems strange that tenders for a coal-loading plant will be called before the Mozambique Harbour and Railway authorities are satisfied that they will get the coal

Mr J Coelho was confident, saying 'There are several sources of coal in Southern Africa although the main one is South Africa

We have been contacted by clients outside the TCOA who cannot get export permission through Richards Bay because the coal loading terminal is fully committed

These clients have been told that if they can get export facilities they will be allowed to export through Maputo

We hope to bring these people together to find out how much coal they can export through Maputo and then we will take a final decision

Meanwhile we have issued prequalification documents from prospective tenderers which must be submitted by June 16

According to Engineering Week Soros Associates of New York a firm with great experience in harbour construction, has drawn up the list of instructions for building the terminal a feature of which will be a linear shiploader similar to one in Narvik Norway, and possibly a system to handle anthracite through a soft drop loading device

The Mozambique authorities are planning to dredge Maputo harbour so that it can take bulk carriers of 80 000 tons in future which would be loaded at the facility at a rate of 3 000 tons an hour

Mr Coelho said Mr David Pickering, a former managing director of Consolidated African Mines and Mr John Popper were advising Maputo Harbours and Railways on marketing

As to finance for the project, one party concerned with it, said A number of organisations are involved, including consumers as well as producers and some have indicated an interest in participating In any case, contractor finance is usually available and there should be no difficulty in this case

Mr Coelho was confident the South African Government would allow exports beyond 44-million tons by the mid 1980s providing the additional port facilities were available, because South African coal reserves were much greater than estimated by the Petrick Commission several years ago

I am told there is a group of small exporters including Rand London shipping coal through Durban Members of this group have asked without success for facilities through Richards Bay

Other independent coal producers include Carolina Collieries and Savage and Lovemore

COMMENT The promoters of this project insist that it is a Southern African venture but without a big tonnage from South Africa the prospects of the project could be doubtful

If a substantial tonnage can be arranged then the building of the terminal will be a boon for the South African coal mining industry

There would be no problem in railing the coal because of recent improvements to the railway to Komatipoort and beyond, bringing its total carrying capacity to 14 million tons a year

VRYHEID FM 23/5/80

Amcoal steps in (215)

On the face of it Amcoal's 360c a share offer for the 33,6% Vryheid minorities appears generous But the offer's apparent generosity has raised not a few eyebrows and left some brokers asking whether non-Anglo minorities should stay aboard in the hopes of further developments by the mine Amcoal holds 66,4% of Vryheid while other Anglo group companies have another 22,6%

In 1979, Vryheid earned 58,7c a share and paid dividends of 27c And in the latest report the directors say this year's earnings will be little changed on those of 1979 Capex in 1980 is estimated at a virtually unchanged R3m, pointing to little dividend growth potential this year, while dividends will remain restrained until the current substantial capex programme is completed in 1983

Amcoal and Vryheid chairman Graham Boustred freely admits that the company has no precise idea of the mine's remaining life, though the board's latest estimate is that at current extraction rates operations could continue at the Coronation and new Leeuwnek sections for "approximately 10 years" Current drilling, it is hoped, will prove reserves to extend operations by a further two to three years But Boustred is categoric that any significant life extensions are unlikely

He is also coy about revealing the basis on which the offer was calculated, though he says it takes into account the share's all-time high of 350c Ahead of the offer announcement, the share was trading at 290c

On that basis and unless there are further plans which have not been revealed for Vryheid, the offer price seems fair to the Vryheid minorities Assuming an operating life of 13 years, dividend restraint into 1983 and a full payout thereafter, the price appears to have been based on a discounted yield of about 10% in current terms

Boustred tells me that there are no material plans for Vryheid beyond its present operations Neither Amcoal nor Anglo has any Natal coal reserves which are planned to be exploited through Vryheid

Though Amcoal feels the offer is generous to Vryheid it is not felt to be unsatisfactory to Amcoal Vryheid's life is relatively short when compared with the sort of mine Amcoal could be expected to aim for But taking into account expected coal and coke price escalations, the overall return to Amcoal is felt to be satisfactory

It is difficult to advise outside minorities what to do The more speculatively inclined might be best advised to stay aboard for the ride and take a chance on higher coal prices and longer life But for shareholders who are prepared to look at alternative shares in the sector the 360c offer is probably too good to miss

Jim Jones

Graham Boustred . . no material plans for Vryheid

25/05/80 SUN TRIB

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Strong world demand boosts expansion

COAL EXPORT TARGET IS BROUGHT NEARER

By JACK BRICKHILL

THE export target of 44 million tons of coal a year through Richards Bay is being speeded up to take advantage of strong world demand

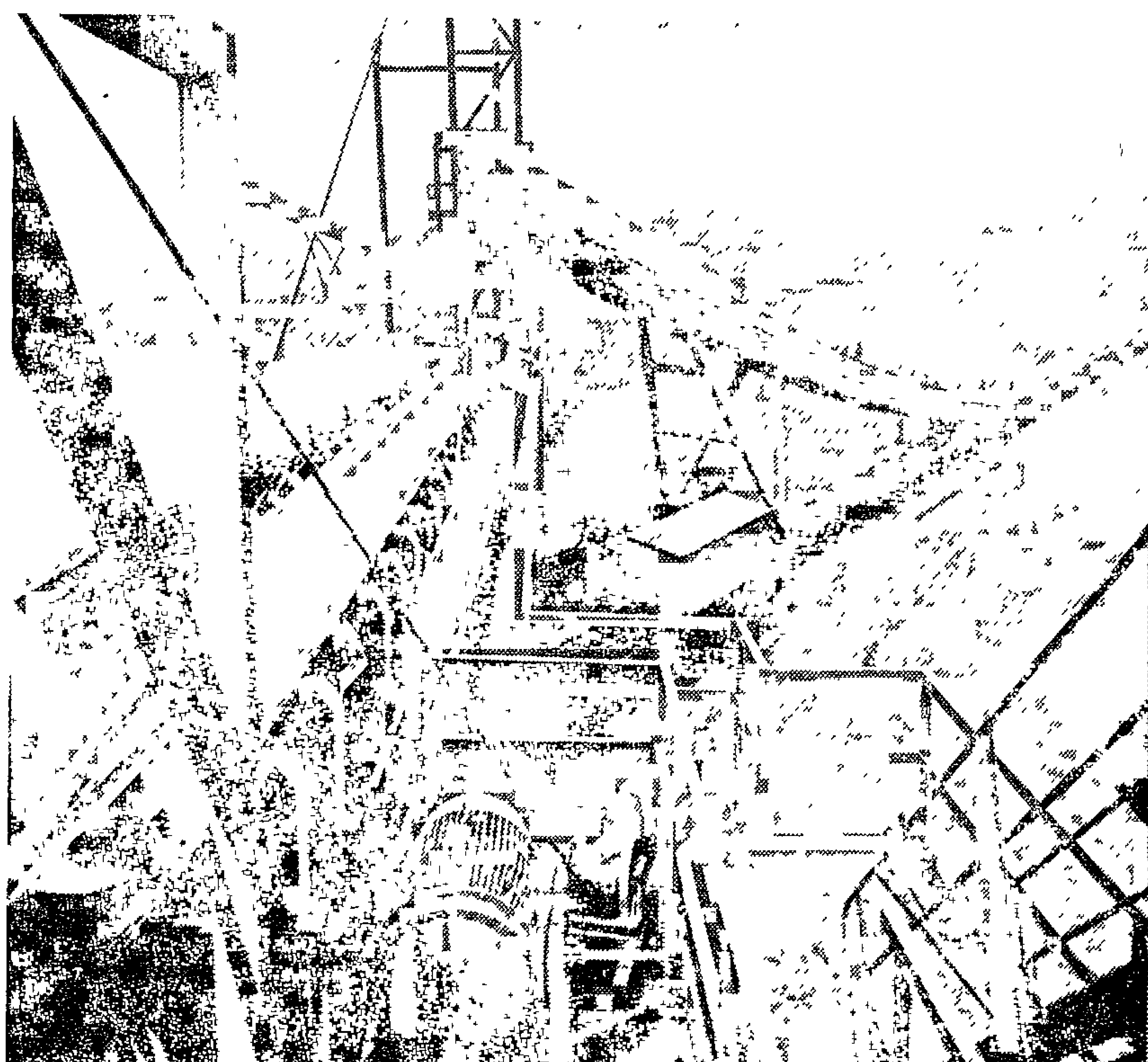
The Transvaal Coal Owners' Association plans to expand facilities to move 44 million tons — the maximum allowed under the present export licences — in 1984 which is a year earlier than scheduled

The South African Railways is working "flat out" on improvements to the railway from the coalfields to the port and are hoping to finish earlier than 1986

A spokesman says the Railways does not want to commit itself further at this stage

However, it is likely, according to sources close to the Government that licences will be issued for a significant increase in coal exports. This means that by 1985 or 1986 Richards Bay could be exporting well over 50 million tons of coal a year

New export licences will not be issued before the present reassessment of coal reserves has been completed at the end of the year. Published reserves a few years ago were 20 000 million tons but industry sources now say the figure is closer to 60 000 million tons leaving plenty of coal for home consumption and for an accelerated export programme



Stacking coal at Richards Bay . . . faster and faster

The price of coal is rising steadily in the world and by 1990 a price of R40 a ton is well within the bounds of possibility earning a staggering R1 700 million a year on 44 million tons

Last year, from 23 million tons, the country earned R480 million in foreign exchange

Costs of coal mining are rising steadily but Dick Bird, managing director of the TCOA, says they could look a lot better in relation to returns as the expected demand for coal to replace oil as an energy source, forces up prices

Officials say it is not in the country's interests to export coal that may be needed in future for local power generation or in the metallurgical, methanol and chemical fields.

Certainly methanol production has a bearing on future needs Nigel Wood MP says the country would benefit more if the coal was processed locally for fuel rather than exported.

Last year's export of 23 million tons is sufficient for a full year's consumption by Sasols 1, 2 and 3

Nevertheless, large-scale production increases reserves by using more efficient methods of extraction and there is little doubt that South African can sustain a programme of a much higher level of exports.

2/6/80 (215)

Politics boosting SA coal mines

STAR 2/6/80

(215)

Own Correspondent

TOKYO — Vietnam's growing political problems with Cambodia and China appear to be benefiting South African coal mines.

Well-informed sources say there has been a drastic drop in recent months in shipments of anthracite coal from Vietnam, which has been Japan's main supplier in recent years.

In April, for example, there was an almost 40 percent drop in shipments to 17 779 tons, while South Africa's exports more than doubled to 31 187 tons.

For the first four months of this year, South Africa has supplied Japan, with almost 63 000 tons of anthracite coal against 144 000 tons for Vietnam and 111 000 tons of China (who April shipments also doubled).

Industry sources believe this trend towards China and South Africa will continue in the months ahead.

The Star
Monday June 2 1980
CLASSIFIED ADVERTISEMENTS INSIDE

215 2/6/80

BRIEFIN

Comeback for King Coal

By tightening the taps on their pipelines the oil sheikhs are digging their own future graves in the desert. JAAP BOEKKOOI analyses how the new oil barons are forcing Old King Coal, long doddering, to be re-enthroned — a move in which South Africa plays a decisive, double-edged role.

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The most envied and maligned figure in the world today is the goateed, drop-mouthed Arab oil sheikh in his traditional aghal headrobe, and the long flowing "burnous" over sandals. He is our favourite latter-day sinner.

Among the powerful he is feared, among the obsequious secretly hated, in London, Paris, New York where he has replaced oil-swilling Texans in that new-rich melange of largesses and crudity.

Countless, and probably quite malicious, are the stores of his saint-at-home-sinner-abroad drinking bouts in the night clubs of the West, the orgies in expensive cat houses, his reputation in Bangkok as a client who likes beating up the girls after favours, and then pays damages, in some strange guilt transference deal.

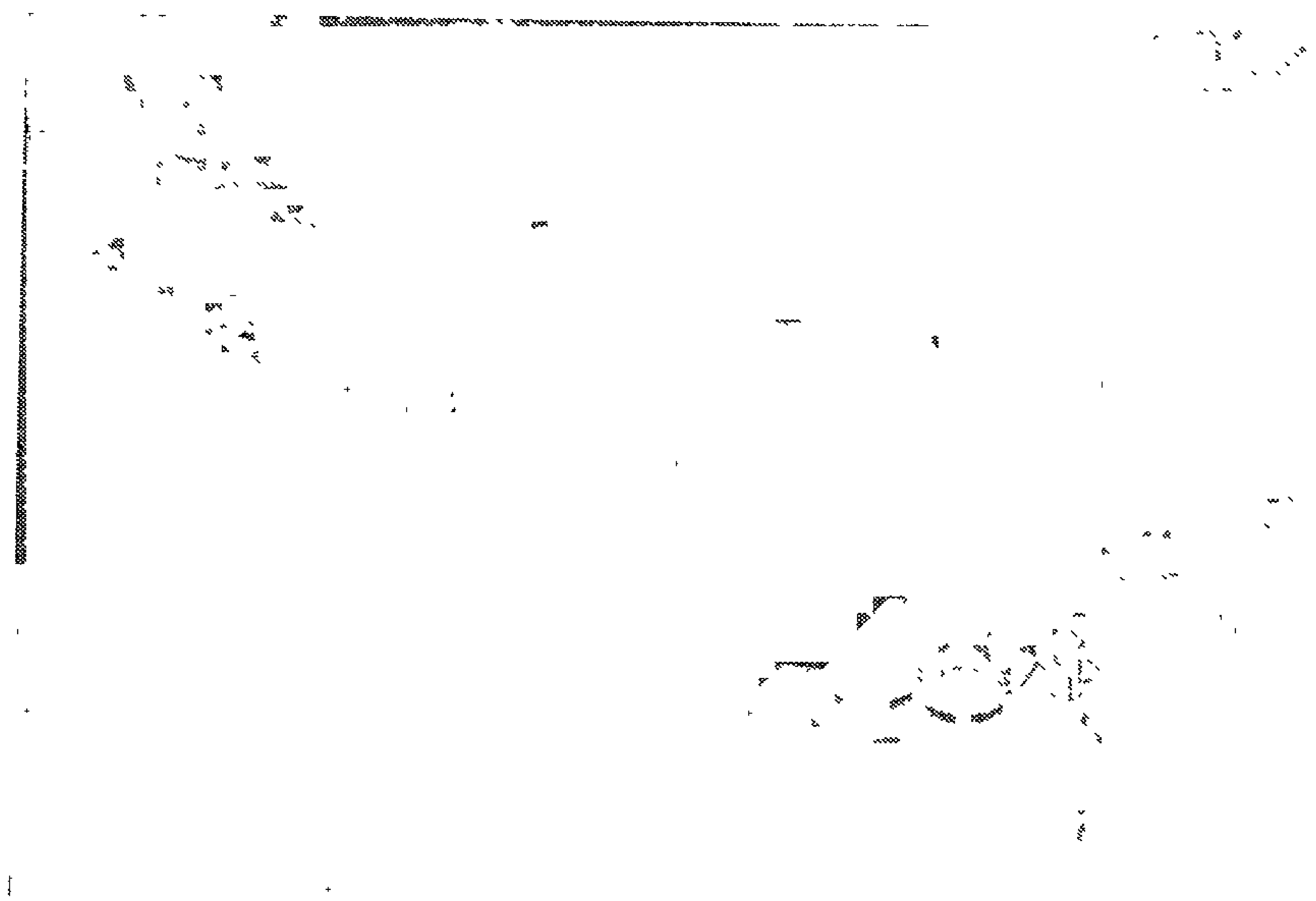
Weapons

In the realpolitik of the West jealousy of the rich sheikh is often camouflaged by the hints of war against him to "protect the interests" of the First World.

But gradually the realisation is dawning that of all the weapons ranged against the oil countries — invasions, nuclear bombs, missiles and boycotts — the best way to finally bring oil sheikhs to their knees is simple ... to "pelt" them with coal.

Many think that is how the oil sheikh's white desert robes will eventually be tarnished.

For in strategy rooms all round the world, but especially in the industrial countries, plans are being hatched for a "coal war" which will eventually do irreparable harm to the Opec cartel members.



Open-cast operations at a Transvaal coal mine.

South Africa is in the forefront of this coal war, even though it has less quarrel with the Opec barons than other countries. Other frontliners in the onslaught on Opec are Western Germany, Japan and the United States

Plans

South Africa imports only about one half of one percent of the world's total oil production, and one supertanker of 300 000 ton capacity docking at Durban each week can supply our full demands

Yet despite this there are concrete plans to cut this import to zero within the next 20 years or so This means that some Opec countries will lose an oil income from South Africa which presently stands at R3 500-million a year

But the sword is double-edged as well To help other countries, notably Japan, Western Europe and America, to convert present oil-powered energy into coal power, South Africa expects to export coal to the extent of 160-million tons a year by the year 2000, which is double our total present production and equal to 20 percent of present United States output

Professor Richard Dutkiewicz, director of the Energy Research Institute in Cape Town and author of the Energy-80 report, revealed this the other day and said these exports would earn South Africa a fortune.

With compounded inflation of 15 percent annually, the value of South Africa's annual coal exports is expected to come to R50 000-million a year by the end of the century.

What this means can be gauged by the fact that our gold earnings (in admittedly less inflated rands) are now around R10 000-million a year

A good part of the extra money that will land in South Africa's purse in another two decades is likely to come out of the earnings of Opec countries For our coal will take the place of their oil, as power generation around the world is switched back from oil to coal.

What happens in the event of trade sanctions against this country? South African coal exports, like Rhodesian chrome after UDI, could easily be identified and exports hampered.

But here our planners have another card up their sleeves Exports of methanol — coal distilled into alcohol — could take the place of coal. Methanol is unidentifiable.

It also has several advantages: there is a ready international market for it, it would earn South Africa more than coal exports, it can be made from "junk coal" with up to 40 percent dirt (ash); and it could be sent to the coast cheaply via the present oil pipeline and then by tanker to a country such as Japan.

Great minds think alike, and so planners all over the world are now busy collecting the coal piles which will one day be used to shell the Opec price-hikers.

The 16 developed nations who combined to oppose Opec through the recent World Coal Study (Wocol) report have found it is quite feasible to replace oil power generation by tripling coal production. The Wocol countries use three-quarter of the world's total energy.

Reserves

The report envisages that tripling world production would create a need for some 1 000 ships to take the coal to former oil users and would increase world coal trade by 1 000 percent or more.

Like the old Barbary pirates who eventually destroyed themselves through their high ransom demands, the oil sheiks are [illegible] similar fate. The counter now lies in the search for oil substitutes, with the United States in the lead.

Because of its enormous coal reserves of almost 4 000 000-million tons of coal (equal in energy to six times the world's total oil supplies) the country promises to become the "Saudi Arabia of coal" within a decade.

The description is, perhaps, no longer apt. For in politically volatile Saudi Arabia future oil supplies are likely to be unstable, unlike American coal

Even with President Carter's plans to increase coal production to 1 200 million tons a year, this gives America sufficient reserves for another 3 000 years, much more than South Africa whose coal is expected to run out in about a century from now.

The main effort in the US is to convert oil-fired power stations to coal and the Federal Power Commission thinks this could save as much as South Africa's imported 100 million barrels a year

Charges

To this the main opposition comes from environmentalists who accuse America's sulphur-rich coal of causing the destruction of lakes through "acid rain" which has soaked up sulphur smoke, changing the soil's chemical structure; and causing a worldwide "greenhouse effect" which will melt polar caps through build-up of carbon dioxide The coal industry rebutts these charges as exaggerated

Against this, coal energy in South Africa is almost problem-free.

All our main power stations are coal-fir[illegible] use in industry has been largely replaced by gas. Sulphur content in our coal is much lower, it has not been known to cause acid rain, and the Sasol 2 and Sasol 3 plants will actually extract and sell sulphur from coal

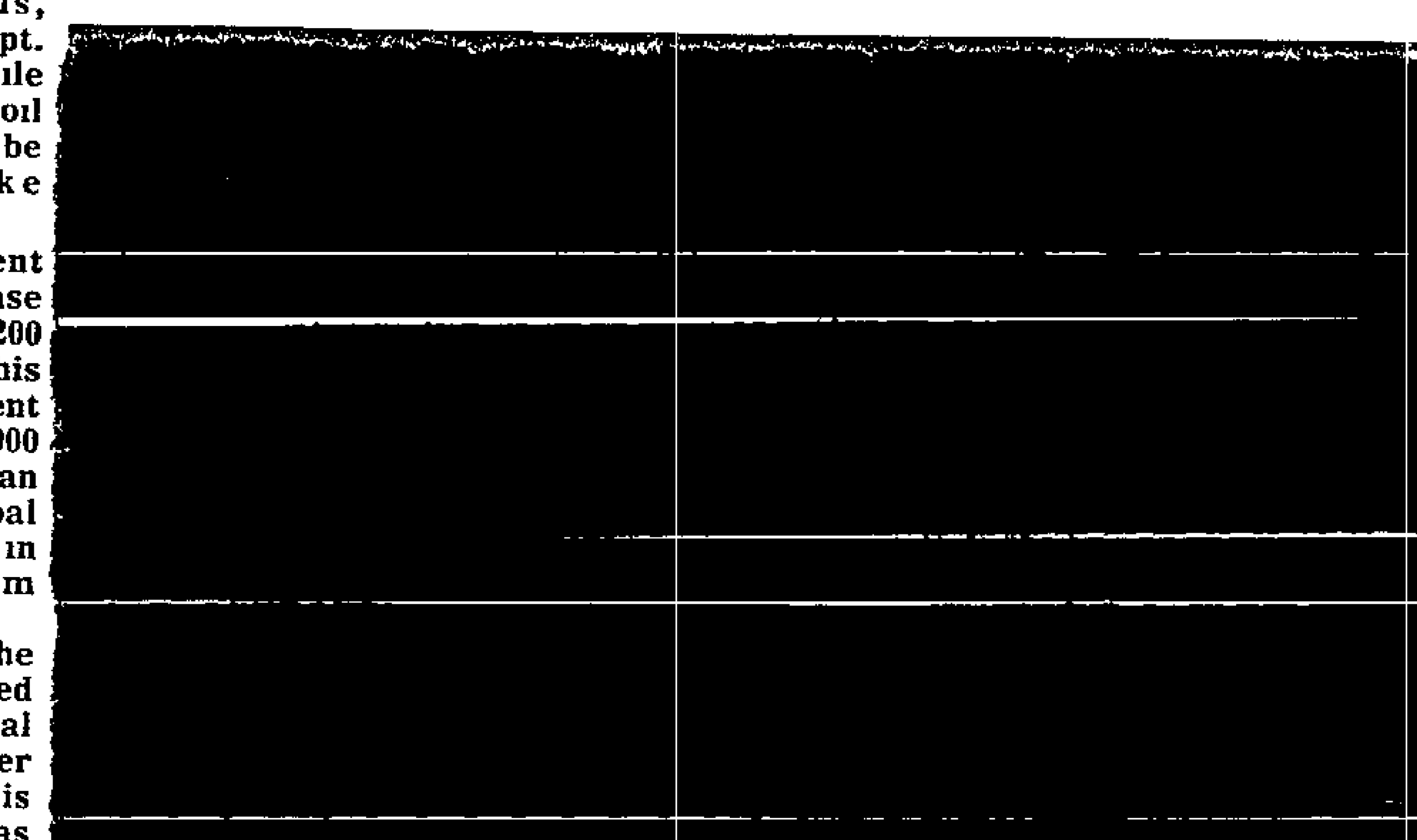
And as Professor Dutkiewicz pointed out in Johannesburg last month future power station coolers are likely to use much less scarce water than the present generation of "dry" cooling towers.

Experts feel that South Africa's "black diamond" treasure could beat the oil-sheikh syndrome if some conditions are met

- That present useless junk coal reserves are used for methanol fuel;
- Modern machinery such as rippers, strippers, continuous miners and later, computerized mining equipment and more coal processing, is used.
- Responsible trade unionism among mainly black miners is developed, avoiding disasters such as the 111-day US miners' strike two years ago, and wildcat strikes which lost 22 million tons of coal in 1977.
- Giving oil companies [illegible] stake in the country's coal industry, with str[illegible] ings attached.

Until clean solar hydrogen or wind energy start paying off, black sooty King Coal is likely to help us pelt, and cock [illegible] snoot at, the sheiks

Which proves again, to adapt an old saying, that where there's soot there's brass



COAL FM 6/6/80 215

Severe shortage

As winter begins to stalk the land, it appears coal shortages will be particularly severe this year. As usual, blacks will be hardest hit Seasonal demand for coal is up but this has played a marginal role in the looming shortfall And the prospect of demand not being met has already stirred a heated debate on the causes of the lagging supply

The main factor appears to be transport to haul coal from the collieries to the distribution points "We have produced much coal", Richard Bird, MD of the Coal Owners Association tells the *FM* "It's a question of transportation The railways are short staffed and there are many other products that they carry, such as maize Moreover, with the price of fuel up, the use of the road will almost double the cost — expensive road haulage has increased the dependence on Railways In addition, government has discouraged the use of road transport."

However, the rail transportation problem is recent For the past few years the Railways have met every requirement, Walter Haselhurst, GM of the High Veld Coal Traders says "The shortage started about 10-12 weeks ago when the Railways transported maize to Zambia A lot of the trucks are still up there and are not available for internal use The decrease in the number of trucks has tended to reduce stockpiles Added to this is the fact that there has been an upsurge in the economy and the consequent rise in demand for coal by industry "

At the end of the distribution line the position is "rather bad " Wilfred Stoloff, of the Transvaal Coal Merchant Association, says both the small nut coal, used mainly by blacks, the anthracite, are particularly hard hit There has not been a supply of small nut for the last four weeks, Stoloff says and he estimates that anthracite stockpiles by merchants might be depleted in a few days unless supplies are forthcoming

Reacting to the charge that merchants have not stockpiled enough in anticipation of an upshot in demand, Stoloff points at the limited space available to the merchants "We will have to build mountains of coal to make stock last us long periods The problem lies between the collieries and the Railways and we are caught up in between From our point of view, we are concerned with profits "

This will be a severe blow to blacks who are dependent on coal for heat and household cooking Only 20% of Soweto homesteads have electricity

Coal industry critic says: 215

RDM 20/6/80

Iscor coke mine threat to steel price

By ADAM PAYNE

ISCOR's developing Grootegeluk blend coking coal mine in the Ellisras area, North-Western Transvaal, could become a cost burden in steel production because of high capital and working costs, amortisation and leasing costs, says a leading executive in the coal industry.

The private sector supplies blend coking coal to Iscor and Highveld Steel & Vanadium Corporation at about R30 a ton, and early estimates suggest that blend coking coal from the State-run Grootegeluk mine could cost about R73 a ton because of poor quality basic coal and high infrastructure costs in the back blocks of Ellisras

Because the cost of coke is one of the principal ingredients of steel costs, this could contribute to higher steel prices, with a ripple effect through the mining, construction and other industries I am told that at least 0,8 ton of coking coal is burned to produce one ton of steel

According to the coal industry executive Iscor's costs of coke made from Grootegeluk blend coking coal will rise astronomically

Grootegeluk is planned to produce 1 800 000 tons of blend coking coal a year, starting later this year

About R250-million is invested in Grootegeluk To amortise that sum over 30 years will call for R8-million a year

Interest on this same sum in the private sector would be about R37-million a year — probably more Iscor is launching the project by leasing the surface plant, so it will not be cheaper than R37-million

The coal executive says that working costs will not be less than R5 a ton As Grootegeluk will mine 15-million tons a year, working costs will total R75-million in round figures

The preparation costs on the type of coal to be mined will not be less than R1,50 a ton, totalling about R23-million

All these costs total R143-million which, divided by 1 800 000 tons, results in R79 a ton

Iscor has negotiated a contract to supply 2 300 000 tons of middlings steam coal, from the preparation process, to Escom

Assuming it receives R5 a ton for it — the price is not known — there will be a credit of R11 500 000, leaving total costs at R132-million for 1 800 000 tons of blend coking coal, or R73 a ton

This high cost is attributable to the mining of 15-million tons a year to gain at most 12% of it in the required product, blend coking coal A further 18% will be in steam coal middlings supplied to Escom at a low price and the remaining 70% will be discard

There will be a 70% discard because of the poor quality of the raw coal

'On these figures, Grootegeluk will be one of the costliest coal enterprises in the world ' according to the executive

Not so, says Iscor

ISCOR was asked to comment on the mining executive's views. Its mining department replied that years ago the demand for coking coal indicated that additional coal resources would have to be found to supplement the dwindling supply.

The disappointing response by private industry to sustain supplies at that time and also its inability to comply with Iscor's quality parameters prompted the corporation to launch an in-depth study into the problem of future supply

After many deliberations and the weighing of all aspects, the corporation was given the green light to open a new coal mine in the Waterberg coalfield

Iscor says it obtains coal from 18 sources, the tonnages varying between 1 000 to 26 700 tons a week The cost of Grootegeluk coal as calculated by Iscor compares favourably with the price paid by Iscor for coal obtained from the new mines

The Iscor statement continues "The average industry figure includes the supply of coal from old mines which were established when the capital re-

"During Iscor's past two financial years the purchase price of coal increased on average by about 16%

"The Waterberg coalfield contains large reserves and Grootegeluk will ensure a continuous supply for a very long time

"The establishment of an Escom power station in that area ensures the utilisation of the middlings at a reasonable price to Escom In fact, more coal than stated will be sold to Escom, resulting in a greater credit to the cost of coking coal

"The reference to poor quality is incorrect The 70% discard consists of shale, which is separated from the coal and does not affect the quality of the coking coal fraction, which can in fact be described as a superior blend coking coal

"The corporation says categorically that the working cost figures stated are far too high Iscor's cost estimates are backed up by considerable expertise in the open-cast mining field as is borne out by its production of more than 120-million tons a year from its own open-cast operations

"As the infrastructure at Grootegeluk, which heavily contributes to the capital cost, has now been established, an increased output from the mine will result in a substantially lower coal cost

"It is calculated that a 100% increase in output will result in a 25% decrease in cost Here again one must not lose sight of the rise in prices of purchased coal '

Iscor says that its expertise in open-cast mining is of the best in South Africa This, together with the factors of large reserves, full use of the deposit, economy, acceptable quality and continuity of supply, will ensure that Grootegeluk can in no way be considered a cost burden

Iscor is not prepared, it says, to be drawn into a situation where divulging of cost figures relating to its mining operations could be advantageous to other parties

"Our cost of Grootegeluk coal is calculated on the basis of industry-wide applicable principles Because of the large contribution of capital cost to the total cost it is clear that Grootegeluk coal will not in future cause an 'astronomical rise' in coke costs

"In fact, the converse is the case, as it can be expected that Grootegeluk will in future perform better cost-wise than the expected industry average because it is less labour-intensive, being open cast

Gold tops in grand year for Anglo

234 216 347 184 237 215

RDM 30/6/80

By DAVID CARTE

Deputy Financial Editor

ANGLO AMERICAN Corporation produced 36% of South Africa's gold, 35% of its coal and 41% of its uranium in pushing up taxed profit 52% or R104-million to R306 600 000 in the year to March, says the annual report.

Pre-tax profit rose 44% to R302 500 000, earnings a share 50% to 136,1c and the dividend 52% to 70c Had Anglo equity accounted, earnings would have been 260c a share

The market value of investments rose to R5 058-million (R3 071 400 000), while assets employed totalled nearly R8 000-million The total market capitalisation of companies administered by Anglo rose to R11 000-million

Anglo's own market capitalisation rose 73% to R2 929 million

Even though all divisions, except level-pegging diamonds, achieved vastly improved results, the gold division outstripped all others, contributing 52% of group income, compared to 37% in 1979

Diamonds were the second biggest profit contributor, weighing in with 19%, compared to 28% in 1979

Even though Amic pushed up earnings 62% to a record industrial investments contribution fell to 13% from 17% Coal's contribution also dropped from 6% to 5% in spite of a 25% rise in Amcoal's earnings Finance contributed 4% (1979 7%), and platinum and other mining 2% (1%) each

A geographical breakdown of profits shows that South Africa's contribution rose from 74% to 81%, while the South West African contribution fell from 5% to 3% The rest of Africa contributed 5% (7%) and North America 4% (6%)

Gold production declined marginally to 260 019 kg, and uranium production rose 253t to 2 149t Working revenue of the gold mines rose 47% to R2 151 200 000 in spite of increased working costs, working profit rose 78,2% to R1 274 600 000 Dividends paid totalled R350 600 000 (R194 700 000)

During the year the South uranium plant at Vaal Reefs was commissioned and a R715-million additional shaft system and gold plant at Western Deep Levels was announced Both the Joint Metallurgical Scheme and Ergo were operating satisfactorily

While total mine output rose by 2-million carats to 13 900 000 carats, diamond sales by the Central Selling Organisation were about the same as in 1979 — $2 598-million This was a $46-million improvement in dollars, but a R27-million decline because of exchange rate movements

While De Beers diamond account income was R125-million lower because of lower stock profits and higher working costs, interest and dividend income compensated and equity earnings at R741 900 000 were almost the same as 1979's

In coal the most important development was the securing of contracts to supply two new 1 800 MW Escom power stations Sales rose 23% to 36 300 000t and pre-tax profit 25% to R104-million

Among industrial holdings, Highveld Steel, incorporating a full year's results of Rand Carbide for the first time, lifted earnings 30% to R27 300 000 Scaw Metals, Boart International and Mondi Paper all achieved record results, and Sigma became South Africa's biggest vehicle maker, selling nearly 59 000 units A 35% stake in Haggie Ltd was acquired

The report says mining and engineering studies of the possible exploitation of low-grade gold and uranium deposits in the Erfdeel-Dankbaarheid block, north of Free State Saaiplaas, are "far advanced", and other Free State prospects are encouraging

Boreholes are being sunk south and south-west of Vaal Reefs with the aim of confirming reserves Exploration near Klerksdorp yielded mixed results, and further drilling south of Western Areas yielded similar gold values to those obtained previously But much more work is required to confirm the gold grades of a number of reefs at great depth

Coal reserves improved in the year, increasing by 995-million tons to 7 700-million run-of-mine tons Amcoal's target of reserves of 9 000 million tons is expected to be met by the end of 1982

Further encouraging results have been obtained from the copper, lead zinc discovery in the Sperrgebiet in South West Africa and further drilling is planned this year

Anglo increased its stake in Amgold from 46% to 49%, in Amic from 44% to 49% and in Australian Anglo American from 37% to 41% Mainly as a result of the Charter Minorco restructuring, the holding in Anglo American of Canada fell to 22% from 39% and in Minorco to 32% from 40%

Apart from the acquisition of a 12,5% stake in Cons Gold, the most important additions to the investment portfolio were 7-million Rusplat, 1 200 000 Shangani Mining, 800 000 Anglos, 1-million Huletts, 3-million Sasol and 400 000 Tongaat Sales included 200 000 Deelkraal and 210 000 Loraine

Anglo is being for sued with 28 other uranium marketing companies in America by Westinghouse Corporation for allegedly violating anti-trust legislation Anglo has refused to take any notice of the suit as it argues that it is not subject to the jurisdiction of the US It is not perturbed at an injunction not to remove assets from the US, saying it has none there

The report does not mention it, but Mr Gavin Relly said at the time of the preliminary report these results were obtained on an average gold price of $306

The report also does not describe prospects This is the prerogative of the chairman, Mr Harry Oppenheimer, who reports in August But with gold still so high, prospects can only be brilliant

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Coal mine costs soar

RDM 30/6/80.

By ELIZABETH ROUSE

ESCOM will take additional coal supplies from Amcoal's New Denmark coalfield and the increase in the colliery's capacity will add millions to group capital expenditure.

It is expected that the combined cost of Amcoal's two collieries, New Denmark and New Vaal, will be about R322-million in January 1979 money values, against the previous estimate of R210-million.

Escom has exercised its option for additional coal from New Denmark to enable the generating capacity of the Tutuka power station to be increased from 1 800 MW to 3 600 MW, a move which was expected. As a result designed capacity of the New Denmark Colliery will be increased to about 10-million tons of coal annually.

Detailed planning is in progress, says Amcoal. Production is expected to start in 1984 in time to meet the commissioning of the first of the six planned generating sets at the power station in the first half of 1985. Full production should be reached by 1990.

Capital estimates are being completed and agreed to with Escom. As previously indicated, it is expected that about 60% of the cost of the two collieries to completion will be funded by Amcoal and Escom will arrange finance for the balance

The [illegible] contract with Escom provided for the supply of 460-million tons of steam coal over 40 years, worth about R4 000-million at current prices.

New Vaal in the Cornelia coalfield will at full output supply about 6 500 000 tons to the Cornelia power station.

F-m 58 215 4/7/80

Anglo American Coal Corporation Limited

(Amcoal)

Incorporated in the Republic of South Africa

Coal supply to Escom's Tutuka Power Station from New Denmark Colliery

The Board of Amcoal announces that the Electricity Supply Commission has exercised its option for additional coal supplies from the New Denmark coalfield to enable the planned generating capacity of the Tutuka Power Station to be increased from 1 800 MW to 3 600 MW As a result the designed capacity of the New Denmark Colliery will now be increased to some 10 million tons of coal annually

Work is now in progress on detailed mine planning Production is expected to commence during 1984, in time to meet the commissioning of the first of the six planned generating sets at the power station during the first half of 1985 It is expected that full production will be reached by 1990

In the Annual Report for 1979, the combined cost of developing the New Denmark Colliery to supply the Tutuka station, then of 1800 MW capacity, and the New Vaal Colliery was estimated at R210 million in January 1979 money values Capital estimates for the enlarged New Denmark Colliery are in the process of being completed and agreed with Escom It is now expected that the combined cost of the two collieries will be approximately R322 million in January 1979 money values As previously indicated, it is anticipated that approximately 60 per cent of the cost of the two collieries to completion will be funded by Amcoal.

Johannesburg
June 30 1980

aac

Wit Coals and TUC suspended

RDM 8/7/80

Financial Reporter

THE listings of the shares of Witbank Consolidated Coal Mines and Tweefontein United Collieries were suspended yesterday on the London and Johannesburg stock exchanges at the request of the companies.

The suspensions were requested because shareholdings in Duiker Exploration are a material part of the assets of WCCM and TUC

Duiker Exploration was suspended because of its 40% interest in the Erfdeel-Dankbaarheid farms, over which negotiations are in progress to determine whether the area can be exploited by neighbouring mines.

TCOA, Israel deal

215
(A)17
8/1/80
14

THE Transvaal Coal Owners Association has signed a contract with Israel Electric Corporation to deliver 1-million tons of steam coal a year by 1983 for a new power station near Haifa

The intention is that the contract will continue for the life of the power station

The contract follows a letter of intent signed by the corporation in 1977 In terms of that letter coal is being supplied at about $28 a ton f o b Richards Bay for the fiscal year from April 1, 1980, to March 31, 1981 There will be increases subsequently

Shipments will start at the beginning of 1981 at a rate of 500 000 tons and 700 000 tons After that it will reach 1-million tons a year

RM coals stoke up profits

RDM 15/7/80

By ADAM PAYNE

THE coal producers in the Rand Mines group — Witbank Colliery and Welgedacht Exploration — continued their upward trend in the June quarter when, boosted by higher tonnages sold, they posted higher net profits.

At Witbank the tonnage sold increased from 2 100 000 to 2 400 000, mainly because the company started to participate in an additional short-term export opportunity outside the Transvaal Coal Owners Association

Working profits rose from R12 400 000 to R13 600 000, but the increase would have been higher were it not for a surcharge of R1 400 000 relating to the company's use of the Richards Bay coal terminal.

Profit after tax amounting to R3 400 000 (R3 700 000) left taxed profits of R11 600 00 (R8 900 000)

The estimated total capital expenditure for the remainder of the current financial year to September is R4 700 000.

At Welgedacht the tonnage sold rose from 446 522 to 525 182 In spite of the increase in tonnage, working profit fell because of surcharges of R445 000 and R204 000 levied by Richards Bay Coal Terminal Company and Natal Associated Collieries respectively

Net profit totalled around R1 300 000 (R1 100 000)

The estimated capital spending for the remainder of the financial year to September is just over R1-million

STAR 18/7/80

Iscor has clean coal mining plan for Park

(48) (215)

By James Clarke

There will be no townships, dams, dumps or river pollution in Kruger Park's Pafuri area should Iscor be given the go-ahead to mine coking coal there, says Dr T F Muller, chairman of Iscor.

The Cabinet has frozen further activity by Iscor which is, still uncertain whether the deposit is viable

"There is a 50/50 chance it is not," said Dr Muller.

In his first interview with a newspaperman on the subject, Dr Muller said he would be against amending the National Parks Act to allow mining in Kruger Park He agreed it would leave all national parks very vulnerable

He said Iscor would favour a land swop with the piece of land adjacent to the Park The coal area is roughly 15 km by 7 km (about 100 sq km).

The land under which the high-quality coking coal was found would be returned afterwards

He said that at the moment it was felt the deposit could be approached underground from Venda in which case only ventilation shafts "might" be needed and surface disruption would be very slight.

Dr Muller gave The Star's CARE campaign an undertaking that, before anything happened an environmental-impact report would be made public and it would discuss the alternatives to mining Kruger Park as well as the negative and positive aspects if the park were mined.

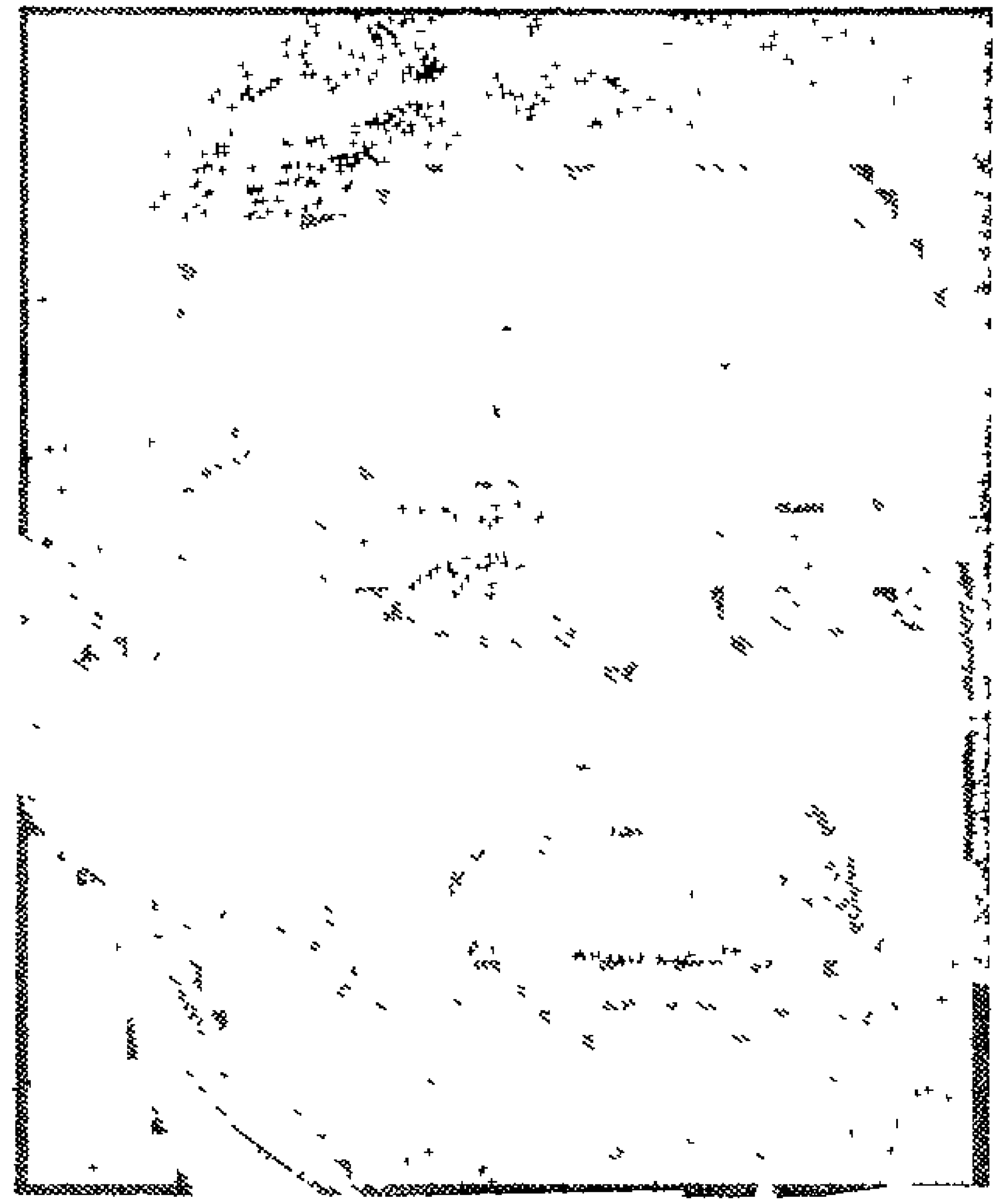
● **The full interview with CARE appears on Page 1 of Briefing today.**

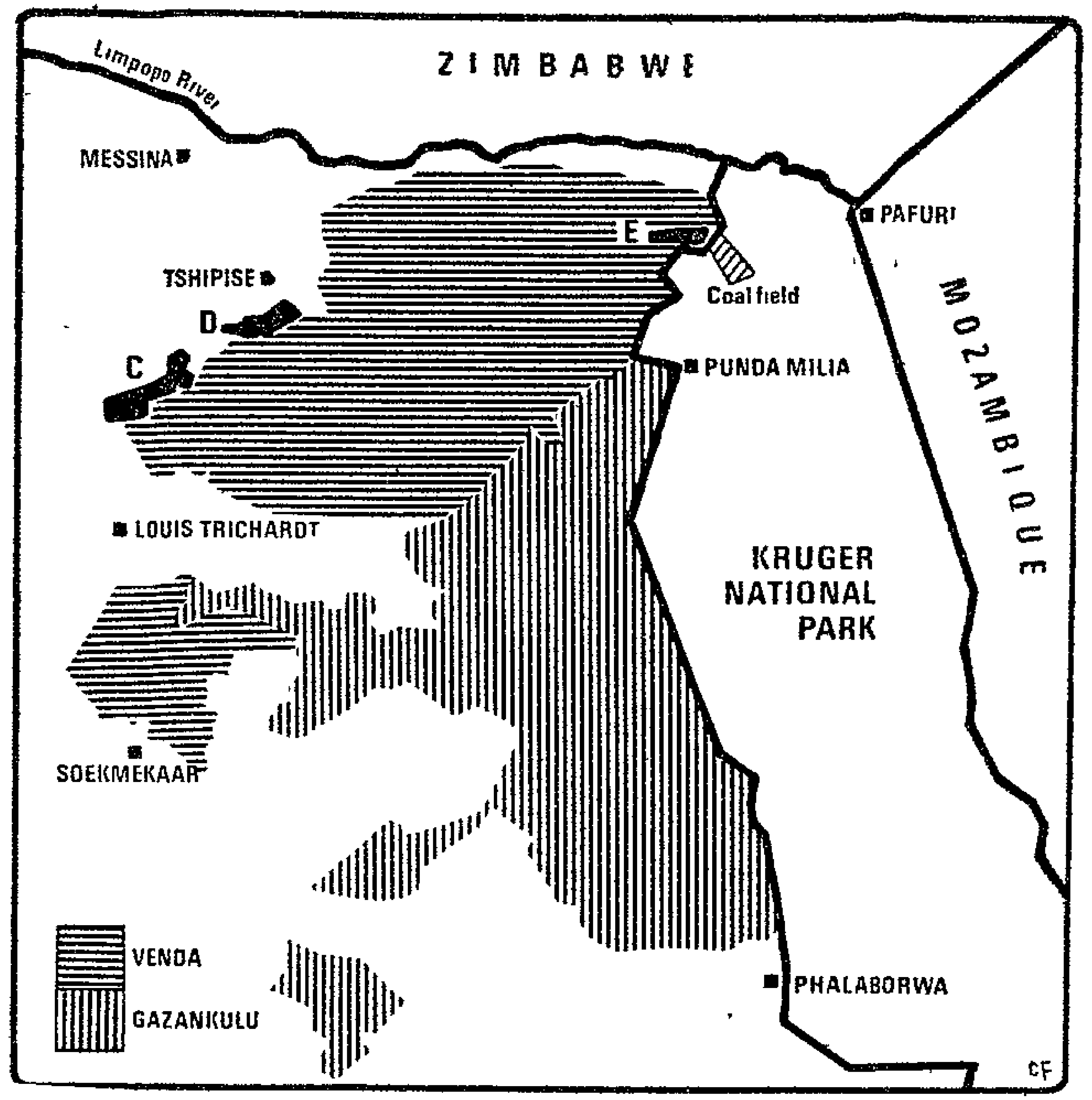
The Star
Friday July 18 1980 215
CLASSIFIED ADVERTISEMENTS INSIDE

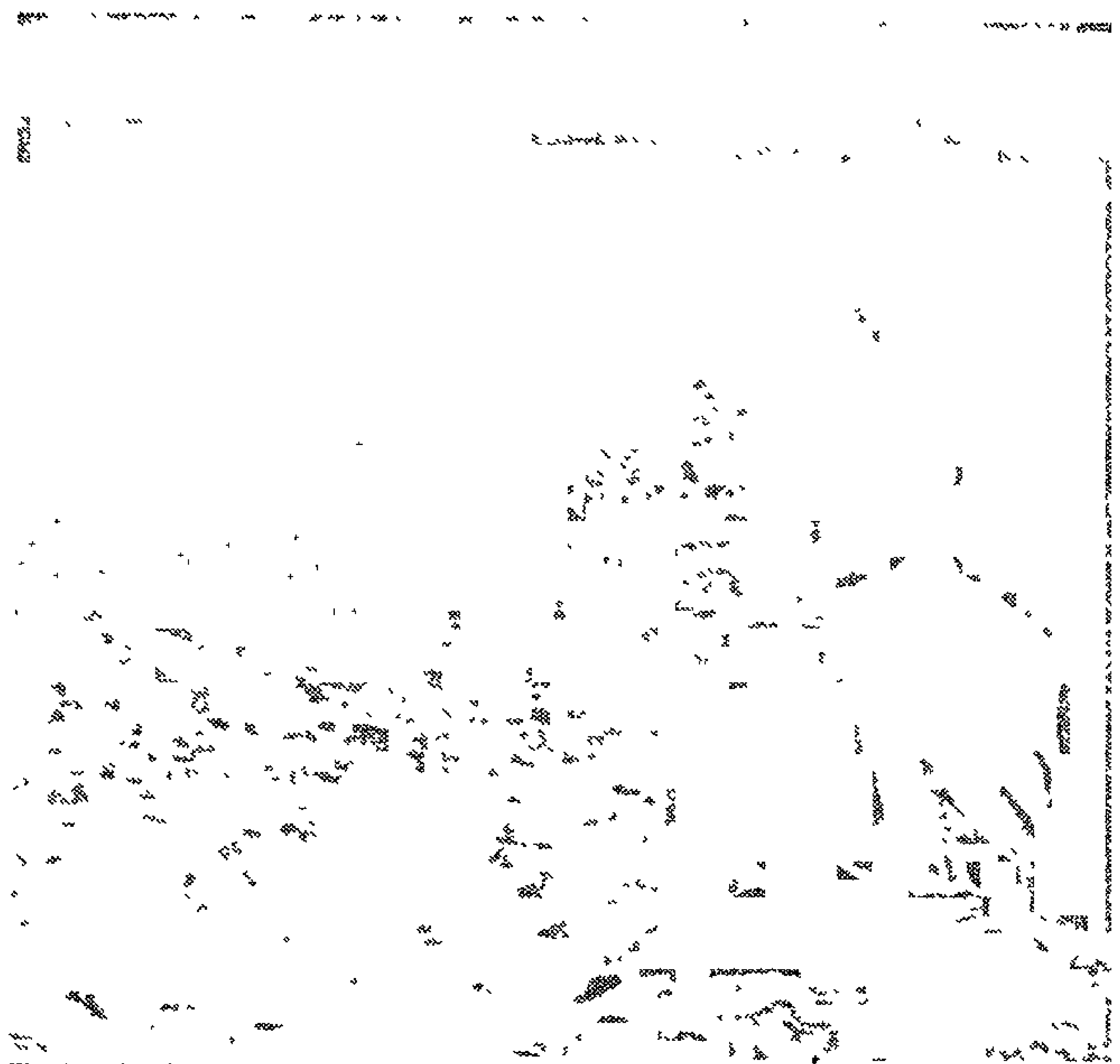
BRIEFING

Coal from Kruger — by Dr Muller

Chairman of Iscor Dr Tom Muller (below) has talked to the Press for the first time on Iscor's controversial plan to mine coking coal in Kruger National Park. He spoke to James Clarke of The Star's CARE campaign.







The Levubu River winds its way through unbroken wilderness, the area earmarked for the world's most exciting wilderness trail — and the most likely spot for Iscor's coal mine.

18/7/80 (215)

There is a 50-50 chance Kruger Park's Pafuri area will not be mined for coking coal. And, even if it is, mining is likely to be underground with the major pithead facilities over the border in Venda.

The area Iscor is looking at entails, at most 100 square kilometres — about two-thirds of the size of Sandton municipality

In a frank and cordial interview, Dr Tom Muller, chairman of Iscor discussed Iscor's side of the controversial issue It was the first interview Iscor had given on the subject

Dr Muller: I think the first thing is to understand what coking coal is In very simple terms it is an unusual type of coal which, when heated to give off its volatiles expands into a strong sponge-like structure called coke This we feed into the furnaces with a mixture of iron ore and dolomite and then pre-heated air is forced in from the bottom

To get the right degree of heat (in order to reduce and melt the ore) there must be a strong upward flow of air You can use inferior types of coking coal for coke-making but the resultant structure is so weak that the charge collapses and chokes the furnaces

James Clarke: From where do we get our present supply?

We in fact use a quantity of low-grade coking coal from the Eastern Transvaal and add high-quality coking coal as a "sweetener," or put the other way around, "blend" coking coal is used to "stretch" the limited reserves of "straight" coking coal The better coking coal comes from Natal and it is very doubtful whether these resources will see us through the next 20 years.

And then?

Muller: Then we look at the only other supply we know of, that is in Soutpansberg. These deposits are relatively poor — low rank towards the West — not like the five-star stuff they get in Poland and the United States It would probably rate only at "one star" But there are better deposits as one moves east across the top of Venda towards the Kruger Park By the time you get to Kruger Park s border it is about "three star"

Possible sanctions

What about importing coking coal?

We once imported some from America for experimental reasons and our efficiency shot up 8 percent That could mean in general terms some R120-million a year to Iscor. But it still would not be economic to import we have no harbours capable of off-loading large amounts of coal — all our ore and coal harbours being export points

To establish import harbours (emptying freighters without any facility specifically designed for this purpose is a great deal more expensive than filling them) and to freight the stuff to our mills would involve vast capital There is also the aspect of foreign exchange involved and exposing ourselves to possible sanctions with nothing to fall back on at short notice

I have been led to believe that there are large deposits of coking coal in Zimbabwe Could Iscor not import this coal instead of mining the Kruger Park deposit?

There are a number of factors to be considered in this suggestion We are already importing Wankie coal but it is expensive It can be supplied only in limited quantities and is only about the equivalent of a superior blend coking coal of which we have ample supplies Very little is known about the quality and potential of other deposits in Zimbabwe and if a new mine has to be established to supply the tonnages mentioned, who will supply the capital for this investment? — I would rather establish a new mine in South Africa

And at the risk of repetition, we would again be largely dependent on a foreign source and be exposed to possible long-term risk

So we are stuck with what we have?

Unfortunately, yes The one deposit we were originally most optimistic about on the north-west boundary of Venda ("C deposit") proved to be of relatively poorer quality A pity, because it is near existing roads rail and power lines "D deposit" further to the east is better but is relatively small and becomes very deep — nevertheless we will have to use it one day

"E deposit" just inside Venda from Kruger Park is of very good quality and this extends into Kruger Park The Geological Survey of the Department of Mines drilled 23 boreholes and found a quality coking coal that compares in many respects with overseas quality coking coal

Venda border

How far into the park does it extend?

It extends to just south of Punda Milia but the indications are that the quality deteriorates rapidly from just inside the Park boundary Beyond Punda Milia the coal-bearing sediments pinch out The area we are interested in could be an area of about 10 x 10 km right up against the Venda border However, even this area might be too disturbed geologically for a large mechanised mine and many more holes will have to be drilled to ascertain the situation in sufficient detail before even contemplating the possibility of a mine

I heard a rumour that the Cabinet had given you permission to drill another 400 holes.

That s nonsense The National Parks Board had agreed to us drilling 100 holes but eventually withdrew their permission The idea then was, as now, to determine whether a viable coking coal deposit occurs just inside the Park boundary or not

I think it is common cause now that the few boreholes already drilled have had very little or no ecological impact In fact rangers tell me you can hardly see where they have been even when you are on top of them

Can we look at what really worries the public? The fear is that if you are given the go-ahead to prospect, a dangerous precedent will be set. What is to stop anybody else seeking minerals or even planting cane — as has been suggested — along the Lower Sabie for fuel production?

I can appreciate the public's concern It worries me too But our need is critical — or it will be Steel production is vital to the survival of the country And in the event of sanctions, Kruger Park s coal — if indeed viable deposits exist — could save South Africa

Is the Pafuri area the only spot?

Yes if we are considering large enough reserves for the size of mine required to replace the current Natal sources

Remote area

Another public fear is that the Government might amend the National Parks Act to allow you to mine That would mean that no natural area in South Africa is inviolate Everything would be up for grabs

I personally am not in favour of amending the Act I would regret it if Iscor s request to test that area led to an amendment

You would favour expropriation — an exchange of ground?

Yes It is after all, a very small and remote area One hundred square kilometres compared with Kruger s total area of nearly 20 000 sq km. More important, it could be handed back with a minimum of surface disturbance and re-incorporated into the park when we are through

But in what condition?

It is likely that we would disturb its surface only minimally We believe we could establish the main infrastructure in Venda At most we might need a few ventilation, hauling and access shafts and they would be dismantled afterwards. However, one can only speculate in the absence of detailed geological data

You must appreciate that in the absence of any statement from Iscor, rumours in the park were pretty rife. One Iscor man is said to have pointed out where Iscor would build a dam on the Levubu which at present is unspoiled

Not so We quite naturally speculated a little freely earlier on and some of our chaps might have thumb-sucked but there are no formal plans whatsoever for such things

What about intentions?

As far as the Levubu is concerned it is a perennial river and we would in all probability not have to dam it.

Up-river pollution? Could that not enter the park?

There is no reason why we should pollute the river.

What about the railway line that would have to cross the park to get to Phalaborwa?

We have speculated that one route for a line could run outside the park along its border — but the Vendas would probably like it deeper inside their territory Another route could be west-east north of the Soutpansberg As far as townships go if I can quote one of your articles where you say the area will be "sprinkled with mining townships" — this is just not true There is no necessity for townships in the park at all

I really can see very little difficulty in returning the land practically intact There could be subsidence if we mined but I doubt whether it would be noticeable

I am sure the public will be mollified by these assurances Would you be willing to put out an environmental impact assessment for the public to study BEFORE going ahead? I mean a full and frank statement of the positive and negative aspects?

Yes, we could certainly do so when the time is ripe We are already of the opinion that we would have to be amenable to very stringent conditions that would be laid down in the event of exploitation

Assuming you get the green light how many years before mining could become a real possibility?

Probably between five and ten years but I must once again stress the fact that very little is known about the deposit in the Park and an extensive drilling programme will have to be carried out first

Second opinion

Knowing what I know now I feel a lot easier. It is a pity Iscor did not come clean from the start. The public is pretty fed up with losing areas it treasures without being consulted.

Perhaps we should have been more open to the Press I don t deny that, but we co-operated fully and frankly with the Wild Life Society during the drafting of their report on the situation, mainly because they were trying to accumulate facts without provocation — you will agree that some of the earlier Press reports were very provocative Furthermore, the matter was raised in Parliament and became sub-judice for a long while which effectively muzzled us completely I also read a paper on "Mining and the Environment" at the annual prizegiving of the SA Institute of Mining and Metallurgy in March 1978 and spelt out Iscor's ideas and feelings about a possible coking-coal mine in the Park This was widely quoted by all the news media at the time

Can we look at one or two other rumours . . . for i stance it has been said that Iscor gave up research on substitute for coking coal when it discovered the ne deposits.

We have been and still are researching Your article mentioned a French form-coke process as a substitut but I went there to see their operation Not even th French use this process on a commercial scale The import their coking coal from Poland I even ser specialists back to give me a second opinion Even if w used the stuff we would still need to mix it with conver tional coke At the absolute maximum form-coke coul replace only 30 or 40 percent of the total coke we cor sume

But then it would stretch our reserves. Somebody h said it could treble them

Perhaps double Certainly it is no complete substitut

And Sasol's experiments?

They are not researching coking coal They are wor ing on the solvent refining of coal but this will in no w substitute or augment the use of coke in a blast furnac We are developing a method for the use of coke in blast furnace We are developing a method for briqu ting a percentage of normal coking coal to be used charge up the ovens It will give more efficiency — b we still need coking coal

Is there a possibility of some other breakthrough

We are looking at substitute methods for future ir making but we will still need coking coal for our existi blast furnaces We can't simply abandon furnaces t have cost us R80-million each, not to mention the lar capital investment on the coke ovens themselves

One assessment I have heard is that Kruger's coal w last only eight years. The best I have heard is 20

Nobody in his right mind would invest in all that frastructure for the sake of eight years No, we have timated it will have to last 30 years — some estimat say there could be 40 years' supply — and it would ha to yield from 1 to 2-million tons of sales product a ye This is also one of the main reasons that it is essent that the area first be thoroughly investigated by mea of drilling before any further speculation is embark upon

Would you compensate the park?

A piece of land equivalent to any we took over could offered in exchange

Somebody said it would be a piece of the Karoo.

No Something adjacent to the north-west of the p could be considered and here the Venda authorit could be consulted Royalties income could also acc to the Parks Board and I am sure this could be used enhance the Park or even other parks

Coal miners back at work

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22/7/80

NM

JOHANNESBURG—The majority of black mineworkers reported for work yesterday at the Kriel colliery in the eastern Transvaal after Wednesday's labour disturbance at the mine

The trouble apparently involved changes in shift time, according to a statement from Anglo American Corporation .

There had been a strong turnout for the morning shift and the afternoon shift went down without incident, the statement said.

In Wednesday's unrest one black man was asphyxiated in a fire which damaged the mine trading store. The man was not a mine employee and had worked for the company which operates the trading store.

Kriel colliery employs a labour force of about 1 600 black workers and mines by underground and open-cast methods. Coal supplies to the adjacent Escom power station had not been affected, the statement said. — (Sapa)

Cost rise worries Apex

(215) RDM 23/7/80.

By ADAM PAYNE

COSTS ROSE 6% at Apex Mines, the GFSA colliery, in the June quarter.

Mr Robin Hope, chairman, in a Press briefing in Johannesburg yesterday described this as a "worrying factor"

He added that costs had risen 9% in the first half of the year over the first half of 1979

"It seems that our improved productivity, which has been a feature of our operations over the past two to three years, has run its course and we have also been caught by higher labour costs and increased stores."

Apex Mines raised after-tax profit in the quarter to R3 083 000 (R2 499 000) The company declared an interim dividend of 60c Earnings a share in the first half year, after capital spending, were 149c.

Capital spending in the June quarter was higher at R1 663 000 (R735 000).

Production was increased and sales revenue was marginally up at R10 402 000 (R9 779 000)

Raise-boring of four holes for future shafts has been completed Lifts are being put into two shafts for men and materials and the other two will initially be used for ventilation.

Coalplex and Triomf help AECI surge

~~183~~ ~~232~~ 215
RDM 24/7/80.

By DAVID CARTE
Deputy Financial Editor

A MAIDEN profit at Coalplex, the resumed dividend from Triomf and a better performance by all major divisions lifted AECI — South Africa's biggest chemical group — to an 80% earnings increase in the six months to the end of June

The interim report shows group sales up 40% to R551 200 000 and pre-tax profit 69% ahead at R85 300 000 Thanks to a tax rate that dropped from 35,5% to 32,5%, taxed attributable profit soared 81% to R54-million Earnings a share were 80% better at 36,2c (20,1c) Profits are struck on the conservative lifo method of stock valuation

The interim dividend was lifted 50% to 18c (12c)

The report says all major sectors contributed to the improvement, but growth in agricultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products was "particularly noteworthy"

At a news conference at which the results were released yesterday, AECI managing director, Mr Denys Marvin, said the improvement at Coalplex had been "very material" to the group first-half improvement

The R7 800 000 resumed dividend from Triomf was another important factor This added 5,2c a share to earnings Without this, the earnings improvement would have been 54% to 31c

AECI forecasts that profits in the second half will be significantly higher than those earned in the second half of last year

Asked if earnings could still be 80% at the yearend, Mr Marvin said "That would be nice, but there will not be another dividend from Triomf in the second half, so it's not likely"

But 'the ship's in good shape and we don't see a downturn for quite a long time"

Reporting on development projects, Mr Marvyn said AECI was not rushing into the methanol project Much appraisal work remained to be done With the best will in the world there would be no go-ahead until 1984

The R40-million expansion programme at SA Nylon Spinners was on schedule and would come on stream in the second quarter of next year, and the polythene plant would open in 1981

While these results were gratifying, he stressed that profits were not excessive Returns on AECI's huge investments had been less than acceptable during the recession and on a current cost accounting basis, the group was earning only about 5,8% after tax on its investments compared with a "reasonable ' return of 6,5% Pre-inflation the current return was more like 21%

Mr Marvin said Coalplex still depended on PVC exports It had exported 25 000 tons of PVC and expected to export 55 000 tons this year Recession in the West had put pressure of export prices and the hardening rand was another problem Coalplex would be more solidly and permanently in profit when the South African market took more of its production

Mr Marvin expected all Coalplex s production to be sold in SA by 1984 to 1985

Only after this was a second Coalplex, with Sentrachem this time the major shareholder, likely Because capital spent extending an existing plant was four times more cost effective than capital spent on a greenfields plant, it was possible the existing plant would be extended first and Sentrachem offered a bigger stake as this happened

Mr Marvin revealed that AECI was considering entering a technical agreement with an American chemical company in terms of which AECI would give the American company technical knowledge on coal gasification in exchange for the US company's expertise on coal liquefaction

The US company was building a coal liquefaction pilot plant which was planned to come on stream in 1985

He said "The future is coal and AECI is unique among diversified world chemical companies of its type in having 30% of its assets coal based "

Mr Marvin saw the skilled labour shortage as one of the most formidable bottlenecks threatening the group, but said recruitment efforts in the UK had been successful

Asked about security, he said all AECI plants were insured, and as far as was practicable, were well protected and designed to avert catastrophes

It seems a safe bet that AECI will improve yearend earnings 50% to 77c While dividend cover at the interim was raised to 2 from 1,7 at the yearend, this was probably because of the Triomf contribution and it would be no great surprise, given the quality of these earnings, if the dividend also rose 50% to 45c This puts the counter, at the new high of 850c, on a prospective yield of 5,3%

It might look expensive, but this is a counter with a vested interest in rising oil prices, which makes its coal-based chemicals ever more competitive

(215) FM 25/7/80

JUNE COAL SALES

	June 1980	Progressive total to June 1980	Progressive total to June 1979
	'000 metric tons		
AAC			
Amcoal (6)	2 815	16 610	15 669
Morupule (6)	32	188	166
Natal Anth (6)	99	573	509
Swaziland (3)	4	32	61
Vierfontein (6)	107	651	834
Vryheid			
Coal (6)	19	114	125
Coke (6)	41	257	247
Wankie			
Coal (10)	195	1 976	1 861
Coke (10)	22	200	155
Zuinguin (6)	31	182	208
GFSA			
Apex (6)	170	961	816
LONRHO			
Duiker Explor (9)	158	1 811	1 833
GENERAL MINING			
Afrikander Props			
Delmas (12)	166	2 022	1 810
Clydesdale			
Coalbrook (12)	299	3 655	3 516
New Clydes (12)	122	1 330	1 397
Trans-Natal			
Blinkpan (12)	144	1 883	2 106
Ermelo (12)	165	2 750	1 209
Haasfontein (12)	81	896	854
Hlobane (12)	46	931	989
Kilbarchan (12)	121	1 925	1 675
Matla (12)	209	1 528	836
Northfield (12)	33	416	388
TNC Opencast (12)	84	1 072	1 095
Tvl Navigation (12)	160	1 814	1 712
Usutu (12)	350	4 552	5 103
Optimum (12)	554	6 004	5 850
RAND MINES			
Welgedacht Explor			
Open Pit (9)	49	380	384
Umgala (9)	70	618	669
Utrecht (9)	19	188	129
Zimbutu (9)	32	224	155
Witbank Coll			
Albion (9)	56	425	333
Douglas (9)	173	1 250	968
Duvha (9)	99	501	—
Union (9)	25	183	178
Van Dyks Drift (9)	314	2 482	2 299
Wolvekrans (9)	161	1 185	1 230
JCI			
Phoenix (12)	88	985	998
S Witbank (12)	126	1 333	2 420
Tavistock (12)	191	1 657	1 258

Figures in parentheses are the number of months in each company's financial year completed at the end of June

Trans-Natal, Clydesdale finish with a flourish

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RDM 31/7/80

By HAROLD FRIDJHON

BOTH Trans-Natal Coal Corporation and Clydesdale Collieries have ended their financial years to June with a flourish. Trans-Natal's taxed profit rose by 47,8% to R31 730 000 with earnings up from 42c a share to 61c. Clydesdale's profit increase was even more spectacular, rising by 62,4% to R9 748 000 with earnings of 96c a share against 59c in 1979.

Trans-Natal's sales increased by 2 820 000 tons to 25 685 000 with income up from R35 563 000 to R44 062 000. With tax for the year coming out at 17% against 29% in the previous year because of the large increase in capex — R31 780 000 against R21 869 000 — the taxed net after deducting minorities achieved the impressive increase. From the earnings of 61c dividends amounting to 30c were paid. The yield at last night's price is 3,5%.

With the tonnage from Matla Colliery building up, Clydesdale showed an impressive growth in tonnage sold during the year to June compared with the previous year — 5 862 000 tons against 4 992 000 tons.

With income rising from R7 537 000 to R8 606 000, the net taxed income rose as spectacularly as it did because of the tax factor. In the year to June 1979, tax took R2 605 000; in the year lately ended there was no tax liability because capex had nearly doubled to R8 210 000.

For the full year Clydesdale paid dividends amounting to 45c a share giving a yield of 5%.

The profits of both Trans-Natal and Clydesdale were distorted in the quarter to June 30 1980 by the adding back of tax as a result of accelerated capital expenditure. The bottom-line figures of both companies are out of pattern with the average.

With group sales of coal a little down from the March quarter's 6 520 000 tons at 6 362 000 tons Trans-Natal's income dropped by 9% to R10 597 000. Tax switched from a charge of R3-million in the March quarter to a credit of R591 000 as capital expenditure jumped to R18 910 000 from March's R3-million.

Net group income for the quarter, after minorities was R9 937 000 compared with R7 463 000 in March.

Clydesdale's quarterly figures show virtually an unchanged tonnage sold, with untaxed mining income at R2 912 000 against R2 099 000, taxed income for the three months was recorded as R5 379 000 against the more average R1 533 000 earned in March. Capital expenditure and loans absorbed R8 516 000 against R412 000 in March.

COMMENT: Both companies have potential, but in the shorter term Clydesdale should perhaps move faster than the larger Trans-Natal which has heavy capital expenditure to finance before shareholders reap their full rewards.

31/8/84 SUN TIM

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Billion rand coal export expansion

By STEPHEN ORPEN

SOME R1 000-million a year in extra foreign exchange will pour into South Africa's coffers following the decision announced today, to begin immediately with a R230-million expansion of coal facilities at Richards bay

The existing Richards Bay (RB) coal terminal, handling 24-million tons of export coal a year, is to be expanded to handle 44-million tons by mid-1984 — two years earlier than previously planned

With coal through the bay currently fetching an average of some $30 a ton, but likely to earn at least 50% more a ton by the mid-80s, money garnered for the country from RB shipments should more than double to above R2 000-million a year.

This could rise to at least R10 000-million a year, on conservative estimates, if the export lobby continues to carry the day and sales to overseas customers rise to 100-million tons annually by the year 2 000, with a price then of around R100 a ton

This compares with the R5 800-million earned by gold for SA last year

South Africa's total coal production, including anthracite, is currently about 100 million tons a year, of which some 76 million tons is consumed locally.

The decision to bring forward the Phase 3 expansion at RB suggests that the pressure group in favour of fast-growing exports is still calling the tune

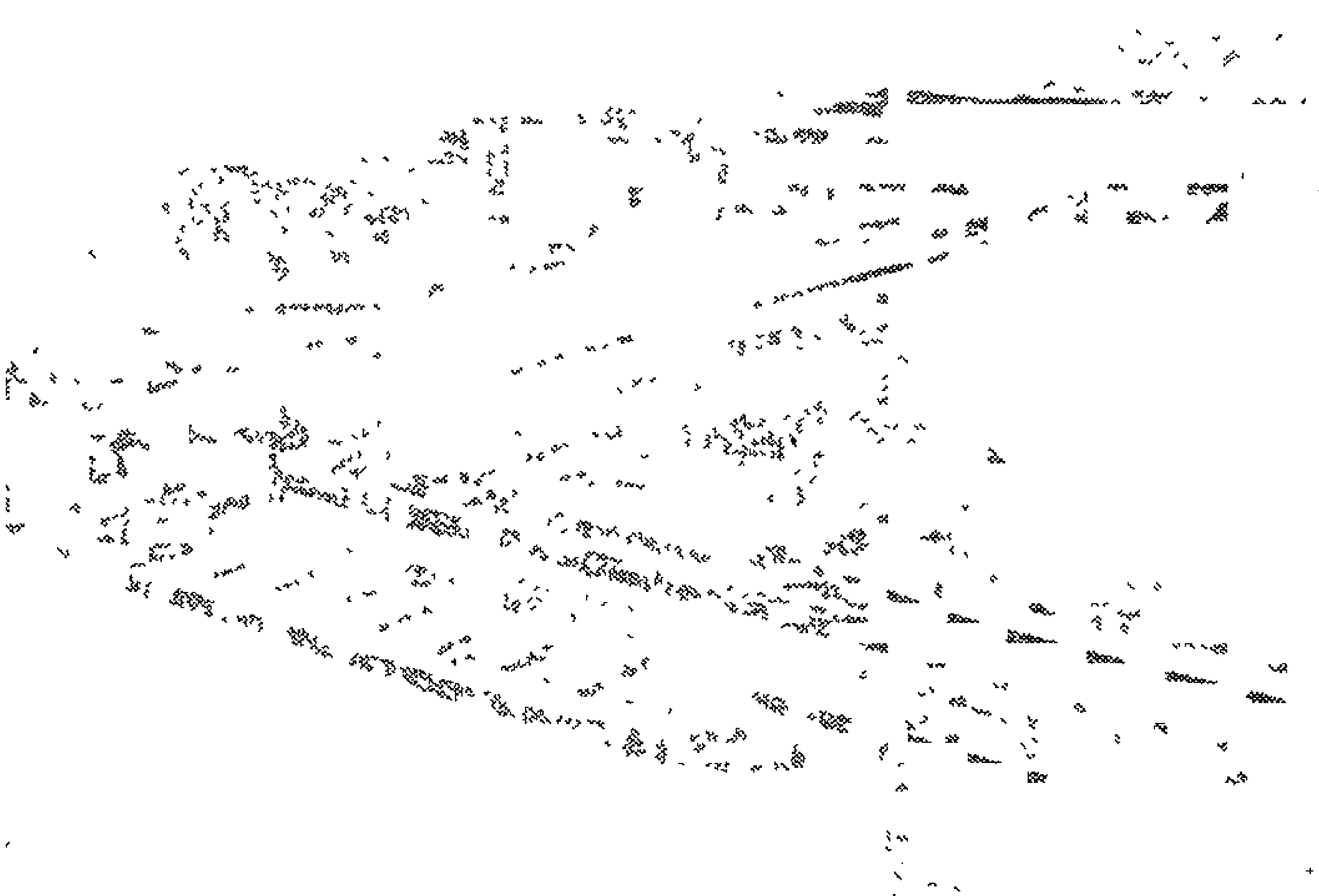
In turn, this suggests that there will almost certainly be a Phase 4 expansion, lifting exports to more than 60-million tons a year by the late 80s

Thereafter, much will depend on coal prices and production costs It already costs some R40 in capital per annual ton to establish a new greenfields colliery

On current arrangements, General Mining stands to benefit most from Phase 3, with an export allocation up from a million tons a year under Phase 2 to six million tons

BP will also enjoy a rich increase in volumes, from a million tons to some 5,5 mil-

● To Page 3



The coal handling terminal at Richards Bay

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3/8/80 SUN Tim

Massive coal export increase

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• From Page 1 215

lion. Anglo American mines will move from two million to six; Shell from three to 5,5 million, Rand Mines from zero to 2,5 million (implying expanded output specifically from Rietspruit, half-owned by Shell) and mines of the Transvaal Coal Owners' Association from 9,6 to 10-million.

Anglo American says most of its new export coal will come from expansion of its existing collieries and the same applies to other groups But there may also have to be some new greenfields development

Genmin's coal division chief, Steve Ellis, told Business Times recently. "A decision on new production will have to be made before the end of the year."

He and others may now have to accelerate their plans.

The Richards Bay Coal Terminal Company (RBCT) says it expects commissioning of the expanded terminal to start in mid-1983 with full capacity a year later In addition, SAR will upgrade the RB coal line and introduce new rolling stock with greater capacity

"Additional harbour facilities, including two additional quays, will also be built by the SAR. This will involve costs extra to the R230-million being spent by RBCT"

World steam coal trade is expected to leap between six and elevenfold in the next 20 years. World coal output is at present around 2 500-million tons a year of which only 200-million is internationally traded, 70% of it metallurgical coal for the steel industry

By the turn of the century, OECD imports of steam coal could top 650-million tons against last year's 70-million

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3 No part of an answer book is to be torn out

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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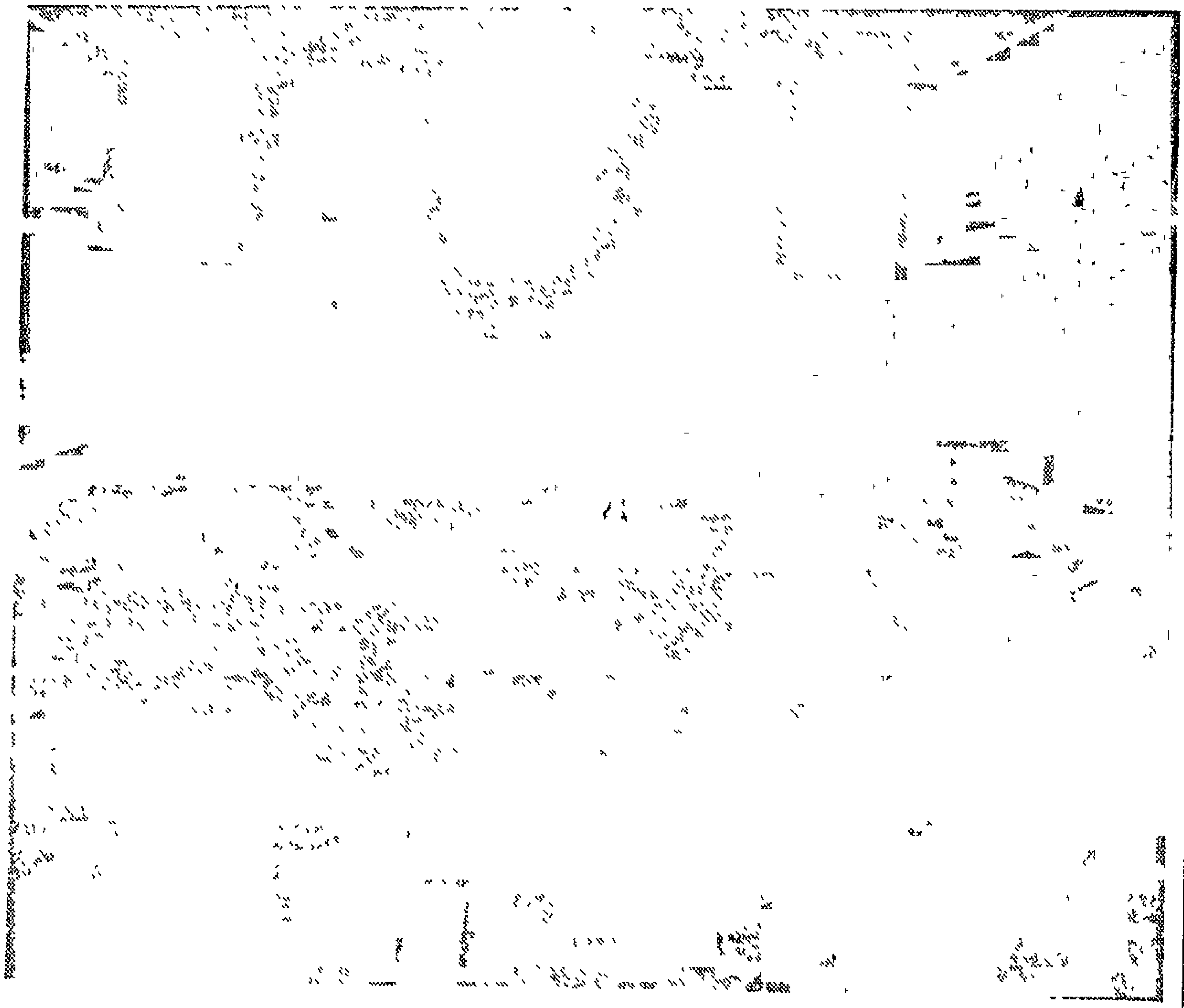


Room 152 at City Deep — the excrement-littered room where 60 of the dismissed municipal workers spent their last hours before being driven to the homelands

Star 4/8/80

Strikers were moved 'to contain resistance'

By Drew Forrest and Lynda Loxton

Dismissed Johannesburg municipal workers were moved under cover of darkness to the disused City Deep compound east of the city last Thursday so that 'possible resistance could be more easily contained," the Black Municipality Workers' Union (BMWU) claimed today.

There has also been speculation in legal circles that the workers were moved to "neutral territory" to circumvent the possibility of a restraining order prohibiting eviction.

The workers were legal tenants in the municipal compounds where they were housed, and as such were protected from summary eviction, lawyers say.

The City Council has claimed that all the workers were taken to the City Deep mining compound because it wanted to keep all the workers, including some "agitators and intimidators" in one place overnight.

It also claimed that "everything possible" was done to make the strikers comfortable in the compound.

Council officials and police spokesmen said there was no overcrowding and workers were given both adequate food and freedom of movement.

Above all, they said, no force was used to confine the workers — they had chosen to go home, and the police escorting them were providing no more than routine security.

A visit by Star reporters to the compound on Saturday gave a rather different impression.

Twenty-two dormitories had been used to house the workers, at an average of 60 to a room. Half the dormitories were little more than five metres square.

Most contained concrete "bread-oven" style bunks, while eight had no sleeping facilities whatsoever.

A worker who escaped deportation conducted us to room 152, where he and sixty other migrants spent Thursday night.

The room was originally provided with concrete bunks for 12 people. According to the worker, repeated pleas to unlock the door were ignored by police.

Traffic-police had brought food in wheelbarrows at 3.30 am, said the worker.

The food was then tossed into room 152, so that a confused free-for-all ensued. "If you catch it, it's yours," the worker commented. "I never saw the beef."

His total rations for the day, he claims, was a quarter-loaf of brown bread.

On Friday morning at 8.30 am, the doors were opened, and workers began to board the buses bound for the homelands.

The worker said the police "were in a great hurry," and were driving the men with batons and the butts and barrels of rifles.

The chairman of the City Council's management committee today hit out at "elements who are continually trying to discredit the council."

Reacting to reports of conditions at the City Deep compound, Mr J F Oberholzer MPC, said everything possible had been done to make the workers comfortable.

"We brought in water tanks, mobile latrines and sent in cleaners to clean it up as best they could. The workers were also given a loaf of bread, two tins of bully beef and a litre of milk each."

Mr Oberholzer said it was ridiculous that the "liberal left wing" kept on criticising the Council for its action to prevent the situation from escalating and resulting in a "bloodbath."

(215)
RDM
7/8/80

Coal approaches demand crisis

By ADAM PAYNE

WORLD Coal Study — an national project involving than 80 experts — which staggering figures of future coal demand and international coal trade, issues a warning that unless decisions taken now on expansion the Western world could be caught of supplies.

The study, which was directed by Mr Carroll Wilson of the Massachusetts Institute of Technology, says that Japan now imports only 2-million tons of steam coal a year would need 25 to 50 times as much coal by the end of the century and would become the world's largest importer

Japan provided the trigger South Africa's development of the Richards Bay coal export harbour when Japanese steel mills in 1970 signed a contract for 27-million tons of low ash blend coking coal

Since then the Transvaal Coal Owners Association and the oil majors in the coal business have been developing contacts with probable future Japanese consumers of steam coal, with an eye to expected burgeoning demand from that country

The study says that coal will have to supply between a half and two-thirds of the additional energy needed by the world in the next 20 years, even under its moderate energy growth assumptions

The study was divided into Case A which considers a moderate increase in the use of coal, and Case B which assumes a high rate that would raise levels of coal supply, trade and use towards the upper limit considered feasible

To achieve the moderate goal, world coal production will have to increase two to 2½ times and the world trade in steam coal will have to grow 10 to 15 times above 1979 levels

World coal trade is projected to increase by three to five times to 560-million to 900-million tons a year by the end of the century

The higher level is equal to 13-million barrels of oil a day — or nearly half the amount exported from Opec countries in 1979

Within this, demand for steam coal imports by Western nations will increase even more rapidly by about five times in Case A and 12 times in Case B

In the 1980s the major part of international coal trade is likely to be carried in vessels of 100 000 tons to 125 000 tons

In the 1990s, although smaller ships will still be needed, ships as large as 250 000 tons may come into use and by the year 2000 a substantial number of ships may be coal-fired

The report says a great effort to expand facilities for the production, transport and use of coal is urgently required to allow even moderate economic growth in the world between now and the year 2000 Without such an increase the outlook is bleak

Given the long lead times involved both for coal-using and coal-producing projects, however, there is a real risk that most of the new facilities needed to meet the required acceleration in demand and trade from 1985 onwards will not be available in time

The projected levelling of world oil supply and demand and possible delays in nuclear expansion programmes would mean that coal supply would be unable to meet market demand, even for the lowest levels of energy demand growth investigated by the World Coal Study

It says investments by producers for mines, transport and ports will be much greater than those by coal importers for ports and inland distribution systems

An increase in OECD use of about 2 000-million tons of coal a year by the year 2000 (Case B) would require a total investment of about $150 000-million for mine and internal transport, plus another $50 000-million for export and import ports and ships for the 600-million tons of coal a year that would be internationally traded.

About 40% of coal consumption at present is in OECD countries, including the US and Japan

OECD coal demand is likely to increase at a moderate rate of 3% to 4% a year over the next five years, and will grow much more rapidly as national actions to substitute oil by coal begin to take effect and as the need for new coal-fired power plants becomes greater

The World Coal Study assessment is that OECD coal needs between 1977 and 2000 will double in Case A and treble in Case B, accelerating partly after 1985

World Coal Study predicts a large expansion in coal production and use in the developing countries Some developing countries, notably Colombia and also Indonesia and Botswana, for example, may have significant potential for export coal

Shell Coal Botswana has carried out exploratory work over large areas of that country since 1974

It reports: "Substantial deposits of good quality thermal coal which can be recovered by underground mining have been encountered in the Morupule area where Shell has exclusive prospecting licences

"After initial exploration, work now continues with the objective of detailing the more promising portions of the coal deposits and delineating areas for which mining feasibility studies will be carried out

"So far the economics of an export project have not justified the early initiation of the relevant work."

The study says that the US, the USSR and China together produced nearly 60% of the world's coal in 1977 and the six next largest producers — Poland, West Germany, the UK, Australia, South Africa and India — added a further 25%

Reading extracts from this report one becomes convinced of the great future for international coal trade in which South Africa, situated between Western Europe and Japan and equipped with the most modern export facility, will play an increasing role

It explains why coal shares, which are on low dividend levels, are buoyed by expectations that international steam coal prices will rise strongly with increasing demand for coal as steps are taken to substitute coal for oil

UK indu borrows

LONDON. — British industry increased its borrowings by a record figure of more than £3 500-million in the first three months of this year. This reflected the sharp squeeze on the real level of profits caused.

Mining Company Limited

...A. J. Leroy† *(Managing Director)*, W. H. Burt† (Alt C R Netscher), A. E. Buxton* (Alt. R. Adams*), ... Frame*, C. H. Geach, C A. Macaulay‡, P Malozemoff† (Alt. M J. M. M. Crichton), G. R. Parker, E. Pavitt ... van Rooy (Alt. D. R Vorster), R. S. Walker* *British †U S.A. ‡Canadian

...s and Debenture Holders for the six months ended 30 June 1980

R4 424 000 in the first six months of 1979 to R12 176 000 for the ...

COAL QUARTERLIES (215)

Burning brighter

FM 8/8/80

SA's coal producers are being placed in an ever more encouraging position with the growing world realisation that other energy sources are becoming more scarce and more expensive With major world coal mining nations setting their sights on increasing output for both domestic and export markets, SA is already well placed to take advantage of world market conditions The recently-announced R230m expansion at Richards Bay, which will advance the 44 Mt export target by two years to 1984, is a further advantage

Coal shares have reacted in line with the bullish predictions on sales The *RDM* coals index has risen just under 30% since the beginning of the year, and has performed particularly well in the last six weeks or so, rising 21% since mid-June

Witbank Colliery: Increased capex in the June quarter, and a prior year taxation adjustment helped the company to offset higher working costs through a lower tax bill And with almost R4,7m in capex projected for the last half of the financial year, especially as Escom's Duvha power station makes increasing demands, this trend seems likely to continue at least until the new power station comes fully on line

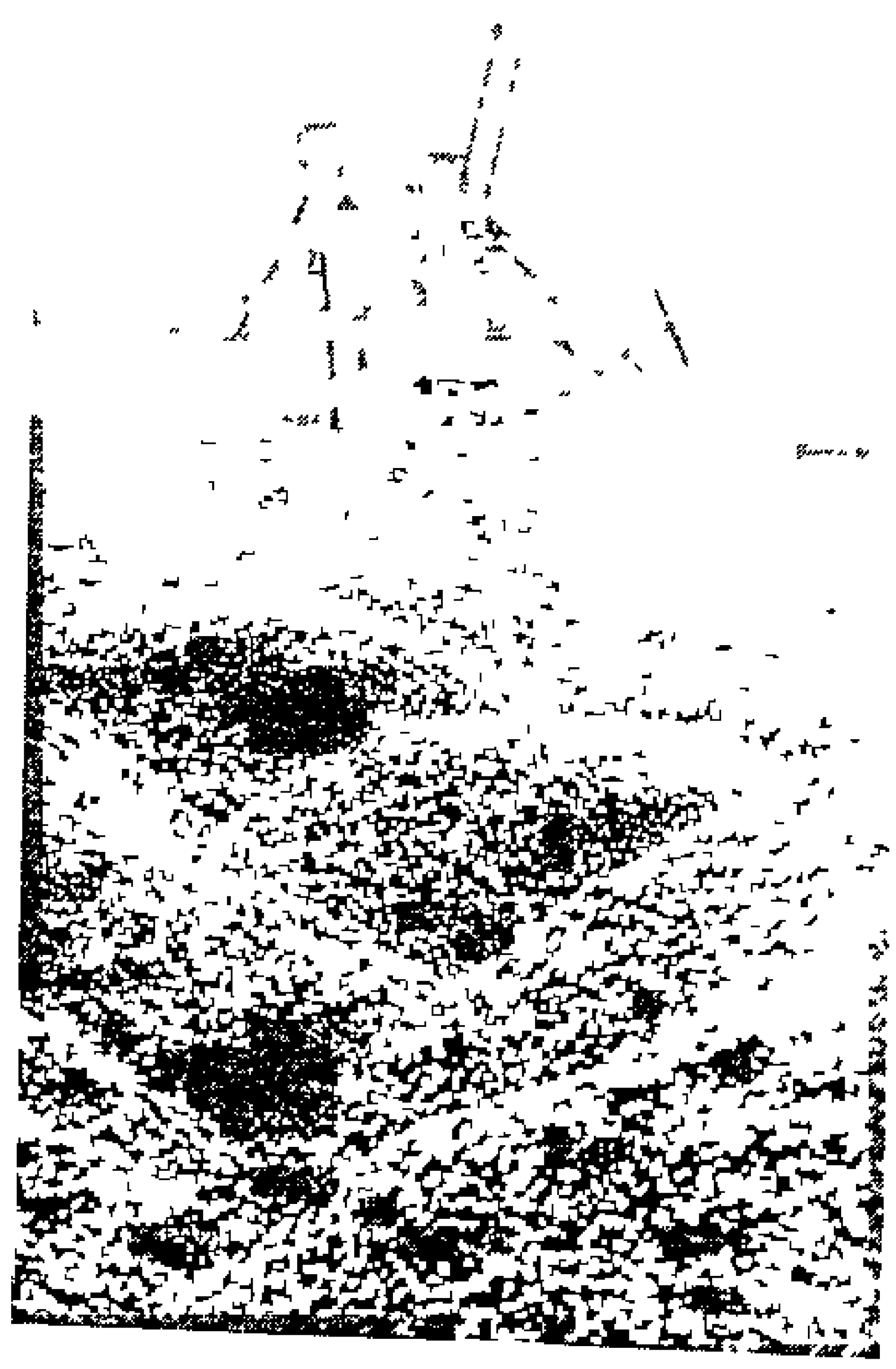
The mine sold 2,4 Mt of coal in the quarter compared with 2,1 Mt in the three months to end-March Working profit rose more slowly from R12,5m to R13,7m, but the tax bill, 7,6% down at R3,4m (R3,7m), led to attributable profits of R11,6m (R8,9m)

Over the last couple of months, Wit Colls has seized a short-term export opportunity to sell between 60 000 t and 90 000 t a month to BP's overseas customers The company sees this activity continuing for a further 18 months or so

On the debit side, working profit was reduced by a surcharge from the Richards Bay Coal Terminal (RBCT) — which is an irregular but not unusual charge However receipt of R1,2m from the SAR in compensation for coal reserves tied up by a railway line helped to offset the R1,4m surcharge The compensation payment is likely to be the last for some time, as it is received only when mining moves towards the line

Wit Colls' major asset, of course, is its Escom contract to supply up to 9,4 Mt a year to nearby Duvha power station There is currently one set of boilers working at Duvha, and five more are due on stream by 1985

Welgedacht: Rand Mines' other coal operation has no Escom underpin, while a drop in capex has led to increased taxation Working costs, at the same time, were higher in the quarter, and working profit per ton dropped by just under 17% from 365c to 304c



SA coal . . . set to satisfy foreign demand

Fortunately, sundry and railway revenue was sharply higher at R663 000 in the June quarter against only R45 000 during the previous three months, so that, after a 58% hike in taxation from R608 000 to R964 000, attributable profits were up from R1,1m to R1,3m On the other hand, profits were hit by surcharges from RBCT of R455 000 and from Natal Associated Collieries of R203 000 There was a repayment of R166 000 from NAC in respect of prior year operations

Of course, for both mines, the full effects of the February domestic controlled price increase came through in the quarter just ended, though the controlled price was increased by less than allowed by the formula, and margins are still tight

On the export scene, apart from Witbank's BP sales, contracts are generally only to be re-negotiated at the beginning of next year

Apex: Tonnage mined rose from 976 000 t in the March quarter to 1,0 Mt last quarter, and sales of coal rose from 678 000 t to 691 700 t Local demand for No 4 seam coal increased because of seasonal factors, but production at No 2 seam, which comprises low ash coal and power station smalls, slipped back The balance of mining operations, according to chairman Robin Hope, is still out of kilter because of below average activity in No 4 seam, but steps are being taken to rectify this.

Hope believes that European demand for No 2 seam coal could rise in the near future, despite the expected downturn on world steel markets But he adds that it is difficult to predict whether the current price firmness will be maintained even for the remainder of the year

Hope also points out that the rising trend of productivity which the mine has experienced over the last couple of years seems to have come to an end, and production costs have risen quite sharply over the last three months

Continuing trends

Partly as a result, pre-tax profit was slightly down in the quarter from R4,1m to R4,0m, but a lower tax charge with higher capex led to an increase in taxed profit from R2,5m to R3,1m On earnings a share of 158c (128c), an interim dividend of 60c (50c) was paid Hope sees a steady continuation of current trends through the second half

Trans-Natal: Sales dropped from 6,52 Mt to 6,36 Mt in the June quarter, and income from mining slipped from R11,6m to R10,6m Net income was higher, however, following a tax credit of R591 000 (R3m debit), and amounted to R9,9m (R7,5m).

The decline in mining revenue, says chairman George Clark, is due to a levy made by the RBCT, while the tax credit arises from the fact that capex has accelerated from R3m to R18,9m over the quarter

Clydesdale: Capex provided a tax credit of R2,2m, compared with a debit of R812 000 in the March quarter Expenditure amounted to R8,5m (R412 000) Tonnage sold was lower at 1,46 Mt (1,49 Mt), but income from mining and other activities rose from R2,3m to R3,2m After tax, earnings were R5,4m (R1,5m)

In the first half of the year, Trans-Natal hiked its interim dividend to 14c, and has now declared a final of 16c a share, totalling 30c (24c) Clydesdale's final was 30c, which together with an interim of 15c puts the total for the year on 45c (60c)

JCI's **Tavistock** colliery has declared a final payout of 175c (150c) for a total of 300c (250c)

Scott Hawker

Amcoal div covered four times

(215)

RDM 8/8/80

By ADAM PAYNE

AMCOAL, South Africa's biggest colliery holding company with its shares standing at 3 325c, has declared an interim dividend of 36c from earnings of 161,9c, which may disappoint the market but can be justified.

Natal Anthracite has increased its interim to 21c (18c)

Amcoal's attributable profit for the six months to June 30 rose by 18,8% to R38-million (R32-million) and the interim has been increased by a similar 20% from 30c last year

The directors comment that earnings for the year as a whole are forecast to show an improvement at least equal to those achieved for the first half of the year

Dividend cover at 4,5 is the same as that in the first six months of 1979, but dividend cover for the whole of 1979 was 3,1, which would indicate that when the final dividend is declared this year the cover will be lower with a more generous payment and lower retention

Therefore one can expect an improved final declaration on similar or increased earnings in the second half of the year

The retention of 125,9c a share or R29 575 720 is heavy, but again this can be explained by the heavy capital spending programme ahead with the establishment of New Denmark and New Vaal collieries to serve Escom contracts for new power stations

The combined cost of these collieries will be R322-million in January 1979 money

About 60% of the cost of the collieries to completion will be funded by Amcoal, but as construction will be phased over nine years this cost will be subtantially greater that the 1979 money value estimate

In addition to this capital spending, the company will in the not distant future be involved in expansion to meet an increased quota under Phase III of the Richards Bay export programme.

The outlook is therefore excellent for big expansion in turnover and profits

In the six months to June 30 turnover rose 19% to R222-million and profit before tax was R61-million (R52 600 000)

Tax totalled R20-million (R17-million) while the profit attributable to outside shareholders fell from R3-million to R2 500 000 reflecting the acquistion by Amcoal of the minority interests in Vryheid Coronation

Total coal sales for the first half of the year were 16 577 000 tons (15 781 000 tons)

The colliery companies' pretax profits for the half-year increased by 17% to R54-million, but because of increased capital spending on assets — mainly coal rights — which do not rank for tax relief there was a disproportionate increase in the tax charge, with the result that the collieries' after-tax profit increased by 15,4%

The contributions of coal-mining activities to group pretax profit increased marginally from 88% to 89%

Natal Anthracite increased its group sales in the half-year by 12,8%

The group's profit before tax totalled R3 300 000 (R2 900 000), but tax increased by 60% to R1-million, leaving taxed profit only R59 000 higher at R2 300 000

The higher tax charged reflected higher profits at Natal Anthracite where tax is payable, but lower profits at Balgray colliery which was not liable for tax

Earnings by Indumeni (formerly Zuinguin Natal Collieries) for the half-year were 20,5% up at R329 000, or 23,5c a share

Earnings for the second half of the year are expected to be similar to those achieved in the first half

The interim dividend has been increased to 13c (11c)

Vierfontien Colliery is the only one to report a drop in earnings It is a dying colliery

Taxed profit, after reduced sales, was 19,4% lower at R154 000 (R191 000) The interim dividend has been reduced to 3,5c and it is not expected that the final dividend will be maintained.

There was a drop of 22,8% in sales to 651 000 tons which more than offset the 8,5c a ton increase in the profit margin on the coal sold to Escom negotiated with effect from January 1

Tax, however, remained unchanged at R112 000 as the redemption allowance on capital spending incurred before June 30 1974 was fully used during the year ended December 1979 As a result the rate of charge for tax in the first six months of this year was higher than in 1979

COAL FM 15/8/80

Looking for storage

215

"Merchants in our group lost 42% of possible sales during July due to lack of coal supplies," says Wilfred Stoloff, MD of Coal Cartage

With 26 companies in the group, Coal Cartage controls 87% of coal distributed for industrial and domestic use on the Witwatersrand. In tonnage, the July shortfall amounted to roughly 25 000 t of coal and anthracite for the group.

As Stoloff points out, the massive coal shortage in the Witwatersrand is a perennial problem and underscores the urgent need for a centralised depot where 200 000 t of bituminous coal, anthracite and wood could be stored

At the moment, an *ad hoc* committee is investigating the feasibility of such a depot, and sites are being investigated.

In Johannesburg and on the Reef, big coal distributors have all complained bitterly of short supplies this winter. However, small distributors who laid in early stocks, report few problems. Stoloff explains the anomaly.

"Smaller merchants with small turnover are able to stockpile up to a month's supply on space leased from the railways in the stockpiling yards at Booysens, Kazerne and Langlaagte. One 40 t truck of coal could last them for a month A supply of 10 000-15 000 t would last us a week with peak winter demand"

Stockpiling facilities right now are minimal SAR stockpiling facilities leased to merchants have in fact been reduced substantially Yards at Springs, Boksburg, Newclare, Florida, Germiston and Roodepoort have been closed down Available land at Kazerne has been reduced by at least 40% over the last few years, at Langlaagte by 50%.

With increasing demand, coal shortages must continue as long as present inadequate stockpiling facilities are not expanded, at least tenfold to cope with demand"

From May to mid-August demand for bituminous coal from the Witbank/Middelburg/Ermelo areas doubled to roughly 100 000 t month This winter stockpiles were enough to carry distributors over for one week only when winter demand peaked

Anthracite consumers also bit the fuzzy end of the lollipop "The situation has been desperate," says Stoloff Anthracite is very much a winter commodity," with May to mid-August demand increasing to 20 000 t month Supplies were down to less than a third of demand

MD of the Transvaal Coal Owners Association and MD of the Anthracite Producers, Dick Bird says "There's no shortage at present," but adds "There was a bit of a shortage in April when one mine in Natal closed down

He agrees that if merchants stockpile anthracite and coal during summer months when collieries and railways have spare capacity, backlogs and shortages would be eliminated

He strongly suppports Stoloff's plea for a centralised stockpiling depot built by a consortium of suppliers, distributors and the railways and says a possible site is being looked at "Capital cost of a depot could involve R10m"

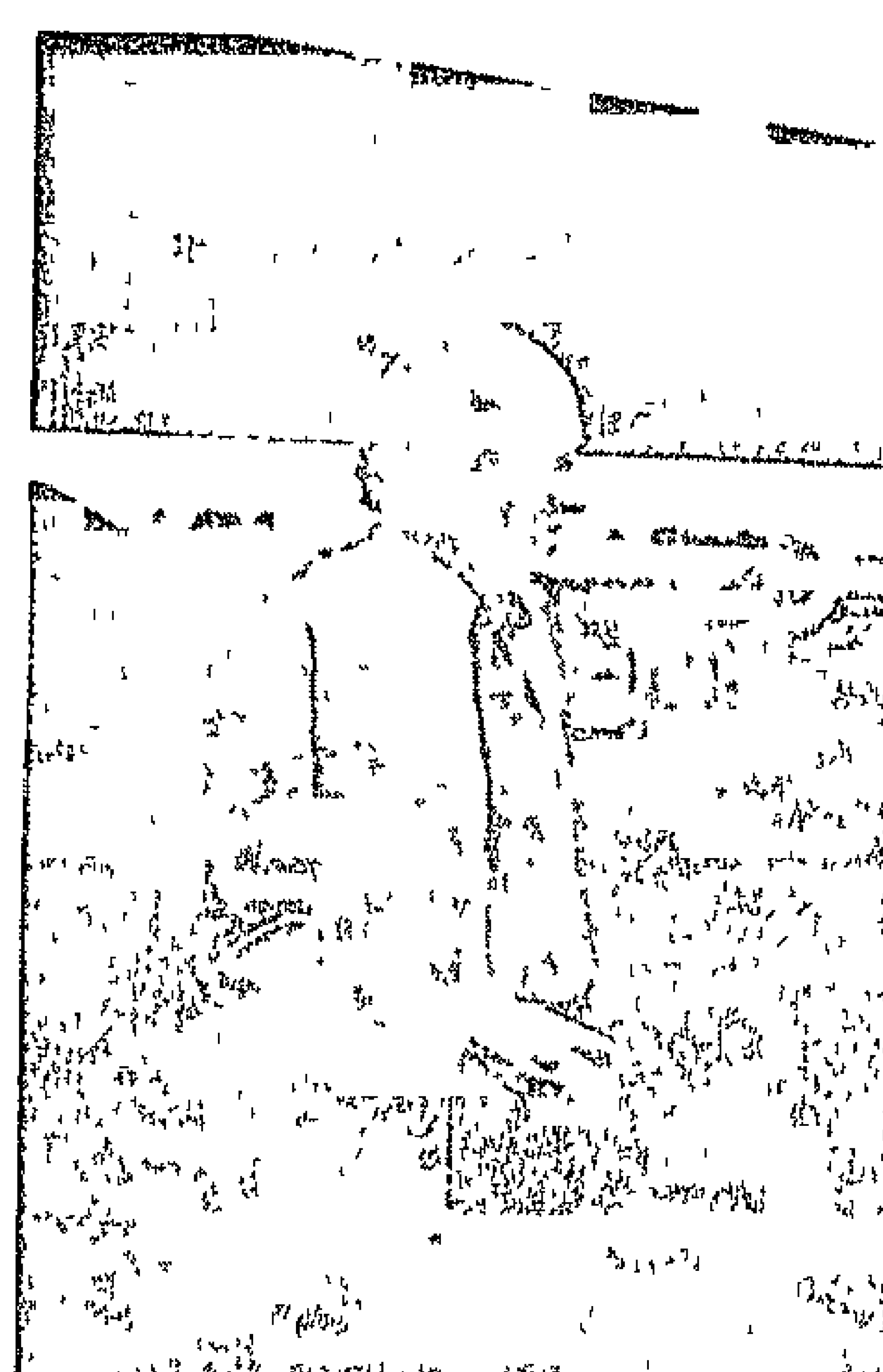
Adds Stoloff "Cost of the stockpiled fuel would amount to roughly R5m This will necessitate a financial arrangement between producers and distributors The benefits of stockpiling would be obvious to both But ultimately additional costs of stockpiling are likely to be carried by consumers

Both distributors and suppliers agree transport of coal in winter is also a perennial problem SAR's John Irving says the problem centred in the PWV complex this year Transport of coal, says Irving, was 12-14% up during April/May compared to last year July demand was 50% up on tonnages railed during summer "On the inland market we've moved 500 000 t more than last year"

Railway bottlenecks are due to steeply increased demand for services following the economic upswing a skilled labour shortage, and temporary staff absences due to influenza It's been necessary to make substantial use of road transport to move coal from the collieries

One of the distinct advantages of proper stockpiling facilities, argues Stoloff, is the tremendous fuel savings possible should coal be transported only by rail during summer when there is capacity

At the moment between 800 and 1 000 lorries are used to move coal from the collieries To fetch one 20 t load requires 300 ℓ of fuel Lorries operate 5 days a week At the moment about 1.2m ℓ of fuel are burnt unnecessarily every week"



Stoloff . shortage causing heavy losses

The search is on for coking coal

15/8/89 (215) STAR

Own Correspondent

The Government is to investigate the availability of coking coal reserves outside the Kruger Park

Announcing this in Pretoria, Mr Braam Raubenheimer, Minister of Water Affairs, Forestry and Environmental Conservation, said a committee of inquiry has been set up to investigate

- The demand for coking coal with special reference to the steel industry and with due consideration of its strategic importance to the national economy.
- The availability, extent and adequacy of coking coal reserves in South Africa, outside the Kruger Park, with due consideration of possible alternative mining technologies that could be used to optimise the development of present coking coal reserves

Mr Raubenheimer said the committee would be asked to complete its task within a maximum period of six months because of the urgency of the matter.

The committee's appointment follows preliminary exploratory work by geological survey in the north of the Kruger National Park which indicated the presence of coking coal deposits of a particularly high quality.

Mr Raubenheimer said figures submitted by Iscor indicated the corporation would have to start with the exploitation of additional coking coal resources within the present decade to be able to supply its increasing demand for this raw material

"According to figures available, the possibility of finding economically exploitable sources of coking coal in South Africa, in addition to those already being exploited by Iscor, appears to be minimal. This was why the Government was approached by Iscor with the request that prospecting in that particular area of the Kruger Park be continued in order to determine the extent and exploitability of the coal resources there."

The official Opposition's chief spokesman on environmental conservation affairs, Mr Horace van Rensburg, MP, said today the appointment of a commission of inquiry into cause for alarm"

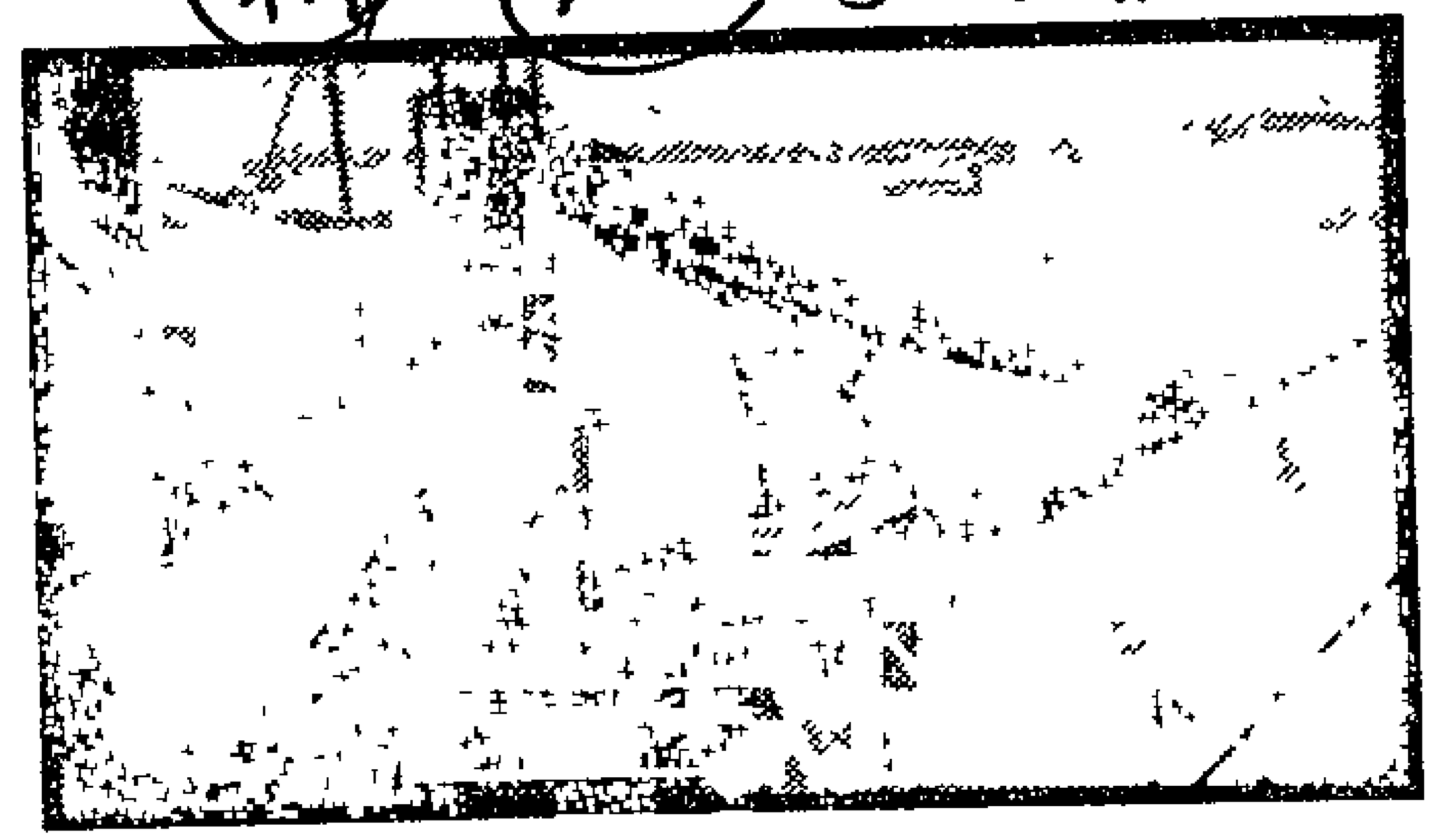
"We suspect that prospecting has been taking place for some time but now the Government has been put on its guard in view of the fact that such operations are illegal"

He said it was imperative in Kruger Park "is time that the committee investigate not just alternative technologies which could save the park from being mined but look at coking coal deposits in neighbouring states

Boost for coal exports

S. Tribune Finance 24/8/80

By JACK BRICKHILL



THE coal export drive, vital to the country's economic stability, will be boosted early next year by an increase probably of 10 or 20 million tons a year on the 44 million tons already authorised by the Government.

However the increased tonnage will not be exported until 1986 or 1987 after the present limit of 44 million tons has been achieved. South Africa, one of the few reliable suppliers of coal in the world, is constricted by rail capacity from taking full advantage from rocketing coal prices.

Nevertheless coal exports, now running about 25 million tons a year, will be worth R800 million next year and R2 500 million by 1986 at current prices. The price of coal has leapt 60 percent in the last nine months. Forward contracts now averaging R21 a ton for 1981 are expected to rise to R41 before the end of the year.

Coal earnings will cushion the expected drop in earnings from other non-gold minerals and in the next 10 years could rival gold as the country's major export.

Although the coal owners have brought forward their plans by two years to increase handling capacity at Richards Bay to 44 million tons a year by the middle of 1984 the Railways can only increase line capacity to this level by 1986. At best they can speed up the project by a few months.

But with only minor additions, involving mainly maintenance facilities, the capacity can be raised to at least 60 million tons a year, says a Railways spokesman.

In the next five years capacity on the line will be increased in stages by increasing the length of trains, improving gra- Total South African production is about 110 million tons a year at present.

The coal mining industry will have little difficulty supplying additional coal mainly from existing mines. Alan Sealey, head of Rand Mines coal division, says a number of groups could expand existing mines — brown field expansion — rather than develop new mines and infrastructure in expensive "green field" programmes.

dients and curves and raising the axle load of trucks.

Barney Bentley, export manager of the Transvaal Coal Owners' Association, says the recession overseas has not stopped the escalating demand for coal. Preference for coal power stations instead of nuclear stations, and the switch from oil to coal energy in power stations, steel and cement works have boosted demand, which he expects will only level off in seven to 10 years.

A Minerals Bureau spokesman says a preliminary report on the country's coal resources will be made early next year but the full report will take longer. The report will make recommendations, provided the coal is available, on export tonnages and it is expected that exports will go up in stages of 10 or 20 million tons.

24/8/80 sun Tim

SA leads world in coal exports

(215) (B.T)

SOUTH Africa will lead the world by a huge margin in exports of steam coal within 10 years.

By STEPHEN ORPEN

The country should be earning some R8 000-million a year in foreign exchange from this source by 1990 if prices continue to rise at the faster rates now being projected

This is revealed in a new study by Chase Manhattan Bank

In 1990, South African steam coal exports are projected at 80-million tons, more than double that of the next largest exporter, Australia, with 35-million tons

The Chase report notes "This situation not only reflects South Africa's competitive advantage in mining costs, but also — and more importantly — its transportation advantages in getting the coal from the mine to the final user"

The United States and Australia are "dominant" net suppliers of metallurgical coal, each supplying some 7-million tons to world markets, projected to reach 70-million tons each by 1990

Dealing with the future use of coal in general, Chase says the oil price increases in 1979 and expectations for continued instability in world oil markets have made "the environmentally-acceptable use of coal also affordable "

Environmental issues aside, Chase believes the cost advantage for coal will widen over the long term, as oil and natural gas prices escalate at rates greater than those anticipated for coal With environmental improvement, the relative advantage should remain

Growing disenchantment with nuclear-powered electricity generation will also boost coal use

Current consumption and future demand have increased because of the more intensive use of existing coal-fired units and the replacement of planned nuclear capacity with new coal-fired generation

Already, says Chase, "coal has directly benefited from the downward revision of plans for nuclear capacity generation "

There is potential for a major new use of coal as a feedstock in the synthetic production of gaseous and liquid energy products

However, uncertainties about cost estimates of the coal-use facilities relative to the future cost and availability of alternative sources of the same or similar products "may retard its early widespread use "

The Chase report notes that steam coal is expected to be the fastest growing market application of coal

By 1990, world consumption should increase by more than 2 000-million tons over the 1978 level of 3,2-billion tons

Steam coal demands are expected to increase by an average of at least 4,4% a year, compared with the build-up to 3,2% annually between 1973 and 1978.

The tabulation on the left summarises exports in millions of tons

	Steam coal		Metallurgical coal	
	1978	1990	1978	1990
United States	8	30	30	70
South Africa	15	80	2	3
Australia	6	35	37	70
Other	20	41	18	27
Total	49	186	87	170

COAL EXPORTS

Boom raises dust

215 FM 29/8/80

Some SA coal is of such low quality that American experts are apt to dismiss much of it as "carbon-contaminated real estate" That may be, but for all the contempt, SA is currently enjoying the most explosive "real estate" boom in its history.

It is happening on three fronts First, demand for coal as fuel is rising sharply as Escom expands its power generation capacity at a steady annual 6% clip, Sasol increases its synfuel production, the Railways turns more and more to electricity, and industry switches from oil to coal

Second, a major coal-based petrochemical industry is in the throes of development

Third, and most spectacular, is the growth in exports towards the 44 Mt 1985 ceiling. Meanwhile, export prices are taking off. Since the final quarter of last year, they have risen from around $24/t fob Richards Bay to more than $35 for 1981 delivery, and some exporters predict a 1981 average of $40-$42.

It adds up to impressive expansion Total coal production in SA is likely to rise nearly 80% from 98 Mt last year to 175 Mt by 1985. Last year, coal earnings were R1 145m, while exports accounted for 24% of the volume, but 44% of the value.

At present, Richards Bay is operating at its full annual capacity of 24 Mt. But the R230m Phase 3 of the port's development, which will take its capacity to 44 Mt, is being implemented two years ahead of schedule for targeted commissioning in mid-1984

Growth between now and then will come from a combination of volume and rocketing price increases Export earnings should be at least R1 500m a year, and possibly R2 000m, by 1984-85 After that, unless the export ceiling is raised, earnings growth depends solely on prices

But the export boom is not without its growing pains. Ostensibly, the main issue in the industry is whether the export ceiling beyond Phase 3 should be raised, and by how much Insiders, however, say that government appears to have accepted the argument in favour of increased exports, and the real debate now developing is over who should get a cut of the new allocations

It is likely to generate some bitter invective.

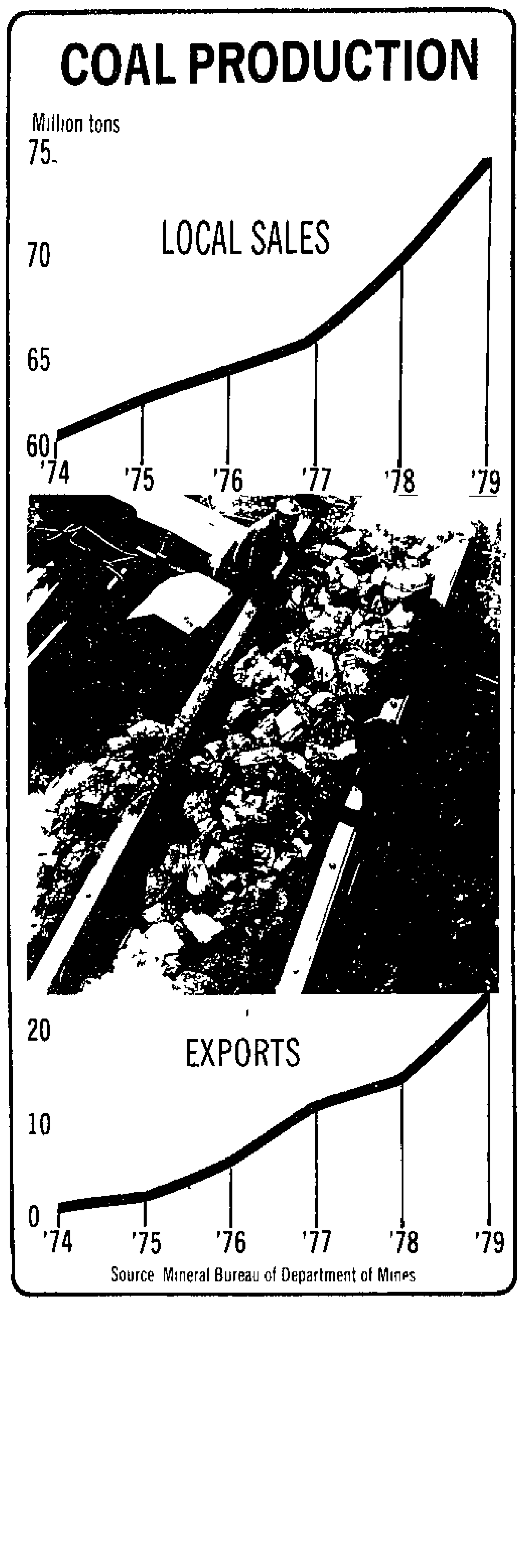
One of the conditions which government imposes on coal producers seeking an export licence is that they should be prepared to supply (if they do not already) a "commensurate share" of domestic demand, and domestic requirements should be accorded preference in the event of a shortage

This effectively ensures that major suppliers to the less profitable SA market should get an equal slice of the lucrative export trade The export trade is a reward for putting the SA market first, a means of generating capital for expansion, and a way of keeping prices down within the country (An export price of $42 fob Richards Bay is equivalent to about R24 net of rail and sea freight costs, compared with something like R8 to R9 paid by Escom)

Already, the cream is not being spread evenly For example, the three major producers, Amcoal, Genkor and BarRand, are supplying a higher proportion of the SA market than of the export market

The imbalance is likely to worsen if the Department of Commerce pursues its plan to switch five small coal exporters from using Durban to Richards Bay.

The industry is horrified at the proposal, because forcing Richards Bay Coal Terminal Company to accept this "small parcel trade" is likely seriously to affect its efficiency Richards Bay is proudly proclaimed as the world's best coal port, because it is geared to bulk cargoes



Source Mineral Bureau of Department of Mines

Loading facilities designed to pour 90 tons of coal a minute into a ship's hold cannot operate efficiently on what is contemptuously called the "grocery trade" — mixed cargo vessels Nor can they handle "sized coal" (coal within guaranteed size limits) because high-speed loading tends to break the coal up

But this, it is feared, is what will happen if the five suppliers (Aloe, Savage & Lovemore, Tselentis, Coal Reclaimers and Desert Spar), with combined allocations of 1,745 Mt for 1980 out of Durban's total 2,9 Mt allocation are channelled through Richards Bay

Stockpiles

Because of their less regular and less frequent shipments, they would also need additional stockpile facilities With conveyer belts, stacker reclaimers and so on, a new stockpile could cost R1,5m to establish — without the coal.

Most coal producers agree the country's reserves can stand a substantially increased off-take of steam coal (but definitely not coking or metallurgical coal) for exports. The question is, how much of an increase can be sustained without leaving the country dangerously dependent on imported energy.

It is a question which, it is hoped, will be settled in an important report expected from the Minerals Bureau in October.

Dick Bird, MD of the TCOA, a consortium of 27 coal producers, thinks a target of 65 Mt a year "sounds reasonable," but some producers argue for even more. One exporter says "200 Mt a year would not make a dent in our reserves "

With about 6% of world coal reserves (and 3% of output), SA has enough to meet the country's own needs for something like 300 years at current levels of consumption.

Of course, consumption will not stay at current levels, and consideration of the typical Gauss bell-shaped curve of future production suggests that demand (following an exponential pattern of growth) could start outrunning supply well before the end of the century and that, therefore, everything should be done to conserve resources for domestic use.

However, a carefully argued case has been made by Ralph Burnton, of General Mining's coal division, that the nation's coal resources are more extensive and likely to last a lot longer than many people have forecast.

that the imposed displacements are not necessarily zero. A displacement constraint is a point on the structure where the magnitude of a generalised displacement component is specified; the specified value is commonly zero, but may be some non-zero value. The compatibility equations may thus be said to have the general form

$$\int_0^L n_i \varepsilon dx + \int_0^L s_i \gamma dx + \int_0^L m_i \kappa dx = a_i , \qquad (5.57)$$

$$i = 1, 2, \ldots , r ,$$

where a_i is a set of given values.

5.11 GENERAL DEFORMATION OF A PLANE BAR

In Section 5.2 we made the assumption that the deformed configuration of the initially straight bar lay in one plane, which we took to be the x-y plane. We shall look briefly in this section at the consequences of relaxing this assumption; we take it now that the bar may deform quite arbitrarily, although the displacements are assumed to be small.

We know that the generalised displacements must describe the displacement of

Latest official estimate of coal reserves is that of the Petrick Commission, based on 1972-73 data, which concluded that *in situ* mineable reserves to a depth of 300m were 81 billion tons, of which extractable reserves were 25 billion tons

Burnton says, however, that both base data and many of the assumptions have changed materially since then New coal discoveries, the proving of previously inferred reserves, a reduction in the minimum mining height through improved technology, and higher prices (which mean that 60% of *in situ* reserves are now considered economically recoverable, instead of 31%) have combined to raise recoverable reserves from 25 billion tons to 61 billion tons

Better efficiency of coal usage, improved technology and future discoveries are likely to raise this even more Instead of production by the end of the century eating up 14% of reserves, says Burnton, it will take off only 6%, of which exports will account for less than half

The plus side of exports is that earnings are several times as great as those domestically, that they make an important contribution to the foreign exchange situation, and that they strengthen the country's strategic position and help to justify our claim on oil supplies from other countries (In pursuance of this, the government has ensured that international oil majors Shell, BP and Total have substantial stakes in the coal export programme, though some coal producers feel this was a mistake because the oil companies would never guarantee oil supplies)

They also subsidise local consumption — though the merits of this are questionable The pitfalls of this approach have been demonstrated in the sugar industry

Another argument, though difficult to quantify, is that future developments in energy technology will eventually make coal obsolete "It would be silly not to use the resource," says Bird

Meanwhile, the strategic argument could be the most important A recent world coal study, called Wocol, sees coal's share of OECD energy supplies rising from 18% in 1977 to at least 25% by the end of the century OECD coal requirements will rise threefold or more by 2000, when international coal trade will be at least 560 Mt of coal equivalent annually, and possibly 980 Mt Fifty new bulk carriers a year will be needed

Four countries — the US, Australia, SA and Canada — have 75% of the world's export potential, says Wocol, with main markets being Western Europe and Japan

So there is no problem on the demand side SA has just got to make sure that it does not foul things up on the supply side.

2/4/80 Star

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Support expressed for Kruger Park coal mining

Northern Transvaal Bureau

MESSINA — Community leaders here have expressed themselves strongly in favour of the mining of coal in the Kruger National Park despite objections from conservationists.

"I am in favour of nature conservation, but the national economy, and development of Venda-Soutpansberg - Messina area must surely be the main priority in this case," Mr Jack Klaff, the Mayor of Messina, said.

"If we struck oil on a Durban beach would we ignore it because of the holidaymakers?" asked Mr Klaff.

Mr John Genis, a town councillor and former mayor is also in favour of the mining operations.

The matter is to be discussed at a meeting of the Advisory Council of the Northern Transvaal Regional Development Association next month. The chairman, Mr Jack Botes, who is Pietersburg's Town Clerk, says he is personally in favour of the mining project, but could not speak for the council.

There appears to be no doubt that the economies of both Venda and Gazankulu would benefit immeasurably from the new rail links which would accompany such a scheme.

Study groups have mentioned the possibility of rail links between the new coalfields and Messina to the west, or Phalaborwa to the south.

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JULY COAL SALES

	Jul 1980	Progressive total to Jul 1980	Jul 1979
	'000 metric tons		
AAC			
Amcoal			
Coal (7)	2 735	19 459	18 440
Coke (7)	44	301	293
Indumeni (7)	33	214	239
Morupule (7)	29	217	197
Natal Anth (7)	113	686	604
Swaziland (4)	4	36	65
Vierfontein (7)	105	755	991
Wankie			
Coal (11)	186	2 162	2 038
Coke (11)	22	222	178
GFSA			
Apex (7)	128	1 089	974
LONRHO			
Duiker Explor (10)	228	2 039	2 092

	Jul 1980	Progressive total to Jul 1980	Jul 1979
	'000 metric tons		
GENERAL MINING			
Afrikander Props			
Delmas (1)	193	193	163
Clydesdale			
Coalbrook (1)	378	378	258
New Clydes (1)	107	107	112
Trans Natal			
Blinkpan (1)	176	176	187
Ermelo (1)	248	248	229
Haasfontein (1)	69	69	83
Hlobane (1)	83	83	85
Kilbarchan (1)	148	148	187
Matla (1)	242	242	82
Northfield (1)	32	32	36
TNC Opencast (1)	93	93	107
Tvl Navigation (1)	140	140	148
Usutu (1)	342	342	419
Optimum (1)	573	573	477

	Jul 1980	Progressive total to Jul 1980	Jul 1979
	'000 metric tons		
RAND MINES			
Welgedacht Explor			
Open Pit (10)	45	424	430
Umgala (10)	66	683	733
Utrecht (10)	24	212	147
Zimbutu (10)	31	256	176
Witbank Coll			
Albion (10)	54	479	376
Douglas (10)	121	1 371	1 097
Duvha (10)	133	634	—
Union (10)	20	203	203
Van Dyks Drift (10)	305	2 788	2 579
Wolvekrans (10)	147	1 331	1 400
JCI			
Phoenix (1)	77	77	101
S Witbank (1)	108	108	141
Tavistock (1)	153	153	149

Figures in parentheses are the number of months in each company's financial year completed at the end of July

Chart 1 A formal structure

central persons are called "informal leaders" The informal structure, when described by way of a chart, looks like a nuclear structure in chemistry, or like a child's toy The informal leaders are those people who appear on the chart with a larger amount of relationships with others (see Chart 2).

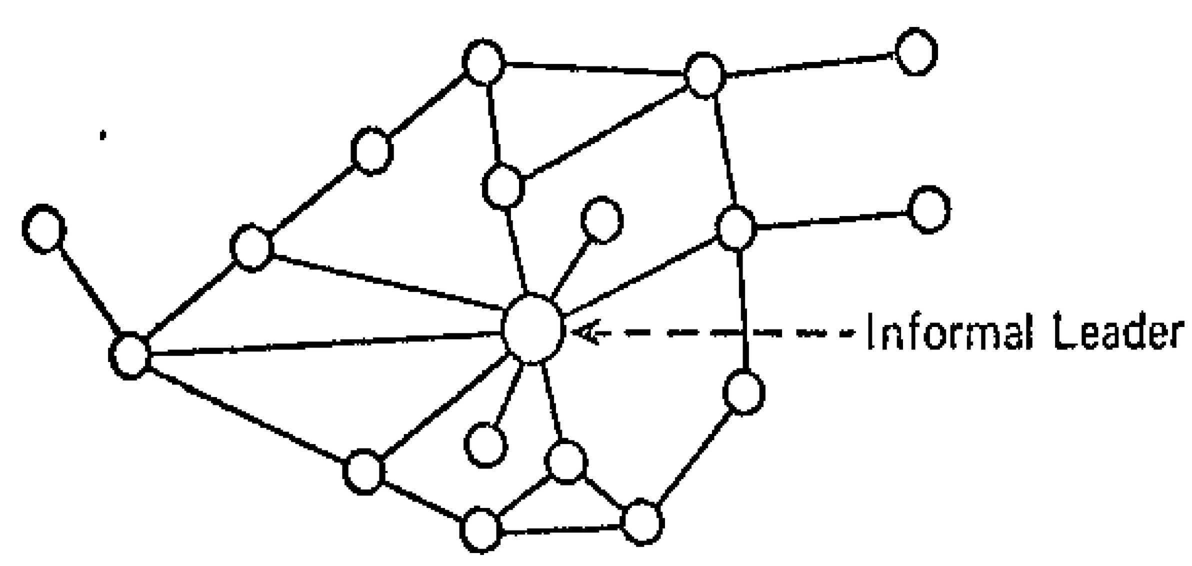

Chart 2 An informal structure

We have described the people on a formal chart by way of rectangles while the people in the informal chart appeared as circles This different way of description enables us immediately to distinguish between a formal and an informal chart It might well be that these two different signs were chosen to demonstrate that the rectangles are artificial, functional forms rarely found in nature, while the circles symbolize people as they actually are, as one encounters round forms in nature much more frequently than one would encounter forms with straight lines and right angles

The study of the relationship structures, formal and informal, as part of the study of the organizational structure, can be performed in three different ways

—by observation
—by interviewing
—by self-recording (filling in questionnaires or pre-arranged forms)

The study of a relationship structure can be done through one or two or all of the three above-mentioned ways Usually, the study is not done in more than two of the above-mentioned ways because different organizational researchers support and are committed to different research methodologies in the organizational relationships study.

There are two different existing approaches to the study of relationships and interactions The first is based on observations conducted by the researcher, while the other is based on data received from the members of the organization by way of interviews or self-recording.

When the study is based on the observations of the researcher, its results are clear-cut. When the study relies, however, on data received from members of the organization, the evolving formal and informal structures are not at all clear-cut This is so because perceptions of members of the organization, as to their role in the organizational structure, are not always harmonious—that is to say, that every two members of the organization are not always in agreement as to the relationship between them Two people might disagree as to the formal relationship

AUGUST 30 1980

MESSINA MAYOR WANTS PARK COAL

30/8/80

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Weekend Argus Correspondent

MESSINA. — Community leaders here have expressed themselves strongly in favour of mining coal in the Kruger National Park, in spite of objections from conservationists.

'I am in favour of nature conservation but the national economy, and development of the Venda Soutpansberg Messina area must surely be the main priority in this case,' Mr Jack Klaff, the Mayor of Messina, said in an interview.

'If we struck oil on a Durban beach, would we ignore it because of the holidaymakers?' asked Mr Klaff.

Mr John Genis, a town-councillor and former Mayor is also in favour of the mining operations.

TOWN CLERK

The matter is to be discussed at a meeting of the advisory council of the Northern Transvaal Regional Development Association next month.

The chairman of the council, Mr Jack Botes, who is Pietersburg's Town Clerk, says he is in favour of the mining project, but could not speak for the council at this stage.

... mitted in the park until a special committee had reported on what the needs of the steel industry and the national economy demanded.

Meanwhile, Iscor is continuing to conduct drilling operations throughout the Soutpansberg area, and the results are expected to be announced soon.

There appears to be no doubt that the economies of both Venda and Gazankulu would benefit immeasurably from the new rail links which would accompany such a scheme. Study groups have mentioned the possibility of rail links between the new coal fields and Messina to the west or Phalaborwa to the south.

COMMITTEE

But Mr Braam Raubenheimer, the Minister of Water Affairs, Forestry and Conservation, emphasised in a recent Press statement that prospecting for coal would not be per-

Coal exports call for big new plants

31/8/80 Business Times 215

By ANDREW McNULTY

MORE than R90-million may have to be spent by the mining industry on coal preparation facilities as output of export grade coal is increased to 44-million tons a year by 1985/6

Most of the additional 22,5-million tons will require beneficiation, and if an average yield of 70% is assumed, some 30-million tons a year of preparation capacity will be needed

At an average operating time of 5 000 hours, this is at least 6 000 tons an hour Based on preparation costs of R15 000 per ton per hour, the industry will thus buy new equipment valued at some R90-million over the next four to five years

This was calculated in a paper read to a colloquium in Witbank by David Horsfall, secretary of the South African Coal Processing Society (SACPS)

The colloquium was held jointly by the SACPS and the SA Institute of Mining and Metallurgy

The figures could yet be changed substantially by technological developments in coal preparation — a field which in South Africa is among the most advanced in the world

● A spring school in coal preparation and coal petrography, led by two world authorities, is being held in Johannesburg and Witbank from September 8 to 19 by the SACPS and the division of continuing engineering education of the University of the Witwatersrand

Participants will receive formal tuition during the first week During the second they will be introduced to basic principles of design used in three of the newest preparation plants in the country as a prelude to visiting the plants

The school has aroused great interest in the past, as no South African university runs specialist courses in coal preparation

[redacted]

STAR 17/9/85

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Planners support game park coal plan

By Dirk Nel

PIETERSBURG — A powerful statutory planning body has come out in favour of mining coking coal in the Kruger National Park

The Northern Transvaal Regional Planning Advisory Council, a statutory body which assists and advises the Government on matters related to regional development, has decided to support plans to develop the coking coal deposits in the northern section of the Kruger National Park "in the interest of South Africa"

It plans to ask the National Parks Board to sanction the project

"The Council will also ask the Government to place no obstacles in the way of Iscor should the latter find the development of the high grade coking deposits in Venda and the Kruger National Park to be economically viable," said the chairman, Mr Jack Botes, after the Council's quarterly meeting in Pietersburg yesterday

Iscor is also to be assured of "the whole hearted support of the Northern Transvaal" if the plan proceeds

"Our decision is based on the fact that the Far Northern Transvaal deposits are the finest in South Africa, bearing in mind that the Natal supplies have a limited life span," Mr Botes added

He said the Council appreciated that Iscor's needs were vital, and that the country's all important steel industry should not be hampered in any way

The coal project would also make a major contribution to the resettlement of people in the depopulated northern border area

Export coal price soars

215 RDM 18/9/80

By ADAM PAYNE

A REMARKABLE upsurge has occurred in the export coal market, with a rise of 60% in the fob price of steam coal in the past nine months

The anthracite market is also strong with a recent rise of about 15% in the price of low-quality anthracite exported to France for power stations and to Korea for domestic heating

Companies that will benefit by the upsurge in the steam coal market include Amcoal with its Kleinkopje colliery, Rand Mines with its Rietspruit mine in partnership with Shell and Trans-Natal Coal Corporation in partnership with BP and Total Oil in the Ermelo export mine

Members of the TCOA, including Apex, will also benefit from steam coal exports covered by the TCOA's export quota

Only nine months ago the steam coal price was $24 a ton fob Richards Bay

Today, if there is coal available — and it is a big "if" — South African exporters would ask between $35 a ton and $38 a ton fob Richards Bay

Exporters tell me they are fully committed and even for 1981 there is little tonnage not committed

Mr Dick Bird, managing director of TCOA, said "We have some contracts for 1981 on which prices have yet to be fixed and we shall be looking for a price exceeding $35 a ton

"We have indications that US and Australian prices are well over that figure

"Existing contracts for 1981 vary between $28 and $35 a ton This compares with $26 for 1980 delivery only a few months ago"

Another exporter said that during last year a typical fob price for typical steam coal was between $20 and $23 a ton

In the last quarter of 1979 the steam coal price began to move up and as a result of this a typical price for new contract coal was $22-$23 on a rising curve

"The price depends on which month you talk about because the position has now improved to the extent that the prevailing price for new business is between $35 and $38 a ton

"Those exporters committed to old contracts are selling at the old prices but people who have some spare coal can now get up to $38 a ton"

He said the old contracts lay in a wide range of prices

"When it comes to 1981, the pricing season has not yet started on the international coal market Pricing is usually done in September and October so it is too early to forecast what price will rule for 1981

"But on a study of the market we think the price for next year will be between $40 and $42 a ton

"That is not excessive if you take into account the rise in the world price and the rise in costs here."

From a fob price of $42 (R32) several charges must be deducted to get an approximate pithead price

Among these are port charges of R1,75 a ton and railage charges from Witbank area of about R5,50, a total of R7,25

Another exporter said "Most of us are fully committed for a year ahead It will be difficult for consumers overseas to get new contract coal from South Africa for 1981

"Coal for 1982 is still available but we are unwilling to commit ourselves on prices so far ahead

"The market is under the influence of the rise in the rand against the dollar, which means South African exporters must raise the dollar price to maintain earnings in rands Since it is a sellers' market they can usually do so

"A second factor in the market is the disillusionment of Far Eastern countries with Australian suppliers who have been unreliable because of strikes

"These buyers are trying to hedge their bets by looking to South Africa and to North America, and North America is handicapped by the inefficiency of its export ports in comparison with Richards Bay

"So pressure is on here for coal supplies against a background of rising oil prices"

Finally, he pointed out that coal at the prices quoted by South African exporters was at a considerable discount to oil in calorific value

Coal could become top export

215 RDM 18/9/80

By SIMON WILLSON
Industrial Reporter

COAL is set to follow gold as a mammoth money-earner for South Africa during the 1980s, and revenue from exporting "black gold" could top this country's gold bullion income within twenty years.

This is the major conclusion to be drawn from a sharp rise over the past few months in the price that energy-starved countries of the industrial West are prepared to pay for coal.

The price of steam coal has risen 60% since the beginning of the year and South Africa, which will be exporting 44-million tons of it by 1986, is poised to cash in on worldwide coal demand during the next ten years.

The increasing activity in the world coal market also means South Africa can now achieve effective self-sufficiency in energy within the decade, whatever happens to the see-sawing gold price.

On current international price trends, coal exports will earn more than enough foreign exchange to meet the national oil bill. And the search for an alternative to costly and politically-manipulated oil could mean a still greater inflow of money into South Africa than the present gold-earned cash tide.

The coal South Africa is physically exporting now was sold ahead — that is, bought in advance one or two years ago at the prices of the day — and is going for an average of about $28 (R21) a ton.

On that basis, this year's coal export earnings will be about R538-million.

But a much higher world price is now being paid by importers buying ahead for 1981 and 1982, and by the time this year's bigger payments are accounted for next year, total earnings in 1981 are expected to be nearly 50% higher — at more than R800-million.

Experts' projections of future movements in the coal price promise even greater wealth.

Mr Dick Bird, managing director of the Transvaal Coal Owners Association, predicts a $10 (R8) rise over 1980, while Mr Allen Sealy, manager of Rand Mines' coal division, goes higher and predicts a 42% rise for the year to $40 (R31), and a further 20% rise in 1981.

Private projections going around in the coal industry see the value of South Africa's coal exports jumping by 350% by 1986 to hit R2 500-million — nearly half the R5 800-million gold earned this country last year.

The Organisation for Economic Co-operation and Development estimates South Africa's coal exports will be 94-million tons a year by the year 2 000, compared with 24-million tons a year now.

A 94-million ton export total at the expected price at the turn of the century of $230 (R175) a ton will be worth more than R17 000-million, the same as the value of this country's gold exports at the expected price of $2 000 an ounce in 2 000.

The reasons for the escalating world demand for coal are the quintupling of oil prices during the 1970s, delays caused by environmentalists in European nuclear power generation schemes, and the absence among coal producers of a politically-motivated cartel like that which controls world oil production.

● See Page 11

Kruger Park coal mine plans slated

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Staff Reporter

CONSERVATIONISTS have strongly opposed the decision by a Government-appointed council to support plans to mine coking coal in the Kruger National Park

Mr Rupert Lorimer, Progressive Federal Party spokesman on conservation said "Its time they stopped subordinating the interests of the Kruger Park to material interests "

Mr Lorimer was reacting to a statement by the Northern Transvaal Regional Planning Advisory Council, which decided to support plans to develop the coking coal deposits in the northen section of the game park "in the interests of South Africa"

The council based the decision on three factors — that the far Northern Transvaal deposits were the finest in South Africa, that Iscor s needs were vital and that the steel industry should not be hampered

A spokesman for the National Parks Board in Pretoria said yesterday that the National Parks Act, which prohibits mining in parks, would have to be amended before the plan could go ahead

And Mr Lorimer warned that if the Government did decide to change the law to allow the mining of the park, it would 'awaken a hornets' nest"

Coking coal was regarded as a strategic material, but national parks were irreplaceable, Mr Lorimer said

"From the ecological viewpoint, the area of the Kruger Park which contains the coking coal is absolutely vital to the wellbeing of the whole park '

Mr Lorimer said he was heartened by the strength of public opposition from all political parties on this question

I believe the power of public opinion will stop any mining of this nature '

Dr O Martiny president of the Wild Life Society and a member of the Parks Board, said the question was whether the coking coal in the park was of greater national importance for its ' limited potential of coal production, compared with conserving this unique environmental area for all time '

South Africa's coking coal deposits were so limited that the projected operation would only be a temporary solution

Dr Martiny urged that alternative methods of fuelling steel production be sought as a long term solution for problems facing the industry

Mr Clive Walker, executive director of the Endangered Wildlife Trust, said the trust did not like the prospect"

His organisation recently had talks with the outgoing Minister of Water Affairs, Forestry and Environment, Mr Braam Raubenheimer at which the trust outlined its views on the subject

It was awaiting the outcome of a committee set up by Mr Raubenheimer to look into the question

Coal fails to take fire out of Randlon

RDM 19/9/80 (215)

By IAN THOMAS
Mining Editor

RAND LONDON Coal failed to meet its pre-listing earnings forecast in the year to end June but this did not prevent the 78% holding company, Rand London, from pushing up earnings 74% in the same period.

In February, Rand London Coal forecast earnings of 39,5c for the year. In the event, they were 35c — an 11% shortfall

While Rand London Coal, reporting separately for the first time, achieved sales of R21 294 000 and earnings of R3 799 000, the top company pushed up sales 129% to R47 824 000, pre-tax profit 95% to R6 897 000 and earnings 74% to R5 398 000 Dividends are still to be announced

As Rand London Coal was reorganised during the year, the Registrar of Companies has exempted the company from quoting comparative figures, as they would be meaningless.

Following the rights issue in January, the number of shares in issue rose about 10% to 13 700 000. Despite the rights issue, earnings per share, calculated on the weighted average number of shares in issue, were 24% better at 41c (1979 33c).

Technical problems with the new Kempslust coal preparation plant caused the shortfall in Rand London Coal's earnings, the chairman, Mr Bernard Holtshousen, told me yesterday

He said now these had been solved, sales had risen from about 23 000 tons to a sustainable 27 500 tons monthly

Rand London Coal has already said it will declare a 4c dividend and 3,7c participating preference share dividend next month, which on the current share price of 370c, will give the ordinary share a historical dividend yield of 1,1% and, based on the forecast 14c for next year, a prospective 3,8%

Mr Holtshousen said the quality of coking coal recoverable was of good quality, although Iscor, RLC's main customer, has indicated a preference for a lower ash content, and this has now been reduced from 10% to 7,5%

He said that although Iscor had asked for the contract price to remain secret, it was 15% higher than the original price so as to compensate for extra plant expenses

Preparation of adits for the new underground Zoetmelk anthracite mine near Vryheid started in May, and opencast operations are expected to start soon

The mine will produce low phosphorous anthracite and negotiations are in progress with domestic consumers for long-term supply of the product The mine is expected to be funded from internal resources.

Although he has great faith in the future of coal, Mr Holtshousen said good progress was being made with Rand London's industrial interests.

Restructuring at newly-acquired Newclare Smelting Works has proceeded exceptionally well, he said The company has made a satisfactory contribution to group earnings

The group's recent aquisitions include Hochmetals, Colorado Granite and Aloe Minerals.

COMMENT: The market will not lightly forgive RLC for failing to meet its forecast, especially with the yield so thin and this company will probably be downrated.

If the top company maintains dividend cover of 3, it will pay 13,7c — a 24% improvement on last year's 11c. This puts the share at 405c on a prospective yield of 3,4% - also a bit thin.

WOMEN'S PAGE

Wanted: more women for coal research

STAR 19/9/80

215

Two women have played a major role in the international conference on coal which has been held at the University of the Witwatersrand this week. They told MOLLY HARDING that women were needed desperately in the field of coal research.

Fifty-five years ago, a lone woman lecturer at the University of the Witwatersrand tried to tell her fellows there was a real difference between coal found in the northern and southern hemispheres.

They wouldn't listen

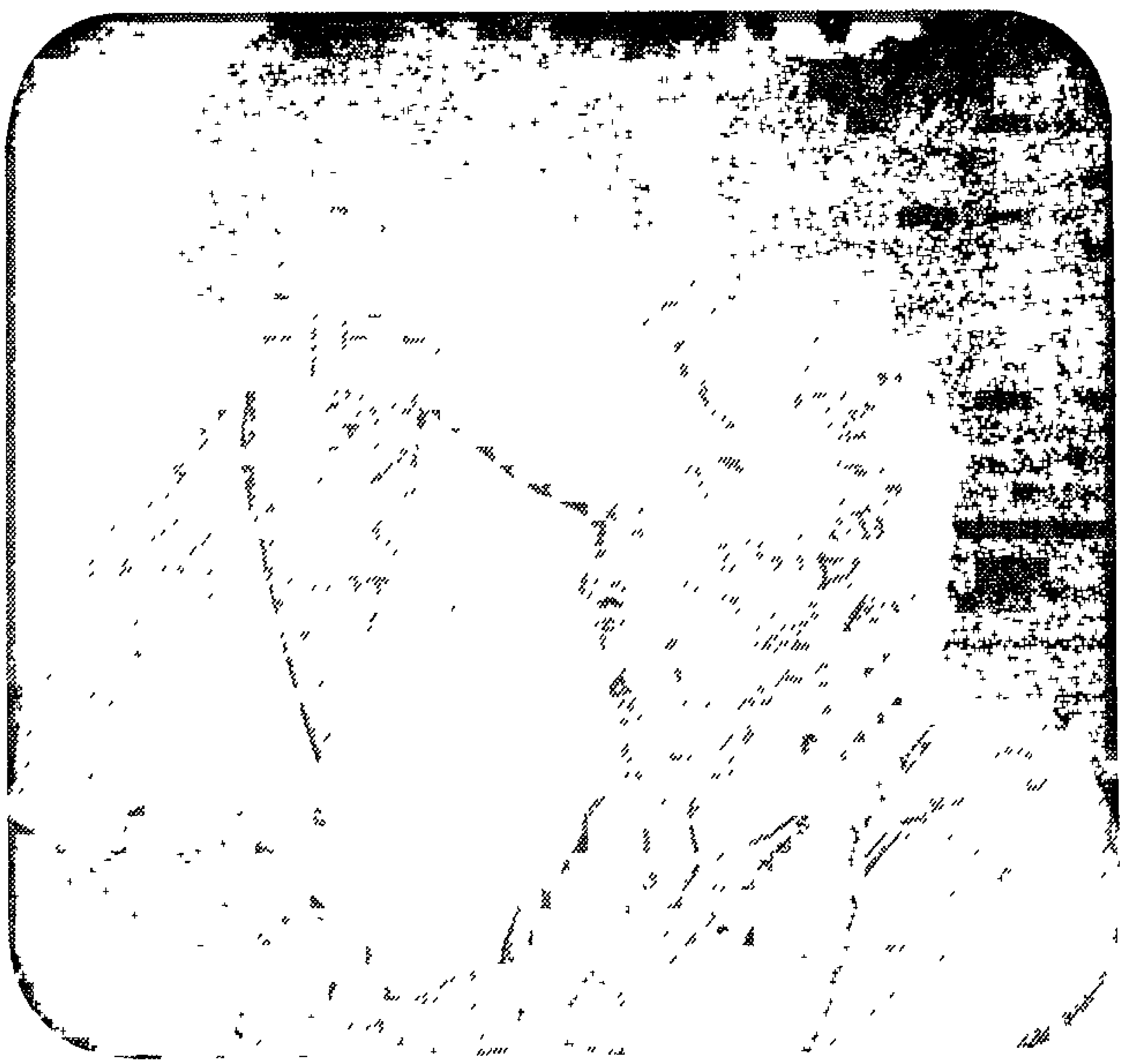
Until 1969, Edna Plumstead's voice was the only one throughout South Africa to be heard talking about the importance of coal research. Finally, she has been recognised as a world authority and most of today's knowledge has come through developing and expanding her theories.

Dr Rosemary Falcon, coal research officer at the Bernard Price Institute in Johannesburg and Professor Maria Marcowsky of West Germany (one of that country's top coal petrographers) said today they follow her teachings.

STUDY

Petrography, explained the professor, is fundamentally the study of the growth and formation of coal, and the determining of its qualities and properties for use by industry.

Dr Falcon and Professor Marcowsky are attending the international conference on coal petrography and processing at Wits University which ends today.



BLACK WEALTH — Dr Rosemary Falcon (left) and Professor Maria Marcowsky of West Germany take a look at some chunks of coal — the hottest property in today's energy crisis.

WIDE OPEN

"The field of coal research is wide open to, and desperately in need of women," Dr Falcon said this week. She began her own career as a geologist and mineralogist, but gravitated to coal after hearing lectures about the research being done on it

"It's almost a natural progression," she said. "More and more women are being attracted into it, and the need for coal research has now been recognised by industry and commerce"

Professor Marcowsky, who switched attention from gemstones to coal at the start of World War 2, has spent 40 years in what she considers a totally fascinating field. She is now retired as head of the department of mineralogy and petrology at the Central Research Establishment of the Coal Industry, in Essen

The study of coal is relatively new. Fifty years ago there were fewer than six petrographers worldwide. Today there may be 400 or 500 and still more are needed.

Carbonisation of coal is one of the most important studies being done in Germany, Professor Marcowsky said, because coke is needed for the blast furnaces

South Africa still leads the field in the conversion of coal to oil, with Sasol the world's only major operation, using a process thrown out by the United States.

"But the big problem in South Africa right now with coal is whether to export it and make money, or store it for our own future needs," Dr Falcon said 'One camp says the value lies in its sale right now with a high market value The other camp says we are going to need those reserves of coal, which our country has in abundance, when the oil reserves run out"

Some experts predict there's enough oil left in the world for another 30 years Professor Marcowsky, however, said she was told this 40 years ago - "They're always telling you 30 years!"

TOO FAST

"But coal research is moving almost too fast at the moment," Dr Falcon said "It could be dangerous because industry and commerce are asking for and using results that are not completely proven

"Because coal is a hot property right now, they don't want to give us the time for certainty."

Lack of skilled people is also slowing things down she said. This is why there is such a strong drive now to interest women in the field of coal research

The scientific disciplines have all opened up to women in the last few years Women's attention to detail and perseverance can be utilised very well particularly in research Dr Falcon said

Tavistock increases dividends

2l5 Mining Editor 19/9/80 RDM

TAVISTOCK Collieries has increased dividends by 20%, even though earnings per share increased by 11% and this entailed reducing cover from 2,75 to 2,54 for the year to June 30.

Pre-tax profit rose 10,7% to R 20 887 000, the tax rate was approximately the same at 26,5% , and taxed profit rose 11% to R15 344 000

At the current 6,300c price, the share gives a dividend yield of 4,76%

Tonnage sold rose about 9,5% to 3 974 615 tons Taxed earnings per share rose 11% to 763,4c

The coal age cometh to the West — again

(215) RDM 20/9/80

Simon Willson

Down to business

EVER since the Opec cartel first exercised its considerable leverage seven years ago, people have been talking about the developed world having to enter a "second coal age" to maintain anything like its existing level of industrial activity

All available evidence indicates that the second coal age has now begun, and South Africa stands happily poised to provide the raw material for the coming international regression to the energy source of the original industrial revolution 110 years ago

One authoritative estimate suggests that South African coal exports will increase by at least 20% a year for the next five years

This is a complete turnaround for our coal-exporting prospects from the infinitely bleaker outlook which prevailed as recently as 1972 when any thought of large-scale exporting of coal was considered an eccentric daydream and not taken seriously at all

The industrial West has fast woken up to the political uncertainty of Opec oil and the increasing expense of North Sea and Gulf or Mexico alternatives, and forward supply contracts for South African steam coal are now being signed in a frenzy

The world market price for a ton of steam coal has risen 60% over the last nine months to average about $28 (R21) for present forward contracts But the demand is so great that contracts for 1981 supplies are expected to to go as high as $55 (R41) before this year is out

There are only two big coal-shipping terminals in the southern hemisphere capable of handling increased exports on the scale likely to be demanded within the decade One is Haypoint in Autralia and the other is our own Richards Bay

Richards Bay is better placed geographically than Haypoint to supply the major markets of Western Europe and the eastern seaboard of the United States, and can look forward to fielding most of the bigger contracts on the way from these two sources

Accordingly the Government has advanced the completion date of the planned R230-million expansion of Richards Bay's facilities by two years and the terminal's handling capacity will rise from 24-million tons a year to 44-million tons by mid-1984

Richards Bay is also one of the few coal terminals in the world which can accommodate giant bulk carriers which after becoming almost obsolete as they were laid up during the oil price quintupling and subsequent underconsumption glut of the mid-1970s, are now back in fashion and being built again in the world's shipyards

France is a good example of a western industrial country whose oil imports are becoming prohibitively expensive and whose ambitious nuclear energy programme is being obstructed by the back-to-nature environmentalist political parties which are currently strangely powerful on mainland Europe

If oil and the atom cannot, for their various respective reasons be depended upon to keep the Gallic nation's cogs turning, the obvious recourse is coal

French shipowners have just ordered five 140 000-ton bulk carriers worth R200-million from Japan where with typical Oriental anticipation shipbuilding was not allowed to decline during the bulk carrier slump

These vessels will be ready by the end of next year and have been purpose-built for shipping coal to Le Havre from Richards Bay

France has tripled its imports of South African coal in the last three years and will increase the quantity still more once the carriers are in operation

The United States is currently South Africa's biggest coal importer, taking 1-million tons a year America's drive for energy independence seems likely to restrict greater coal imports from this country, and other markets are sure to overtake the limited US demand

The biggest potential is in the fast-growing countries of the Far East which are geographically closer to Haypoint but have in the past expressed reservations about depending on Australia for energy because of the current unpredictable militancy of Australian organised labour

Countries such as Japan, South Korea and Taiwan are well stocked-up with their own bulk carriers, and will be looking towards Richards Bay for more reliable supplies of coal

American figures put potential Far East demand for South African coal at spectacular levels Japan, the estimates say, could be importing 60-million tons of steam coal within 10 years, Taiwan could need 35-million tons and South Korea 15-million tons

On this showing, prospects could hardly be better — but the surprising thing is that, in fact, they probably will be

How? Consider this the coal price is doubling and Richards Bay is selling all the coal it can handle *while the West is sliding into cyclical recession*

The demand for South African coal when the world's major economic powers come out of the trough and back onto the upward curve is almost limitless

Since the South African economy seems to be booming and troughing contracyclically in relation to the industrial West soaring coal exports during a downturn in the domestic economy will be a most welcome contracyclical influence

The remaining question is what the stirring export performance — likely to be worth R800-million to us next year and R2 500-million by 1986 — will do to the domestic price of coal The answer is that the more we export, the cheaper — in real terms — our coal is likely to be for us

This is because a good export price will effectively be subsidising our government-controlled local price and keeping coal mines' investments in new mines and equipment up and their profit margins healthy

This will constitute important insulation from the inflationary shocks still to come, as the price of the coal that goes to make steel and generate electricity in this country will be lower and will rise less quickly than in the rest of the world's coal-consuming countries

Coal mining on show

RDM 23/9/80.

(215)

By IAN THOMAS
Mining Editor

DEVELOPMENTS in South Africa's fast growing coal industry will be featured at the Electra and Mining Exhibition, the third largest of its kind in the world, to be held at Milner Park showground, Johannesburg from September 15-19.

Mining equipment firms from Britain, West Germany, France and the United States will be exhibiting colliery equipment in a bid to win orders from leading South African mining houses.

Among the more than 400 companies represented will be those of the Association of British Mining Equipment Companies (Abmec).

Their members cover the fields of surface plant for the beneficiation of minerals, winding engines, head-gear, shaft furnishings, heavy electrical installations, coal-getting machinery, and ventilation systems.

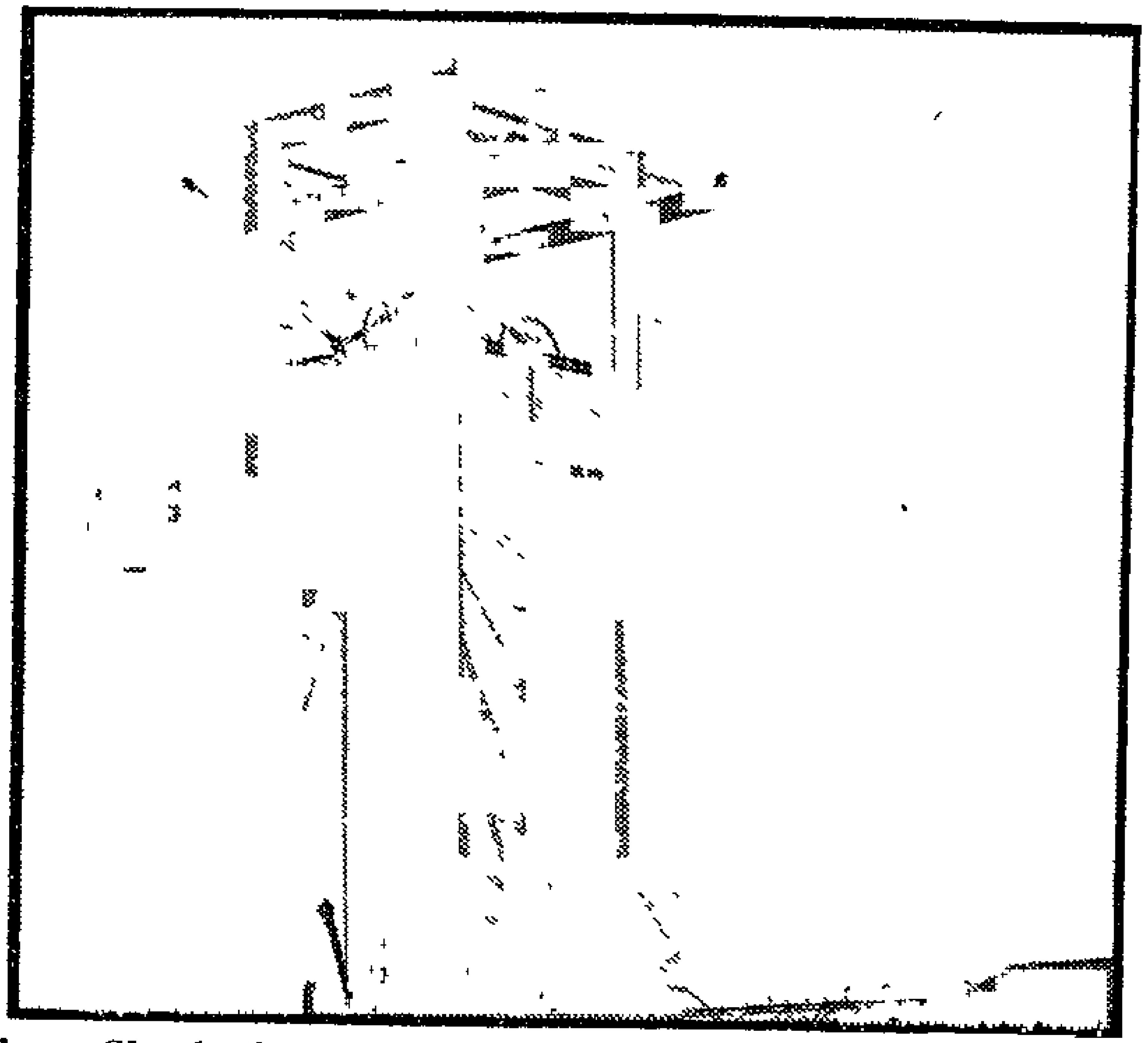
An Abmec spokesman said yesterday many new health and safety measures were being developed at the British Mining Research and Development Establishment at Bretby in central Britain, and details of these would be available at the exhibition.

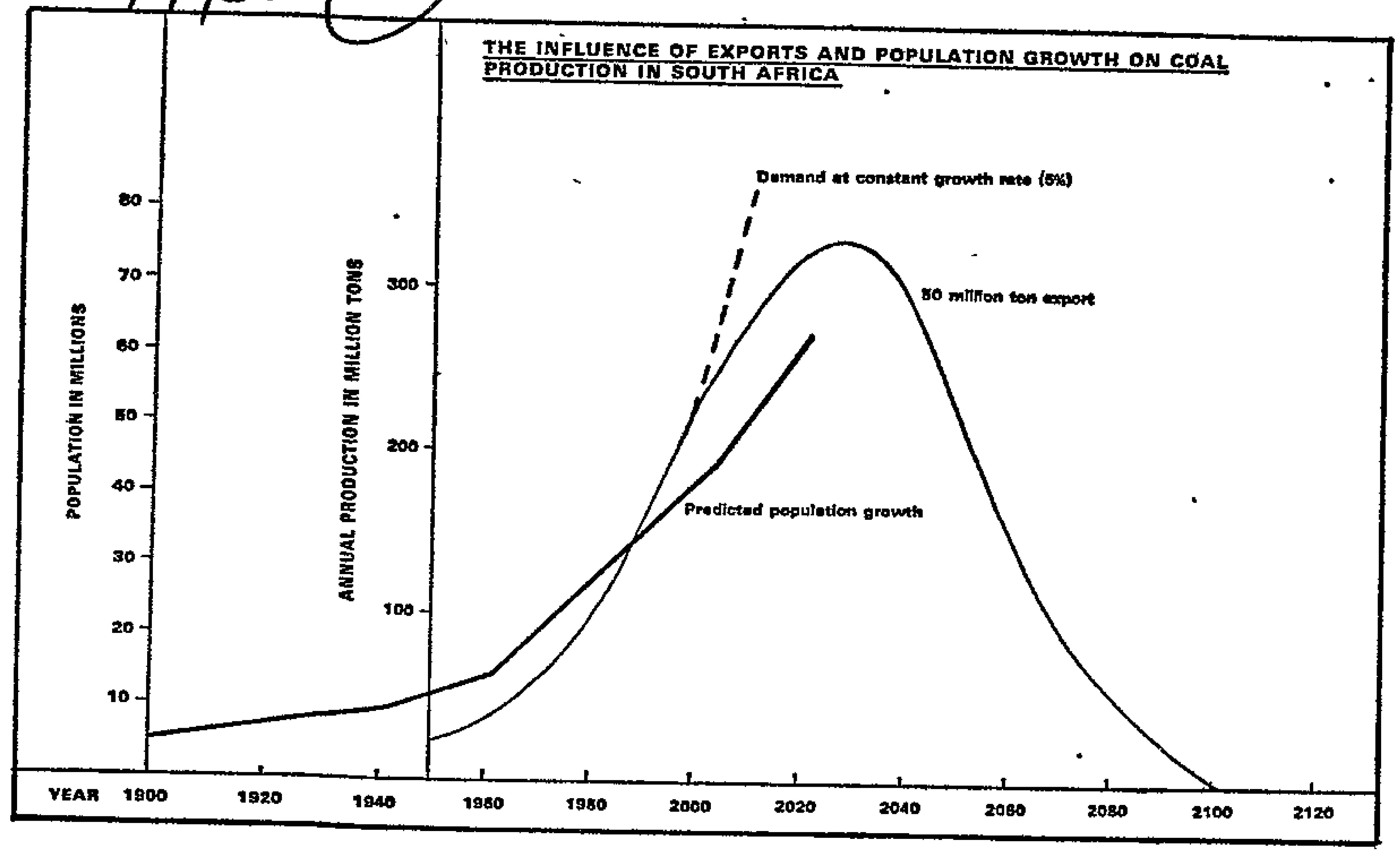
Abmec will be demonstrating a Simslin dust monitor, which has been developed to monitor respirable airborne dust in mines and quarries.

Filtration equipment will be on show of particular interest for the recovery of gold and uranium.

Only 50 years of coal left

STAR 23/9/80 215





Diann Shoebotham, Fair Deal Reporter

Winter is over, and most people have forgotten the problems of coal and anthacite shortages until next year

However South Africans should be looking further ahead than next winter Experts say our main coal resources will be exhausted by the year 2030

The Petric Commission of 1975 judged South Africa's total coal reserves to be just over 81 000-million tons This is considered to be a conservative estimate, and further research has shown there are almost 92 000-million tons left.

This figure looks reassuring on paper, until one takes into account how much ...

'Export less' urges professor

... pressed his concern at the recent announcement that coal exports through Richards Bay are to be increased

"I believe we should not keep exporting more and more coal," he said "Both oil and coal have limited lives — they are not being replenished, and need to be conserved"

He continued "I realise we have to sell coal outside South Africa as it brings in foreign ...

... should not export more than is absolutely necessary"

It was announced on August 3 this year that Richards Bay will be expanded to accommodate R1 000-million worth of coal exports annually

Exports of 44-million tons were previously planned for 1985 With the harbour's expansion, this will be possible a year earlier than expected

... coal is a boon and may exceed gold in foreign exchange earnings within 20 years

To maintain its coal production, South Africa will have to mine at lower depths — which is costly — for poorer grades of the mineral

Mr W B Barnard, City Electrical Engineer, has already complained about the deteriorating quality of coal being supplied to Johannesburg power stations. I... is less ... more ash and has a low calorific value

Escom is also burning low grades of coal for the production of electricity

Eventually South Africa will have to use all remaining reserves, including the coal fields in the Kruger National Park, unless other energy supplies can be found

At present, nuclear energy seems to be the only economically viable alternative

Koeberg nuclear power station will come into full operation in 1983, when it will have a capacity of 1 844 MW — a small percentage of South Africa's total electricity requirements

Professor van Biljon has confidence in the future. "This country has the technology and the resources (uranium) to convert to nuclear power"

Other power supplies such as thermal, hydro-electric, solar, wind and tidal power have been considered, and their potentials are being investigated

Some may be used in the future to supply energy to peak load stations These are back-up power stations which can be run up within minutes to meet a sudden increase in demand for electricity

Escom, which supplies more than 90 percent of South Africa's electricity, is researching alternative supplies of energy, and is looking far into the future — planning in advance ...

STAR 23/9/80

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and exported each year.

Even though South Africa has less than two percent of the world's coal reserves, it is the sixth largest exporter — selling 24-million tons every year. This figure is expected to almost double in the next five years.

South Africa's annual coal production, including anthracite, is about 100-million tons, of which 76 percent is used locally.

The graph shows how the Petric Commission expects the demand for coal to rise steadily, until this country's coal runs out . . . in 50 years time.

Several factors may bring this deadline forward:

- In 1975 the graph was based on a constant growth rate of five percent. The Government announced earlier this month that South Africa's growth rate is six and a half percent — one of the highest in the world.
- Another deciding factor is local energy demands which, in turn, is linked to population growth.

The straight line on the graph shows how South Africa's population is expected to increase. The World Fertility Survey has predicted it will double in the next 31 years, and the more people there are, the more energy is needed.

According to the World Coal Study, coal production must treble in the next two decades to keep up with the growing need for energy.

Some argue western country's birth rates are decreasing, which will lessen the demand for coal. This is not a valid claim as it will take many years for the decline in population to have any effect.

In the United States, for example, where the birth rate has dropped substantially, the population will double with the next century.

- Professor W J van [illegible]jon of the Rand Af[illegible]aans University ex-

COAL MINING

Sanity is needed

(215) FM 26/9/80

A touch of sanity is badly needed in the overblown row over the prospect of mining coking coal in the Kruger National Park

The issue is not a stark question of raping our national heritage in order to satisfy capitalist greed, as some environmentalists seem to be suggesting It's a question of balancing priorities, none of which is quite so absolute as has been made out

What are the priorities? Iscor, the state-owned steel maker, wants permission to explore a part of the park where it believes there are high quality deposits of coking coal

Coking coal is essential in the production of steel, and SA has precious little of it So it *is* a strategic mineral — without it, virtually all of SA industry would be incapacitated

The well-being of *people* is affected whichever way the choice is made But while the Kruger Park deposits are important, it would be wrong to imply that exploiting them is a matter of national survival

The question that must be asked, however, is whether the preservation of a small but attractive and ecologically interesting area of the park is more important to the nation than the mining of some high-grade coking coal — especially as nobody has ruled out setting aside new areas of land for national parks in compensation

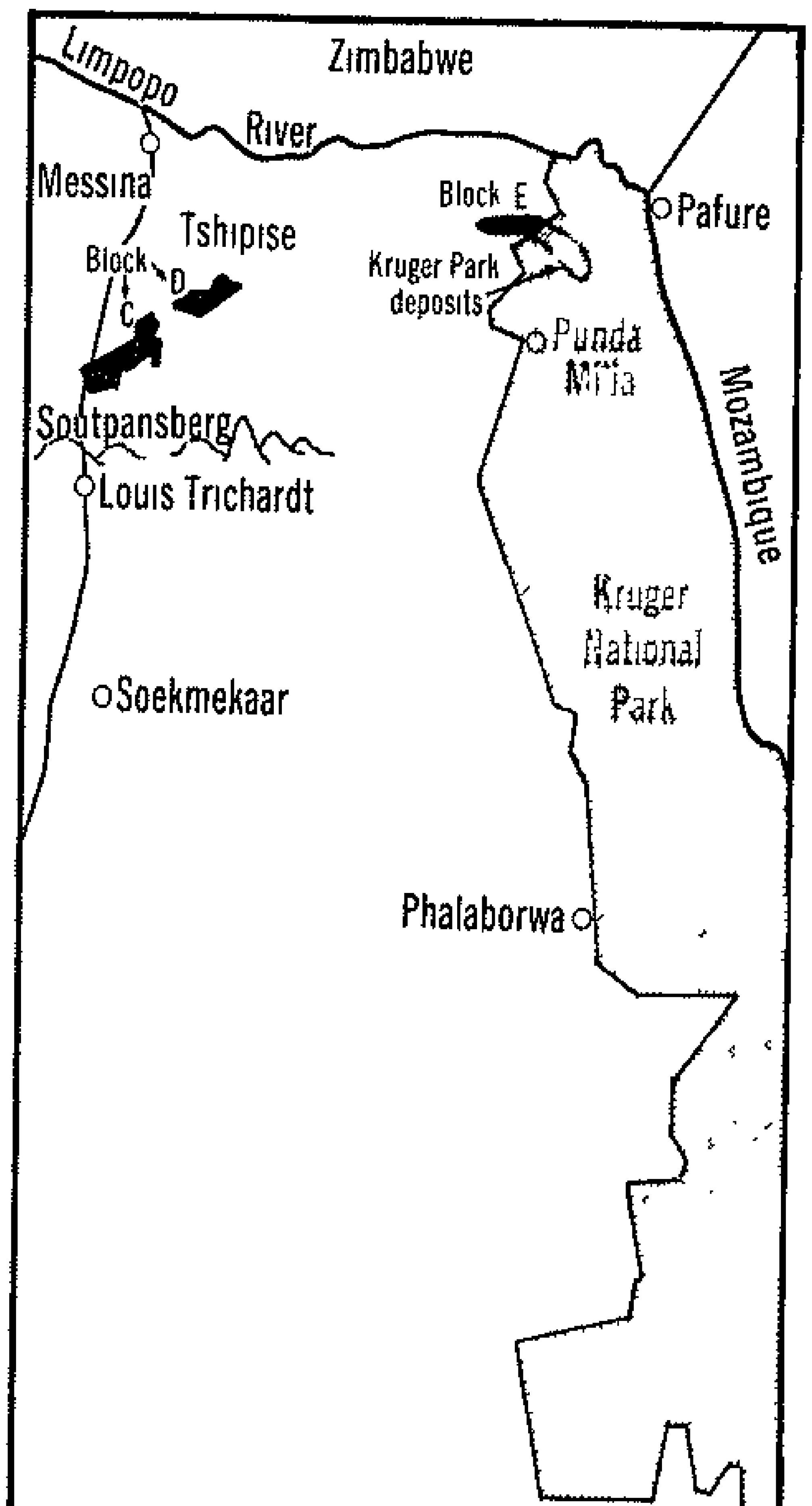
Coke (the solid substance left when the volatile parts have been distilled from coal) is used as both a fuel and a reductant in a blast furnace If it crumbles, it can choke the furnace Until recently, the country's only known reserves of straight coking coal were in Natal, but these are of relatively poor quality

To stretch its limited reserves, Iscor mixes Natal coal 50-50 with blend coking coal from the Witbank No 5 seam to obtain an acceptable coke But because the coke is relatively weak, it cannot adequately support a large mass of iron ore and dolomite, so the output of iron Iscor obtains from a medium-sized blast furnace is up to 50% less than that obtained in similar furnaces in Japan or Australia — at least one good reason why Iscor is not a particularly profitable organisation

Now, new discoveries of coking coal have been made in the Northern Transvaal The three deposits, moving east from the N1 highway north of the Soutpansberg, are Block C (about 20m sales tons), Block D (quantity unknown), and Block E (probably less than 50m sales tons) The deposits comprise the best coking coal yet found in SA, with excellent caking qualities

The best of the lot, comparable with that in America or Europe, is in Block E, which stretches to the boundary of the park Clearly, there is more of it within the park

There is enough in Blocks C and E to replace Natal sources at Iscor's present consumption of more than 6 Mt of coal for coking, of which 30% is straight coking coal



But there's still not really enough to meet future needs, and Iscor envisages always mixing straight coking coal with blend coking coal in order to stretch the reserves

If Iscor is not allowed to mine the coal in the park, it will manage very well for at least 20 years, but eventually, unless new deposits are found, it will have to ask again for access to the park deposits It might make good sense for the National Parks Board to hand over a small chunk of the park now, while it can still bargain for other parcels of land in exchange In 20 years' time, when the need for the coal may, indeed, be crucial, there may be no land left

The attitude of the NPB is a reasonable one Clearly, it is adamant that it will fight to retain the integrity of the park if there is any alternative to mining the coal there

But, says board secretary Herman Botha, if exploitation of the coal deposits is, on balance, in the national interest, the board will go along with it

"If this is a strategic mineral, and there is no alternative to mining it, then you can't put the interest we have in a certain section of one park above the national interest," he says

This is the question which must be decided by the committee of inquiry which has been set up under the Prime Minister's planning adviser, P Pretorius If it decides in favour of mining the coal, the next step would be legislative changes under the Parks Act, which prohibits mining or even prospecting in any national park

"If the act has to be amended, we shall lodge our complaints and point of view," says Botha

Keith Cooper, conservation director of the Wildlife Society, describes the threatened area as "the most exciting area of the park " It is the junction of nine major ecosystems, with a "magnificent" variety of plant and animal species

Most of the wildlife could be moved to other areas of the park, though Botha notes there is some fauna in the affected area which is not found anywhere else in SA — a few birds, lizards and frogs, some of which could die out or, in the case of birds, move away There is also a danger of polluting the Levuhu River unless the mining activity is closely controlled

The area affected represents an infinitesmal proportion of the whole park area — a few thousand hectare out of the park's total of more than 2m ha Nor is it an area heavily frequented by tourists

There is no reason why the NPB should not wring concessions of new land for national parks, either adjoining the Kruger Park or somewhere else in the country in return for surrendering the coalfields SA's two biggest national parks, Kruger and Kalahari, are situated on the country's borders, and there's a good case to be made for more game reserve facilities totally within the country

Wildlife is important to the nation So is coal And it might be instructive to note how the United States has failed to cope with the energy crisis, despite having 25% of the world's coal — mainly because environmentalists have been able to prevent its exploitation

NM · 7|10|80

Optimism for the future

215 ~~194~~ ~~332~~

OPTIMISM depends as much on yesterday's performance as on hopes about tomorrow. Three of the major facets of General Mining Union-Corporations' (Gencor) continued investment in Natal and KwaZulu emphasize this.

They are the vast coal resources being mined by the group, the re-structuring and modernisation of its shipping interests and the massive investment being pumped into forestry and paper-making.

These are far from the only interests the group holds in the province, but they illustrate the faith that Gencor - which administers or controls companies round the world with turnover of more than R3,2 billion annually - has in the area.

Modern techniques are being applied to expand and develop all three to a resource that has taken millions of years to evolve, a traditional mode of transport being harried by high fuel costs, and an industry which depends as much on the elements and the seasons as it does on technical and chemical knowhow

So, without discounting the importance of Gencor's substantial other investments in the Natal region - investments which range from construction and engineering to beach sands and packaging - it is on these three aspects that we focus.

'We are modernising existing facilities at our Natal coal mines and new seams are being mined to supply Iscor with coking coal of a quality unavailable elsewhere,' says Mr George Clark, a general manager of General Mining

The group has three coal mines operating in the Natal area, Northfield and Kilbarchan in the Glencoe-Newcastle district, and Hlobane near Vryheid.

It is at Hlobane that the major investment is to take place

The plans are for the existing infrastructure and plant to be modernised by pumping in up to R90m This represents a tangible faith in the future of the colliery and the region.

An extension of this faith in coal is to be found in a further - and more recently announced - investment by the group.

'We are the biggest single participant in the next expansion scheme at the Richards Bay coal export terminal,' says Mr Clark

'We are in for R72m of the total R230m cost of this development.'

This expansion scheme on which work is to begin immediately, two years earlier than previously planned, will raise the capacity of the existing coal terminal from 24m tons annually to 44m tons a year by mid-1984 and should bring an additional R1 billion in foreign exchange to South Africa's coffers every year

This figure is also likely to rise

Coal is at present fetching around $30 a ton on export markets, but this is likely to be 50 percent higher by the mid 80s and should reach $100 per ton by 2000

Unicorn Lines has embarked on a programme of further modernisation of its fleet The company, a subsidiary of Gencor, has gone through a phase of major modernisation and rationalisation in the wake of the rapid climb in fuel prices and the impetus given to containers in recent years

The fleet of containers increased during 1979 from 3 327 units to 3 437 units, most being supplied from South African sources

These containers currently represent a replacement value of R11,2m and the expectations are that futher requirements will also be filled through local sources.

In addition, two new ships were added to the fleet in December 1979.

One, a 8 750 DWT vessel with a 308 container capacity is operating successfully on the Indian Ocean Island trade, while the other 15 648 DWT *MV Umfolozi* capable of lifting 407 containers, was purchased for employment on the South African to Israel trade

Further replacement tonnage for vessels sold because they were found uneconomic is also under consideration

Back on dry land, Sappi, the largest producer of pulp and paper on the African continent, has earmarked R500m for investment over the next five years - a portion being destined for Natal.

The Stanger mill, which produces fine coated papers from sugar cane bagasse, was Sappi's major acquisition in 1979

Amounts of R4,2m for the installation of four boilers for the Stanger plant to produce its own steam and R1,5m for a 20 percent increase in output of bagasse pulp, have already been invested at the mill by Sappi

In addition to this money will go into the updating and modernisation of the Tugela mill at Mandini and the continuing implementation of Sappi's policy of developing its forestry reserves in KwaZulu and Natal midlands

Three widely differing industries, one below ground, one above and one on the high seas.

But all three point to the good returns Gencor has received in the past from Natal and KwaZulu and to its optimism about the future of the regions

TRANS-NATAL (215) FM 10/10/80

Rights to expand

Not surprisingly, Trans-Natal is raising R80m through an issue of pref shares to fund part of its near-term expansion This will enable the group to meet expected foreign and local demand for coal Projects already started, or in the pipeline, are costed at over R350m, and this does not include the huge outlay which will be needed if Gencor, Sentrachem and Trans-Natal decide to go ahead with the coal liquefaction project in the northern Transvaal.

Trans-Natal's major near-term aim is to boost its steam coal production so as to be able to meet export requirements once Phase III of Richards Bay comes on stream In terms of the export allocations, Trans-Natal must have 6 Mt steam coal and 1,5 Mt anthracite ready for export once the terminal expansion is fully operational This should be by 1986

Currently, steam coal export tonnages come from the group's Ermelo mines which produced 1,2 Mt for export in fiscal-1979 To make up the additional 4,75 Mt, Trans-Natal will expand Ermelo as well as Escom-tied Optimum Colliery Gencor coal division general manager Steve Ellis says Trans-Natal is looking at the possibility of producing some 2 Mt steam coal for export from Optimum. However, any expansion would need Escom's sanction. If implemented this would mean annual production rising some 2,5 Mt to 8,5 Mt In addition, expansions to another group colliery are being investigated to produce between 1 Mt and 1,5 Mt steam coal for export Though Ellis declines to pinpoint the colliery, it seems likely to be either Usutu or Blinkpan

Further capex will go into opening an anthracite mine at the recently acquired Kwa-Ngoma property, which has a 1,5 Mt export quota Once Richards Bay has been expanded to cope with 44 Mt coal exports, including 4 Mt anthracite, Kwa-Ngoma will probably be the largest single exporter of this product

Work at Kwa-Ngoma is still in the exploratory stage Ultimate production will obviously depend on whether Trans-Natal intends producing any real quantity for the local market, but it is committed to 1,5 Mt annually for 30 years on the export front Equally, costing the exercise at this stage is impossible until the company makes a decision on extraction methods to be used, or whether it will do all the contour mining itself A possible capex of R60m has been mooted by analysts, but Ellis cautions against placing too much faith in any figures ahead of these decisions

Additional funds over the next five years will also be channelled into Hlobane, Trans-Natal's coking coal producer which supplies Iscor Production in fiscal-1979 was 926 000 t, and expansion is expected to absorb over R90m at today's prices Another interest requiring substantial capex is the group's 25% stake in Matla, which has a total projected cost of R180m in escalated terms Recently Trans-Natal and Clydesdale negotiated with Escom for an extra 20% stake in this colliery, bringing their joint holding to 50%, which means Trans-Natal will have to kick in some R45m

Over the next five years Trans-Natal will fund R60m-R80m capex annually, in part through the present rights issue The issue of 7,5% convertible prefs is being pitched at 1 000c, in the ratio of 15 prefs for 100 ords Conversion will take place on July 1 1983 On the basis that ordinary dividends grow at the past five year's 33% annual compound rate, the two classes of shares should yield roughly the same income at that stage In the meantime, however, the prefs look attractive relative to the ords on income grounds.

Longer-term, Trans-Natal may well come back to shareholders for further funds to develop the northern Transvaal coalfield which will be the base for a Gencor/Sentrachem/Trans-Natal liquefaction project No details are likely until some time late in 1981, but the capital cost will be high

Coal . . . expanding shares for capex

Funding could, perhaps, be via the sale of further Trans-Natal shares to Gencor or some deal with Sentrachem, but it is still early days to speculate

Des Kilalea

RAND LONDON (215)

Cash hungry FM 24/10/80

Activities: *Mining investment company with interests in coal and base minerals Provides mining consulting services Owns 80,4% of the ords and 40,7% of the part prefs of Rand London Coal*

Chairman: *A C Heber-Percy, managing director, B W Holtshousen*

Capital structure: *13,7m ordinaries of 15c Market capitalisation R72,6m*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R7,5m; net short-term, R971 000 Debt.equity ratio· 45,4% Current ratio 1,8 Group cash flow· R6,5m Capital commitments R784 000*

Share market: *Price 530c (1979-80 high, 530c; low, 87c; trading volume last quarter, 1,1m shares) Yields 7,6% on earnings; 2,5% on dividend Cover· 3,1 PE ratio 13,2*

	'77*	'78	'79	'80
Return on cap %	4,9	11,3	21,3	14,2
Pre-tax profit (Rm)	0,7	2,1	3,5	6,9
Earnings (c)	6,7†	27,6	33,1	40,2
Dividends (c)	3,7†	10	11	13
Net asset value (c)	24	34	70	203

* 18 months to June 30 † Annualised

Over the past year, Rand London has sprinted in all directions. With the floating off of part of the coal division, R10m was raised from shareholders, a further R2,8m was raised through an issue of redeemable prefs, long-term debt was increased by R5,4m; steel merchant Newclare Smelting was bought for R6,1m, gold mineral rights were bought in the western Transvaal, a coal handling terminal is to be established in a joint venture in Belgium, and coal development plans have been revised

If, as seems likely, management aims at maintaining the rate of activity during the current year, it is clear that the group will remain relatively cash hungry

One of the ways of reducing possible cash flow strains is by re-scheduling the coal development programme, which is exactly what is happening Rand London Coal, which is 80,4% owned, has delayed its largest project, Glenfillan According to the RLC offer documents, establishment of mining operations at Glenfillan would have meant a negative cash flow of R25,9m in 1980-82, until the mine weighed in with an initial positive cash flow contribution of R18m in 1983

Now, it seems, the company is concentrating on developing other projects with earlier positive cash-flow possibilities That makes sense if, as is possible, earnings are retained ahead of a capex start at Glenfillan And it seems to be sensible to improve existing operations

Kempslust is installing new coal preparation plant to supply Iscor with a higher-priced, better-quality coal The decision on that appears to have been prompted by a request from Iscor for a washed coking coal, for which it is prepared to pay a higher price Meantime, a R5,7m damages claim has been instituted by a customer as an alternative to delivery of 300 000t of anthracite over the next five years

The Aloe anthracite mine is now scheduled to cease mining during the current financial year, rather than in 1983 as indicated by the offer documents However, its plant is to be transferred to Zoetmelk, where underground mining operations are to start earlier than anticipated Presumably, there will be some production hiatus as the Aloe plant is moved but that should be relatively short

The problem for RLC, of course, is the market Negotiations are taking place to increase domestic anthracite sales as a means of reducing the company's dependence on low export allocations At the same time, it is hoped that the additional 100 000t export allocations granted for calendar 1980 will continue

Management is apparently confident that this will be the case and, in a joint venture, is to establish a R10m, 1 5 Mt coal handling terminal in Belgium

On the mining front coal developments were, perhaps the most noteworthy In base metals, it was largely a matter of business as usual Manganese dioxide production rose, and it has been decided to purchase additional equipment to avoid erratic production from the company's granite quarries

What now remains to be seen, however, are drilling results from mineral rights acquired in the western Transvaal Announcement of the acquisition helped move the share to its recent high, though a straw poll of local mining analysts resulted in mixed views on the area's potential

Initial drilling of the area is expected to cost R3m — a relatively large amount in Rand London's terms, though other unnamed partners are being invited to participate right from the start

This is where the problem arises in valuing the shares. Even if a new viable gold deposit is proved, development will probably be beyond the group's financial reach, unless other partners are brought in for a major part of the action Of course, management has the option of retaining a significant part of current earnings to help fund likely capital expenditure, though coal developments will probably take precedence

Clearly, investors who have helped treble the share price over the past year are counting on growth being maintained for several years Fundamentally, on a 2,5% historic yield and a 24% growth in earnings per share last year, the share looks greatly over-priced Maintaining growth will almost certainly mean that capex requirements absorb a significant proportion of earnings And it is not inconceivable that further capital-raising exercises will take place in the near term — perhaps a repeat performance of the RLC issue, with a hiving off of parts of the group's base metals mining or trading operations

At 530c for Rand London, and 315c for RL Coal, both shares are best suited to the super-optimists

Jim Jones

NM 7/11/80 (215)

To speed coal exports

Shipping **Andy Newby**

STUTTAFORDS Ships Agency has begun an ambitious programme on New Pier No 1 with the installation of sophisticated bulk handling equipment which should significantly increase the port's coal export capacity.

The pneumatic-hydraulically operated equipment recently arrived in Durban from Cape Town where it was made for more than R1 million and tests were conducted near berth 105 this week

Explained quite simply, the coal will be sucked out of quayside rail trucks and carried to the holds of the ship by portable equipment

According to Stuttaford Transport's Johannesburg-based general manager, Mr Lloyd Koch, who was in Durban for the new development, the experiments went well 'We should be ready for action later this month,' he said

The coal unloading and loading equipment is not revolutionary and is used widely overseas But former Port Director, Mr Ben Lombard, now an executive consultant to Stuttafords, said it was being put to new use

The development comes at a particularly crucial stage for South African coal exports, when export support systems are being stretched to their limits while ships wait anchored off Durban to receive coal

As far as the Railways are concerned the New Pier programme is being treated separately when it comes to coal allocations, and the Bluff Coal Appliances (BCA) is a completely separate outlet

'Allocations through New Pier are being regarded on an *ad hoc* basis for this programme,' said Mr Lombard.

Stressing that Stuttafords were not in the business to export coal but rather to handle it for exporters, ships' agency manager Captain Yoav Giladi said the rationale behind the decision to go ahead with such an advanced coal handling service, was to provide a superior 'streamlined service which would be attractive to shippers

'Stuttafords has a stevedores' licence One of the conditions laid down by the Railways was that we should serve all exporters of coal The exporter's main concern is demurrage

'This project should keep him happy because now there is another facility at his disposal The coal is handled much faster than if it were unloaded by conventional grabs and dropped into the ship And with this equipment, the coal is not damaged because it is not dropped from any great height — not as much coal dust is formed,' added Captain Giladi, who did much of the groundwork in establishing the unusual stevedoring operation

Another condition laid down by the Railways was that the equipment should be portable, to allow flexibility of operations at the berth This was stipulated so that when 105 is not being occupied by a coal ship, the loading and unloading equipment can be moved to one side This also suits Stuttafords, because it means that the large investment is not necessarily confined to one area

The system can move 400 tons of coal an hour

TRANS-NATAL 215

Spending for growth

FM 7|11|80

Activities: *Coal arm of Gencor and Federale Mynbou, mainly supplying Escom Gencor has 41,6% of the equity*

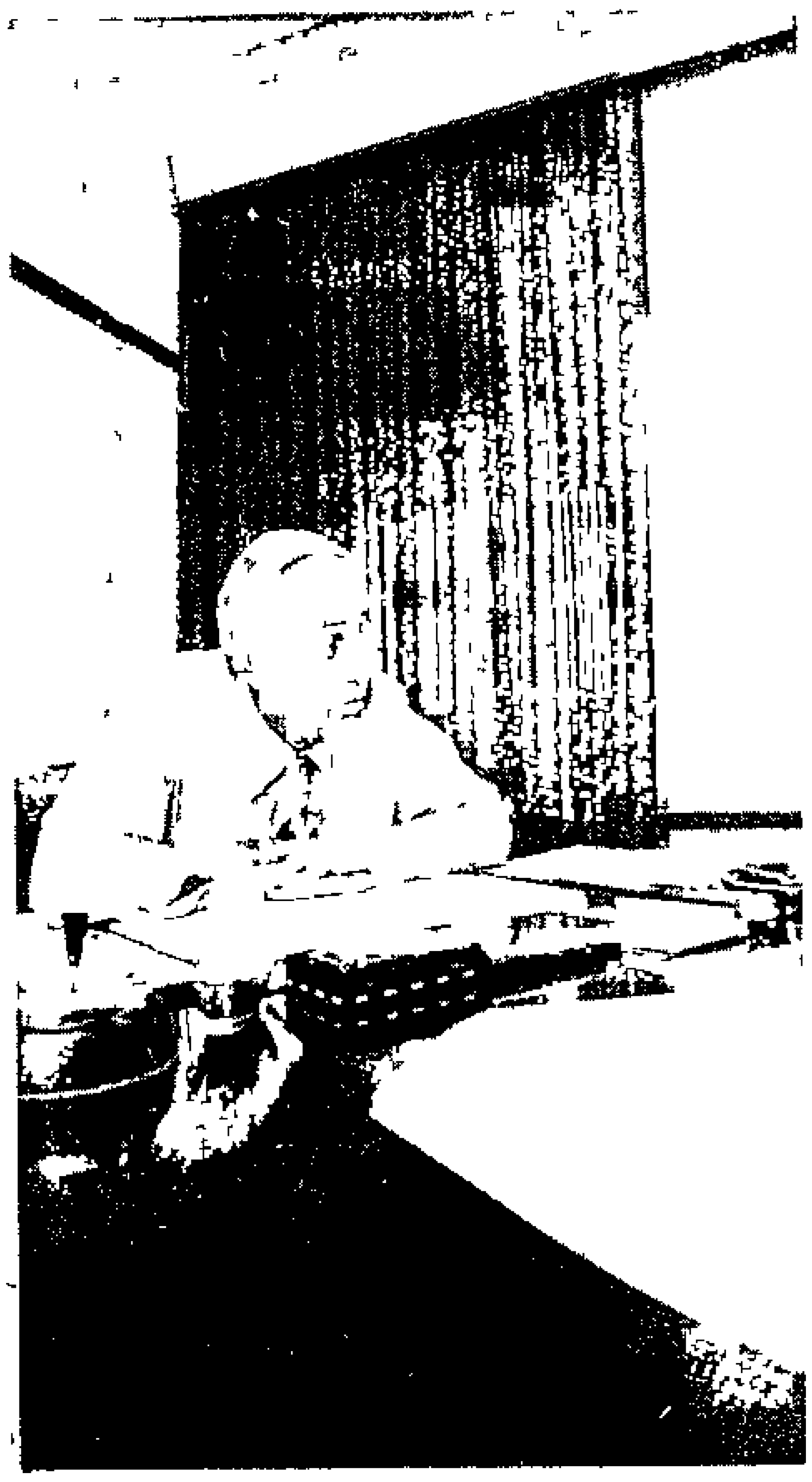
Chairman· *G Clark*

Capital structure. *53,3m ordinaries of 50c Market capitalisation R570m*

Financial· *Year to June 30 1980 Borrowings long- and medium-term R16,4m, net short-term, R1,7m Debt equity ratio 19,0% Current ratio 0,88 Capital commitments 121,3m*

Share market: *Price 1 070c (1979-80 high, 1 080c, low, 380c, trading volume last quarter, 892 000 shares) Yields 5,7% on earnings, 2,8% on dividend Cover 2,0 PE ratio 17,7*

	'77	'78	'79	'80
Coal sales (Mt)	20 5	20 8	22 6	25,0
Turnover (Rm)	121	144	204	282
Pre-tax profit (Rm)	28 4	32 0	36 6	45 0
Gross margin %	26 0	24 9	19 3	16 6
Earnings (c)	37 8	37 6	42 5	60 6
Dividends (c)	17	18 5	24	30



Trans-Natal's Clark . . . thinking about cash needs

Apart from fleshing out some of the detail, George Clark's chairman's review adds little to what was already known of Trans-Natal's projects. However, that should not be construed as criticism. The group has enough development projects on its plate to see it well into the Eighties.

Though there are currently developing projects (Hlobane expansion, Matla completion and Optimum conversion) slated to cost a further R160m and other export colliery projects likely to cost about R190m over the next five years, shareholders need not fear a dividend drought Even with capex at an annual rate of R60m to R80m planned for the next five years, there seems to be no reason why dividend cover should be increased significantly from its present twofold

Judging by the September quarter's results, operating income this year should approach R60m and attributable income after tax, minorities and dividends on the planned pref issue somewhere in the R40m region With an R80m compulsorily convertible pref issue in the pipeline and further borrowings to fund the Matla and Hlobane developments, the group should feel no cash flow squeeze over its presently developing projects.

Though management has not specified so, it may not be an unreasonable assumption that planning is based on an earnings rise, which will allow a 75c ordinary dividend, equalling that of the planned prefs, to be paid in 1984, the first full year following conversion of the prefs And that takes into account the effective 50% increase in the number of issued ords which will accompany conversion of the prefs

Even though this implies a significant advance in earnings, on near-term dividend prospects alone the shares are not necessarily attractive Ignoring any growth potential in the share price, a prospective 7% yield four years ahead is hardly exciting Investors need to look beyond the immediacies of Matla and Hlobane, and that is where questions arise

At the risk of appearing negative, SA is not the only country planning significant sea coal sales increases. So while export coal prices may have advanced strongly over the past year, with levels of anything up to $40/t being mooted for 1982, the mid-Eighties could be a period of price stability as additional tonnages of Canadian, Australian, Indian and US coal become available for world markets.

But even $40/t is a good deal better than the average price being paid by Escom (see table), even if Escom contracts have the advantage of up-front capex from the utility. Excluding any expenditure on the northern Transvaal joint coal/uranium project with Gencor and Sentrachem, retentions over the next five years, plus the currently planned R80m pref issue, should mean that additional borrowings need not be all that much greater than R100m

On that basis, there remains room for further increasing borrowings to fund the northern Transvaal project without calling on shareholders to put up comparatively large chunks of additional equity

SALES BROKEN DOWN

	Tonnage %		Turnover %	
	1979	1980	1979	1980
Power generation	70	63	43	36
Metallurgical	10	8	35	28
General Trade	15	19	14	16
Exports	5	10	8	20

At this stage, any estimate of a likely cost for the northern Transvaal project is highly conjectural and no details are likely until late next year But assuming that a start is made on establishing operations in 1982, the capex build up need not be rapid, meaning that well before that Matla and Hlobane will be well under Trans-Natal's belt and contributing to cash flow.

Over the past year, the share price has more or less doubled and been accompanied by a drop in historic yield But that appears to be no more than justified by the company's growth prospects into the late-Eighties

This year a 40c dividend could be possible and until the pref issue is out of the way, the share seems fully priced, though investors may be tempted to jump the gun with purchases as and when the company's next new projects are announced

Jim Jones

ESCOM: COAL CONSUMPTION AND COST

	1974	1975	1976	1977	1978	1979
Consumption (Mt)	30 9	34 2	37,3	37,5	39,6	43,3
Total cost (Rm)	90,3	137,7	199,0	229,9	261,7	301,3
Average cost R t	2 92	4,02	5,34	6,12	6,61	6,96
Cost increase	22 2	37,7	32,8	14,6	8,0	5,3

CLYDESDALE 215

Matla kicks in

FM 14/11/80

Activities: *Coal mining company which supplies TCOA trade from New Clydesdale and Escom from Coalbrook Has a 50% share in Matla colliery with Trans-Natal Liberty Life holds 42,6% of the equity and Gencor 21,1%*

Chairman: *D Gordon*

Capital structure: *10,1m ordinaries of 50c Market capitalisation R100m*

Financial: *Year to June 30 1980 Borrowings long- and medium-term, R28 000 Net cash R373 000 Current ratio 1,04 Group cash flow R10,1m Capital commitments R28,3m*

Share market. *Price 990c (1979-80 high, 1 020c, low, 3 400c, trading volume last quarter, 23 000 shares) Yields 9,8% on earnings, 4,5% on dividend Cover 2,1 PE ratio 10,2*

	'77	'78	'79	'80
Coal Sales (000t)	4 512	4 617	5 421	5 699
Turnover (Rm)	25,0	31,6	39,3	48,2
Pre-tax profit (Rm)	5,8	6,6	8,7	9,8
Gross margin %	23,0	21,0	22,0	20,3
Earnings (c)	36,0	53,4	60,1	96,7
Dividends (c)	12	15	26	45,

Increased coal sales, higher prices and the almost total elimination of Clydesdale's tax charge boosted earnings by 61% to 96,7c (60,1c) in the year to end-June Dividends increased even faster at 73% to 45c (26c), despite future capex commitments to joint venture Matla And chairman Donald Gordon expects steady earnings growth to produce at least the same distribution in fiscal 1981

Subsidiary New Clydesdale benefited during the year from the February 1 domestic coal price increase, particularly as it has improved its product from "C" to "B" grade coal In contrast to fiscal 1979, management gives no indication of unit profitability. It appears that some pressure might have been felt in view of the shortage of trucks which led to 14 100 t of coal being stockpiled Saleable output in 1980 totalled 1,3 Mt (1,4 Mt)

In addition, steep inclines and a narrowing of the coal seam in the western area forced mining to move back to a block near the shaft The company is drilling to ascertain the extent of the problem and, at the same time has investigated the possibility of opencasting the shallow reserves in the event of serious underground disruptions

At Escom-tied Coalbrook, Gordon says returns are still unacceptable The supply contracts with Escom terminate in 1986 and 1989 and negotiations are in hand to ensure a better return on the remaining coal reserves Last year's transfer of the longwall section to No 2 seam was successful and with sustained high burning rates at the Highveld and Taaibos power stations, unit working costs were up only 1,4%.

Matla weighed in with a maiden profit contribution of R1.8m Total sales for the year amounted to 1,5 Mt (600 000 t) from seven sections at No 1 mine In 1979 only two sections were operational. No 2 mine should be producing by early 1981 and, as further generating sets are commissioned No 3 mine will open early in 1983 — a year ahead of schedule

Negotiations with Escom have resulted in Clydesdale and Trans-Natal increasing their share in Matla colliery from 30% to 50% — 25% each Gordon says the term of the 50% participation are not as favourable as under the previous agreement, but the project is still geared to give Clydesdale a satisfactory return on its investment

Thus far, Clydesdale has spent some R14,4m on its share in Matla — R10m in fiscal 1980. To bring the mine to full production by 1985 Clydesdale will have to provide a further R31m which will, to a large extent, determine the group's dividend policy

In view of last year's higher than expected dividend increase, the group's annual R10m cash flow and with bank balances of R3,7m, it is unlikely dividends will be unduly restrained In any case the benefits of the profit contribution from Matla — 17,4c last year — should far outweigh any short-term dividend sluggishness

The balance sheet for the period to end-June shows Clydesdale has taken up R3,4m (R222 000) in short-term loans But the group remains lightly geared with only R3,4m in borrowings compared with a total capital employed of over R39m

The share price has nearly doubled in the past year to 990c (550c) for a yield of 4,5% It seems certain there will be a further dividend increase in fiscal 1981, though the same proportionate rise may not be possible

Tax fell to less than 1% of profit (30%) as a result of Matla capex While some increase may well be on the cards, the outstanding R31m commitment to Matla should maintain a low rate for at least two years

Near-term the share looks somewhat expensive But improving conditions at Coalbrook, the prospect of further above average price increases for the high grade coal produced at New Clydesdale and a growing contribution Matla, which should become the biggest earnings source, rate the share a sound long-term hold

Des Kilalea

WANKIE (215)

Capex splurge

FM 21/11/80

Activities: *Coal and coke producer with one underground and three operational opencast collieries in Zimbabwe Controlled by Anglo American*

Chairman· *Sir Keith Acutt*

Capital structure *25,3m ordinaries of Z$1 Market capitalisation R39,3m*

Financial *Year to August 31 1980 Net cash R12 5m Current ratio 2 1 Capital commitments R3,1m*

Share market· *Price 155c (1979-80 high, 220c, low, 85c, trading volume last quarter, 109 000 shares†) Yields 14,2% on earnings, *6,4% on dividend Cover 1,8 PE ratio 7,1*

* After non-residents tax

† On JSE

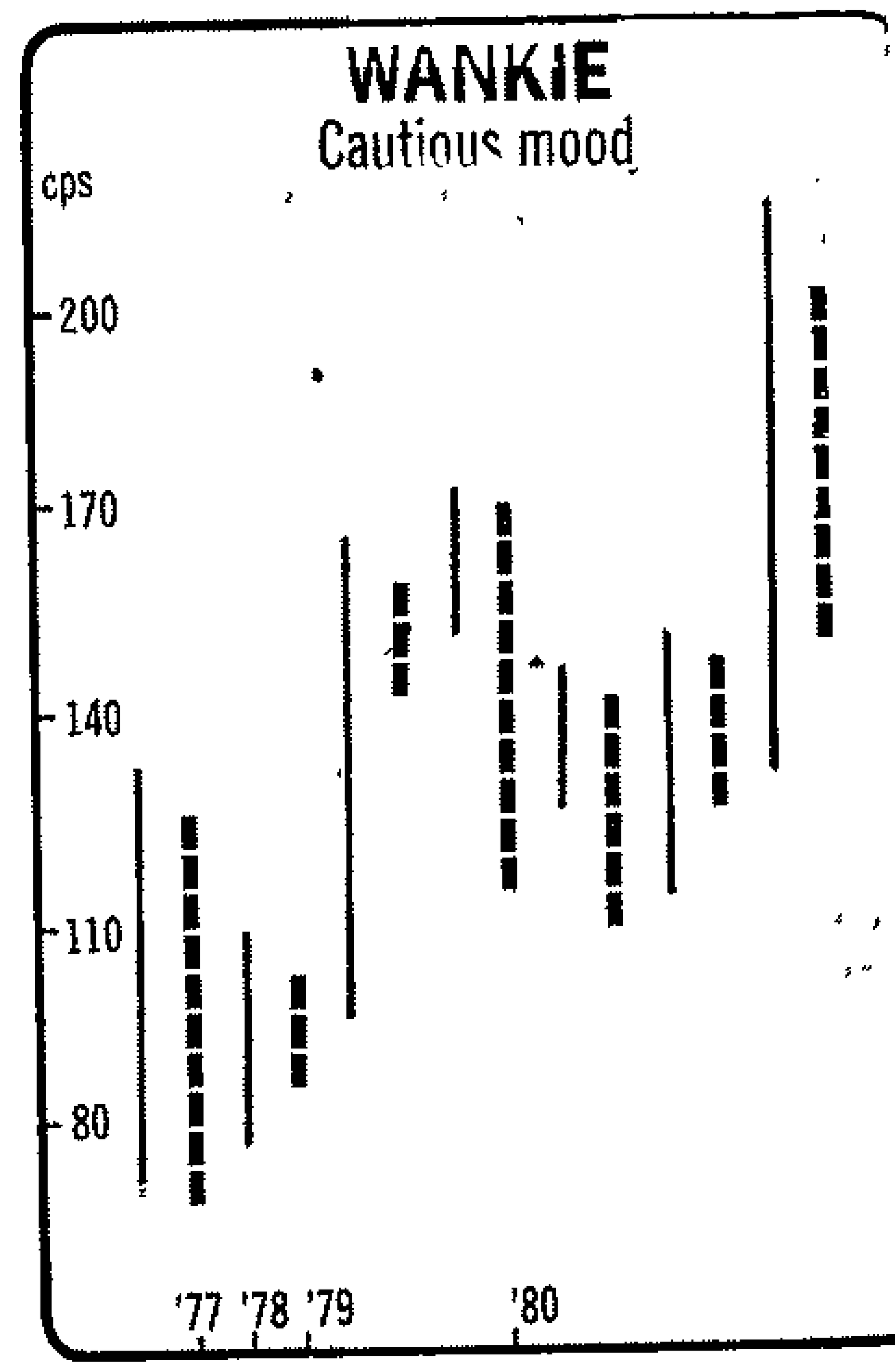
	'77	'78	'79	'80
Coal sales (Mt)	2,2	2 2	2 2	2,4
Trading profit (Z$m)	3 2	6 4	4 2	5,1
Net profit (Z$m)	2 6	4 3	3,4	4 3
Earnings (Zc)	10 4	16,9	13,4	17,8
Dividends (Zc)	7,5	9,0	9	10

Z$1 = R1,234

Despite labour unrest and a meagre 10% coal and coke price increase, Wankie managed 33% earnings growth to Z17,8c (Z13,4c) and boosted its dividend to Z10c (Z9c) in the year to end-August Near-term, the outlook has been improved by October's 20% price increase but, with heavy capex on the cards over the next three years or more, Wankie will have to gear up considerably, which may restrain dividend distributions

Coal sales last year increased to 2,4 Mt (2,2 Mt), though meeting second half-year demand was difficult in view of the strikes at the mines At end-September, chairman Sir Keith Acutt said normal working had not been fully restored In addition, transport difficulties were encountered, though few customers were seriously inconvenienced

In fiscal 1980, Wankie operated with the 10% price increase granted at the close of the previous financial year This amount was, however, insufficient in terms of the Zimbabwe Coal Price Agreement (CPA), which was reinstated in 1979 and allows for any deficiency in returns on capital to be recouped through price increases At end-August, the deficit on the CPA was Z$1,2m (Z$1,1m) However, the 20% increase granted in October indicates that with heavy capex over the next two years, a more favourable price attitude might be forthcoming



Wankie is committed to opening a large opencast colliery to supply a new power station When the final sets are commissioned, some 4,5 Mt of coal will be burned annually, with the first coal delivery scheduled for 1982 Acutt says equipping the mine is dependent on supply of machinery, but the final capex figure will be in the region of Z$120m

Taking into account Wankie's own cash position, a further Z$100m must be found Negotiations have been entered into with overseas finance agencies in an effort to fund the deficit But Acutt says that the viable operation of the venture will depend on Wankie maintaining present operations on a profitable footing in order to meet potential service commitments on the borrowings This will be aggravated by the fact that using its own cash resources to the full will mean a reduction in interest income which, with dividends, last year totalled Z$933 000 (Z$683 000)

In order to facilitate discussions with potential lenders, the Zimbabwe government has agreed to extend the CPA by 10 years to 1995 Acutt says Wankie estimates that the main burden of the finance should be reduced over a shorter period

This year s operations will see a full period's production from No 2A pit and the discontinuation of No 2 where stripping ratios are high Overall the company's stripping ratio increased to 3,5 (3 3) last year as a result of shallow underground mining at No 1 pit and the opening of No 2A To hold down the stripping ratio ahead of the 1982 opening of the Wankie Power Station, the company will preferentially deplete remaining shallow reserves

Acutt says despite heavy capex, there is no reason why Wankie cannot maintain a satisfactory profit record It appears dividend prospects are not too bright near-term but, once the power station comes on stream, distributions could begin rising strongly At 155c in Johannesburg, Wankie yields 6 4% after non-resident shareholders tax and looks fully priced

Shell sponsors Wits chair

SHELL South Africa's growing interest in coal production, transport and international marketing, combined with the company's tradition of research and development, has led to the financing of South Africa's first chair of coal technology — at the University of the Witwatersrand.

At a function to inaugurate the department in Johannesburg last night Shell SA's chairman, Mr Ken Geeling, said that with the nuclear option slipping further into the future, Shell saw that coal would have a major role to play in meeting the resultant energy gap.

He said that Rietspruit, in which Shell was involved with Rand Mines, produced 5-million tons of coal a year, and was contributing significantly to South Africa's expanding coal export trade

Professor Deon du Plessis, Vice-Chancellor of Wits, said "We hope to play our part in developing the coal mining and processing sectors which, due to the short supply of oil, have become so important today"

South Africa country was fortunate in having large resources of coal, and it was important that teaching resources should be directed towards exploiting the natural reserves

South Africa, as with its counterparts in Europe and elsewhere, had tended in the past to neglect its reserves of coal and their use, said Professor Du Plessis.

"It is important to ensure that in future, we as a nation are better able to harness this great natural store of power"

AMCOAL (215) FM 28/11/80

Pricing Nat Ants

On the limited information contained in the preliminary announcement, Natal Anthracite's shareholders may be unwise to rush into selling or swapping their holdings for Amcoal at a cash price of 1 900c a share or 50 Amcoal for 100 Nat Ants On Wednesday, Nat Ants shares closed at 2 025c against Amcoal's 3 875c

From an ordinary investor's viewpoint, differences between Nat Ants' life and that of Amcoal are, perhaps, irrelevant And, as a producer of high quality anthracite, Nat Ants may not be affected by any possible price weakness in bituminous coal export markets expected later in the Eighties as major export tonnages become available worldwide

The preliminary announcement says that Nat Ants' two operating collieries have expected lives of 14 and 20 years That, however, is in itself significant First there is Balgray, which at end-1979 had reserves of 12,1m sales tons If its life is now estimated at 20 years, that implies an increase in the annual extraction rate to about 600 000 t compared with the 366 000 t of 1979 and 286 000 t of 1978

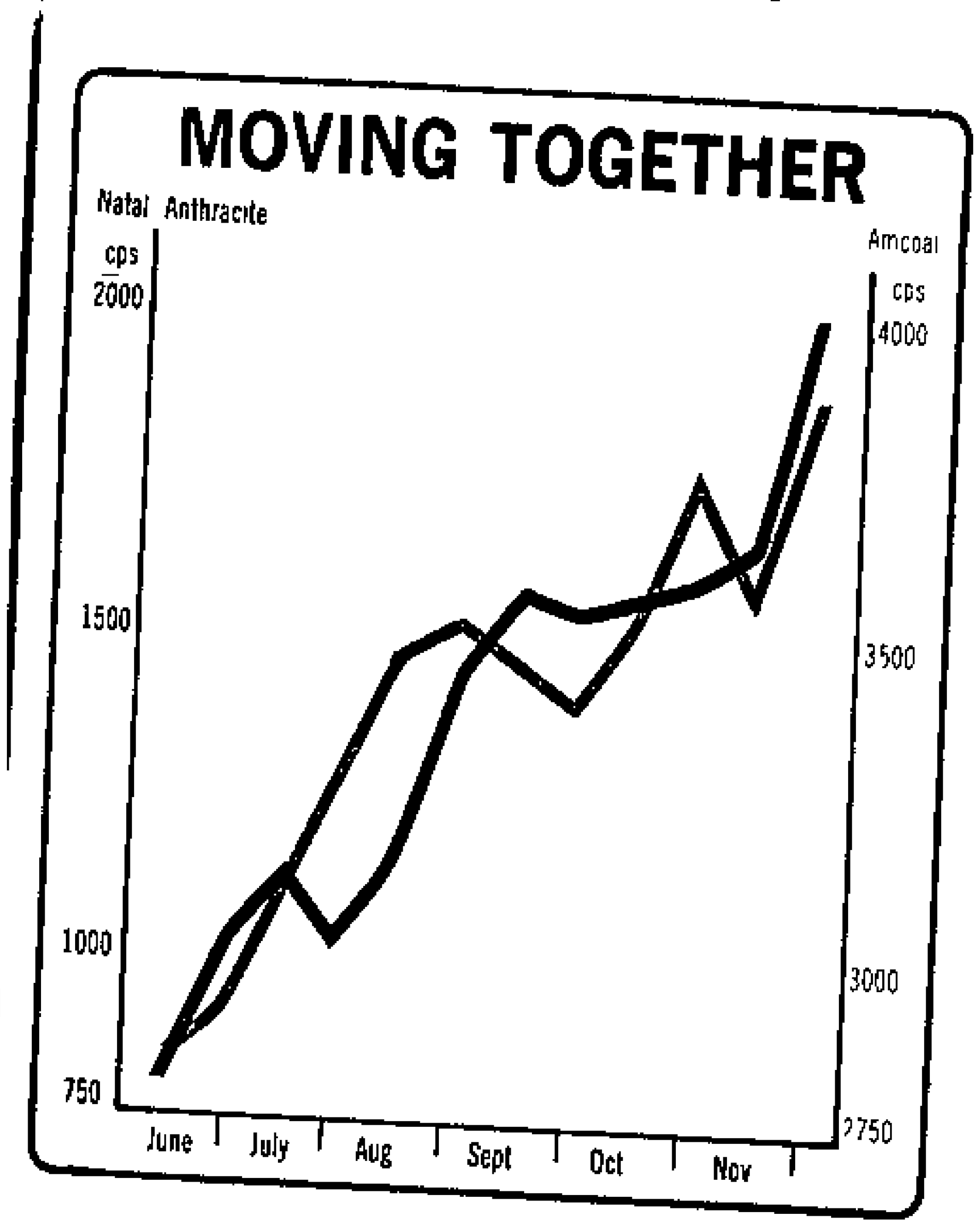
Higher production is necessary at Balgrav to contain costs, especially as the mine's lower grade product sells at less than premium prices. However, the life estimate does not take into account a further 6,5m sales tons contained in seams varying between 0,75 metres and 1,0 metres in thickness

Proving reserves

Secondly, there is the Natal Anthracite colliery itself It had 8,6m sales tons in reserves at end-1979 and produced 545 000 t in 1979 Of that, 181 000 t was drawn from dumps, though the level of dump production is declining steadily However, the latest 14-years life calculation does not appear to have taken into account recently purchased coal rights to the north-east of the present mining operations As the last annual report put it "Reserves in this area remain to be proven and a geological investigation is to be carried out during 1980 " Presumably the formal documents will provide full details of the exploration programme

Finally, there is the implicit statement that capex for any new greenfields developments will be steep In Natal, a new greenfields colliery would currently cost somewhere in the region of R80 per annual ton of production Nat Ants' last annual report estimated that capex would total R3,2m at the two collieries this year But that's hardly a problem as during the six months to end-June, pre-tax profit was R3,3m So even if some relatively heavy capex is in prospect to increase capacity, it need not be too much of a strain on the company's own resources And shareholders would probably accept a year or so of dividend restraint if that was a precursor of higher tonnages, profits and dividends within the next few years

That, of course, is a preliminary view. The formal documents will, no doubt, define the company's spending plans and the capacity expected to result from them In any event, there is probably little to choose between Amcoal and Nat Ants when it comes to capex restraint of dividends At end-December, Amcoal had capex plans of R371m, of which R84m would be funded by Escom That compares with a pre-tax profit of R106,6m last year And while Amcoal has regularly reported on



expectations for its 12-billion tons reserves, Nat Ants' high-sulphur deposits at Carnarvon and low quality anthracite at Impati are reported by management to be uneconomic these days

As for earnings growth, high quality graded anthracite, which forms about 25% of Nat Ants' sales, would seem to have the edge on bituminous coal International prices have been very strong since last year's Chinese invasion of Vietnam effectively put some of the latter's important mines out of operation But anthracite has, even so, not performed any better than bituminous coal

Because the proposed take-out of Nat Ants minorities is apparently a scheme of arrangement, dissenting shareholders will need to muster 25% of the shares to block the bid That could prove difficult as, at the last count at end-May, Anglo and its nominees controlled at least 45% of the shares and it can probably count on the votes of other shares held by friendly companies or pension funds

It would be a pity to see Nat Ants disappear from the lists at a time when its prospects seem increasingly bright For the moment, shareholders should sit tight with their shares

Jim Jones

ENERGY FM 28|11|80 215

Getting bedded

An estimated 1 Mt of coal mined in SA is discarded annually because it is of such low grade — with an ash content of 30% and more — that it cannot economically be used, says Peter Hancocks, consumer technical services manager of the Transvaal Coal Owners' Association

In addition, there is another 850 000 t of "duff" coal (small-sized coal discarded in the screening process) which is going to waste every year

Both types of coal (which are piling up at an alarming rate on huge dumps in the Witbank-Middelburg area, combusting spontaneously and polluting the atmosphere) could easily be burned in fluidised bed boilers, a 50-year-old technology which has attracted renewed interest since the 1973 oil crisis

Several companies are now prepared to quote for fluidised bed boilers in SA, including Foster Wheeler, Babcock & Wilcox and, most recently, Energy Equipment SA, which is part of Industrial Furnace Fuels.

So far, however, only one such boiler has been installed in SA The trouble, says Hancocks, is that people are cautious about switching to a new technology, especially as the capital cost of a fluidised bed boiler is 50%-75% more than that of a conventional boiler, except in very large sizes But as fluidised bed boilers can burn coal with an ash content of more than 65%, he is adamant that the technology holds great promise.

Moreover, adds Energy Equipment MD Richard van Niekerk, running costs of a fluidised bed boiler are likely to be lower because of the lower cost of waste coal. Any price would be a subject of negotiation, but high-ash coal would probably have to be in the R2-R3/t range in the Witbank area to be viable, though railage could make even this unacceptably high for users a long distance from the dumps

(The normal price of coal is around R10-R12 at the pithead, which may be bumped up to R40/t when railage is included to places as far afield as Cape Town)

Thermal efficiency is around 80%, says Van Niekerk, and the boiler has great flexibility, as it can burn almost any combustible waste, including wood, sawdust or refuse

The principle of the fluidised bed is that pre-heated air is introduced into a bed of sand, followed by the introduction of coal (or other fuel), creating an agitated mixture of air, sand and particles of coal which behaves rather like a fluid. In this suspended state, the coal burns more efficiently because it is in intimate contact with the air

Another advantage is that sulphur emission can be reduced by introducing limestone into the bed, which means higher sulphur coals can be used

"If someone is using coal at the moment, there are not really any immediate benefits in switching to a fluidised bed because of the higher capital cost," says Van Niekerk. "But for somebody who is putting in a new boiler, or using liquid fuel, or who has a waste product he can burn, then there are definite advantages It is also attractive to people who are close to dumps of unsaleable waste coal or duff "

Typical applications for hot gas fluidised bed furnaces are paint-drying ovens in the motor industry and kiln operations in ceramics or cement industries

WITBANK COLLIERY (215)

Rising dividends

FM 28/11/80

Activities: *Coal mining company held 71,1% by TC Land with six operating collieries in the Witbank district; Anglo-Transvaal Collieries holds 15,6% of the equity.*

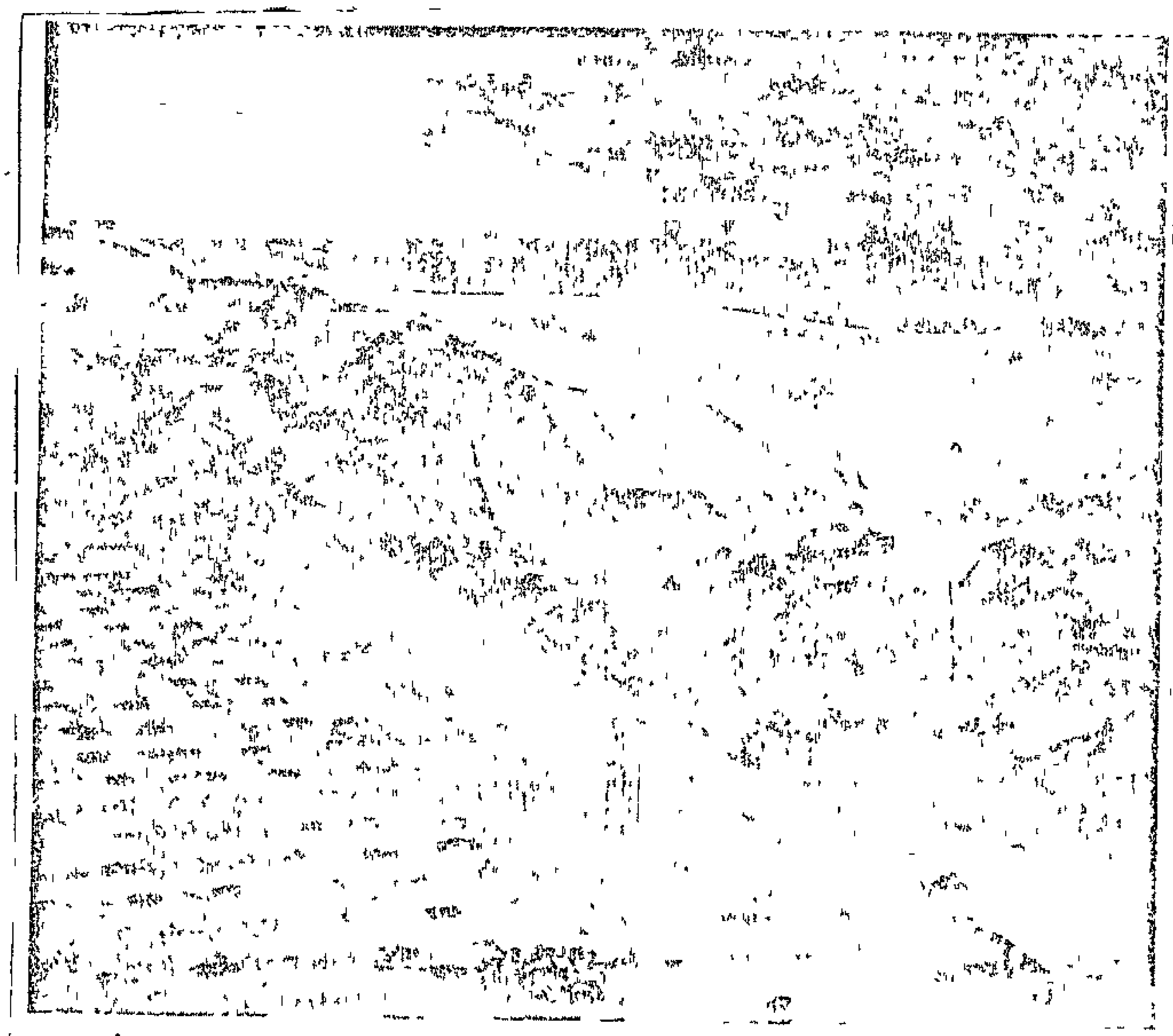
Chairman: *A A Sealey. managing director N Zolezzi*

Capital structure: *6,9m ordinaries of R2. Market capitalisation· R449m.*

Financial: *Year to September 30 1980 Borrowings. long- and medium-term R1,5m. Net cash R12m Current ratio 1,4 Capital commitments: R45m.*

Share market: *Price 6 500c (1979-80 high, 7 250c, low, 2 550c, trading volume last quarter, 25 000 shares). Yields 4,0% on dividend.*

While many coal producers struggle to find markets, firm export prices and the commissioning of the Duvha power station allowed Witbank to improve its annual dividend to 260c (200c) And chairman Allen Sealey forecasts that the distribution in fiscal 1981 should rise some 20%, based on the view that export realisations will rise and Duvha should contribute an increasing share of the group's earnings



Witbank . . exports and Escom boosting sales

Last year, total group coal sales were 27,6% higher at 9 Mt (7 Mt) reflecting increased exports and significant sales by Duvha colliery Export tonnages rose to 4,5 Mt (3,5 Mt) as Witbank received an increased share of TCOA export sales and with the delivery of coal to a major exporter The increased share in the TCOA export tonnages was offset by lower domestic deliveries But with the better margins on foreign sales, there was a more than compensating effect on earnings

	'77	'78	'79	'80
Coal sales (000 t)	6 862	7 103	7 031	8 975
Turnover (Rm)	62,5	74 9	81 9	114,6
Net profit (Rm)	34,1	34 1	32 0	40,7
Working profit/ton (c)	489	537	565	577
Earnings (c)	542	521	467	591
Dividends (c)	53	110	200	260

Total inland sales increased to 4,4 Mt (3,4 Mt) reflecting largely the supply of 1,4 Mt (86 000 t) to Escom by Duvha In addition, an average 100,4c/t controlled price increase was granted in the Transvaal, coupled with quality price differentials

The overall result was, however, not altogether impressive on a unit profit basis Unit working profit increased by only 2,1% to 577c/t (565c) reflecting a 17% rise in unit costs to 700c/t (599c) Overall, working costs increased R20m, of which R13m was attributable to higher tonnages and R7m for stores, labour, transport and power In addition, the company had some delivery difficulties in the winter because of rail truck shortages

The near-term outlook is for relatively stable export tonnages as no additional sales are likely through the current expansions at Richards Bay Sealey is, however, confident that with the strong demand for coal as an alternative power source and high prices, SA can continue operating in a seller's market However the rand's strength is restraining export realisations

On the domestic market sales prospects are relatively dull Conversion of oil-fired to coal-fired burners is a possibility for increased sales, but no material commitments have yet been made, says Sealey However, local sales will rise as Duvha increases its contribution to group results The power station's second generating set is on schedule after the first ran into various delays

Last year capex amounted to R24,4m (R39m) of which Escom provided R5,1m (R21 9m) This higher net capex resulted in a marginally lower 25% (27%) tax rate Capex at Duvha was lower than in fiscal 1979 due to a delay in the housing programme This year R12,2m capex is scheduled net of Escom funding, as part of the next five years' R45m programme

Though the capex programme is steep, Sealey says coal's increasing role in the supply of energy and basic chemical products should mean no dividend restraint Hence his forecast of a 20% increase this year which means a payment of around 315c

At 6 500c Witbank yields a prospective 4 8% which, though low, reflects the longer-term strength of its export contracts and Escom supply commitments at Duvha

Des Kilalea

WELGEDACHT (215)

Dividend stasis

FM 28/11/80

Activities: *Coal mining company operating four collieries in Natal TC Land owns 70,7% of the equity*

Chairman: *A A Sealey, managing director N Zolezzi*

Capital structure *9,1m ordinaries of 45c Market capitalisation R35m*

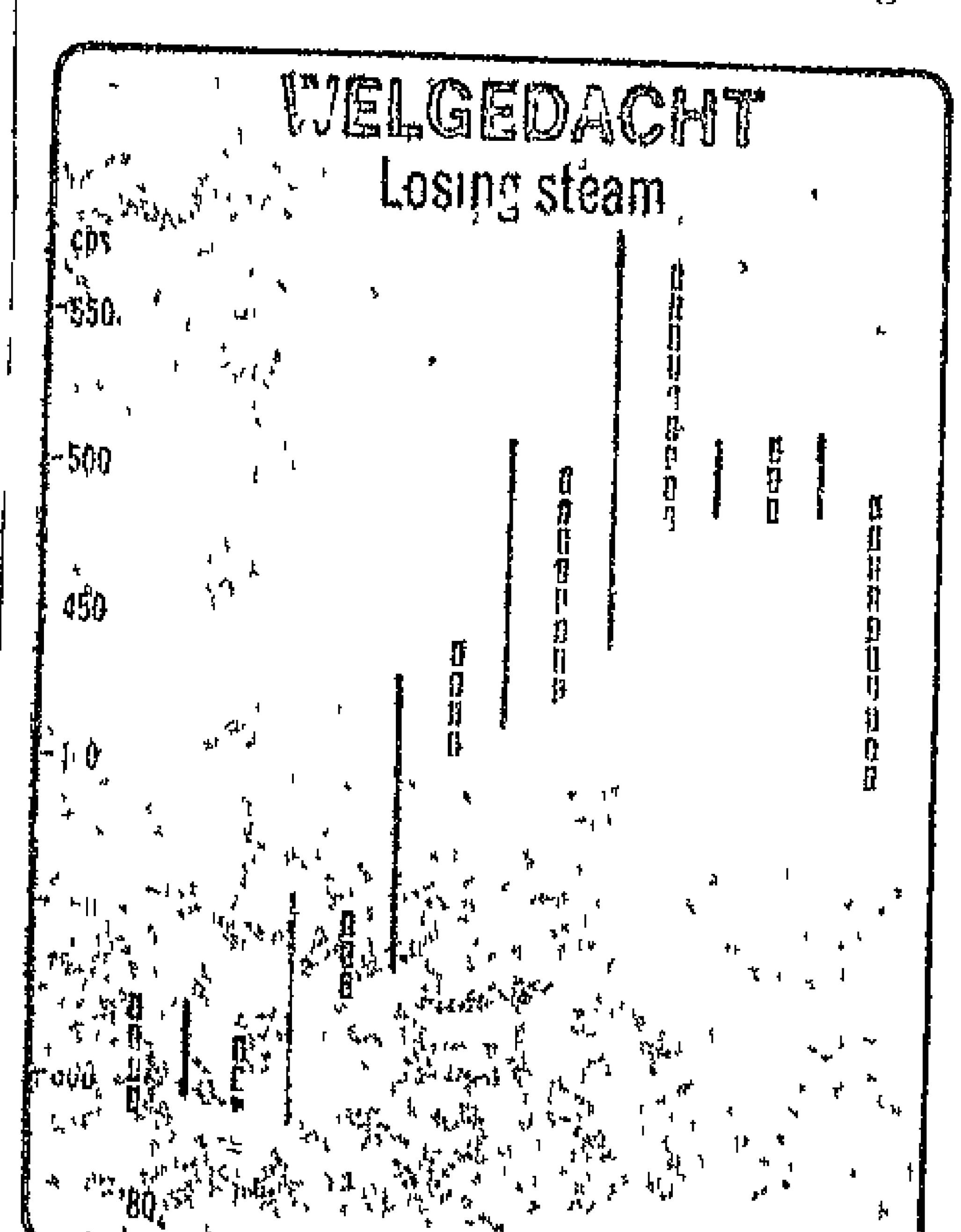
Financial: *Year to September 30 1980 Borrowings long- and medium-term, R620 000 Net cash R5,2m Current ratio, 1,3 Capital commitments R870 000*

Share market: *Price 385c (1979-80 high, 570c, low, 245c, trading volume last quarter, 311 000 shares) Yield 6,5% on dividend*

	'77	'78	'79	'80
Coal sales (000 t)	1 831	2 023	1 799	1 897
Turnover (Rm)	20 2	26 3	25 7	28 2
Working profit (Rm)	5 4	6 8	5 1	5 9
Net profit (Rm)	4 7	5 8	4 6	4 2
Earnings (c)	52 0	63 8	50 7	46 2
Dividends (c)	16	25	25	25

Higher exports and a more stable inland coal market boosted sales 9,7% last year, but without the benefits from the previous high capex to offset against profit, earnings dipped 9% to 46,2c (50,7c) Nevertheless the dividend was pegged at 25c, a level which chairman Allen Sealey expects to be maintained in fiscal 1981

Total coal sales last year were 1,9 Mt (1 8 Mt) of which a higher 1,08 Mt (1 01 Mt) were exported Turnover for the year increased to R28,2m (R25,7m) Export sales, however, were hampered by a stronger rand and the fact that present delivery contracts do not benefit from the current high coal prices Over the next year or so, however, this should change



The inland market served by the Natal Associated Collieries appears to have stabilised after a lengthy decline But the rationalisation of production capacity in Natal meant Welgedacht's market share dipped to 43,2% (44,5%) And with little hope for a major improvement in demand near-term the outlook is dull. At present, inland sales are still below the levels of a few years ago For example Welgedacht's inland sales amounted to 820 000 t in fiscal 1980 compared with 1,5 Mt in 1976.

Sealey says the 179c/t price rise granted to Natal producers is part of a trend of declining permissible increases. This situation will show no improvement, he adds, until the prices of Natal and Transvaal coal delivered to Natal customers has been equalised

With cost increases continuing to be a problem, particularly at the Zimbutu opencast section which is fuel hungry, working profit per ton rose a mere 4% to 236c (227c) This compares with figures of over 300c in 1978. Total working costs in fiscal 1980 rose by R2m of which R1m was due to increased production and the balance attributable to stores, materials, power and labour

The outlook for Welgedacht this year is clouded by a possible continuation of the rand's strength and static inland sales However coal export deliveries for 1981 should be at higher prices and once Richards Bay has been expanded, Welgedacht should benefit from the Rand Mines export quota

Near-term capex needed if the company is to maintain its local and foreign market positions as well as to curtail working cost increases could restrain dividends Sealey says, however, that despite the substantial capex required for coal preparation, rail sidings, equipment, shafts and housing, the 25c dividend looks safe Medium-term this capex should help reduce the tax rate from the 33% (18%) of 1980

On the basis of a 25c dividend in 1981 the share at 385c yields a prospective 6,5% It is not particularly attractive near-term

Des Kilalea

OCTOBER COAL SALES

215

FM 12/12/80

	Oct 1980	Progressive total to Oct 1980	Progressive total to Oct 1979
	'000 metric tons		
AAC			
Amcoal			
Coal (10)	2 751	27 959	27 063
Coke (10)	42	428	415
Indumeni (4)	30	307	332
Morupule (10)	34	307	283
Natal Anth (10)	95	974	916
Swaziland (7)	18	87	111
Vierfontein (4)	123	1 098	1 128
Wankie			
Coal (2)	150	337	413
Coke (2)	18	33	41
GFSA			
Apex (4)	154	1 586	1 432
LONRHO			
Duiker Explor (1)	195	195	191
GENERAL MINING			
Afrikander Props			
Delmas (4)	188	753	658
Clydesdale			
Coalbrook (4)	382	1 532	1189
New Clydes (4)	108	446	449
Trans Natal			
Blinkpan (4)	155	669	641
Ermelo (4)	226	1335	1112
Haasfontein (4)	72	303	298
Hlobane (4)	77	312	340
Kilbarchan (4)	93	515	720
Matla (4)	257	1 041	369
Northfield (4)	35	141	139
TNC Opencast (4)	90	378	432
Tvl Navigation (4)	151	593	619
Usutu (4)	344	1 477	1 566
Optimum (4)	489	2 184	1 753
RAND MINES			
Welgedacht Explor			
Open Pit (1)	45	45	43
Umgala (1)	76	76	61
Utrecht (1)	27	27	22
Zimbutu (1)	25	25	23
Witbank Coll			
Albion (1)	62	62	35
Douglas (1)	188	188	130
Duvha (1)	272	272	—
Union (1)	31	31	21
Van Dyks Drift (1)	298	298	279
Wolvekrans (1)	118	118	122
JCI			
Phoenix (4)	78	307	363
S Witbank (4)	96	421	500
Tavistock (4)	150	640	583

Figures in parentheses are the number of months in each company's financial year completed at the end of October

KEY TO COSTING TUTORIALS

Code	Details	No. of Tuts
CA	Cash budgets	4
CB	Capital budgeting	8
CC	Contract costing	2
CL	Linear programming	5
CM	Marginal costing	7
CP	Probability	4
CS	Standard costing	8
CX	Miscellaneous	9

Bumper year for SA coal

RDM 17/12/80 (2/5)

By ADAM PAYNE

THIS HAS been a great year for South African coal exporters, with shipments exceeding allocations and the price rising from $23-27 a ton f.o.b. Richards Bay at the beginning of the year to $40/$43 for 1981 contracts recently negotiated.

The official allocation for Richards Bay at the beginning of the year was 24 500 000 tons, made up of about 2-million tons of low ash blend coking coal for Japan, 1 500 000 tons of anthracite, and 21-million tons of steam coal. By December 31 the total should be an estimated 26-million tons shipped

The Transvaal Coal Owners Association, for instance, had an allocation of 11-million tons of steam and low ash coal, but should end the year with exports of about 11 500 000 tons.

The Anthracite Producers Association was allocated 1 550 000 tons through Richards Bay, but by the yearend should have exported 1 700 000 tons

Natal Associated Collieries was allocated 1 500 000 tons, but should end the year having shipped 1 700 000 tons through Richards Bay

The increases by the TCOA and some of the other exporters, including Anglo American Coal Corporation, General Mining-Union Corporation and the oil companies, were achieved because of excellent performance by the Railways Administration allied with the flexibility of the mines in increasing output when opportunities occurred.

When mines were unable to meet allocations, other mines stepped in and used the trains

An exporter told me that on occasion buyers overseas overstated their needs and surplus became available for spot sales at higher levels than contract sales

He said. "Buyers sometimes overstate their needs because of unfortunate experiences with Poland, which at times has been unreliable

"Added to this unreliability, the Polish strikes have reduced the quantity of coal available to Western buyers.

"Polish coal exports are normally about 40-million tons a year, of which asbout 18-million tons are for Western Europe and 12-million tons for communist countries

"It appears that Polish exports will be cut by about 10-million tons because of the strikes and that this will come off the 18-million tons for Western countries"

Most price negotiations for South African coal contracts for 1981 delivery have been completed

The prices vary with coal specifications which range from 26 mj/kg to 29 mj/kg. Ash content is lower in the higher calorific value coal

In addition to contract sales, a limited volume of spot coal is expected to be sold at prices over $43 a ton. Because of the strong demand for South African coal, spot coal normally only becomes available if contract buyers do not take their full quantities

On the other side of this rosy picture is the fact that in some markets there is reluctance to buy from South Africa

Austria, for instance, wants to diversify its purchases out of Poland. It has looked at opportunities in Canada, Australia and South Africa.

The best deal could be found in South Africa, but Mr Walter Fremuth, chairman of the utility buying the coal, says taking coal from South Africa is a political risk.

While Austria would like to sign contracts for 20 to 25 years, joint ventures, particularly in the US and Australia, are being looked at.