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# SECRET PROC

## Mae Thain

A revolutionary method of extracting reef that promises to change the whole face of gold mining over the next few years was disclosed today by Gold Fields of South Africa.

Mining experts were enthusiastic about the potential of the new technique and its possible impact on the industry. It may make it possible to:

- Cut the size of underground labour forces by as much as a half or even more, at a time when the mines are worried about recruitment.
- Make radical new advances in mine safety by the elimination of mine fires and rock bursts, which at the moment carry a serious accident toll.
- Eliminate the need for stopes.
- Cut out the need for expensive crushing and sorting plants.

(See Page 32)

The investigations into the new technique—which swings the emphasis from manual work to borer machines — have been cloaked in secrecy for months.

Dr Miklos Salamon, Research Adviser to the Chamber of Mines, said it could result in "most important advances."

### Eliminate

Basically, the process involves the removal of reef by drilling holes with a diameter approximating to the width of the reef. The drilling head removes the ore in the form of chips which fall by gravity or are

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# Anglo widens gold search

By ADAM PAYNE  
Mining Editor

ANGLO AMERICAN CORPORATION gives a glimpse — no more — of its gold prospecting in South Africa and abroad in the annual report of Amgold — Anglo American Gold Investment Co.

The chairman, Mr W D Wilson, tells of drilling in the Free State, scout drilling in Brazil, which Mr H F Oppenheimer will shortly visit, and the formation of a company to explore south of Western Areas on the West Wits line

In addition to drilling on the Erfdeel and Dankbaarheid farms in the Saaplaas area of the Free State, where Anglo and Duiker Exploration have rights, Anglo is drilling in the Doornrivier area, south of the Free State Goldfields

In the Erfdeel-Dankbaarheid area drilling was carried out in the early days of the Free State gold rush with a variety of values, some of which were interesting at today's gold price

The Doornrivier exploration is described as probing to test the potential of the area

Although there is much gold prospecting in Brazil, Amgold's participation is a stake of only 8 per cent in a geological company

This company is Unigeo Geologia e Mineracao, in which Anglo American Corporation do Brasil (Ambraz) has a 40 per cent interest Amgold has a 20 per cent interest in Ambraz's gold and uranium activities so its stake in the geological company is 8 per cent

Prospecting rights have been obtained in the Jacobina area of Brazil over numerous gold claims Drilling is in progress

Another venture resulting from the high gold price is the exploration to be launched south of Western Areas mine

An agreement has been en-

tered into between Amgold and "certain other parties" to form a company — Goldridge Gold Mining Company (Pty) — in which Amgold's entitlement is 12 per cent

The company is taking concessions from Amgold and others of mineral rights on the farms Kalbasfontein and Doornpoort, and will initiate a gold exploration programme in the area

If gold reef intersections are achieved, they are likely to be at considerable depth

I am told that one of the parties involved in Goldridge is Mr Benny Struck, who specialises in obtaining mineral rights in various areas

The search for uranium near Swakopmund in South West Africa by Amgold and Union Corporation, working with Compagnie Francaise de Petroles and Aquitaines SWA, has resulted in some mineralisation being detected A scout drilling programme is being undertaken

Mr Wilson says it is too early to comment on the prospects of this programme which is being carried out in the region where Rio Tinto is opening the giant Rossing uranium mine

Mr Wilson reports that total uranium production of South African gold mines in 1974 declined marginally, and the market was affected by rising costs and in many instances by contracts binding suppliers to fixed prices that are lower than the prices now being paid for the metal

These factors were the main causes of the decline in

the uranium profits of South African mines

A uranium profit of R2 767 000 in 1973 was turned into a loss of R156 000 last year However, the outlook over the medium-term and long-term appears favourable, says Mr Wilson, with increasing world reliance on uranium as a means of conserving or side-stepping the use of oil

The Amgold review is the most comprehensive report yet issued on the state of the gold mining industry in South Africa last year Highlights from it are

- The Reserve Bank sold an amount equal to 3 per cent of current gold output from reserves last year and gold revenue received by the industry increased by 44,7 per cent

- While tax for mines rose by 62,5 per cent, dividends paid increased by 75,6 per cent Capital spending rose by 84 per cent

- The average monthly income of Black mineworkers, including food and accommodation, now exceeds R90 a month and further wage increases must be expected

- South Africa and South West Africa are believed to contain 26 per cent of the free world's uranium reserves, followed by the United States with 24 per cent

To maintain a significant share of the world's uranium market South Africa will have to expand output from gold tailings

Although Mr Wilson does not discuss the subject, it is known that Anglo American is evaluating a large-scale scheme for extracting gold and uranium from East Rand mine dumps

F.M. 21/3/75

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## Getting down to it

J Curtis, Westcliff, Johannesburg

The article 'More horsepower down below' (FM February 28) must have appealed to any knowledgeable Reef mining engineer as a well informed and objective analysis of the current situation, in which the industry is faced with an immediate shortage of labour with no convincing evidence of a substantial reduction in the need for it arising from the implementation of technological advances

It is, of course, not true that "foreign technology has little to offer, mainly because of the characteristics of the reefs wafer-thin, sloping and deep underground" Regrettably the wide currency given to this belief is a major cause of tardy progress

In the "wafer-thin" — less than 1 metre, "sloping" — up to 30°, "deep underground" — more than 1km, hard coal seams of the Ruhr (from where the Panzer conveyor originates), mining engineers have for more than 20 years demonstrated that mechanised mining is an integrated operation in which an understanding of the properties and behaviour of the rock is cardinal to the design of machines and their efficient operation by men

Progress will be made when mining engineers learn to control the tremendous potential energy in the rock surrounding mining excavations, of which uncontrolled and catastrophic rockbursts are the evidence, and direct it towards their objective of removing a specific area and thickness of ore with the use of a minimum of mechanical equipment and human energy

While the willingness of the Chamber to spend up to R150m (at the shareholders' expense) may be "an impressive vote of confidence by the industry in its long term future" one questions whether this approach is the most effective one.

As the person who, in August 1962, initiated the "non-explosive rock breaking" project (at Anglovaal, subsequently adopted by the Chamber), I believe that the "knowledge (that) is the only instrument of production that is not subject to diminishing returns" is more likely to be acquired in the creaking caverns of Carletonville than among the murmur of birds in the ivory towers of Richmond\*

\* Richmond Home of the Chamber of Mines Mining Research Division

*SA gold reefs are 8-10 times as hard as the Ruhr hard coal seams The latter are mined by ploughs which could not possibly cut our rock*

*It is true that the Panzer conveyor originated in Germany, as early as the late Forties The slow spillover to SA is argely due to the fact that Black labour has been cheap and fairly plentiful until*

*recently In addition, suitably hard steels were difficult to come by until the space research programme of the middle and late Sixties*

*The industry here is collaborating with German firms among others, but, although the conveyor prototypes for SA are many times stronger than the German versions, it is by no means proven they are strong enough*

*The criticism of SA scientific work on rock mechanics seems a little harsh SA is recognised as a world leader in the field, as it should be, given our wide experience with ultra-deep level mining But this is admittedly no reason for complacency*

# Hew and cry

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There's no shortage of new ideas on mine mechanisation.

But so far few have arrived underground

A lot is being claimed today for mine mechanisation, particularly on the gold mines. But it's a waiting game (*FM* February 28). Wholly new developments — not improvements to existing techniques — are unlikely to be productive until after 1980, at the earliest.

Most machinery suppliers though appear to be happy with the way that the mining groups and the Chamber of Mines are planning their mechanisation programmes.

However, there's a school of thought among a minority of mining engineers that the Chamber's research and development on the rockcutter may be barking up the wrong tree. Jack Curtis, retired Anglovaal consulting engineer, one-time general manager of Western Platinum and now part-time lecturer at Wits, is one.

Although a great admirer of SA mining methods, he believes that the Chamber's rockcutter is doomed to failure — and with possible disastrous results for the safety of miners.

Employing a drag-bit cutting tool it cuts rather than chips. Tendency, he claims, is for the massive pressure of the rock above to close the slot formed and seize up the tool.

Worse than this, Curtis believes the smooth stope walls produced (and extolled by the Chamber's research men) may lead to severe rockbursts, which might have been avoided or minimised had percussive techniques been used.

Quite the reverse, says the Chamber. Half the rock is left behind in the stope in the form of a support and this is one of the main reasons for persisting with the rock-cutter. Another two are improved ventilation and the economic benefits of not sending to the mill rock with little or no gold.

Curtis advocates controlled cracking using hydraulic props to let the hanging wall (ceiling) sag — because it makes it easier to remove fractured rock from the face and relieves dangerous pent-up stresses as work proceeds. The method, used with success in the Ruhr coal mines, is one that he maintains could be modified for the gold mines.

What of other techniques?

With the possible exception of the

raise borer — for drilling large diameter holes quickly and cleanly over long distances from one mining level to another — the gold mining industry is not able to boast of any other brand new technological achievements currently contributing to production, directly or indirectly.

There have been improvements, of course, but largely to existing techniques. Significant among these is drilling tunnels.

## More powerful

Some machinery suppliers are installing hydraulic drill rigs. Normally fitted with a pair of drills, they are far more powerful than the conventional air-operated jackhammers, penetrate rock four times faster and avoid the misting up associated with pneumatic equipment.

Disadvantages? If many are used there can be heat build-up, a nuisance in an enclosed space.

Delfos & Atlas Copco, which claims to have the major share of this market, has currently five in use. Eimco has one and Hubert Davies two. But here things are likely to move faster soon.

Atlas Copco has just announced it's to supply Anglo American with 18

hydraulic rigs and ancillaries at a cost of R3m. Deliveries will start by the middle of the year.

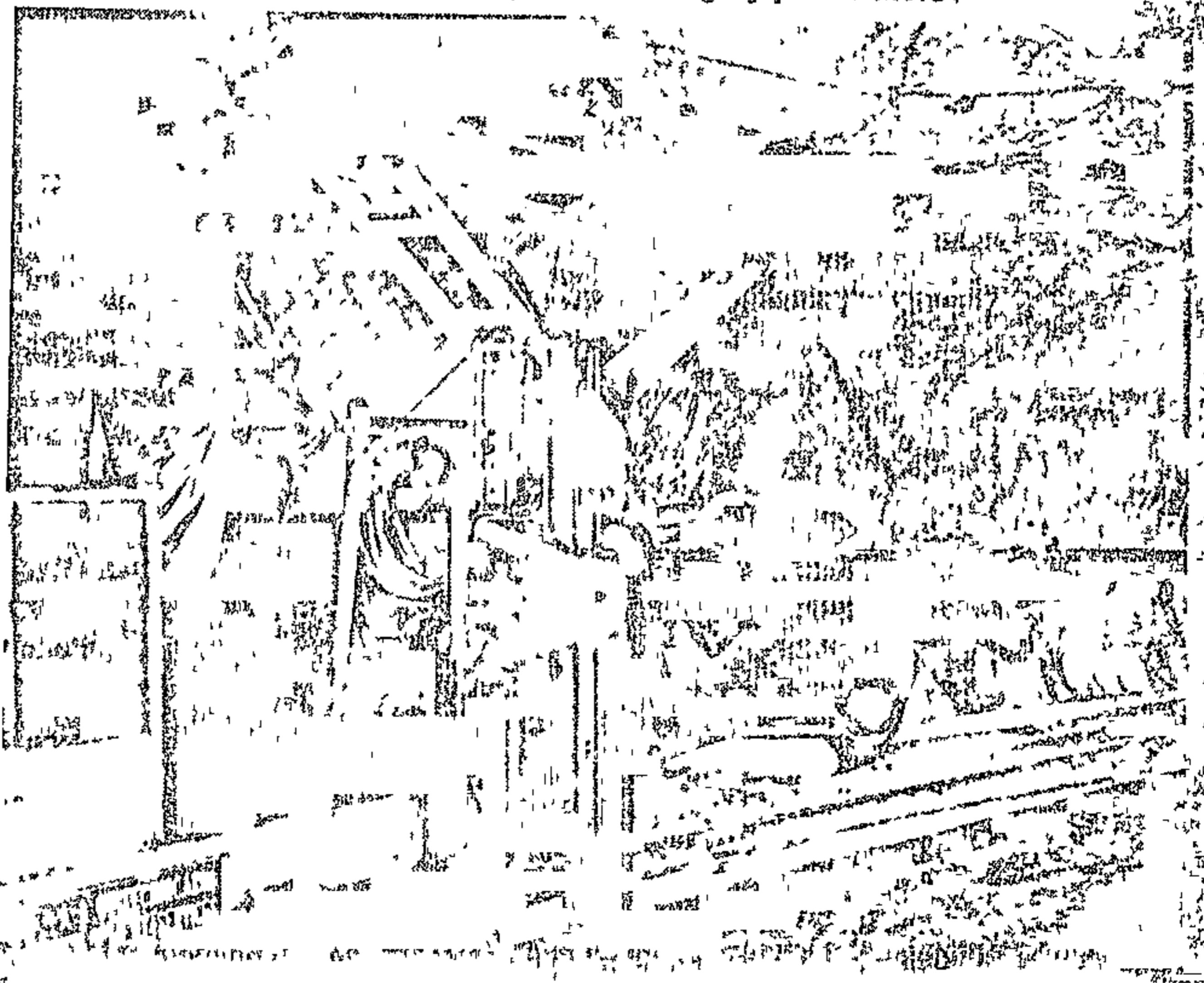
The machine (the Promec TH 260 SA) was developed in co-operation with Anglo's Technical Development Services. A prototype rig has just completed six months' field trials.

Anglo's decision was influenced by the fact that the percussive rockdrill used with the rig does not place excessive demands on the cutting tools.

One of the problems is severe tool wear on extremely hard quartzites. The life of a chisel rod used in these drillers, or drifters, is pretty short. They require constant sharpening — once every 100-150 metres of penetration. Boart International, part of Anglo American, reckons the total SA market for these chisels and similar tools is about R16m a year — about 2m bits are used, of which Boart claims to supply half.

It's with the raise borer that the mining industry has "struck it rich", observes Curtis. Like the drill rigs, which cost something like R115 000, it's a mighty expensive item, costing anywhere between R200 000 and R300 000. Leader in the field is the Robbins Company of Roodepoort, which has installed 36 vertical raise borers and horizontal tunnel borers in

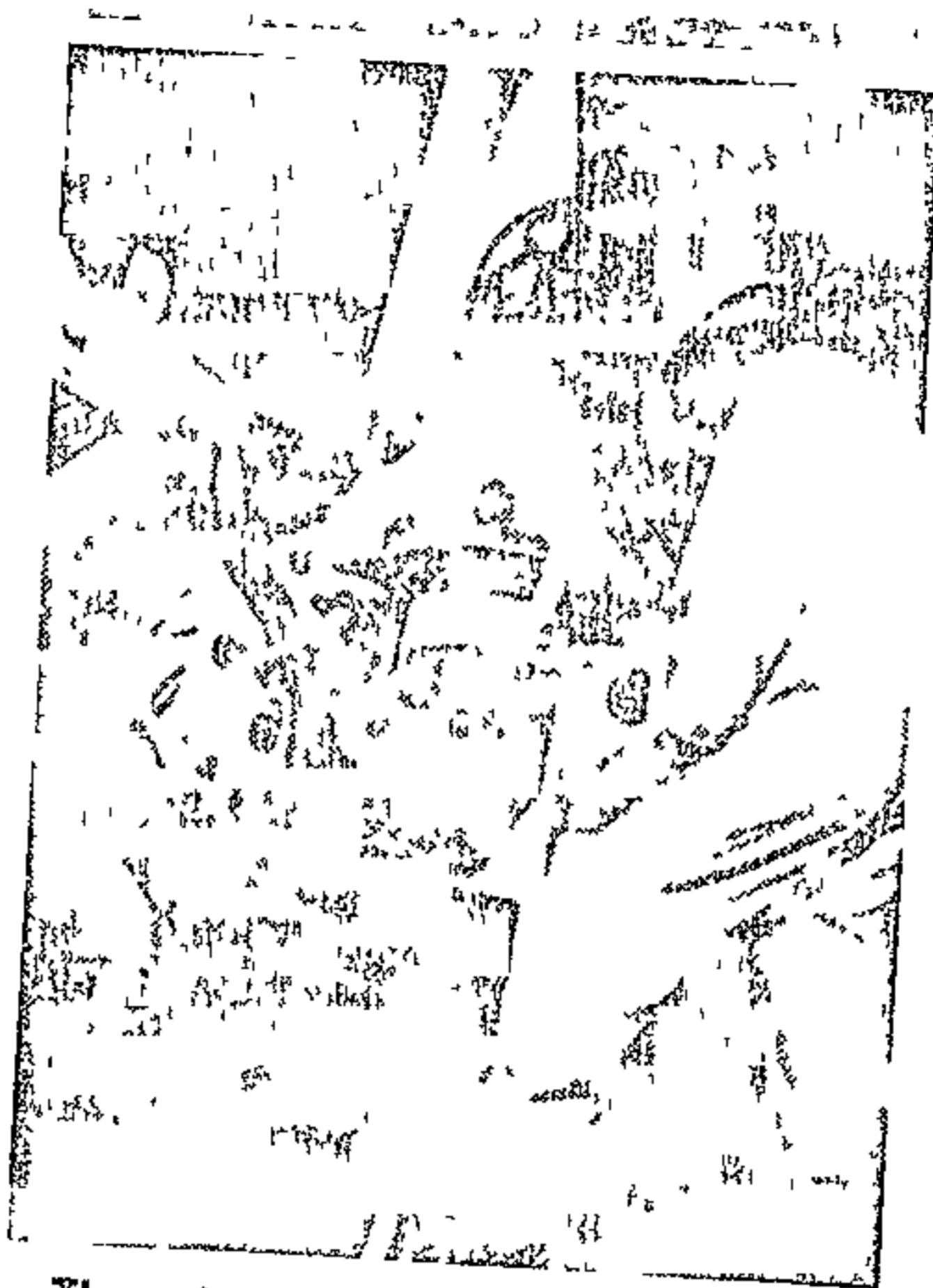
Hydraulic drill rigs . . . the mighty penetrators.



SA mines generally, most of them in gold mines

Not only local firms are being attracted by mining's new horizons. Last year SA imported 30% more surface equipment from the US — \$99m against \$65.4m. Something in excess of \$18.6m was spent on underground equipment. American interest in SA is reflected in the number of US firms established here. Galion Envirotech, National Mine Service represented by Dowson & Dobson, Joy Manufacturing, Gallagher and Ingersoll Rand, to name a few.

Ingersoll Rand is understood to be negotiating with the Chamber to improve productivity, safety and noise levels in deep gold mines. The mutual development programme will concentrate on drill sizes, penetration rates and



The raise borer . . . gold mining's heavy artillery

improvements in drilling and extraction machinery.

New ideas in materials handling also show a lot can be done to cut corners and lower working costs. Hubert Davies, for example, is to introduce the Wagner Scooptram, a rubber-tired vehicle capable of removing about four cubic metres of rock in a single pass — and in the low headrooms of gold mines.

And Atlas Copco is talking of introducing a powerful hydraulic drilling to the stope face, something not possible yet due to its size and the close confines of the stope.

They're working hard down the mine and in the research labs of that there's no doubt. But says one mining engineer, "it's the breakthrough we're waiting for".

# WAKE THE MINERS PAY UP

The Rand's gold mines would have to close down if they were forced to pay rates on their enormous land holdings. That is the view of Mr Jimmy Hall, Johannesburg city councillor and Member of the Provincial Council, whose ward, in parts, is smothered by mine dumps.

Mr Hall has been investigating CARE's repeated suggestions that the mines be forced to pay rates to local authorities—or face a form of compulsory purchase on all land they are not using.

According to the Department of Planning and the Environment the gold mines of the Witwaters-

rand own 160 000 hectares on which no rates are paid and for which the mines have no stated plans.

Some Reef towns comprise mostly mine-owned land.

In Johannesburg, where the number of mines has halved in the last few years to five, about 56 square kilometers within the municipal area (13 percent of Johannesburg) is still owned by the mines. Large areas are derelict.

When the city council wanted to buy some of it in 1968 for a new market the mines demanded R25 million for 76 hectares (The council, by going to arbitration managed to settle for R900 000.)

The mines' handling of the situation underlines two factors.

Perfectly useful mine-land had been idle and exempt from rates worth millions.

The mines knew the land was extremely valuable (they were in fact asking R32 000 a hectare for it in 1968).

Various city councillors told CARE they would investigate the situation but only one did, Mr Hall.

Mr Hall confirmed 5 600 ha in Johannesburg between the borders of Germiston and Rodepoort was mine owned.

Only Parliamentary and Provincial Council action could strip away the laws protecting the mines from paying rates.

He was in favour of leaving the situation as it was for several reasons, but he did agree the

whole thing was debatable.

Here are the points Mr Hall made in favour of the continued exemption of the mines.

The industry is vital to the nation and on its wealth Johannesburg was founded.

The mines have certain historical rights.

The mining industry generates other business and labour opportunities by being a big consumer locally.

If the land were to flood the market overnight values would crash.

It gives "millions" away in grants-in-aid and bur-saries.

The gold price is rising

and the mines may need some of the land for development and dumping.

The mines have voluntarily had mine land proclaimed for township and industrial use and this is now rate-paying.

The mines have grassed large areas and wildlife was returning to some former dumps.

At "tremendous cost" they had created beautiful scenery, even magnificent scenery, as well as parks.

Wemmer Pan was once mine land.

CARE still claims that the mines should be forced to return land to society's use—even if it is in slopes—and to pay rates on all land within

municipal borders. It does so for the following reasons.

Seeing that the gold mining industry is now earning only seven percent of the PWV's total income is no longer deserving of rate exemption.

Even if gold goes up 10 times the mines will not need all the land they are presently sitting on.

It is not good enough for the mines to plead they cannot afford rates AND taxes.

Neither for that matter can the steadily diminishing rates payers who "carry" Johannesburg.

The mines, considering the amount of rates they get away with, do not generate that much business locally—certainly not enough to compensate ratepayers, even if that

were an argument for not paying rates.

Johannesburg is critically short of industrial land, according to its council.

"Tremendous amounts" which grassing the dumps is costing the mines amounts to about R50-million—but it is spread over a whole generation because the programme will go into the 1990s.

CARE contends it amounts to peanuts. Nor is it right for the mines to make a virtue out of a necessity.

Under the Atmospheric Pollution Prevention Act it has no choice.

The PWV region cannot be efficiently planned if 160 000 ha cutting across its middle are out of bounds to planners.

The mines should not have the power to decide when and if large slabs of derelict land are made available to society.

CARE suggests that a committee be formed comprising mining representatives, local authorities, planners, landscape architects and other interested parties to find ways of rehabilitating derelict mine property.

Johannesburg and the whole PWV can no longer afford so much dead land.

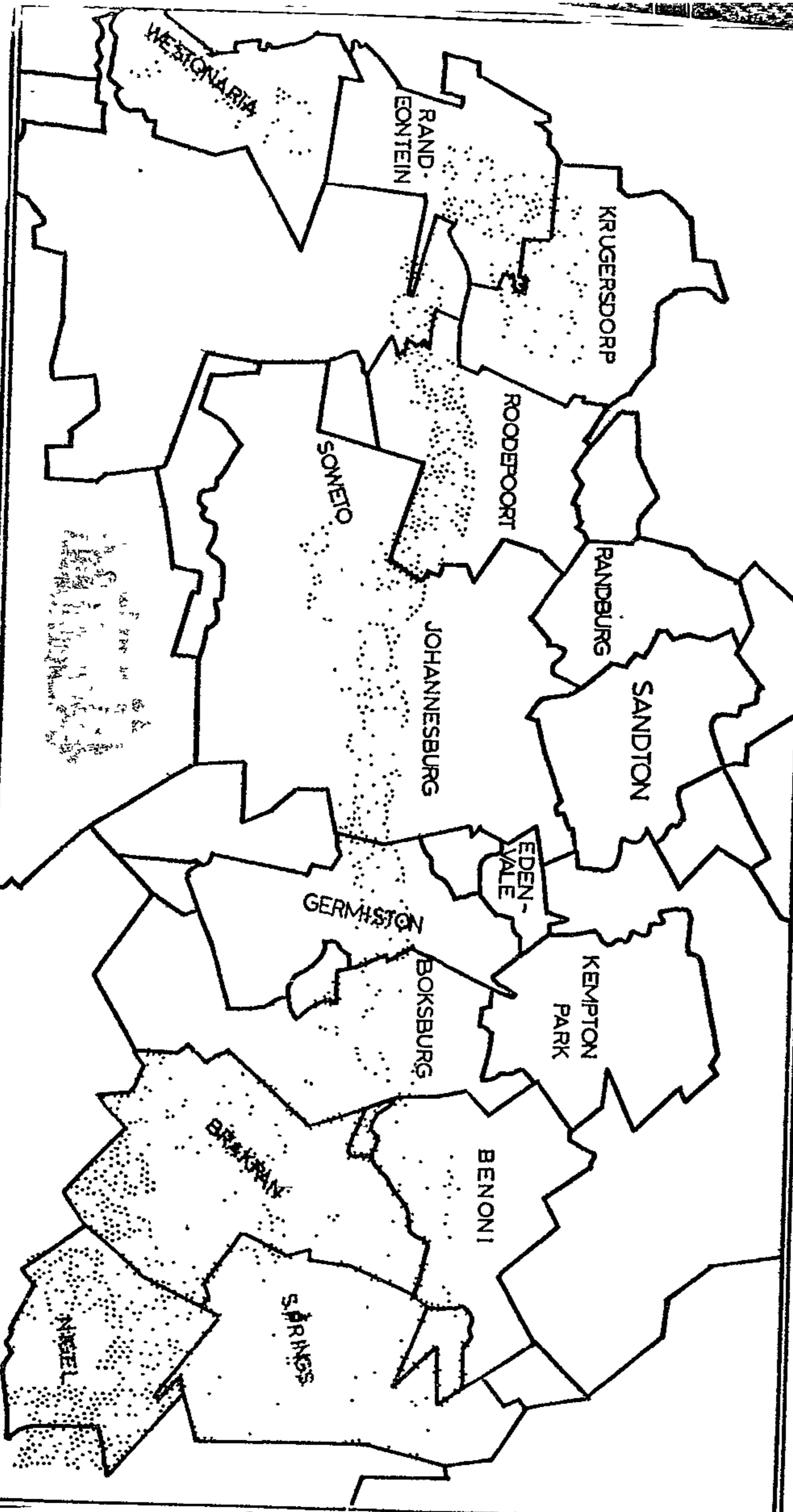
Mr Godfrey Dunkley, Johannesburg economist who researched the position last year told me:

"A rough average of rates on residential land, the lowest use, within the Johannesburg municipal area, is about R1 000 an acre per annum."

(If the mines paid rates at that level in Johannesburg they would be owing Johannesburg

R100-million for the past 10 years alone and would be paying R14-million this year.)

Mr Dunkley says only a small portion of mine-land is used for dumping. "What about all the other mining land, appreciating annually in value, which is held from the community, neglected, and on which not one cent is paid to the local administration?"



JOHANNESBURG

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# reply to CARE

## plea

STAR  
18/4/75

If the Rand's gold mines were to pay rates to local authorities it would add to production costs

And "every increase in the cost of mining renders a block of gold-bearing ore uneconomic to mine"

This, in turn, means a direct loss in South Africa's overseas earnings

That, in essence, is the official reply of the Chamber of Mines to CARE's article yesterday pleading that gold mines should be forced to return all their derelict land to society's use and should pay rates on all mine property

### STATEMENT

The Chamber of Mines' statement includes the following points

None of the arguments in the article, either for or against the rating of land owned by gold mines, mentions the real reason for the exemption of most mining land from rates for many years

Every increase in the cost of mining renders a block of gold-bearing ore uneconomic to mine and the gold contained therein with the foreign exchange and all the other benefits which it generates is lost to the nation, probably for ever.

For this reason it has been government fiscal policy for a long time that gold mines should be taxed on their profits and not in such a way as to increase their costs

Thus, while land owned by the mines is not rated, mines pay as much as 70 percent of their profits to the State in the form of income tax and lease payments. This amount is

substantially in excess of the tax rate of all other companies.

CARE's reaction to the Chamber's statement is: Nobody wants to increase mining costs and nobody needs to do so.

If between the mining houses and the government there is not sufficient financial talent to work out a scheme which is fairer to the Witwatersrand than there are plenty of independent experts who can.

"One obvious move is to reduce mine tax to the point where mines can afford to pay rates to local authorities like everybody else who owns valuable land. It is wrong that the mines are allowed to leave so much derelict and in the region where South Africa needs it most"



Sun Times 20/4/75 (Bus T.) 214

# Pay setback for mines

By ADAM PAYNE  
Mining Editor

A LARGE deferred African wages payment to Mozambique, made in gold valued at the official price of \$42,22 an oz, was the cause of the lower-than-expected \$170 an oz received by the gold mines in the last quarter.

Throughout the week there was puzzlement over the quarterly reports, on which analysts had forecast a return of at least \$180 an oz based on the gold price during the quarter and sales from reserves, which provide an "agterskot" for various mines.

A report was published that South Africa had done an oil deal, paying in gold valued below the free market price. This was incorrect.

I am told on reliable authority that the mines' income was hit because of a payment to Mozambique of deferred pay, which amounts to about R25-million a year.

Under the Mozambique Convention this R25-million is paid in gold valued at the official price of \$42,22, so that the mines receive only about one-quarter of the amount they would otherwise get on the free market.

However, the situation is expected to change to the mines' advantage when the official gold price of \$42,22 disappears.

The Committee of Twenty, which meets in June, is likely to recommend unanimously that the official price of gold should be abolished and not maintained at the meaningless level of \$42,22.

In this case, the articles of association of the IMF will be amended accordingly.

Once that decision has been taken unanimously and the \$42,22 price no longer exists, countries will be free to revalue their gold at something closer to the market price.

And when that happens the Mozambique Convention

will have to be re-examined.

During the quarter the industry produced 5 481 000 oz of gold yielding revenue of R638-million at an average price of \$170 an ounce. Production in the previous quarter was higher at 5 795 000 oz and the average value was \$175.

A feature of the reports was again the variation of the gold price received from below \$160 to just over \$200. This price — higher than the free market level — was due to "agterskot" payments for sales from the gold reserves.

It is unfortunate that the mines do not publish a price received per kilogram — also translated into dollars an oz — so that shareholders can see whether the results of the mines in which they are interested have been distorted by a particularly high or low gold price.

In some quarters there is a feeling that the quarterly reports are so distorted by these price variations that they should be discontinued, as not giving a true picture.

But this would be a retrograde step, since the reports show how the mines are progressing and provide such important figures as grade, tonnage milled and development results.

A feature of the quarterly reports was the knock taken by the marginal mines.

The reports spotlighted the labour shortage on many mines during the quarter, but the industry now has a total of 356 000 Africans at work, or 78 per cent of complement.

Many mines can be expected to reach full efficiency with less than 100 per cent complement.

At 109 000, nearly one-third of the African mine-workers are South Africans — which is the highest total for many years.

The aim is to get 50 per cent of the workers from within South Africa's borders.

Anglo American, with Genmin and Johnnies in close attendance, has led the way

in increasing Black wage rates, and Anglo and Johnnies are reaping the reward in good supplies of African workers.

Genmin, with marginal mines that relied largely on Malawians, is not so well placed.

Anglo's mines in the Free State have employed little Malawian labour but, following the departure of Lesotho workers after disturbances over Chief Jonathan's measures on deferred pay, there has been a strong inflow.

In the past quarter the labour picture was not so bright on Anglo's largest mine, Vaal Reefs, which lost large numbers of Basotho workers because of disturbances in January.

As a result, less tonnage was milled from underground and poorer quality ore from stockpiles was milled.

Profit at Vaal Reefs at R12 236 000 was less than half the profit in the previous quarter, and costs at Southvaal rocketed from R17,47 to R23,48 a ton.

This was partly due to the allocation of costs between the two mines. A marked fall in production at the north mine affects the south mine's figures.

Having pointed out these poor results in the past quarter, one can expect much better performance in this quarter.

Incidentally, Vaal Reefs received a low price of \$164 an oz, which contributed to its poor financial performance.

Western Deep Levels, which had a grade of 15,27 g/t was unfortunate to have fires as well as labour troubles, and was also hit in its financial results by a received price of \$158 an ounce.

In the Anglovaal group, Hartbeestfontein turned in good results, aided by a price received of \$185 an oz, which is nearer the figure other mines would have received but for the payment to Mozambique.

Harties has had to lower

its target figure for the year because of a labour shortage but, even so, it is doing well. It has a satisfactory grade and deserves attention at the present low levels of gold shares.

Among the Gold Fields mines, production was affected at Kloof by a shortage of labour and a lack of available faces for stoping. Costs were inevitably up at R20,39 a ton.

However, shareholders should not despair, as the sinking of No 3 shaft has begun and the eventual opening of this shaft will greatly increase the mine's efficiency. It has been hit by labour troubles because it was a favourite haunt of Malawians.

At West Driefontein and Doornfontein, an interesting feature was the high value of more than 1 000 cm-g/t in development on the Main Reef.

West Driefontein was founded on the rich Carbon Leader Reef and the profitable Ventersdorp Contact Reef. The Main Reef was not of interest but the higher gold price now makes it a possible money-earner.

In the Johnnies' stable Randfontein maintained its grade at the high level of 14,8 g/t, although some market circles had been expecting the mine to drop grade.

This has not happened yet but it must later, according to borehole indications. A reduction in grade will not be a shock to the mine, which has been mining reef about double as rich as had been expected.

St Helena, in the Unicorn group, gave its usually steady performance in grade but lost tonnage because of a labour dispute with White workers.

Development results at Kinross were good and confirmed borehole results.

In the Rand Mines group, the supermine Harmony was the best performer with increased profits, higher tonnage and better grade. And it was not helped particularly by a high price which was \$167 compared with \$178 in the previous quarter.

Looking to the future, it seems as if most of Anglo's mines will have better results because of adequate labour supplies.

Other mines which struggle with short complements will have a tough time if the gold price refuses to move.

31 pc rise

in costs

STAR 5/5/75  
hits mine

profits

Mac Tham

Average working revenue an ounce produced during the first quarter of this year at 172 dollars was more than 25 percent greater than in the corresponding 1974 period

Lower mill tonnages, reductions in grade and a 31 percent rise in working costs resulted however in a one percent drop in working profits from gold, according to statistics issued by the Chamber of Mines

Mill throughputs totalled 17,2m tons against 18,4m reflecting the impact of Black labour shortages and average grade was down from 10,45 to 9,59 g/t In consequence the output of member mines of the Chamber fell from 6,194m ounces to 5,453m ounces — a decline of just over 12 percent. However, working revenue rose by over 10 percent to R625,3m

Working expenditure rose by a massive R61,6m to R276,6m and cost a ton milled from R11,98 to R15,64, or nearly 30 percent. Working profit declined from R351,8 m to R348,7 m, but uranium sales showed a profit of more than R2,0m against a loss of R143 000 in the 1974 period.

#### TAX LIABILITY

Total profit before tax was 1,9 percent up at R370,1m but tax liability as the result of grade cutting and higher working expenditure dropped from R187,8m to R173,6m. The resultant net profit was R195,9m compared with R175,96m.

Capital spending by producing mines rose by over 71 percent to R55,7m, representing the higher tempo of increasing operational scales, development of new areas and the introduction of more mechanical equipment underground.

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# Thar's gold in them thar (rates-free)

While the argument continues whether gold mines should pay rates on their massive land holdings, a Johannesburg mining company has announced whopping profits from land deals.

At the same time the company, Rand Mine Properties, showed a very small profit from actual goldmining and only then after adding on a large government subsidy.

Mining houses are silent about the rates issue. Rand Mines declined to comment today

The Chamber of Mines contends that mines pay more in tax than any other industry, and that if they had to pay rates as well it would be a serious blow to them and to the country.

It would mean, said the chamber, higher production costs and therefore large bodies of marginally profitable ore would become unprofitable and thus remain unmined.

Meanwhile Johannesburg's dwindling number of ratepayers also has economic problems. Next year the R42-million Johannesburg derives from rates may not be enough to pay even its loan charges

At least two city councillors have promised to seek ways and means of bringing into use the 13 percent of the municipality's area which at present is owned by the mines and is therefore exempt from rates and cannot be touched by planners

Mining land swallows up 56 sq km of land-hungry Johannesburg and 1 600 sq km in an unbroken belt across the Witwatersrand.

The land can be put on to the property market at existing prices whenever the mines feel it profitable to do so

Rand Mines, in spite of its production loss of

STAR 14/5/75

## dumps

**In land-hungry, rates-hungry**

**Johannesburg, should saleable mine**

**property remain a sacred cow?**

**asks JAMES CLARKE.**

R533 000 on gold mining for the six months ended in March, made a comfortable R2 300 000 taxed profit altogether, nearly all from property.

Rand Mines' interim report says, "Profit from the sale of property does not occur in a regular pattern, and the profit earned in the six months ended March 31 1975 includes profits from two major land sales."

Reader response to CARE's suggestion that gold mines should pay rates and that derelict mining land should be put back into society's use in metropolitan areas, has been good. Among suggestions put forward are

● The mines should seek tax relief in order to divert funds to pay rates to local authorities who lose millions (Johannesburg loses at least R14-million a year) because of loss of revenue, pollution and the need to plan around the derelict land.

● The mines be allowed to decide on the value of their land and that it be rated on those values. The public must also be allowed to buy at those values.

● The mines are right in arguing that to release all this land would depress property values — in which event allow them to release a guaranteed amount annually. Some readers say it would not be a bad thing to depress property prices

● As the city or region cannot be efficiently planned when 1 600 sq km is regarded as "sacred" ground the mines should at least state their intentions for all the land they control.

● The mines should take the initiative in establishing a committee to co-operate with local authorities in reducing the impact of mining operations and to find ways and means of reclaiming the land for optimum use of presently derelict land.

# Anglo ready to spend R750-m on gold mines

By HOWARD PREECE  
Financial Editor

RJM  
15/5/75

will be on a reasonable scale."

ANGLO American is expected to spend up to R750-million in new gold mine developments over the next five years.

This is disclosed by the chairman, Mr. Harry Oppenheimer, in his annual review today.

Mr. Oppenheimer pays tribute to the Prime Minister, Mr. Vorster, for his "courageous efforts to improve relations between South Africa and the other African states."

He also warns: "The South African economy is at present going through a difficult time.

"It does not look as though a renewed upswing can be expected until 1976.

"Even this assumes that fairly high gold price will be maintained, that the world trend towards lower interest rates will continue and that capital inflow

Mr. Oppenheimer says Mr. Vorster's initiatives "take on a special importance, economic as well as political".

But he says these must be accompanied by "a policy of gradually eliminating racial discrimination in the national life" of South Africa.

Mr. Oppenheimer says many mines have heavy capital expenditure programmes.

Projects approved are considered viable at gold prices significantly lower than at present and so the projects can be maintained in the face of cost rises at rates similar to those of recent years.

Others are still in the final stages of investigation, he says.

He says if all the projects are approved the total capital expenditure required over five years will amount to about R750-million.

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# No quick cure for mine stope problems

Although there is great potential for the mechanisation of stoping operations in the gold mine, it could be up to eight years before this can be adopted on a large scale—and even then rock breaking by explosives will continue for a considerable time. MAC THAIN examines some of the papers delivered yesterday at the Southern African Institute of Mining and Metallurgy colloquium on drilling, blasting and ore mining and their implications

The bugbear of gold mining operations has always been the inefficiency of stoping operations, and strenuous efforts are being made to deal with the problems — but there is a long way to go before the main problems can be solved

The industry is traditionally labour intensive — most noticeably in stoping operations which provide ore for treatment plants

Technically it is in this field that the least progress has been made. About 10 years ago a concerted programme was launched to correct this mainly along the lines of mechanisation

## CORRECTIVE

Since then as pointed out by Dr H C Joughin, director of mining technology of the Chamber of Mines, numerous technological advances have been made which, with a growing understanding of the problem, make the possibility of mechanisation of stoping no longer so remote

This statement should act as a corrective to some of the views expressed outside the industry — views which have tended to hail every technical advance — often while still only in the laboratory stage — as a major mining breakthrough

Historically, mechanisation in any sphere of industry has had three main consequences — improving the efficiency of an operation, increasing each worker's output, and improving working conditions. Introduction of a particular machine usually results in one of these but rarely all three

## GOLD LOSS

It is improved efficiency that produces the greatest and most direct economic benefit

As Dr Joughin said, the greatest inefficiency in gold mining arises from having to mine rock containing little or no gold. Another is the loss of gold through blasting

The ideal solution to these and other problems is a rockbreaking method permitting the extraction of payable reef so that the barren rock can be left underground, eliminating as far as possible loss of gold in working places

There are two main ap-



One of the recently developed reciprocating rock conveyors in operation at Grootvlei. There it is pushed under the pile of blasted rock and moves it to a collection point for transport to the mill. In the third month of operation it was possible to achieve one blast a shift with a complement of 19 men against the usual one blast every two shifts.

proaches to this solution. The first is to rely on stress in the surrounding rock to fracture it at the working face and cut a slot into the weakened rock so that the reef can be removed at the face. The second is to avoid the high stresses altogether and to machine out a narrow band containing most of the reef

## WATER JETS

Most progress has been made with the first approach. The most advanced device is the rockcutter, developed by the CoM's research organisation. Pilot production trials have been completed

New cutting machines are being designed which may be backed-up by high-pressure water jets. Work is also in progress on the use of hydraulic percussive tools to cut slots.

The second line of attack is represented by Gold Fields' experiments with reef boring

## POTENTIAL

This is in the very early stages but seems to have considerable potential

Two devices — a swing hammer miner, somewhat like a coal shearer in appearance, and an impact ripper — are being tested

The other mining bottleneck is in stope productivity. The problem here is getting the broken material out of confined working areas. The answer appears to be armoured conveyors in conjunction with non-explosive rock-breaking devices. Prototypes are being tested underground

The above, then, are the chief requirements for complete mechanised mining, but there are others which cannot be immediately met

## REVOLUTION

Accordingly, there can be no letting up of improving present methods. Considerable success is being achieved with reorganisation of stoping practices and the use of new equipment

However, the basic requirements are also better rockbreaking results and improved ore transport. Extraction of ore involves drilling and blasting. A revolution is underway with the introduction of hydraulic drilling machines to take over from the long-established pneumatic types

Dr Joughin's paper and another jointly with A C Buckmaster, set out the implications of this revolution on current practices and on the use of hyd-

raulic power in fully mechanised mining

## PROMISE

Experiments with armoured face conveyors in working stopes have substantially speeded-up cleaning operations, but there are still design problems to be overcome — notably that of wear caused by the abrasive qualities of Witwatersrand quartzites when reduced to a fine state by explosives

These hold out much promise, but a new type of conveyor — developed over the past 16 months by Anderson Mavor and the Chamber of Mines — seems likely to be more suitable in many underground situations

## REALISTIC

Instead of the continuous conveyor belt principle of armoured conveyor, a series of pans moves backwards and forwards

Joughin and Buckmaster feel that even with the limited work done this device offers a realistic method of mechanising stoping operations and significantly improving labour productivity and the rate of face advance while explosives continue to be used for rock breaking

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# Drastic cuts in gold interims

C.T. 10/6/75 7.14

Cape Times Financial Correspondent

**JOHANNESBURG** — Drastic dividend cutbacks by Barlow Rand's two marginal gold mines, Durban Deep and ERPM, are not likely to please the stock market, which has not been expecting such heavy falls in interims.

Durban Deep's interim is 40c lower at 20c and ERPM's interim has de-

clined sharply by 50c to 25c

This news is likely to cancel out the expected drop in Blyvooruitzicht's final to 50c. This gives Blyvoor shareholders a total of 100c for the year against 1974's payout of 90c.

Admittedly, some gold analysts have put Durban Deep's interim at 20c but others have calculated a payout of 25c or 30c.

One London analyst hit the mark with a 25c interim from ERPM but

others put payment at 30c to 40c.

Labour problems put these highly sensitive mines, Durban Deep and ERPM, back into the State-aid category in the March quarter and the serious earnings declines over the previous two quarters should have flashed the warning signals.

ERPM paid in a 40c final out of earnings of 38c for the six months to December 1974, against its 75c interim out of earnings of 109c in the previous six months.

# VILLAGE MAIN—END

(214)

Mac Thain

STAR  
11/6/75

## LOOKS NEAR

It looks as if the end of the road for Village Main is not far off, judging by the announcement that no dividend is to be distributed and investigations are starting into the question of repaying capital.

This constitutes yet another setback to those Hollard Street tipsters who not so long ago were producing euphoric projections of present values of old low-grade mines. Quite the most startling among these was one put out claiming that Village Main's P/V fell just short of that for West Driefontein.

The directors of Village Main say the estimated working loss for the year ended June 30 will be R265 000 against a profit of R473 000 for the previous 12 months, before receipt of State Assistance. Net profit is estimated at R254 000 compared with R577 000.

In the light of operating results coupled with the continuing escalation of costs, it is felt that shareholders' interests may best be served by starting capital repayments

This would seem to imply

that the company's technical advisers do not consider that there can be little in the way of new ore available and that the cost of resuming mining operations rather than continuing reclamation activities would not be justified

Furthermore, with the higher gold price eliminating the need for State Assistance for virtually all big low-grade producers, it is doubtful whether the Government would be sympathetic towards continuing this in the case of a small-scale producer such as Village Main, particularly as there seems little prospect of any substantial tonnage of ore becoming payable even at a considerably higher gold price.

# West Dries golden handout

214  
RDM 11/6/75

By ELIZABETH ROUSE

**THE GOLD FIELDS group's star performer, West Driefontein, is handing out its biggest nugget to shareholders — a final dividend of 275c.**

The level is above market expectations of 260c and makes the total paid out by West Drie 485c against 1974's 400c

Other dividend declarations by the Gold Fields and Anglovaal groups are generally in line with expectations, except for Gold Fields Venterspost, which has cut its final to 30c from 55c

Venters fire in the March quarter, plus the labour shortage, reduced profits. Although insurance payouts will make up some of the setback, a mine has difficulties in making up

lost production in times of labour shortages

Venters has to go carefully with the cash because of its Middelvelde commitments. It will take an estimated R8-million to open up the area

However, Venters higher interim means that shareholders get only 5c less at 70c for the year

Kloof's final has declined to 30c from 50c, but this is in line with expectations and with the chairman's predictions in the last annual report

This makes Kloof's total 55c against the previous year's 79c

## DROPPED

East Drie, the Gold Fields mine with a December year-end, is paying a 30c interim against 20c last year. Again the interim is in line with market expectations

Doornfontein and Libanon have dropped their finals by 5c to 60c, but as both paid much higher interims of 50c their totals are 10c higher at 110c.

This small drop in the two mines' payments has been expected and the finals are not bad, considering lower profits throughout the mining industry in the past few quarters

Vlakfontein, the other Gold Fields mine with a December year-end, has cut its interim by 5c to 10c. The previous year's total was 35c

Anglovaal's Hartebeestfontein should please the market with a higher final of 130c — up 20c on last year's final. This makes the total a hefty 215c against the previous year's 160c

Harties taxed profit for the year to June, 1975, is estimated at R32 897 000 against last year's R30 816 000

## SOLE ASSET

Zandpan reaps the benefits from Harties and has declared a 21,5c final, making the total for the year 35,75c, against 37,8c paid for the previous 18 months

Zandpan's taxed profit is R4 678 000, against the 18 months' R4 917 000. The dividend will take almost the whole of the profit

Eastern Transvaal Consolidated has raised its final by 4c to 20c, making a total of 25c against last year's 20c. Taxed profit is down at R1 729 000 from

R1 943 000, but ET Cons carrafford to pay out more

Anglo-Transvaal Collieries, with Witbank Colls shares as its sole assets, has maintained the final at 5c making an unchanged 10c, although the company slid into a small loss of R6 000 from a R6 000 profit last year

The dividends will take R160 000

Village Main, the favourite of the small punters, may start making capital repayments and the dividend has been passed

Village Main has slid into a working loss of R265 000 in the year to June, 1975, from a profit of R473 000. State aid of about R37 000 (1974 nil) plus other income will make net profit about R254 000, showing a decline on 1974's net profit of R577 000

## REPAYMENTS

The board says because of the disappointing operating results plus continued cost rises, shareholders' interest will best be served by starting capital repayments

This news will not exactly cheer up the mini-marginal mine adherents on the stock exchange

Consolidated Murchison has cut its interim dividend by 10c to 20c, which is in line with market expectations and the forecast by the chairman, Mr P. R. Wilton, that dividends would be lower this year

Cons Murch did not have a good March quarter, but prospects look better and the market is expecting a dividend total of 80c. This compares with a total of 130c paid last year when Cons Murch profits took off

Associated Manganese is paying out a much higher interim of 30c, compared with last year's 12,5c interim, making the 41c total paid last year look conservative

The interim will please the market, but the shares are not easily obtainable



# A shock from Sallies

214

C.T.

13/6/75

By ELIZABETH ROUSE

JOHANNESBURG. — Anglo American's large Transvaal mines, Vaal Reefs and Western Deep Levels, have cut their interims but the levels are in line with expectations.

What might shake investors is a drastic cut in Sallies interim and the passing of East Daggafontein's interim.

Vaal Reefs interim is 75c against last year's interim of 100c. Local brokers had put the interim at 80c and 70c but London brokers expected more and one London firm even put the level at an unchanged 100c.

Western Deep Levels interim is 67,5c down fractionally from last year's 70c. Estimates ranged from 65 to 75c.

Neither of these dividend drops will affect the stock market which is discontinuing dividend cuts. As one local broker puts it "If they want gold, dividends don't matter."

On the other hand, long-time investors in Sallies are not likely to shrug off a cut in the interim of 7,5c from 42,5c. Market calculations put the level between 20c and 25c. The excellent borehole result should put heart into that however.

## EAST DAGGAS

The passing of East Daggas interim should come as no surprise because of the spate of bad news from the marginal mines, much less an almost dead mine such as East Dagga.

East Dagga is still having technical difficulties in achieving the designed rate of throughput from the old Daggafontein No. 2 shaft waste rock dump and it is now impossible to achieve the tonnage forecast for the year.

East Dagga will revise its planned production estimate of 1.450 000 tonnes with an average grade of 1,63G.T.

## VAAL REEFS

Cautious Anglo adds a rider that income does not accrue evenly throughout the year and because of gold price fluctuations the level of the interims cannot be considered an in-

dication of the likely level of the finals.

The 25c drop in the Vaal Reefs' interim must be attributed to the difficult March quarter when labour disturbances hit the milling rate.

At Western Deep Levels a continued labour shortage, plus two underground fires, caused a production loss of 75 000 tonnes in the March quarter.

Earnings fell to 33c from the December quarter's 54c. West Deep paid a total of 160c from earnings of 157c last year.

A lower dividend from West Deep is not likely to shake the faith of investors. In addition, they are awaiting participation rights in Elandsrand, in which West Deep has a 19,6 percent participation.

# Anglo- Vaal

group

pays

more

(214)  
C.T.  
13/6/75

**JOHANNESBURG** — The Anglovaal Group announced following final dividends for year ended June 30, on register June 27.

**Anglovaal Holdings Ltd** — 7,5c (6,0), making 9,0c (7,0). Taxed profit R855 000 (658 000).

**Anglovaal Consolidated Investments** — 75c (62), making 95 (75). Taxed profit R12 300 000 (10 684 000).

**Anglo Transvaal Industries** — Annual 16c (14). Taxed profit R8 968 000 (10 216 000).

**T W Beckett and Co** — Annual 11c (10,5), taxed profit R1 206 000 (1 806 000).

**Consolidated Glass Works** — Annual 19c (same). Taxed profit R2 650 000 (2 500 000).

**Middle Witwatersrand (Western Areas)** — Final 20c (seven), making 42c for 18 months ending June 30 (12 in previous year). Taxed profit R8 670 000 in 18 months (3 786 000) in year 5.

**National Bolts** — Annual 14c (12), taxed profit R1 442 000 (1 115 000).

**South Atlantic Corp** — Annual 14c (12). Taxed profit R5 541 000 (7 255 000).

The following companies in group, estimated taxed profit for year ending June 30 (dividends declared in August).

**Irvin and Johnson** — R5 280 000 (4 647 000).

**James Brown and Hamer Ltd** — R1 092 000 loss (1 113 000 profit)

**Shipwrights and Engineers Holdings** — R471 000 (540 000).

**Steel Metals Ltd** — R1 770 000 (1 241 000). —  
Reuter

# Amgold raises payout

RDM  
17/6/75

**AMGOLD has declared an increased interim dividend of 110c a share for the year ending December 31, 1975.**

This dividend is 10c higher than the 1974 interim and is payable to members registered on June 27

Estimated group profits of R37 810 000, equivalent to earnings a share of 172c, were nearly 13 per cent up on the corresponding figure of R33 577 000 — or 453c a share last year

Estimated gross income of R38 983 000 compared with R34 131 000 in 1974 was made up of investment income of R37 210 000 (R31 590 000) and interest earned together with other income of R1 773 000 (R827 000)

Administration expenses, interest paid and prospecting and mineral rights expenses rose from R554 000 to R1 173 000, leaving equity earnings of R37 810 000 (R33 577 000) of which the dividend absorbs R24 147 000 (R21 952 000)

## TAX LOSSES

No tax has been provided as the company and its subsidiaries have computed tax losses.

The directors warn that it should not be assumed that the estimated results for the half-year ending June 30 will be repeated in the second half of the year because investment income does not accrue evenly throughout the year, the realisation of investments fluctuates with policy decisions and market conditions, and certain costs, particularly those incurred in prospecting and mineral rights, vary materially from time to time

Net asset value on June 13 this year was 4 931c a share compared with 4 924c on June 30, 1974, and 5 807c on December 31, 1974

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# AMGOLD BOOSTS DIVIDEND

ARGUS  
17/6/75

**ANGLO American Gold Investment Company (Amgold) has increased its interim dividend from the previous year's 100c to 110c a share, on register June 27.**

Estimated group profits for the half year rose by almost 13 percent to R37,810 000 compared with the corresponding 1974 half year's R33 577 000.

Estimated gross income of R38 983 000 (R34 131 000) is made up of investment income of R37 210 000 (R31 590 000) and interest earned together with other income, of R1 773 000 (R827 000).

No taxation has been provided as the company and its subsidiaries have computed taxed losses.

The directors warn similar results may not be repeated in the second half year as investment income

does not accrue evenly during the year

● John Dwyer Holdings is to change its name to Solly Kramer's, the chairman, Mr J M Dwyer, said in the annual report

Mr Dwyer said that the chain of 131 Solly Kramer's bottle stores was the main trading arm of the company and its largest source of profits.

Shareholders will be asked at a special general meeting after the company annual meeting on July 9 to approve the name change, which will then take immediate effect.

Taxed profits for the year under review were R624 000, after the deduction of a stock profit estimated at R100 000, to give earnings a share of 12,48c.

The dividend has been increased from 1974's annualised 5,3c a share to 6,5c a share for 1975

B. RYAN

Grahamstown a year ago CARE raised the question of whether the gold mines should be forced to pay rates on the 52 sq km of mine land which they own inside Johannesburg. The question is to be raised later today in Johannesburg's Council Chamber, reports JAMES CLARKE.

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# Mine land is such a waste

STAR  
27/6/75

New York is not the only city going broke. So is Johannesburg. And today its city councillors, debating the annual budget, are a little more desperate than usual.

What with the city's bankrupt bus service and a rates fund that only just covers loan repayments, the Golden City has practically nothing left over for development.

Inevitably, during the course of the day, the debate is going to swing around to discussing that myth — that Johannesburg is still a golden city.

Dr Selma Browde, Progressive councillor, is going to bring up the thorny question of what the city should be doing about that 13 percent of its land which is derelict mine land and which is becoming a millstone round the city's neck.

This sacred ground, now mostly worked out and rendered useless by mine dumps and acidic streams, pays no rates and effectively blocks the city's proper development — as effectively in fact a mountain barrier stretching east to west across the southern suburbs.

But one thing that Dr Browde stressed in an interview yesterday was that she is "not knocking the mines." She agreed it is in the national interest for the mines to be subsidised — otherwise great chunks of ore will become unpayable.

But, she argues, "as the mines are a State asset then let the nation subsidise them."

The mines, of course, pay from 50 to 70 percent tax on gold production to the State while other enterprises pay only 40 percent company tax. For that reason, argue the mines, they simply can't afford to pay rates on top of all this.

But, counters Dr Browde, Johannesburg's citizens also have money problems and, in casting their eyes around for new sources of revenue they

can hardly help it if they look wonderingly at those kilometres of waste ground which could become rate producing suburbs and industrial and commercial areas.

The municipality is not uninterested in the argument. Its city valuer's department has been carefully mapping what Dr Browde calls "the patchwork of land under mining title scattered over Johannesburg."

The only rates paid on the "13 percent" are on "improvements" such as buildings or brickworks. The mines even protest this: they say it is discriminatory because other businesses don't pay on improvements. Dr Browde agrees. She says the council should scrap it — "the income from those rates on improvements on mine land is infinitesimal. A whole new rating scheme is necessary."

The mines are also exempted from development contributions to the city council which all other land-owners have to pay once their land is rezoned.

Dr Browde is going to propose that "an exercise should be done to determine the exact extent of proclaimed land under mining title and which is not being put to any use at all."

At present the mines have the unique right to sit on such land until they deem its value high enough to sell. Dr Browde wants a government commission established to go into the whole problem of relieving Johannesburg of the burden of the now almost worked-out mines.

She suggests a get-together between the council, the mining houses, and the mining commissioner.

After all, she says, the mines have every right to receive all the concessions they can get from the nation in order to properly exploit their valuable assets under the ground. But their valuable assets on top of the ground — well, that's an entirely different matter.

# Tax gold mine land — Browde

By JANE KLEIN  
Municipal Reporter

THE gold mining industry did not deserve rate exemption, Dr Selma Browde, the Progressive Party Johannesburg City councillor, said yesterday

Speaking in the council's budget debate, Dr Browde, called on the council to set up a commission comprising representatives of mining houses, with the Government mining engineer, to investigate the question of rating mining land.

She said local and provincial authorities did not have the right to tax min-

eral values

*RDM 28/6/75*

"Land which is held or occupied exclusively for the exercise of mining rights is at present exempt from rating," she said

Dr Browde said mine improvements may be rated, but this yielded very little to Johannesburg

"Mining land in Johannesburg is about 12 per cent of the land in its municipal borders.

"It is well known that most of the land being held for mining will not be used for mining purposes. Only a small percentage will be used and the rest is being held from rateability.

"It is clear that with diminishing mining activities the mines intend moving into a new field. In some cases we are not, in fact, dealing with mines, but with property companies hiding behind the historic rights of mines"

Dr Browde said an exercise should be done to determine the exact extent of proclaimed land under mining title which was not being put to any use and did not pay taxes.

"Ideally all mining land should be rated and then a decision taken by the Government engineer as to which areas of that land require a subsidy."

She said another possibility was that the Government should give the city a direct subsidy to compensate for the loss of rates

Unusable land, because of undermining, should be offered to the city and converted into parks, sports fields and other open spaces

# Devaluation booster for gold mines

214  
By HOWARD PREECE

Financial Editor

RJM 30/6/75

**THE decision to stop floating the rand and devalue it against the dollar from a central parity of \$1,47 to \$1,40 will add about R60-million revenue to the gold-mining industry over the second half of 1975.**

The Treasury will, in turn, scoop in about R30-million of that through profits tax on the mines

Last year gold mine revenue was nearly R2 500-million

The average gold price was around \$155 as received by the mines

On present evidence it will be higher this year, but total revenue - before the devaluation effect - was looking to be about the same because of lower production

But the devaluation - which is particularly important because of the promise that parity changes in future will, as was traditional until 15 months ago, be made only in absolute necessity - has given the mines a 5 per cent windfall

It is 5 per cent and not 4,76 per cent - the official devaluation figure - because of the "two arithmetic" of a devaluation. Gold, for example, is priced in dollars. What matters to the mines, however, is the converted rand price

The effective devaluation equation is then 5 per cent. It works the same way that as a rise from 100 to 101 is an increase of 1 per cent a fall from 100 to 99 is a move of more than 1 per cent

How much the 5 per cent is worth depends on output and gold price.

But over the second half of this year, it seems likely to be about R60-million compared with the revenue outlook pre devaluation

The devaluation has been generally welcomed. But there has been criticism

A spokesman for the South African Foreign Trade Organisation said "From a trading point of view, Safto welcomes the devaluation because of the favourable affect it will have on South Africa's vital exports"

But Professor Arnt Spandau, head of the department of business economics at the University of the Witwatersrand, commented "If anything, there should have been a revaluation of the rand as this devaluation will have a considerable inflationary

affect on the South African economy

"I believe it could push up inflation by about 1 per cent

"Although the devaluation will aid exports, I see no point of artificially supporting exports"

Mr A G Briggs, chairman South Africa British Trade Association, said "The devaluation is by no means unexpected and I believe it will assist in redressing the balance of trade figures between Britain and South Africa

"The devaluation of the rand is particularly important because of South Africa's exports to Britain."

## TRAVELLERS

Mr Errol Lizamore, international division economist of the Standard Bank, said "Because of the recent slump in the gold price and the less favourable export prospects, the Government's decision almost certainly takes into account the relatively low level of the country's gold and foreign reserves and the need to curb speculative outflows of capital

"This is a direct benefit to South African exporters and in terms of sterling exporters to the United Kingdom will now receive about R1,61 for every £1 compared to the previous rate of £1=R1,53. This will assist them in maintaining their share of this important market

"However, the cost to the traveller will rise because the dollar is now costing more in terms of rands than before. For instance - to buy £100 travellers' cheques will now cost R161 instead of R153

"There is one other effect on the man-in-the-street. Imports from abroad will cost more, and this effect is bound to be felt in an increase in the cost of-

# It's goodbye to <sup>Sun Times</sup> (Bus Times) 13/7/75

## East Rand dumps

(214)

By ADAM PAYNE  
Mining Editor

THE unsightly slimes dams and mine dumps of the East Rand — the yellow dross of 70 years of deep mining for gold — are to vanish, leaving wide open spaces for housing, development and industrial sites.

This is only one outcome of the plan by Anglo American Corporation to go ahead with its Rioden Investments' scheme to recover gold, sulphuric acid and uranium from these dumps and dams.

Rioden is likely to buy all the dams except those owned by Gold Fields of South Africa. It is negotiating with Union Corpora-

tion on the possible purchase of its dams and dumps at Grootvlei, Marievale, East Geduld, and Geduld mines.

Important aspects of the scheme, which has Harry Oppenheimer's blessing because of the social benefits, are

- It will make available land which otherwise would be lost because building cannot take place on slimes dams without severe problems

- It will solve a pollution problem from the dams, although the dust problem from dumps has been largely mastered by grass-planting

- It will result in a profitable enterprise for the promoters, who are launch-

ing a multi-million-rand venture

GfSA has decided not to sell its dumps and dams at the Vogels, Sub-Nigel and Vlakkfontein mines because it might eventually work them itself—depending on the future prices of gold, sulphuric acid and uranium

The Rioden plan is to treat a colossal 1-million tons of sand and slimes a month, building up to between 1-million and 1.5-million, pumping the pollution-free residue far into the country in the Glenroy district.

I am told that the pip-

● Continued on  
Back Page

## Mine dumps <sup>Sun Times</sup> (Bus Times) 13/7/75 disappearing

● Continued from  
Page 1

ing and pumping equipment alone will cost R20-million. The plant to extract sulphuric acid will be the largest in South Africa.

The removal of the pyrite, which contains sulphur, from the dams and dumps will make the residue material pollution-free. At present the oxidation of the pyrite in the slimes dams causes pollution in water courses bordering these dams.

The project is possible because of the threefold combination — the extraction of gold, uranium and sulphuric acid.

The market for sulphuric acid, which is used in fertiliser and uranium production, is strengthening; the high gold price makes the gold aspect of the project attractive; and Anglo is looking to a better market for uranium.

Gold will be the biggest earner with a grade between 0.3 gt and 0.5 gt, even at a low rate of recovery, because the material to be treated is residue.

The decision to go ahead after pilot plant tests, can be regarded as a triumph for Anglo American's metallurgists, who have led the way in several fields of metallurgical research and practice.

Anglo has installed a second pilot plant at Wel-

kom to probe the possibilities of exploiting slimes dams in the Free State, where the pollution problem is less important because the dams are sited away from residential property.

The Government and local authorities on the East Rand have co-operated enthusiastically with Anglo on the project.

Rioden's plants will be at SA Lands mine, to which the slimes from other properties will be pumped, starting with the nearest dams and dumps first.

About three dumps or dams will be worked at a time and within 10 years the local scenery will have been transformed.

Although Anglo will not obtain dumps from GfSA, there will be no obstacle to purchase from privately or publicly owned dams.

The Mayor of Springs, Luctor van der Heever, told me he welcomed the project, which will result in the gigantic New State Areas slimes dam near the Pam Brink sports stadium being levelled.

This will make available 114 ha of land for residential housing. At a modest R5 000 a ha, this will be worth R570 000.

Two other dams in the Springs municipal area will be at Rietfontein, each totalling 39 ha and 67 ha, where industrial sites will be made available.



# Anglo's Transvaal

## mines shine

*Cape Times 15/7/75*

ANGLO AMERICAN'S gold mines increased their taxed profits for the June quarter by some 9 per cent from R70 235 000 to R76 723 000. This was largely due to a lower level of taxation, as a result of increased costs and higher capital expenditure.

The mines increased their milled tonnage by 11 per cent to 6 645 500 from 5 984 500 in the March quarter and gold production rose by 5 948 kg to 73 245 kg from 67 297 kg.

However, a lower average gold price received of R3 485 a kilogram (about 159 dollars an ounce) compared with an average price of R3 649 a kilogram (about 169 dollars an ounce) obtained in the previous quarter, resulted in an increase of only 2,6 per cent in gold revenue from R249 400 000 to R255 936 000.

Costs reflected the impact of wage increases awarded during the quarter to both Black and White workers and rose from R103 247 000 to R115 604 000, leading to a

drop in working profits from gold to R140 332 000 from R146 153 000.

Black labour complements are now at satisfactory levels on all mines except SA Land, where a shortage persists, although there has been an improvement during the quarter. Increased costs reflected not only wage increases but general inflationary pressures on stores and supplies. All mines, with the exception of Freddies which was marginally lower, boosted production.

Average grades were lower at six mines — FS Geduld, W Hold, Pres Brand, Pres Steyn, Welkom and East Daggas — and remained constant at West Deep Levels.

After tax, profits of the Free State mines rose by R623 486 000. Milled tonnage increased by 203 000 tons, or 5,7 per cent, to

3 767 000 tons, and gold production was 764 kg greater at 43 329 kg due mainly to the marked drop in the average gold price received or R3 523 a kilogram or about 161 dollars an ounce (R3 778 a kilogram or about 173 dollars an ounce in the previous quarter). Gold revenue decreased by R8 298 000 to R153 043 000. This decrease in revenue, and the higher working costs which rose to R63 216 000 from R57 024 000, left a reduced working profit from gold of R89 827 000 (March: R104 317 000).

The Transvaal mines increased their taxed profits by R5 874 000 to R30 246 000. The mines milled 2 878 500 tons — 458 000 tons up on the March quarter — to produce 29 916 kg of gold, 5 184 kg more than the previous quarter. This in-

creased production more than compensated for the lower gold price and led to an increase in gold revenue of R14 834 000 to R102 893 000. In spite of a rise in working costs of just over 13 per cent to R52 388 000 working profit from gold at R50 505 000 was much improved (R41 836 000).

(214)

By EDWIN ARNOLD  
Mining Editor

RDM 17/7/75

(914)

**THE worrying feature about today's quarterlies is that even Union Corporation, the industry's most efficient miner, has been unable to hold costs.**

Total milled tonnage for the group is up 1,97 per cent —or 52 000 t—to 2 691 000 t. Total working costs rose by 10,7 per cent to R27 496 000.

The feature in Anglovaal's quarterlies is the loss of R2 130 000 for Prieska against a March quarter net profit of R1 656 000. The cost of sales figure leapt by R7 046 000 — or 63,6 per cent — to R11 068 000. Net revenue from copper-zinc sales was R9 712 000 (R6 517 000).

Cons Murchison's net

profit plunged 51,4 per cent to R887 000, reflecting decreased shipments and lower antimony prices.

Lorraine continues the sad story of the marginals with the cost per ton milled up by 19,7 per cent to R24,86.

Tonnage fell 16 000 t to 264 000 t. Harties result is not too bad given the gold price received of around \$161 an oz against \$187 in March. Uranium profit is down R497 000 at R65 000.

The message of the quarterlies is clear. The gold price will have to move up fairly sharply within the next six to nine months if the industry's terrible cost squeeze is to be alleviated.

On an industry basis, costs showed an overall increase of about 5 per cent for the June quarter. Costs for the first half have risen 14,2 per cent against the December, 1974, quarter. Comparing this quarter with June, 1974, the rise is just over 30 per cent. The cost trend for 1975 still looks like being 25 per cent to 30 per cent.

Judging from Mr Peter Fells' "Gold 1975" report the gold price looks destined to move sideways for some time.

A five-day week will mean a fall in production although the full fall is difficult to quantify at this stage. Finally, the Black labour situation, although healthier, is still serious.

The investment conclusion must be for a dull gold share market for a good many months to come. Increasing stale bull selling into rallies would not surprise me, particularly from overseas.

The marginal mines, it need hardly be said, should be avoided unless you see gold quickly going through the roof.

# UNICORP GOLD MINES PROFIT <sup>214</sup> REACHES R18,8-m

<sup>17/7/75</sup>  
The Argus Correspondent

**JOHANNESBURG.** — With mill tonnages slightly up and grades held, Union Corporation's gold mines report a group net profit from gold mining of R18,8-million against R18,4-million for the March quarter.

Gold production rose by 2,8 percent to 595 372 ounces with working revenue rising by 2,0 percent to R 66,9-million. Costs a ton milled were 8,7 percent up at R10,22 compared with R9,41

Estimated taxation and Government share of profit dropped by 6,5 percent to R22,5-million.

**Bracken Mines:** — Permission has been received from the Department of Mines for it and Leslie G. M. to operate under a single general manager.

**Kinross** — No 2 shaft has been sunk to a total depth of 1 539m. Total cost of this system is expected to be R16-million of which R11,5-million has been spent

**-Unisel G. M.** — Full-scale shaft sinking operations started on June 23 Capital expenditure to the end of the quarter totalled R8,2-million

## ANGLOVAAL

Lower revenue an ounce, higher costs, labour shortages and other adverse factors trimmed profits of Anglovaal's mines for the June quarter

Mill tonnage at **Hartebeestfontein** fell as the result of a fire and profits from uranium declined from R562 000 in the March period to R65 000. Net profit fell by R2-million to R7,7-million.

**Lorraines** mill throughput was down. With costs sharply up, net profit was only R724 000 compared with R2,3-million

**Village Main's** net profit after state assistance was R25 000 (R29 000). An amount of R122 000 was received for expropriation of land by the Johannesburg City Council

**E. Tranvaal Cons** pushed its tonnage up and net profit was little changed. Capital expenditure increased from R90 000 to R111 000.

**Prieska Copper** increased its mill throughput. Sharply higher costs resulted in a loss of R2,1-million being incurred against a profit for the March period of R1,7-million.

**Cons Murchison's** net profit declined from R1,8-million to R888 700. Capital expenditure rose from R729 000. to R926 000.

# RISING TREND IN GOLD MINE DIVIDENDS IF...

STAR 30/7/75  
Mac Thain

Total dividend distributions by the gold mining industry could exhibit a rising trend over the next 10 years and distributable profits of uranium producers towards the end of this period could rise by an additional 10 to 15 percent, according to Mr Adriaan Louw, chairman of Gold Fields of South Africa.

There were, however, qualifications to such estimates, he told the executive development course of Wits University's Graduate School of Business Administration yesterday.

These were that target gold production of 850 tons a year was achieved, inflation on the mines and for the country was restrained to around the average level for the Western world, and the gold price showed an annual increase approximating that rate of inflation.

The relatively simple method of calculating the value of the gold mining industry had been destroyed by the social, economic and political changes which had come about concurrently with the rise in the gold price.

## DRAMATIC

The cost of White labour had risen by some 40 percent since 1970. A portion of this had been recovered by increased productivity, but by no means all.

Changes in the pay of Black workers had been dramatic. What was a labour-intensive industry had to change wherever possible to capital-intensive methods by increasing productive output per man employed.

Success in this would stabilise or reduce the increasing percentage of labour in total costs.

Working costs, a ton rose by 25 percent last year and there seems little prospect that it will be less this year, considered Mr Louw.

From 1976 onwards, with target production being achieved, the mining industry hopes it will be able to maintain a rate of cost increase, slightly slower than that in the country as a whole.

It could not be stressed too strongly that a rate of inflation higher than that in South Africa's mineral customer countries could soon make the entire industry less competitive internationally. This situation was clearly relevant to the balance-of-payments and therefore to the social and racial need for economic growth at a high rate.

## POLITICAL

The impression existed, said Mr Louw that inflation was a mysterious and incurable affliction. On the contrary, it was merely the inevitable consequences of Government overspending followed by the printing of paper money. The cure was as simple as the cause — stop overspending and stop printing paper money in excess of real product growth.

Why did the Government allow this to happen. The reason was more political

than economic. Politicians had found that the way into office is to make promises which will be inflationary and the way to stay in office was to purport to carry these out by inflating the currency.

Last year South Africa was in the favourable third of the inflation table of world trading nations. This year South Africa was in the bottom third.

When considering investment in gold and gold shares, Mr Louw said he believed that the bullion price would in time rise to match any average rate of inflation in major trading nations.

What worried him was this country's inflation being higher than average because with the racial imbalance in composition and living standards of its people, South Africa had to be always moving forward.

"We cannot afford to debauch our currency to the extent that a lowered standard of living becomes the only solution to the excesses of the past," Mr Louw declared. "After all, the present standard of many of the people is not anywhere near what we would all like to see."

# Rising trend forecast in dividend distributions of gold-mining industry

The Argus  
Correspondent

**JOHANNESBURG.** — Total dividend distributions by the gold-mining industry could exhibit a rising trend over the next 10 years and distributable profits of uranium producers towards the end of this period could rise by an additional 10 to 15 per cent, according to Mr Adriaan Louw, chairman of Gold Fields of South Africa.

There were qualifications to such estimates, he told the executive development course of Witwatersrand University's Graduate School of Business Administration yesterday.

These were that target gold production of 850 tons a year was achieved, that inflation on the mines and for the country was restrained to around the same level as the average for the Western world, and that the gold price showed an annual increase approximating that rate of inflation.

The relatively simple method of calculating the value of the gold mining industry had been destroyed by the social, economic and political changes which had come about concurrently with the rise in the gold price. The cost of White labour had risen by some 40 per cent since 1970.

A portion of this had been recovered by increased productivity, but by no means all. Changes in the pay of Black workers had been dramatic.

#### CAPITAL INTENSIVE

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WO'KLN

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time to match any average rate of inflation suffered by major trading nations.

As a South African, what worried him intensely was this country's rate being higher than the average because with the racial imbalance in composition and living standards of her people, South Africa had to be always moving forward.

rose by 25 percent last year and there seems little prospect that it will be less for the current 12 months, considers Mr Louw. From 1976 onwards, with target production being achieved, the mining industry hopes that it will be able to maintain a rate of cost increase, slightly less than that in the country as a whole.

It could not be stressed too strongly that a rate of inflation in excess of that prevailing in countries which buy South Africa's mineral exports could soon make the entire mineral industry less competitive internationally. This situation was clearly relevant to the balance of payments and therefore to the social and racial need for economic growth at a high rate.

#### OVERSPENDING

The impression existed, said Mr Louw, that inflation was a mysterious and incalculable affliction. On the contrary, it was merely the inevitable consequences of Government overspending followed by the printing of paper money. The cure was as simple as the cause — stop overspending and

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**THE Government is expected to take a long, hard look at the State assistance scheme for marginal gold mines under which aid is increasing because of the static gold price and rising costs.**

The plight of these mines was highlighted this week by the announced closing of Consolidated Main Reef Mine, a State-aided company managed by Rand Mines Properties.

Assistance in the first quarter this year totalled only R1,36-million but it almost trebled to R3,37-million last quarter and will be higher this quarter.

Division exists in the mining industry as to whether the scheme should be continued, because it diverts valuable labour away from profitable, productive mines to loss-making ones.

There is no question at the moment of suddenly closing mines which are

receiving aid, and a good case can be made for saving many mines in the hopes of a gold price rise.

But the Government may leave it to the mining houses to decide whether they will keep loss-making mines going without State assistance, or with only limited aid from taxpayers' funds.

A good case can also be made for stopping State aid as applied at present and paying some marginal mines only sufficient to keep them on a care and maintenance basis awaiting further rises in the gold price. However, this can be a costly procedure.

Investors should not feel concern about large mines like Durban Deep and ERPM, even though they qualified for aid last quarter.

Durban Deep has an area to the south, now being probed, which may be profitable and ERPM has large quantities of ore at fairly shallow depths as well as at great depth.

But mines like Village Deep and East Daggafontein have less claim for sympathy or support.

The issue is a complex one.

Protagonists of State aid point out that R47-million was paid from 1968 to 1972 when the gold price rose and lifted marginal mines out of the red.

In return these mines earned far larger sums in foreign exchange. The scheme was a success, they say,

because it kept the mines open and they were producing when the gold price rose.

The opposition case is that State aid should cease because it merely props up companies which are losing money and by putting more gold on the Zurich and London markets they depress the price.

The fact is that if, for example, 100 extra ounces of gold are produced and reduce the price by only 5c that 5c applies to thousands of other ounces sold so compounding the mining loss in a selling loss.

Other opponents of the assistance scheme see it as an extravagant and wasteful factor in the labour market, which has been bad in the past six months but has improved this quarter.

They want labour to be concentrated at the profitable mines which could then catch up with development work neglected during the labour shortage. This would make them ready to step up output if the gold price rises strongly.

Those in favour of increasing productivity at the more profitable mines have their case strengthened by the fact that Black labour now costs four times as much as it did two years ago and White labour has risen greatly in cost in the last few years.

Therefore, it should not be wasted on mines which lose money when other mines are still under complement.

A further point is that production might be adversely affected by the introduction of the five-day week.

If this occurs, men would be better employed on the higher-grade producers, where a White miner can produce far more gold in a month of 22 shifts than he would on a marginal mine.

State aid was at its maximum between 1968 and 1972. Eighteen mines were subsidised in 1969. They produced only 10 per cent of the industry's output but employed 20 per cent of the White labour force and 23 per cent of the African labour totalling 85 000 men.

When the gold price rose in 1972, mines were phased out of State assistance. Since the price has remained in the doldrums this year, and costs have risen, eight mines have come into the State scheme again. But with the closing of CMR their number will be reduced to seven.

In the six months to June 30 the mines operated by Rand Mines Properties — Crown, City Deep and CMR — claimed just on R1-million in aid.

Durban Deep claimed R779 000, East Daggafontein R509 000 and ERPM R869 000.

SA Lands claimed only R22 000. The case for maintaining this mine in existence is strengthened by the possibility of its opening a new mine in its Withok area to the south.

West Rand Cons received R1,57-million in the six months but its hope for the future is not in gold production but in uranium.

While the Government is expected to examine State assistance, no precipitate action is likely to be undertaken. Any proposed or possible change in policy would first be discussed with the Chamber of Mines, whose houses are not unanimous in their views on the subject.

# GOLDMINE OUTLOOK

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*Swi Times (Bas Times) 19/10/75*

By ADAM PAYNE  
Mining Editor

**THE SIGNAL from the gold mining quarterly reports is that the gold mining industry is in good shape and that a drastic fall in dividends — as forecast by some bears — is unlikely unless the gold price plummets.**

The average price received by the mines was about \$150 an oz at the old parity, equivalent to \$125 at the new parity. This compares with an average price in London of \$160.

Provided the free market price remains between \$140 and \$150,

## Mines are in good shape

results in the current quarter should compare favourably with those in the past two quarters

A price of \$145, when translated into rands, is equal to about \$176 before devaluation

Although dividends are not likely to fall sharply compared with last year — except those of the marginal mines — payments generally are likely to be lower this year than the last year

The only qualification is that they will be favourably or adversely affected by maintained upward or downward movements of the gold price

Fears that rising costs are crippling the industry in relation to

income are over-stated. However, cost rises coupled with the heavy capital spending that is now being undertaken will curb payments to a limited extent. On the costs side, old marginal mines will suffer most by any decrease in the gold price or if it fails to rise in a steady movement.

The shares and dividends of these mines rose much more steeply than those of the higher-grade producers last year, and with the decline in the gold price they also fell more sharply.

These mines are more labour-intensive and are unable to promote productivity as successfully as the more modern mines.

The quarterly reports showed that cost rises were not as alarming as expected. The tendency in the immediate future should be for costs to increase less sharply than they did in the middle of the year, when big African pay hikes and readjustments in white wages and salaries were sanctioned.

African wages are not likely to be increased as much in the coming year as they were in the past 12 months. However, inflation must eventually catch up and nullify the income benefits of devaluation, although this effect can be lessened by improved efficiencies and productivity.

The prosperity of the industry ultimately rests on the gold price and my best informant on this subject does not see it rising significantly in the months ahead.

He forecasts it moving between \$140 and \$150 for some months because there is no reason why investors or speculators, taking a short-term view, should hold gold. Thus there is likely to be no stimulus to the price.

### Technical

The recent firmness of the price at above \$140 an oz is seen as a result of a technical shortage of gold brought about by three factors

- The lack of normal South African supplies to the market
- Increased purchases of Kruggerands by Americans
- An increase in industrial off-take in the United States and Europe

The main battle for the industry in this situation is to control the rise in costs, which Harry Oppenheimer predicted, before devaluation, would be at a rate of 25 per cent a year.

The devaluation will make it difficult to maintain cost increases within this level, but recent indications that labour supplies will improve — assisted by a probable return of Malawians — will promote productivity.

A better labour supply will make it possible for mines which have milled below capacity, such as Labanon, to reach full production, so helping to check the inevitable rise in unit costs.

Gold shares strengthened in the past week. The sound state of the industry is an encouraging factor, but whether there can be a further appreciation of shares in the immediate future is doubtful. A sideways movement is more likely.

The better-grade, long-life mines will probably, attract most attention.

# Output from the gold mines set to go higher

STAR  
14/11/75  
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Mac Thain

Although there seems little likelihood of a major upturn in the economy until late next year or even not until early 1977, gold mining could prove the exception, Mr R S Lawrence, president of the Chamber of Mines, told the annual meeting of the Commercial Exchange this morning

Indications exist that production should increase next year. Greater capital expenditure by existing producers is expected to result in a substantial increase in mill throughputs and reverse the downward trend of output in recent years

In the early part of this

year production was affected by labour unrest but, said Mr Lawrence, the intensive recruiting campaign coupled with the attraction of higher wages has alleviated the situation to a large extent

At the end of last month the gold mines were operating with 91.7 percent of their total Black labour requirements.

## IMF SALES

In regard to the proposal to sell 25m ounces of gold from IMF stocks, Mr Lawrence emphasised that in fact no final agreement had been reached on this. Some small sales might come about next year but it will take 12 to 18 months before amendments to the Fund's articles are ratified — assuming that final agreement is reached at the Jamaica

meeting in January — and then only will sales be possible

In the medium and long term, said Mr Lawrence, the IMF proposals should not deter investors and consumers of gold and may well sharpen confidence in it by retaining a monetary demand for the metal

The mining industry firmly believes that, despite fluctuations which may be fairly severe, the trend of the gold price will be upward, both in the long run and in real terms

Confidence in the future of gold is reflected in the fact that several new mines are to be opened and it is sure that gold will continue to contribute substantially to national growth and maintain the momentum of business activity

An increase in outputs by the mines, Mr Lawrence said, will stimulate local industry and generate higher foreign exchange earnings and the industry could once again be the leader in the revival of the economy, as it did in 1972 when the gold price rise got underway



# Gold mines start reversing falling output trend

~~11/17~~  
(2) 214

## Mac Thain

Although gold production for the first 10 months of this year at 19.1m ounces, was 1.6m ounces less than the corresponding 1974 period, according to Chamber of Mines statistics, it has been picking up in recent months

The decline is attributable to two factors. First is the deliberate policy of the industry to exploit, where possible, previously unpayable ore rendered economic by the higher gold price. Second was the unforeseen acute shortage of underground labour in the early part of the year which substantially reduced milled throughput

Average grade for the industry has fallen steadily from 11.22 g/t for 1973, 10.11 g/t for 1974 and 9.46 g/t for the first nine months of this year

## UNLIKELY

The rate of decline has slowed this year, but this reflects the fact that most of the high-grade mines have no great tonnages of low-grade ore available and many of the low grade properties are down to pay limits as set by the gold price and working costs

Any substantial change in grade policy is unlikely in the foreseeable future, despite suggestions by some commentators that this should be done

Despite the very high gold price received in the second half of last year, mine planning continued to be based on the equivalent of 150 dollars an ounce and the price now being received is probably still in excess of this

Development work to open up low grade areas has been largely completed and in most cases already charged to working costs consequently, effective pay limits are lower than the current gold price would suggest. Furthermore, for technical reasons, this available ore has to be extracted

## BLACK LABOUR

In January this year output was down to 1.84m ounces when the Black labour shortage was at its worst. Now that the position has improved, with the strength back to 91.7 percent of requirements at the end of last month, October output was 1.93m ounces compared with 2.07m ounces 12 months previously

This improvement is expected to continue, according to recent speeches by Mr R S Lawrence, president of the Chamber of Mines. Not only is the labour position expected to recover further, but the expansion plans of a number of mines will start bearing fruit during 1976. In addition, there are indications that the industry's productivity drive is beginning to take effect

# Fire hits gold production

ROM 5/12/75-

A FIRE which broke out in No 4 shaft of the President Steyn Mine in August, would result in an overall production loss of some 270 000 tons, Anglo American Corporation announced yesterday.

It had been hoped that access could be gained to the sealed-off areas above the 63 level before the end of October, thus ensuring that normal monthly production of 240 000 tons would be achieved this month.

But it was now expected that access would only be regained by the end of this month—Sapa.

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(Thames & Hudson)

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# Mystery of Natal air crash

ARGUS  
1/12/75

The Argus Correspondent

DURBAN. — Mystery surrounds the air crash which claimed the lives of six men at Ladysmith, Natal, yesterday when a light plane plunged into the ground after taking off from the local airfield.

The dead were the 30-year-old pilot, Mr Anthony Carr (30), of Maritzburg, and five Basuto miners. He was flying them back to their homes at Mokhotlong in Lesotho.

The plane, a single-engine Cessna Centurion belonging to Tugela Air Services, struck the ground nose-first only seconds after lifting clear of the airfield's outer perimeter.

A Durban pilot who has used the Ladysmith airfield hundreds of times, said he was baffled by Mr Carr's decision to take off along the shortest of the three runways.

### SHORTER

This runway is about 300 metres shorter than the other two and is made doubly hazardous by a number of rising hills at the end of it.

A strong wind may have forced Mr Carr to use the shorter runway.

People who watched the plane take off said it seemed to 'falter and the tail dropped.' Then the orange-and-white aircraft appeared to slide sideways for an instant and finally plunged nose first.

The aircraft's propellor was buried deep in the earth at the point of impact. It was not badly smashed, which would indicate that the propellor was not turning when the aircraft hit the ground.

Lieutenant J. van Wyk of the Ladysmith police said the bodies were burnt beyond recognition. He could identify the pilot only by the watch which was strapped to his wrist.

They were undoubtedly all killed instantly.

1 (213)  
2 313



The August  
The August, Tuesday  
December 30 1975

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## Chairman's statements for Anglo American Corporation Group's O.F.S gold mining companies

# WE REMAIN CONFIDENT IN THE FUTURE OF GOLD

—Mr D. A. Etheredge, Mr D. B. Hoffe

### GOLD PRICE

The period under review opened with the gold price rising steadily against a background of world-wide inflation and impending legalisation of gold ownership by American citizens. Investment and speculative demand was so strong that the announcement of the first G.S.A. auction by the U.S. Treasury in December 1974 caused only a temporary fall in the market price. Within two weeks the price of \$185 an ounce on the eve of the announcement had been regained and ten days later, on 30th December 1974, the record dollar price of \$197,50 was fixed in London.

Forecasts of American demand proved to be highly exaggerated and throughout January and February 1975 gold bought by bullion dealers, bankers and speculators, originally intended for the United States market had, in large measure, to be absorbed elsewhere. Despite this and the sale by the G.S.A. early in January of 753 600 ounces, the price held up remarkably well and the average price over the first two months of the year was only marginally under \$180 an ounce.

By early March the market had turned and there began a downward trend which persisted until the end of September 1975 when for the first time in twenty months the London price was fixed below \$130 an ounce.

The combined effect of two U.S. auctions, substantial gold sales by the U.S.S.R., and the sale of South Africa's total current production plus a marginal tonnage from official reserves over this period has meant that the slightest weakening in demand created an over-supply situation which led to downward pressure on the gold price.

Between March and September a number of factors caused demand to slacken. The intense speculative purchasing which had forced the price to record levels towards the end of 1974, evaporated as the likelihood of continued upward movement waned. Investment demand also eased as governments turned their attention to the fight against inflation, the U.S. dollar strengthened and interest rates moved upwards. At the same time industrial demand fell even further as economic recession made itself felt in all the developed nations.

It was against these relatively subdued market conditions that the finance ministers of the 'Group of Ten' announced, at the beginning of September, their intention to sell 25 million ounces of I.M.F. gold in order to raise funds to assist the less developed countries. This news caused the price to plummet by some \$30 an ounce before it finally stabilised and moved back into the \$130 range and subsequently through the \$140 level around which it has since remained.

General confusion over what had, in fact, been agreed by the 'Group of Ten' and the complete absence of any details as to how the selling of this gold was to be achieved, created the uncertainty which, we believe, led to an over-reaction in the market. Definite indications of a move of this nature, to which little attention was given, had been evident weeks before the Washington announcement. As it happened, the generally low level of investment demand in Europe up to the end of August dried up entirely. Added to this, limited disinvestment selling by nervous holders and the liquidation of the gold holdings bought on margin helped to drive the market downwards.

### DEMAND

The nervousness in the market has abated now that there is a better appreciation of the I.M.F. decision. In whatever manner the 25 million ounces is to be used in connection with the raising of the funds totalling some \$2,5 billion, it is unlikely to be to the ultimate detriment of the market as this would not be, apart from anything else, in the interests of the I.M.F. itself. Far from having a disastrous effect on the long-term future of gold, we consider these recent developments to be a positive step towards the re-introduction of gold into an active role in the international monetary system.

Fabrication demand, especially in the jewellery industry, is showing signs of revival in both Europe and America. Investment purchasing, albeit in limited quantities, has also re-emerged and Krugersand sales have returned to levels comparable to those of earlier this year. The demand factors which must be accepted in any free market and the influence of the American futures markets will contribute to these movements. In our view the elimination of the enormous speculative premiums that gold has commanded on several occasions in the past two years will be beneficial in the longer term to the stability and growth of the market and we remain confident in the future of gold.

### INFLATION

The high level of inflation experienced in 1974 persisted in the year under review and contributed substantially to the 22 per cent increase in the working cost a ton milled of the Group's mines in the Orange Free State. Working cost a ton milled of the company increased by only 15,7 per cent. This lower rate of increase is attributable to the considerable increase in tonnage milled which, in turn, reflects the recovery from the labour disturbances of 1974.

In attempting to counter the serious effects of inflation the company, through the Chamber of Mines, of which it is a member, has undertaken to support the voluntary anti-inflation programme agreed to between the Government and the private sector. At the same time, strenuous attempts are being made by management to contain cost increases generally, and wherever possible to reduce specific costs.

Capital programmes are being critically re-examined in the light of the effects of the lower gold prices which have prevailed in recent months and the continuing prospect of increasing costs. Fortunately, the support content in many of the projects being planned and undertaken is high but nevertheless efforts are being made to reduce and defer wherever possible.

### LABOUR

Negotiations between the mining companies and the White trade unions for the introduction of a five-day week came to a head during the year. The basic obstacle to the five-day week is that the mines were designed to operate on a six-day basis and cannot achieve their weekly production targets over five days unless they have the opportunity to labour more effectively. This means that it is imperative for the mines to seek concessions from the unions in respect of the utilisation of their labour; concessions which the unions have been reluctant to make. After protracted negotiations agreement has now been reached with the Mine Workers Union on a compromise scheme. The mining companies have undertaken that the five-day week will be introduced on all gold mines within three months of agreement being reached with the remaining employee organisations. Negotiations have yet to be concluded with the engineering unions and with the three officials' associations, so that the introduction of the five-day week is not expected to take place until next year.

The unrest among Black labour which characterised 1974 was much less marked in 1975. The only major disturbances were in January

1975 — principally at Vaal Reefs, President Brand and Free State Saaiplaas, all mines within the Anglo American Corporation Group — and were specific in origin, namely the resentment among Basotho employees over the introduction of a compulsory deferred pay scheme by the Lesotho Government. Rioting occurred and large numbers of workers from the three mines elected to go home. Urgent consultations were held with the Lesotho Government involving not only management but also senior Basotho employees. The regulations were eventually amended to meet some of the complaints of employees.

In keeping with our policy of increasing substantially the wages of our Black employees, wage increases were granted in December 1974 and again in June 1975. The minimum underground novice rate was increased from 160 cents to 180 cents a shift in December and to 220 cents a shift in June. Average earnings of underground employees are now in the region of 350 cents a shift, which is a four-fold increase in as many years. Food, accommodation and a variety of medical and recreational facilities continue to be provided free of charge.

It is to these wage increases, together with the vigorous publicity campaign launched by the Mine Labour Organisation that must be attributed the most satisfactory increase in the proportion of Black South Africans who have joined the mines. Late in 1974, the proportion of South Africans among the Blacks on the gold mines in South Africa was 25 per cent, by the end of October 1975 it had increased to 33 per cent. The position of our Group is even better as we then had 42 per cent, and with the inclusion of Basothos who comprise the other major labour component, the proportion of labour from these sources rises to 77 per cent. The supply of labour from Mozambique is continuing at a satisfactory rate and there are now signs that recruiting may be resumed from Malawi. While the industry accepts that it will require foreign migrant labour for many years to come, it is reassuring to note that a greater proportion of labour can be drawn from our own country. Although not all mines are up to full strength, there is every reason to be confident that there will be the seasonal increase again in the early months of 1976 and if this is accompanied, as seems likely, by the resumption of recruiting in Malawi, this period of labour shortages should be over.

In the long run our goal must be to stabilise our Black labour force as much as possible. Schemes have been evolved to attract men to return to the same mine after each period of leave and to provide each man with a career path and the complementary training programmes. Equally important is our intention to house the more senior, experienced and skilled Black employees with their families on the mines or in the adjacent municipalities. This is the subject of discussions with the Government and we sincerely hope that they will accept that considerable benefits will flow to the mines and to the economy as a whole if these employees are able to live with their families.

Meanwhile we continue to improve and refine the system for upward and downward communications of the mines of the Group. The experiments with briefing groups for downward communication at two mines were encouraging and the system is now being implemented on all the other mines of the Group.

The need to maintain sound labour relations with Black employees has never been more important than at the present time, especially in view of the prevailing political unsettlement in parts of the Southern

African sub-continent including those countries which supply labour to the South African gold mines. It would be over-optimistic to expect that labour relations on the mines will be trouble-free in the years ahead, but we hope that the efforts we are making will help to minimise the problems.

### NEW PROJECT

I turn now to an exciting new project involving the seven gold mining companies in the Orange Free State for which the Anglo American Corporation provides technical and administrative services. This project comprises the construction of a major metallurgical plant complex for the production of uranium, sulphuric acid and additional gold from the current residues and reclaimed slimes of these mines. Initial feasibility studies have indicated that the project should prove most attractive. The main components of the complex will be pyrite flotation plants with a combined capacity of 1 300 000 tons a month, an acid plant with a production capacity of 1 000 tons a day of sulphuric acid and the existing uranium plant at President Brand which it is planned to commission in mid-1976; the rest of the plants will be in full production early in 1977.

Discussions are currently being held with the appropriate Government authorities regarding recommendations for the financial structure and participation of mining companies in this venture. It is planned that the proposed scheme be undertaken on a joint basis on behalf of all Group Orange Free State gold mines. Customer finance has been arranged for the project's substantial capital expenditure and it is not expected that anything other than short-term funding will be required from the participating mines. Members will be informed of details of the scheme once these have been clarified and approved by the authorities.

The continued labour shortage and substantially higher expenditure on salaries and wages have led to increased efforts in research aimed at improving labour productivity. Important advances in the fields of raise boring and mechanised development drilling and cleaning techniques have been achieved. This has allowed additional emphasis to be placed on stoping operations where there is significant potential for increased productivity because these operations are labour-intensive. The gold mines of the Anglo American Corporation Group are carrying out a wide range of trials on their own and in conjunction with the Chamber of Mines research organisation.

### ORE RESERVES

In view of the fluctuations in the sales revenue received by the mines caused by changes in the free market gold price, it has been decided to publish ore reserve figures based on three separate gold price levels. In this way, the sensitivity of the ore reserves to variations in revenue from gold sales is demonstrated. Ore reserves have accordingly been estimated at pay limits based respectively on gold prices of R3 100, R3 500 and R4 000 a kilogram or \$110, \$125 and \$143 an ounce (1974: R3 000 a kilogram).

### PRODUCTION PLANS

The fall in the gold price and the devaluation of the rand caused a delay in the preparation of the production plans for 1976 which were not ready for publication with the quarterly reports in October and are published for the first time in the annual reports.

## COMMENTS BY MR D. B. HOFFE ON INDIVIDUAL MINE PERFORMANCES

### Free State Geduld Mines Limited

On 18th February 1975, I was appointed chairman of the company in succession to Mr D. E. MacIver who resigned from our board to take up other duties. I would like to record our thanks to him for his contribution to the company's affairs during his period as chairman.

Working profits in the year under review increased by 19 per cent to reach the record level of R108 925 000. This is the first time that working profits have exceeded R100 million and was achieved in spite of a 15,7 per cent increase in working costs to R14,98 a ton milled. Gold output rose marginally to 39 108 kilograms, the increase of 22 per cent in tonnage milled just offsetting the fall in grade of 3,56 grams to 16,68 grams a ton. The sale of this production at a very satisfactory average price level over the year was the principal factor contributing to the improvement in working profit. The average gold price received in 1975 was R3 673 a kilogram or about \$164 an ounce (1974: R2 985 a kilogram or \$137 an ounce). No dividend was received from Freddie's Consolidated Mines Limited (1974: R2 million) which operated as an independent entity for the first time since May 1964. After taking account of income from sundry sources and taxation and State's share of profit, the profit after tax rose to R41 609 000 from R35 027 000 with the addition of retained profit brought forward from last year, the amount available for appropriation was R44 501 000. Dividends declared of 330 cents a share (1974: 310 cents a share) absorbed R33 000 000 and appropriation for capital expenditure R6 240 000, leaving an amount of R5 261 000 to be carried forward into the next year.

The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which pertained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this devaluation will reduce its benefits.

The estimate of capital expenditure for 1976 is R7 500 000, after making allowance for inflation. Major items of capital expenditure include the upgrading of housing facilities and extensions to the gold plant

Our mine is to be a major testing ground for newly developed mining equipment. In the coming year, scoop trams are to be introduced and it is hoped that these cleaning systems will assist in realising the full ore-breaking potential of the jumbo drilling rig. Tests of the recently improved blind hole borer are to be continued and tunnel borers, which hold out considerable promise for productivity gains, are to be introduced.

The rehabilitation of No. 3 shaft, referred to last year, was completed towards the end of the year thereby facilitating prospecting and development in the northern part of the lease area. Further extensions to the ventilation and refrigeration plants at Nos 1 and 2 shafts are in hand. Pending the completion of the expansion of the capacity of the gold plant to 215 000 tons a month, the company has supplied some 91 000 milled tons to Freddie's for treatment on a toll basis in terms of an agreement approved by The Hon. the Minister of Mines. The extensions to the gold plant were completed in the first quarter of the current financial year and will be commissioned shortly.

In the 1974 Chairman's Statement, it was mentioned that an investigation into the potential of the north and north-west areas of the lease area was being undertaken and that it was possible that this could lead to the sinking of a joint shaft with Freddie's in the vicinity of the northern boundary of the company's lease area. These investigations had led to a much broader proposal which is being considered by the board of this company, Western Holdings Limited and Freddie's. The proposals envisage the amalgamation of the mining leases of Free State Geduld and Freddie's so that the combined

### SUMMARY OF OPERATIONS

	1975	1974
Gold production	R108 925 000	R91 803 000
WORKING PROFIT	2 344 000	*1 926 000
TONS MILLED	39 108	38 982
GOLD PRODUCED — KILOGRAMS	16,68	20,24
YIELD — GRAMS/TON	R14,98	R12,95
COST PER TON MILLED	R46,47	R47,67
PROFIT PER TON MILLED		

\* The tons milled for the year 1974 excluded 148 800 tons of milled ore delivered to Freddie's Consolidated Mines Limited under an agreement, the terms of which provided for the arrangement to cease on 30th September 1974.

area can be mined by Free State Geduld. The issued share capital of Freddie's is owned equally by Free State Geduld and Western Holdings and it is intended that Freddie's will become a wholly-owned subsidiary of Free State Geduld subject to the allotment of Free State Geduld shares to Western Holdings. Discussions are at a preliminary stage and if finalised, will be subject to the approval of The Hon. the Minister of Mines.

The proposals have considerable advantages to all parties concerned. As a combined operation, the number of new shafts required to service the unmined areas of both mines is reduced from five to three. This, in turn, will result in lower unit working and capital costs. In addition, it will make possible the rationalisation of all facilities on both mines.

The preliminary work has been set in motion for the sinking of the first major shaft to serve both lease areas. This will be sited in the neighbourhood of the western section of the common boundary between the two mines. These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 6 564 000 tons at 21,21 grams a ton. The reserves rise to 7 026 000 tons at 20,16 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 7 194 000 tons at 19,78 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 7 341 000 tons at 21,98 grams a ton.

Our planned production in 1976 is 2 400 000 tons milled at a grade of 15,0 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining will allow.

# Western Holdings Limited

On 18th February 1975, I was appointed chairman of the company in succession to Mr D. E. MacIver who resigned from our board to take up other duties. I would like to record our thanks to him for his contribution to the company's affairs during his period as chairman.

Working profits in the year under review reached the record level of R106 442 000. This is the first time that working profits have exceeded R190 million, and was achieved in spite of a 21,6 per cent rise in working costs per ton milled to R14,95 and a fall in grade of 2,24 grams to 14,01 grams a ton. The results reflect a 14,9 per cent increase in the tonnage milled to 2 943 000 tons and an overall improvement of 20 per cent in the average price received for gold during the year. The average gold price received in 1975 rose to R3 640 a kilogram or about \$162 an ounce (1974: R3 032 a kilogram or \$140 an ounce). No dividend was received in the year under review from Freddie's Consolidated Mines Limited (1974: R2 million) which has operated as an independent entity for the first time since May 1964. After taking account of investment and net sundry and other income which rose marginally, and taxation and State's share of profit, the profit after tax rose to R42 515 000 from R36 424 000. With the addition of retained profit brought forward from last year, the profit available for appropriation was R46 126 000. Dividends declared of 475 cents a share (1974: 445 cents a share) absorbed R35 608 000 and appropriation for capital expenditure R6 113 000, leaving R4 405 000 to be carried forward to the new year.

The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which

## SUMMARY OF OPERATIONS

	1975	1974
Gold production		
WORKING PROFIT	R106 442 000	R95 144 000
TONS MILLED	2 943 000	2 561 000
GOLD PRODUCED — KILOGRAMS	41 240	41 605
YIELD — GRAMS/TON	14,01	16,25
COST PER TON MILLED	R14,95	R12,29
PROFIT PER TON MILLED	R36,17	R37,15

\* The 1974 figure excludes 205 500 tons of milled ore delivered to Freddie's under an agreement, the terms of which provided for the arrangement to cease on 30th September 1974. Since that date the milled ore has been treated at the company's own plant.

perained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this devaluation will reduce its benefits. The estimate of capital expenditure for 1976 is R5 800 000, after making allowance for inflation. Principal items of capital expenditure include the further improvement and building of housing facilities and an extension to the gold plant.

The gold mines of the Anglo American Corporation Group are carrying out a wide range of trials on their own and in conjunction with the Chamber of Mines research organization.

Our mine is at this stage not directly involved in these trials but we are concentrating on improving methods of operation and ensuring the effective and efficient allocation of labour and material resources.

The extensions to the treatment and milling sections of the plant reported last year have been delayed by protracted delivery times for equipment. These extensions, which are necessary for the treatment of additional ore from No. 3 shaft, are expected to be completed in the first half of the current year.

These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 8 934 000 tons at 19,48 grams a ton. The

reserves rise to 9 597 000 tons at 18,48 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 10 174 000 tons at 17,69 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 9 853 000 tons at 17,52 grams a ton.

Our planned production in 1976 is 3 150 000 tons milled at a grade of 13,0 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining will allow.

A proposal for the amalgamation of the mining leases of Free State Geduld and Freddie's is being considered by the board of this company, Free State Geduld and Freddie's. The issued share capital of Freddie's is owned equally by Western Holdings and Free State Geduld, and it is envisaged under the proposal, that Freddie's will become a wholly-owned subsidiary of Free State Geduld. This would be achieved by way of the allotment of Free State Geduld shares to Western Holdings. Discussions are at a preliminary stage and if finalised, will be subject to the approval of The Hon. the Minister of Mines. For further details, I refer you to my comments under the review of "Operations at Freddie's", given below.

## OPERATIONS AT FREDDIE'S CONSOLIDATED MINES LIMITED

The sharp fall in working profit to R2 163 000 from R19 685 000 in the previous year must be viewed in the light of the changed nature of the company's activities. Following the amalgamation on 30th September 1974 of the mine whereby the company purchased milled ore for treatment from Western Holdings and Free State Geduld, the company has operated as an independent entity for the first time since May 1964. For this reason, the results achieved in the year under review are strictly comparable with those of the previous years. During 1975, 778 000 tons were milled at an average grade of 5,36 grams a ton to produce 4 168 kilograms of gold. The company did not rank for taxation and State's share of profit and after taking account of income from sundry sources, the 1975 profit available for distribution was R3 033 000. With the addition of retained profit from last year, the total profit available for appropriation was R10 187 000. Of this, R3 933 000 was appropriated for capital expenditure; no dividend was declared and an amount of R6 254 000 was carried forward into the new year.

Working costs per ton milled rose by 27 per cent in response to the persistence of inflationary conditions in the economy, further substantial advances in the wages paid to our Black employees and the lower level of production. During the year, treatment capacity remained in excess of milling and hoisting capacity as a result of the delays caused by extended delivery schedules for materials and equipment. However, the impact of this on working costs per ton milled was to some extent mitigated by the toll treatment of some 91 000 tons of milled ore for Free State Geduld and the processing of reclaimed material from the No. 2 rock dump. The mill extensions and increased hoisting facilities were commissioned in September 1975 and production is scheduled to build up to the target of 88 000 tons a month by

## SUMMARY OF OPERATIONS

	1975	1974
Gold production		
WORKING PROFIT	R2 163 000	R19 685 000
TONS MILLED		
MINE PRODUCTION UNDERGROUND — TONS	685 500	689 000
MILLED ORE FROM FREE STATE GEDULD — TONS	—	148 500
MILLED ORE FROM WESTERN HOLDINGS — TONS	—	205 500
MILLED ORE FROM DUMP RECLAMATION — TONS	92 500	—
TOTAL	778 000	1 043 000
GOLD PRODUCED — KILOGRAMS	4 168	11 429
COMBINED YIELD — GRAMS/TON	5,36	10,96
COST PER TON MILLED	R19,15	R15,08
PROFIT PER TON MILLED	R2,78	R18,86

June 1976. Planned production for 1976 is 1 000 000 tons milled at a grade of 6,3 grams a ton. Estimated capital expenditure in 1976 is R2 600 000, after making allowances for inflation.

In order to demonstrate the sensitivity of the ore reserves to variations in revenue from gold sales, ore reserves have been estimated at pay limits based respectively on gold prices of R3 100, R3 500 and R4 000 a kilogram (1974 R3 000 a kilogram). At R3 100 a kilogram ore reserves are estimated at 1 597 000 tons at 11,49 grams a ton. The reserves rise to 1 902 000 tons at 10,59 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 2 262 000 tons at 9,73 grams a ton if a gold price of R4 000 a kilogram is assumed.

In the 1974 Chairman's Statement, it was mentioned that an investigation into the potential of the south and south-west areas of the lease area was being undertaken and that it was possible that this could lead to the sinking of a joint shaft with Free State Geduld in the vicinity of the southern boundary of the company's lease area. These investigations have led to a much broader proposal which is

being considered by the board of this company, Western Holdings and Free State Geduld. The proposal envisages the amalgamation of the mining leases of Freddie's and Free State Geduld so that the combined area can be mined by Free State Geduld. The issued share capital of Freddie's is owned equally by Free State Geduld and Western Holdings and it is intended that the company will become a wholly-owned subsidiary of Free State Geduld subject to the allotment of Free State Geduld shares to Western Holdings. Discussions are at a preliminary stage and if finalised will be subject to the approval of The Hon. the Minister of Mines.

The proposal has considerable advantages to all parties concerned. As a combined operation, the number of new shafts required to service the unmined areas of both mines is reduced from five to three. This, in turn, will result in lower unit working and capital costs. In addition, it will make possible the rationalisation of all facilities on both mines.

The preliminary work has been set in motion for the sinking of the first major shaft to serve both lease areas. This will be sited in the neighbourhood of the western section of the common boundary between the two mines.

## Welkom Gold Mining Company Limited

On 18th February 1975, I was appointed chairman of the company in succession to Mr D. A. Etheredge, who remains on the board.

Although tonnage milled during the year rose by 12,3 per cent to 2 096 000 tons, the drop in grade of 1,59 grams to 6,70 grams a ton caused gold output to fall. The sustained improvement in the average gold price received caused working revenue to rise by 11,3 per cent but this was insufficient to offset the 32,8 per cent increase in total working costs and working profit fell from R21 346 000 to R18 243 000. The average gold price received by the company was R3 719 a kilogram or about \$166 an ounce (1974: R3 029 a kilogram or \$139 an ounce). After taking account of an increased contribution of income from sundry sources and reduced payments in respect of taxation and State's share of profit, after-tax profit rose by 7,9 per cent to R11 385 000. Of the amount available for appropriation of R14 203 000, dividends declared of 55 cents a share, unchanged from 1974, accounted for R6 738 000 and appropriations for capital expenditure for R4 049 000, leaving R3 416 000 to be carried forward into the new year, an increase of R598 000 over 1974.

The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by

## SUMMARY OF OPERATIONS

	1975	1974
Gold production		
WORKING PROFIT	R18 243 000	R21 346 000
TONS MILLED	2 096 000	1 866 000
GOLD PRODUCED — KILOGRAMS	14 050	15 471
YIELD — GRAMS/TON	6,70	8,29
COST PER TON MILLED	R16,30	R13,79
PROFIT PER TON MILLED	R8,70	R11,44

almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which pertained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this devaluation will reduce its benefits. The estimate of capital expenditure for 1976 is R5 000 000, after making allowance for inflation. The improvement and upgrading of housing will account for nearly half of the planned expenditure.

Our mine has participated in these trials to the extent that the jumbo drilling rig, installed at the mine during the year, has been proved to be technically successful. Initial tests of the efficiency and suitability of the blind hole borer are being conducted at the mine, and are yielding satisfactory results. Production was affected during the year by an accident at No. 2 shaft in March 1975.

In consequence of this accident, the shaft was out of commission for five days while timber-work and cables were repaired resulting in a loss of 26 000 tons milled.

These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 5 500 000 tons at 11,34 grams a ton. The reserves rise to 6 653 000 tons at 10,28 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 7 613 000 tons at 9,55 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 7 497 000 tons at 9,56 grams a ton.

Our planned production in 1976 is 2 150 000 tons milled at a grade of 6,3 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining will allow.

## COMMENTS BY MR D. A. ETHEREDGE ON INDIVIDUAL MINE PERFORMANCES

### Free State Saaiplaas Gold Mining Company Limited

In order to raise additional funds to assist in the financing of the major capital expenditure required for the company's expansion programme a rights issue was undertaken in March 1975. Members of President Brand Gold Mining Company Limited were offered 14 040 000 shares of a nominal value of R1 each for subscription in cash at R2,50 per share. The offer which closed on 4th April 1975 was underwritten by the Anglo American Corporation of South Africa Limited. A capitalisation issue of 1 568 130 shares was made to President Brand on 12th May 1975, that company now holds 50,04 per cent of Free State Saaiplaas' issued share capital. With effect from 12th May 1975 the shares of the company were listed on the Johannesburg

and London stock exchanges. During the year under review, preparations for the sinking of the No. 3 shaft were commenced. The shaft was presunk to 40 metres below surface and thereafter the headgear was constructed and the sinking stage in-

stalled in readiness for the main sinking programme which started in October 1975. Work in the inter-shaft connection from No. 2 shaft to the No. 3 shaft site to provide for the transfer of rock and material and to comply with the legal requirement for the provision of

## SUMMARY OF OPERATIONS

	1975	1974
Gold production		
WORKING PROFIT	R3 109 000	R7 491 000
TONS MILLED	1 084 000	1 112 500
GOLD PRODUCED — KILOGRAMS	4 777	5 813
YIELD — GRAMS/TON	4,41	5,31
COST PER TON MILLED	R13,89	R10,68
PROFIT PER TON MILLED	R2,87	R6,73

second outlet was delayed because of unforeseen geological complications. In order to expedite this development a hydraulic drilling rig is being employed. This interconnection will also assist in the establishing of ore reserves in the No. 3 shaft area prior to the completion of the shaft equipping to that horizon.

As a result of movement caused by the removal of the No. 1 shaft pillar a number of years back when it was envisaged that the mine would close down, rehabilitation work in the shaft became necessary. This will enable the shaft to be maintained as a main upcast airway and serve as a temporary second outlet until No. 3 shaft is commissioned.

Tonnage milled decreased by 28 500 tons to 1 084 000 tons in 1975. This does not include 515 800 tons treated on a toll basis on behalf of President Brand, and 150 000 tons milled and treated on the same basis for President Steyn. The agreement with President Steyn to mill and treat their ore terminated on 31st March 1975. Despite the increase in the gold price received, which averaged R3 793 a kilogram or about \$170 an ounce in 1975, as compared with R3 265 a kilogram

or about \$145 an ounce in 1974, working profit decreased by 58 per cent to R3 109 000. The lower profit was because of a decline in grade of 0,90 grams to 4,41 grams a ton and a 30 per cent increase in working costs to R13,89 a ton. As a developing mine, with high capital expenditure, this company did not rank to pay taxation or State's share of profit. After writing off share expenses of R1 173 000 and taking account of income from sundry sources, profit after taxation was R4 388 000. With the addition of retained profit from last year, the profit available for appropriation was R7 057 000 of which dividends declared absorbed R1 686 000. Retained profit carried forward was increased from R2 669 000 to R5 371 000. The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which pertained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this devaluation will reduce its benefits. Our own escalation of 30 per cent, as men-

tioned earlier, is mainly a result of increased expenditure on plant maintenance, rehabilitation of areas previously abandoned when the mine was closing down and additional development to open up ore reserves.

Our mine is, at this stage, not directly involved in these trials but we are concentrating on increasing productivity by improving methods of operation and ensuring the effective and efficient allocation of labour and material resources.

These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 2 390 000 tons at 6,64 grams a ton. The reserves rise to 3 111 000 tons at 6,17 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 3 679 000 tons at 5,83 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 3 260 000 tons at 5,82 grams a ton.

Our planned production in 1976 is 1 200 000 tons milled at a grade of 4,50 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining will allow.

## President Brand Gold Mining Company Limited

In the year under review, the tonnage milled increased marginally from 2 869 000 tons to 2 889 000 tons. This figure includes 515 800 tons pumped to Free State Saaiplaas Gold Mining Company Limited and treated on a toll basis on our behalf. The original published target of 3 050 000 tons revised to 2 900 000 tons, after the Black labour disturbances, at the end of the March quarter, was not achieved because of the general shortage of Black labour. In spite of a drop in the grade of 0,55 grams to 13,87 grams a ton and a 24 per cent increase in working costs to R16,79 a ton, the working profit rose to R98 110 000 or 12 per cent over 1974. The higher profit was entirely as a result of the increase in the average gold price received by the company which rose to R3 649 a kilogram or about \$163 an ounce in 1975, from R3 052 a kilogram or about \$140 an ounce in 1974. After meeting taxation and State's share of profit, which increased to R53 898 000, and taking account of income from sundry sources, profit after tax rose to R45 747 000 from R40 451 000. With the addition of retained profit brought forward from last year, the profit available for appropriation was R49 728 000. Of this amount R9 081 000 was appropriated for capital expenditure and R35 100 000 was absorbed by dividends declared of 250 cents a unit of stock (1974: 245 cents). The balance carried forward was R5 547 000.

The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which pertained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this

devaluation will reduce its benefits.

The unrest among Black labour which characterised 1974 was much less marked in 1975. The only major disturbances were in January 1975 — principally at Vaal Reefs, Free State Saaiplaas and on our mine — and were specific in origin, namely, the resentment among Basotho employees over the introduction of a compulsory deferred pay scheme by the Lesotho Government. The unrest at our mine culminated in the repatriation of 2 200 workers. This left our No. 2 shaft critically short of specialised labour for a few months. Urgent consultations were held with the Lesotho Government involving not only management but also senior Basotho employees. The regulations were eventually amended to meet some of the complaints of employees.

The gold mines of the Anglo American Corporation Group are carrying out a wide range of trials on their own and in conjunction with the Chamber of Mines research organisation. Our mine is, at this stage, not directly involved in these trials but we are concentrating on increasing productivity by improving methods of operation and ensuring the effective and efficient allocation of labour and material resources.

During the year production was affected by

an underground fire. The fire, which broke out in February 1975, originated in the President Steyn lease area but, unfortunately, had a considerable effect on the operations of this mine's No. 4 shaft. The fire was of about seven weeks' duration and resulted in a substantial loss of tonnage.

The agreement whereby this company mines a portion of the President Steyn's lease area was re-negotiated during the year. Extensions to the reduction plant were completed during the year and milled capacity is now 254 000 tons per month.

These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 8 130 000 tons at 15,34 grams a ton. The reserves rise to 8 440 000 tons at 14,97 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 8 765 000 tons at 14,58 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 8 506 000 tons at 15,64 grams a ton.

Our planned production in 1976 is 3 000 000 tons milled at a grade of 12,0 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining will allow.

### SUMMARY OF OPERATIONS

	1975	1974
Gold production		
WORKING PROFIT . . . . .	R98 110 000	R87 806 000
TONS MILLED . . . . .	2 889 000	2 869 000
GOLD PRODUCED — KILOGRAMS . . . . .	40 066	41 366
YIELD — GRAMS/TON . . . . .	13,87	14,42
COST PER TON MILLED . . . . .	R16,79	R13,62
PROFIT PER TON MILLED . . . . .	R33,96	R30,54

## President Steyn Gold Mining Company Limited

In the year under review, the tonnage milled increased marginally from 2 599 000 tons to 2 636 000 tons. Included in this figure are 150 000 tons milled and treated on a toll basis on behalf of the company by Free State Saaiplaas Gold Mining Company Limited. Working profit decreased by 3 per cent over 1974 to R56 236 000 despite an increase in the gold price received. The lower profit was a result of the drop in grade of 0,98 grams to 10,89 grams a ton and a 32 per cent increase in working costs to R18,57 a ton. The average gold price received by the company during 1975 was R3 653 a kilogram or about \$163 an ounce as compared with R3 068 a kilogram or about \$141 an ounce in 1974. After meeting taxation and State's share of profit, which decreased by 11 per cent to R23 707 000, and taking account of income from sundry sources, profit after taxation rose to R38 336 000 from R33 530 000. With the addition of retained profit from last year, the profit available for appropriation was R44 470 000. Of this amount, dividends declared of 125 cents a share (1974: 135 cents a share) absorbed R17 500 000 and the appropriation for capital expenditure a further R19 620 000, leaving R7 350 000 to be carried forward into the current year, an increase of R1 215 000 over 1974.

The recently announced 17,9 per cent devaluation of the rand has benefited the mines in that rand proceeds have increased by almost 22 per cent. The immediate effect has been to restore the revenue in rand being received by the mines to the levels which pertained immediately before the I.M.F. meeting when the price was over \$160. As time goes by the inflationary effects of this devaluation will reduce its benefits.

The main items of expenditure for the current year are No. 4 main and sub-vertical shaft projects, housing and gold plant extensions. Our mine is conducting underground trials with a hydraulic jackhammer and a percussive rocklifter and is also concentrating on increasing productivity by improving methods of operation and ensuring the effective and efficient allocation of labour and material resources.

Arrangements have been completed for formal submission to the boards of the companies concerned of a new agreement to replace the tributing agreement between our company and Sentrust Beperk over the farm Video. The tributing agreement was unsatisfactory in that it gave our company the right to mine the farm Video down to only 7 600 feet (2 316 metres) whereas it is within the capability of

No. 4 shaft and its sub-vertical system to mine all the ore in the area. Sentrust was willing to re-negotiate the matter to enable us to mine the whole farm but wished to reserve the right to take over the exploitation of the area themselves in the unlikely eventuality that they would be able, by the end of 1979, to prove to the satisfaction of both parties that they could thereafter establish an independent mine incorporating their mineral rights in the farm Vermeulenskraal Noord together with the then unmined areas of Video.

Accordingly, a new agreement is being prepared which provides for the mining of the whole farm by President Steyn in exchange for an issue of 566 400 ordinary shares in our company to Sentrust. Proposals of the mining of Video have yet to be submitted to the Mines Department and it is only after their approval has been received that the agreement can become effective.

Naturally, the allotment of the 566 400 shares has still to take place and the new agreement provides that President Steyn shall pay Sentrust, on allotment, a cash amount equal to any dividends which would have been paid on the shares had they in effect been allotted immediately after the 30th September 1975.

As mentioned earlier in this statement production operations during the year under review were affected by a shortage of electric power which resulted in adverse ventilation conditions at No. 4 shaft which, in turn, have delayed the planned build-up of production. In addition, two underground fires, one at President Brand No. 4 shaft and the other at our No. 4 shaft, had a considerable effect on operations and caused a substantial loss of tonnage. The fire at our shaft was by far the more serious in terms of its effect on production and a loss of some 160 000 tons in total mine output had been incurred at the time of writing. As is normal practice, the fire has to be allowed to burn out in the sealed-off area before access to the area concerned can be effected. The difficulties in re-gaining access

have proved more severe than originally expected and there is now little hope that the mine will return to normal monthly production before March 1976. In the interim, production has been re-organised at the Nos. 1 and 2 shafts and in the workings below 63 level at No. 4 shaft in order to ensure increased output and thus minimise the loss of production from the sealed-off area. Overall production loss could, however, be in the region of 270 000 tons.

After initial delays caused by bad ground conditions and late deliveries of equipment, preliminary development for the sub-vertical system is progressing satisfactorily and shaft sinking is expected to commence during the second half of the 1976 financial year. On 30th March 1975, the arrangement whereby Free State Saaiplaas milled and treated tonnage on a toll basis on our behalf was terminated, this coincided with the completion of the first stage of the major extensions to our reduction plant. It is envisaged that the remainder of the extensions will be completed for pre-commissioning tests in April 1976. The re-negotiation, in view of the increased price of gold, of the arrangement whereby President Brand can mine a portion of this company's lease area was concluded during the year.

These recalculations show that at R3 100 a kilogram, ore reserves are estimated as being 9 049 000 tons at 13,15 grams a ton. The reserves rise to 9 972 000 tons at 12,48 grams a ton on the assumption of a gold price of R3 500 a kilogram, and further to 10 888 000 tons at 11,85 grams a ton if a gold price of R4 000 a kilogram is assumed. These estimates compare with the previous year's estimate when ore reserves totalled 9 718 000 tons at 12,17 grams a ton.

We now plan for production in 1976 to be 2 800 000 tons milled at a grade of 9,80 grams a ton. We will continue our policy of mining a controlled proportion from outside the current ore reserve to the extent that the gold price and methodical mining methods allow.

The annual reports and chairmen's statements may be obtained from Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001

### ANNUAL GENERAL MEETINGS

The annual general meetings of members will be held at 44 Main Street, Johannesburg on Tuesday, 27th January 1976 at the following times

Free State Saaiplaas Gold Mining Company Limited 09h40. President Brand Gold Mining Company Limited 10h10  
President Steyn Gold Mining Company Limited 10h40. Welkom Gold Mining Company Limited 11h20.  
Free State Geduld Mines Limited 12h00. Western Holdings Limited 12h30.

## ANGLO AMERICAN CORPORATION GROUP

# Gold miners end dispute

Labour Correspondent,  
LAST night the Mine Workers' Union and management of the Lorraine Gold Mine resolved their dispute after a strike on Tuesday by 55 White mine workers. A fight between a White and an African mineworker sparked the dispute.

The White mine workers, who were back at work yesterday had refused to go underground unless the management took immediate disciplinary action against the African, who is said to have retaliated when assaulted by a White.

The issue, if handled wrongly, could have flared up with justice being claimed for the 55 White mine workers on one side and by the several thousand Africans working in the same shaft, on the other.

Neither man was seriously hurt. The White man is reported to have punched the African who picked up a wooden block and fought back.

There are tested pro-

cedures for settling issue relating to fights underground. Usually a proper inquiry is held and the parties concerned and witnesses give evidence. Sometimes charges of assault are laid with the police.

The Mine Workers' Union representative claimed on Tuesday that their 55 members had not gone underground because of the danger of attack by Africans.

But the mine management discounted this.

Yesterday afternoon the White Mine Workers' Union representative met the mine manager, Mr P. R. Wheeler.

The union had initially demanded immediate disciplinary action against the African mineworker, a Rhodesian. This was turned down.

It is understood that in the talks last night the union asked for all complaints to be taken up by the mine management.

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214  
150

(1) 214  
(2) 262 - Tol.  
(3) 63

# Anglo superdump big as Brakpan

STAR. 27/1/76.

**Graeme Addison**  
The Anglo American Corporation is planning a "superdump" on the East Rand big enough to bury a town the size of Brakpan.

It is to be built at Withok, about 14 km south of Brakpan, in an open valley at present surrounded by smallholdings and farmland.

The superdump will be the biggest man-made mountain in the history of the Reef, covering 750 hectares.

The Star's CARE office has urged Anglo to design the dump as a community asset such as a sports stadium or scenic park.

Mr Denis Etheredge, head of Anglo's gold division, said the idea was "exciting" and Anglo would consider it.

The R100 million project is to recover gold, uranium, pyrites and saleable acids from old slimes dams along the East Rand.

The project entails the removal of about 16 dams over the next 20 years from Boksburg, Benoni, Brakpan and Springs — making way for houses, factories, and parks in these areas.

The reclaimed land will

be worth many millions of rands, and will start to become available in about six years.

Municipal spokesmen agree that the removal of the dumps opens up tremendous planning opportunities and could

change the face of parts of the Reef that are now spoiled by dusty, unsightly dumps.

The project will be undertaken by the East Rand Gold and Uranium Company (ERGO). Slimes dams are to be broken

down and pumped as a slurry to a processing plant at Sallies Mine, 11 km south of Brakpan.

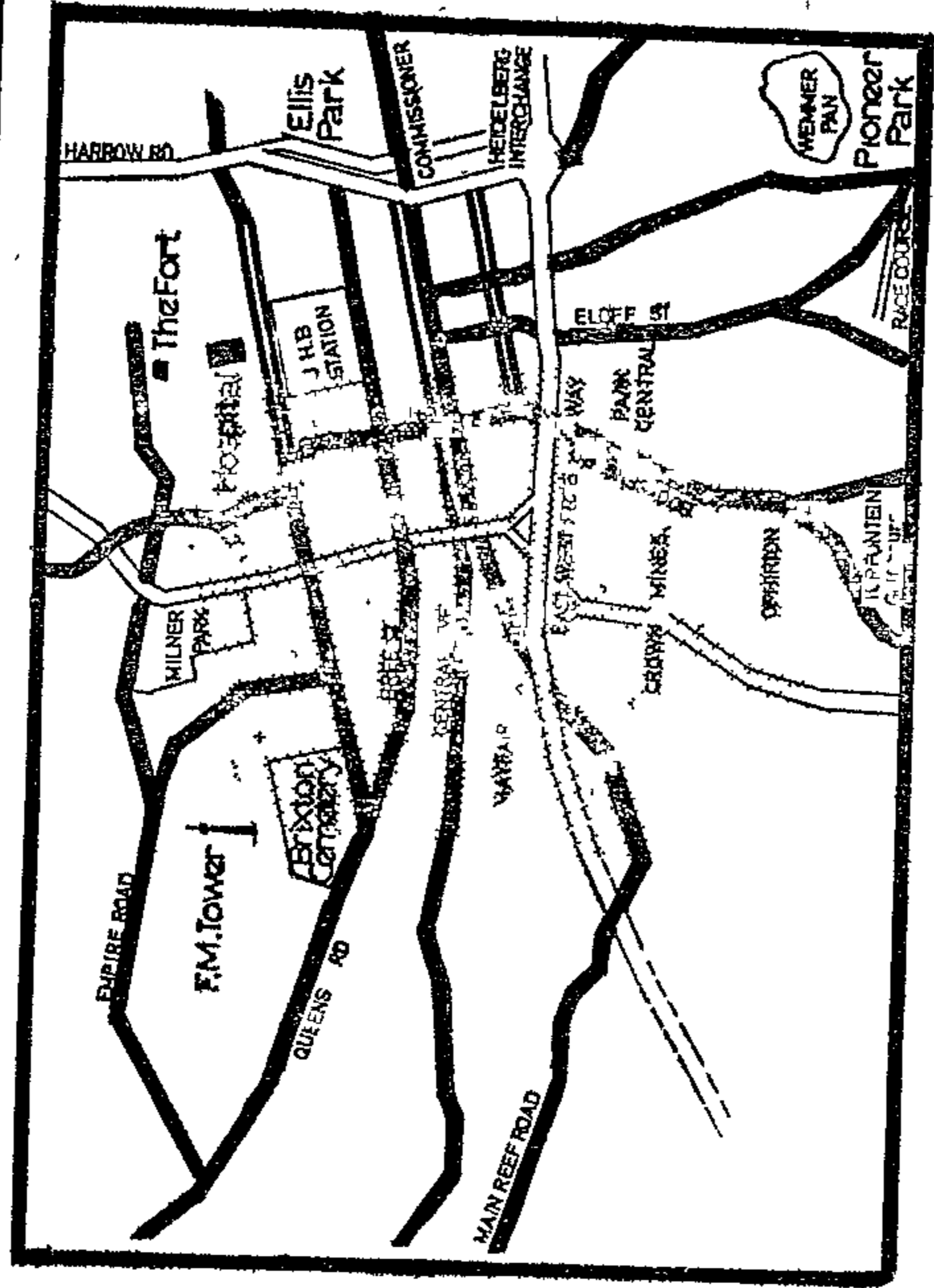
From there the sludge remaining after extraction of the minerals will be pumped to the superdump at Withok.

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STAR 281 31/1/76

# Superdump a Table Mountain of the Highveld



Graeme Addison

Imagine a Table Mountain of the highveld big enough to bury central Johannesburg to a depth of 30 metres in grey slime.

The accompanying map shows the area that would be obliterated by such a mountain.

It would reach from Brixton to Hospital Hill, from Mayfair to Selby, and completely cover the Johannesburg City Hall. The people of Brakpan

will not have to imagine this monstrosity, for Anglo-American Corporation is already well advanced with plans for the vast slimes dam at Witkop 14 km south of the city.

Superdump is going ahead without full debate in the Brakpan Council. According to a municipal spokesman, the city has no legal status to challenge Anglo on mining title land.

The company is compelled to grass the dump over under the Atmospheric Pollution Act.

It took The Star's CARE office to suggest to Anglo that the Superdump could be moulded into an asset such as sports stadia and parks.

Now Mr Jim Vining, a ratepayer's representative on the Brakpan Council, has suggested the flat tabletop could be an excellent airfield. The dump will be 5 km long by 3 1/2 km wide.

- (1) 214
- (2) 62
- (3) 262 - Tol



F in 2/1/76 (214)

## Chairman's statements for Anglo American Corporation Group's O.F.S gold mining companies

# WE REMAIN CONFIDENT IN THE FUTURE OF GOLD — Mr D. A. Etheredge, Mr D. B. Hoffe

### GOLD PRICE

The period under review opened with the gold price rising steadily against a background of world-wide inflation and impending legalisation of gold ownership by American citizens. Investment and speculative demand was so strong that the announcement of the first G S A auction by the U S Treasury early in December 1974 caused only a temporary fall in the market price. Within two weeks the price of \$185 an ounce on the eve of the announcement had been regained and ten days later, on 30th December 1974, the record dollar price of \$197,50 was fixed in London.

Forecasts of American demand proved to be highly exaggerated and throughout January and February 1975 gold bought by bullion dealers, bankers and speculators, originally intended for the United States market had, in large measure, to be absorbed elsewhere. Despite this and the sale by the G S A early in January of 753 600 ounces, the price held up remarkably well and the average price over the first two months of the year was only marginally under \$180 an ounce.

By early March the market had turned and there began a downward trend which persisted until the end of September 1975 when for the first time in twenty months the London price was fixed below \$130 an ounce.

The combined effect of two U S auctions, substantial gold sales by the U S S R, and the sale of South Africa's total current production plus a marginal tonnage from official reserves over this period has meant that the slightest weakening in demand created an over-supply situation which led to downward pressure on the gold price.

Between March and September a number of factors caused demand to slacken. The intense speculative purchasing which had forced the price to record levels towards the end of 1974, evaporated as the likelihood of continued upward movement waned. Investment demand also eased as governments turned their attention to the fight against inflation, the U S dollar strengthened and interest rates moved upwards. At the same time industrial demand fell even further as economic recession made itself felt in all the developed nations.

It was against these relatively subdued market conditions that the finance ministers of the 'Group of Ten' announced, at the beginning of September, their intention to sell 25 million ounces of I M F gold in order to raise funds to assist the less developed countries. This news caused the price to plummet by some \$30 an ounce before it finally stabilised and moved back into the \$130 range and subsequently through the \$140 level around which it has since remained.

General confusion over what had, in fact, been agreed by the 'Group of Ten' and the complete absence of any details as to how the selling of this gold was to be achieved, created the uncertainty which, we believe, led to an over-reaction in the market. Definite indications of a move of this nature, to which little attention was given, had been evident weeks before the Washington announcement. As it happened, the generally low level of investment demand in Europe up to the end of August dried up entirely. Added to this, limited disinvestment selling by nervous holders and the liquidation of the gold holdings bought on margin helped to drive the market downwards.

### DEMAND

The nervousness in the market has abated now that there is a better appreciation of the I M F decision. In whatever manner the 25 million ounces is to be used in connection with the raising of the funds totalling some \$2.5 billion it is unlikely to be to the ultimate detriment of the market as this would not be, apart from anything else, in the interests of the I M F itself. Far from having a disastrous effect on the long-term future of gold, we consider these recent developments to be a positive step towards the re-introduction of gold into an active role in the international monetary system.

Fabrication demand, especially in the jewellery industry, is showing signs of revival in both Europe and America. Investment purchasing, albeit in limited quantities, has also re-emerged and Krugerrand sales have returned to levels comparable to those of earlier this year. The price will continue to fluctuate following the interplay of supply and demand factors which must be accepted in any free market and the influence of the American futures markets will contribute to these movements. In our view the elimination of the enormous speculative premiums that gold has commanded on several occasions in the past two years will be beneficial in the longer term to the stability and growth of the market and we remain confident in the future of gold.

### INFLATION

The high level of inflation experienced in 1974 persisted in the year under review and contributed substantially to the 22 per cent increase in the working cost a ton milled of the Group's mines in the Orange Free State. Working cost a ton milled of the company increased by only 15.7 per cent. This lower rate of increase is attributable to the considerable increase in tonnage milled which, in turn, reflects the recovery from the labour disturbances of 1974.

In attempting to counter the serious effects of inflation the company, through the Chamber of Mines, of which it is a member, has undertaken to support the voluntary anti-inflation programme agreed to between the Government and the private sector. At the same time, strenuous attempts are being made by management to contain cost increases generally, and wherever possible to reduce specific costs.

Capital programmes are being critically re-examined in the light of the effects of the lower gold prices which have prevailed in recent months and the continuing prospect of increasing costs. Fortunately, the import content in many of the projects being planned and undertaken is not high but nevertheless efforts are being made to reduce and defer items wherever possible.

### LABOUR

Negotiations between the mining companies and the White trade unions for the introduction of a five-day week came to a head during the year. The basic obstacle to the five-day week is that the mines were designed to operate on a six-day basis and cannot achieve their weekly production targets over five days unless they have the opportunity to use labour more effectively. This means that it is imperative for the mining companies to seek concessions from the unions in respect of the utilisation of Black labour, concessions which the unions have been reluctant to

CONT

Financial Mail January 2 1975

make. After protracted negotiations agreement has now been reached with the Mine Workers Union on a compromise scheme. The mining companies have undertaken that the five-day week will be introduced on all gold mines within three months of agreement being reached with the remaining employee organisations. Negotiations have yet to be concluded with the engineering unions and with the three officials associations, so that the introduction of the five-day week is not expected to take place until next year.

The unrest among Black labour which characterised 1974 was much less marked in 1975. The only major disturbances were in January 1975 — principally at Vaal Reefs, President Brand and Free State Saaplans, all mines within the Anglo American Corporation Group — and were specific in origin, namely the resentment among Basotho employees over the introduction of a compulsory deferred pay scheme by the Lesotho Government. Rioting occurred and large numbers of workers from the three mines elected to go home. Urgent consultations were held with the Lesotho Government involving not only management but also senior Basotho employees. The regulations were eventually amended to meet some of the complaints of employees.

In keeping with our policy of increasing substantially the wages of our Black employees, wage increases were granted in December 1974 and again in June 1975. The minimum underground novice rate was increased from 160 cents to 180 cents a shift in December and to 220 cents a shift in June. Average earnings of underground employees are now in the region of 350 cents a shift, which is a four-fold increase in as many years. Food, accommodation and a variety of medical and recreational facilities continue to be provided free of charge.

It is to these wage increases, together with the vigorous publicity campaign launched by the Mine Labour Organisation that must be attributed the most satisfactory increase in the proportion of Black South Africans who have joined the mines. Late in 1974, the proportion of South Africans among the Blacks on the gold mines in South Africa was 25 per cent, by the end of October 1975 it had increased to 33 per cent. The position of our Group is even better as we then had 42 per cent, and with the inclusion of Basothos who comprise the other major labour component, the proportion of labour from these sources rises to 77 per cent. The supply of labour from Mocambique is continuing at a satisfactory rate and there are now signs that recruiting may be resumed from Malawi. While the industry accepts that it will require foreign migrant labour for many years to come, it is reassuring to note that a greater proportion of labour can be drawn from our own country. Although not all mines are up to full strength, there is every reason to be confident that there will be the seasonal increase again in the early months of 1976 and if this is accompanied, as seems likely, by the resumption of recruiting in Malawi, this period of labour shortage should be over.

In the long run our goal must be to stabilise our Black labour force as much as possible. Schemes have been evolved to attract men to return to the same mine after each period of leave and to provide each man with a career path and the complementary training programmes. Equally important is our intention to house the more senior, experienced and skilled Black employees with their families on the mines or in the adjacent municipalities. This is the subject of discussions with the Government and we sincerely hope that they will accept that considerable benefits will flow to the mines and to the economy as a whole if these employees are able to live with their families.

Meanwhile we continue to improve and refine the system for upward and downward communications of the mines of the Group. The experiments with briefing groups for downward communication at

two mines were encouraging and the system is now being implemented on all the other mines of the Group.

The need to maintain sound labour relations with Black employees has never been more important than at the present time, especially in view of the prevailing political unsettlement in parts of the Southern African sub-continent including those countries which supply labour to the South African gold mines. It would be over-optimistic to expect that labour relations on the mines will be trouble-free in the years ahead, but we hope that the efforts we are making will help to minimise the problems.

#### NEW PROJECT

I turn now to an exciting new project involving the seven gold mining companies in the Orange Free State for which the Anglo American Corporation provides technical and administrative services. This project comprises the construction of a major metallurgical plant complex for the production of uranium, sulphuric acid and additional gold from the current residues and reclaimed slimes of these mines. Initial feasibility studies have indicated that the project should prove most attractive. The main components of the complex will be pyrite flotation plants with a combined capacity of 1 300 000 tons a month, an acid plant with a production capacity of 1 000 tons a day of sulphuric acid and the existing uranium plant at President Brand which it is planned to commission in mid-1976. The rest of the plants will be in full production early in 1977.

Discussions are currently being held with the appropriate Government authorities regarding recommendations for the financial structure and participation of mining companies in this venture. It is planned that the proposed scheme be undertaken on a joint basis on behalf of all Group Orange Free State gold mines. Customer finance has been arranged for the project's substantial capital expenditure and it is not expected that anything other than short-term funding will be required from the participating mines. Members will be informed of details of the scheme once these have been clarified and approved by the authorities.

The continued labour shortage and substantially higher expenditure on salaries and wages have led to increased efforts in research aimed at improving labour productivity. Important advances in the fields of raise boring and mechanised development drilling and cleaning techniques have been achieved. This has allowed additional emphasis to be placed on stoping operations where there is significant potential for increased productivity because these operations are labour-intensive. The gold mines of the Anglo American Corporation Group are carrying out a wide range of trials on their own and in conjunction with the Chamber of Mines research organisation.

#### ORE RESERVES

In view of the fluctuations in the sales revenue received by the mines caused by changes in the free market gold price, it has been decided to publish ore reserve figures based on three separate gold price levels. In this way, the sensitivity of the ore reserves to variations in revenue from gold sales is demonstrated. Ore reserves have accordingly been estimated at pay limits based respectively on gold prices of R3 100, R3 500 and R4 000 a kilogram or \$110, \$125 and \$143 an ounce (1974 R3 000 a kilogram).

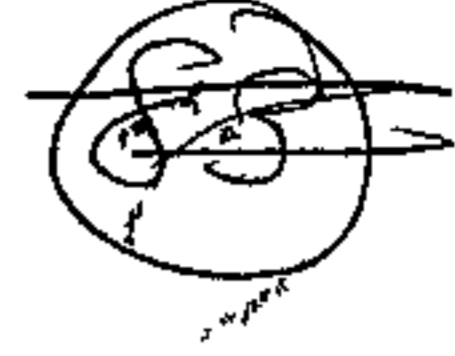
#### PRODUCTION PLANS

The fall in the gold price and the devaluation of the rand caused a delay in the preparation of the production plans for 1976 which were not ready for publication with the quarterly reports in October and are published for the first time in the annual reports.

MARCH 7, 1976

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6 Top



By PETER MASON

AMBITIOUS plans to increase South African gold sales by stimulating demand for the metal on the United States domestic market are being put together in South Africa following a week-long round of top-level confidential talks involving Cabinet Ministers, mining industry finance chiefs and leading bankers and financiers

This was disclosed to me this week by the man behind the move, top American money market consultant George Friedensohn, whose "linkage theory" forecasts on international money matters have aroused worldwide interest and made him a sought-after confidante of kings, presidents, government ministers and financial institutions

### Domestic

The plan — details of which are yet to be disclosed — could involve the sale of up to 50 000 ounces of gold a day on the United States domestic market

Mr Friedensohn, who describes himself as "an international economic and monetary consultant to banks and other major financial institutions", told me in an exclusive interview in Johannesburg that he had put forward a number of far-reaching proposals to some of the country's top financial brains — among them the State President and former Finance Minister Dr Nico Diederichs, Minister of Finance Senator Owen Horwood, Mr Don McKay Coghill, manager of Intergold, the marketing arm of the Chamber of Mines, and the chairmen, managing directors and senior executives of most of the country's leading banks and financial institutions

# TOP US MONEY MAN HAS PLANS TO MOVE GOLD

implemented," Mr Friedensohn told me.

"But I can tell you that they have been extremely well received, and have the blessing of the Minister of Finance and the other parties involved."

The gold marketing package is being put together jointly by Mr Friedensohn's company, George Friedensohn Co, and Intergold, which will handle the South African end of the deal.

Mr Friedensohn, a leading advocate of international monetary reform through a return to the gold standard, said he plans to divert into the private gold market some of the 500 billion dollars of personal savings currently estimated to be in American savings institutions by demonstrating the value of gold as an inflation-hedging investment

### Concern

"The potential is certainly there," he told me "If the average man-in-the-street, who is concerned about inflation eroding his savings and wants to diversify a little bit, takes just five percent of his savings and puts it into gold or Kruger rands, then we're talking about a 25 billion dollar market."

"The gold market in the United States is very small at the moment. But if the proposals I have put forward during the past few years are implemented in South Africa

think we can see this market really taking off."

And, he added: "The benefits to South Africa are tremendous. It will ensure a steady, and growing, market for South African-produced gold, and the proceeds from these increased gold sales will have a tremendously beneficial effect on South Africa's balance of payments."

### Theory

Mr Friedensohn's international esteem devolves largely from his so-called "linkage theory" which states simply that the root cause of worldwide inflation is the International Monetary System itself.

Using this theory, he claims that inflation is not subsiding — as the figures appear to indicate — but that capital has instead been flowing into the stock market and other financial markets, rather than into consumer demand, giving the appearance of relative price stability.

And on the basis of this premise — which is gaining increasing support world-wide — inflation, he says, will eventually find its way back into the high street, forcing prices to even higher levels than were experienced during the recent world-wide double-digit price inflation.

"The outlook," he added, "is a pretty gloomy one."

# R200-million gold mines — a record

By **STEPHEN MULHOLLAND**  
SUNDAY TIMES News Editor

**THE HIGHEST** gold premium in South African history — about R200-million — was paid to the mining houses this week as money poured into the South African economy and interest rates declined sharply.

The gold premium, which is paid to the mines just before the end of each month, is the difference between the official price of gold of \$42 an ounce, and the free market price — now at \$184 an ounce.

It is paid to the mines by the Reserve Bank, which handles the sale of South Africa's gold, mainly through Swiss banks.

In addition to this massive inflow, official statistics released this week show that over the past six weeks the Government have pumped well over R500-million into the economy through State spending.

At the same time, the level of the country's foreign exchange reserves has risen by R80-million since the end of August. This rise does not reflect gold sales, but indicates that overseas investors are moving funds into South Africa and that there has been an improvement in our trading account — excluding gold — with the rest of the world.

It is clear that a massive buildup of liquidity is taking place within the economy, and in the months ahead bonds and bank overdrafts should become easier for the average man to obtain.

However, Dr G. P. de Kock, Deputy Governor of the Reserve Bank, pointed out in a talk delivered in Johannesburg last week that economic growth can be expected to slow down in the current fiscal year.

Last year the economy grew at a rate of 7.5 per cent in real terms, easily the highest in the Western world. In the current year, Dr De Kock predicted, the rate of economic growth would slow down while the internal money supply built up.

He inferred that though the economy would slow down, the rise in the money supply would have a beneficial effect on industrial share prices, which have been at low levels for some time.

~~MINING GENERAL~~

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THE STAR JOHANNESBURG TUESDAY JANUA

## WORKING COSTS HIGHER

# Profits surge at Randfontein

Teigue Payne

Johnnies' two gold mines shared the honours in the last quarter, with Randfontein increasing its net profit 83 percent and Western Areas not far behind, 70 percent up.

Randfontein presaged the quarterly results with a 50c fall on the stock exchange yesterday. Western Areas — which merged with Elsburg in July — gained 5c.

Randfontein again increased milling, to 155 000 tons and gold produced. Grade of ore increased — to be expected as mining goes further from the shaft pillar.

However, unlike the September quarter, Randfontein showed a substantial increase in working costs — seven percent, from R14,29 to R15,30. Despite higher tonnages, it was unable to avoid the effect of higher Black wages

On 171 dollars an ounce (137 dollars in September) for its gold, Randfontein earned net profit of R6 374 000 (R3 401 000). Capital expenditure rose from R3 287 000 to R5 093 000.

### NOT EXCITING

Total capital expenditure in 1974 was R67 237 141, of which R31 276 353 was at Cooke section.

At Cooke 1 there was less development but grade was well up — which bodes well for the current quarter's results

The first reef intersection results from Cooke 2 are not exciting, but neither are they of great consequence. Results from sampling in both the ventilation and main shafts, at depths of 599 m to 642 m, show some uranium potential — but little for gold at this stage.

● Western Areas increased tonnage slightly and on higher grade produced more gold. Working costs marked time at R12,58. This is an achievement considering the higher Black wages.

The mine is still recovering from last year's fire, but the \$177 it got for gold, against \$140 in September, pushed profit to R14 184 000 (R8,303m). The year's profit was R35 195 000.

● See table on Page 28.

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# Rand Mines' shining star was Harmony

DD 19/4/76.

JOHANNESBURG — In common with the other mining houses, the latest batch of quarterlies from Rand Mines reflects the impact of the lower average gold price received. Working costs continued to rise, although at a lower rate, and with the exception of Harmony, results are down on the December quarter.

Star performer of the group, Harmony, produced 232 kg more gold from a higher tonnage milled, but the yield decreased slightly from the previous quarter.

Working profits from uranium increased significantly.

Taxation and State's share of profits dropped from R2,7-million to

R983 000, despite the higher working profit, because of the increase in capital expenditure from approximately R4-million to R6,9-million.

Profit after-tax and State's share rose to R9 370 000 from R6 738 000.

At Blyvooruitzicht, gold output was marginally lower from a slightly increased tonnage milled. Profit was adversely affected by lower revenue, which fell by R1 952 000, and the change in taxation rates announced in the recent budget. Profit after-tax and State's share fell to R6 137 000 from R7 798 000.

Yield and gold production improved at State-assisted ERPM, where the

labour position has become easier. However, a working loss of R26 000 was recorded, against a profit of R193 000 last quarter.

Operations at Durban Deep were affected by flooding, but after State assistance, a profit of R314 000 (R791 000) was recorded.

The Government mining engineer has informed City Deep and Crown Mines that they will cease to be State-aided after September 30.

The consolidated results of these two old mines, to which Consolidated Main Reef contributed some revenue, reflects a turn-around from last quarter's gold working profit of R448 000 to a working loss of R424 000 — SAPA.





# General Mining drop in production <sup>DD</sup> 19/4/76.

JOHANNESBURG — The lower gold price received, coupled with production and labour problems, caused profits at the four General Mining Group gold mining companies to slump in the first quarter of this year

At the major mine, Buffelsfontein, profit after tax and State's share fell to R5 409 000 from R7 248 000 in the previous quarter

Gold production at the mine was affected at the beginning of the quarter by a shortage of black labour, and there were delays in the plant due to rod mill tangles and the incorporation of new crusher extensions

The lower average price of gold received and higher working costs meant a reduction of R3 215 000 in gold profit, but this was partially offset by the improvement of R1 084 000 in uranium profit following higher sales

The profit after-tax and State's share at Stilfontein dropped from R3 043 000 to R1 442 000

Tonnage milled was 26 000 tons less than in the previous quarter, due

mainly to delays caused by an extensive underground fire which had now been sealed off. The lower throughput resulted in a decline in gold recovery of 246 kg

The lower production, coupled with a fall in average gold price received, reduced the working profit from R2 010 000 to R799 000

The directors said an assessment of the feasibility of recovering uranium from the surface accumulations was being conducted

At West Rand Consolidated Mines there was a loss after tax of R319 000, compared with a profit of R429 000 in the previous quarter

A major rockburst in February resulted in six deaths and adversely affected production from the higher grade gold section of the mine

The decision to resume uranium production also reduced the total quantity of gold recovered, as the gold content in the uranium bearing ore is low

The directors said the working loss of R1 808 000 was due in part to the lower average gold price, the cost of resuming uranium production and the lower level of uranium sales for the quarter

At South Roodepoort Main Reef Areas the taxed

profit dropped from R126 000 to R101 000

The mill throughput increased by 14 800 tons, with gold recovery 83 kg higher, and although a lower average gold price was received, revenue increased by R258 000 — SAPA

# Anglo-Vaal slump of 35,7 per cent

19/4/76  
DD.

JOHANNESBURG — Total profit after tax and State's share of Anglo-Vaal group gold mines fell to R6 107 000 in the first quarter of 1976, compared with R9 495 000 in the previous three months

Working costs were generally well contained, but this was not sufficient to offset lower revenue from gold sales

Tonnage milled was lower at E T Cons and at Harties, the latter because of labour shortages. At Loraine — where labour shortages and power failures affected the December quarter figures — the mill throughput was increased, although the mine was still below its labour strength

This has affected its development rate and the

provision of additional stope face needed to expand operations both have been below expectations and the mine has, therefore, reduced its target milling rate for the year to 1 200 000 (1 380 000) tons

Stope values — particularly on Theelsburg Reefs — have been lower than expected, and the target yield had been adjusted to 6,2 (7,0) G/T

Working profit from gold was lower at both E T C and Harties. Loraine's working loss from gold increased, but Village Main's loss was reduced

Although Prieska copper mines' ore milled was lower, the total concentrate production was virtually unchanged. Despatches of both copper and zinc concentrates were increased, and although expenses and charges were about R2,6 million higher, net profit rose to R3 604 000 (R2 215 000)

Lower tonnage milled at Consolidated Muchison caused a fall in production, while shipments were also lower. Working costs were about R330 000 higher, but taxation was sharply lower, with the result that profit after taxation was R113 000 lower at R3 300 000 — SAPA

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# Transvaal mines drop 27 per cent <sup>DD 19/4/76.</sup>

JOHANNESBURG — After-tax profits at the Anglo American Corporation's four Transvaal gold mines in the first quarter of 1976 fell by 27 per cent to R26 683 000 from R36 509 000 in the previous quarter

The average gold price received for the quarter was R3 459 a kilogram (124 US dollars an ounce) but, said the directors, a valid comparison could not be made between this price and the high price for the December quarter of R4 240 a kg (152 US dollars an ounce) due to the effect of the normal year-end adjustment on the Transvaal mines

Labour complements had again reached satisfactory levels, following a serious shortage in January, but an induction and training time-lag had meant the mines were only achieving normal efficiency levels from effective mining teams towards the end of the quarter

Tonnage milled during the quarter decreased to 2 776 000 (2 808 000) and gold production was marginally down at 28 405 kg (28 930 kg)

Working costs increased overall to R39 250 000 (R54 948 000) and working profit fell from R67 990 000 to R39 190 000, due to the higher working costs and the lower sales revenue received

The increase in the taxation surcharge and loan levy had been taken into account

After-tax profit at Vaal Reefs dropped from R19 777 000 to R14 847 000, while at Western Deep Levels the taxed profit declined to R38 854 000 from R48 215 000

The Western Deep directors say the full labour complement at the mine has now been achieved, with labour from the area affected by the No 3 shaft fire deployed, as far as possible, in other areas

However, due to the shortage of available stope face, production could be seriously affected during the current quarter.

The production forecast for the year will be revised

when the full effect of the fire has been assessed

At East Daggafontein there was a loss of R182 000 after State assistance of R441 000. There was a loss of R90 000 in the previous quarter. After tax profit at S A Land fell to R178 000 from R807 000

At Elandsrand, full scale sinking operation in the men-material shaft had reached a depth of 544 metres

Pre-sinking operations at the rock-ventilation shaft were completed to a depth of 243 metres, and full scale sinking operations were expected to start in mid-April

Estimated capital expenditure for the current year was R25 million, of which R5 635 000 was spent during the quarter. All work was on schedule — SAPA

## Labour hits Gold Fields

JOHANNESBURG — The results of most gold mining companies in the Gold Fields of South Africa group were adversely affected by a shortage and large turnover of black labour, say the directors in their March 1976 quarterly reports

East Driefontein became liable for tax in the quarter under review, but even after allowing for tax and State's share of profit of R473 000, profit was still R454 000 over the previous quarter

Although Vlakkfontein managed to increase its tonnage milled, a reduction in grade, coupled with a lower average price received for gold, led to a decrease in working profit from R541 000 to R49 000. Taxed profit decreased from R366 000 to R101 000

The group working profit was reduced by 19 per cent from R84,3 million to R68,3 million, with a net profit for the group of R47,9 million — 16,8 per cent down on the previous quarter's R58 million. — SAPA

# Anglo Free State's gold profits

DD  
19/4/76

JOHANNESBURG — After-tax profits earned by the Anglo American Corporation's seven Free State gold mines in the March 1976 quarter increased by nearly 13 per cent to R40 806 000 from R36 175 000 in the previous quarter

Production rose slightly to 3 581 000 tons milled (3 508 000 tons) from which 38 730 kg (39 363 kg) of gold were produced

The average gold price received by the mines was R3 451 a kg, equivalent to a price of 123 US dollars an ounce for a marginally increased gold revenue of R133 943 000 (R132 772 000)

Working cost increases were held down to a rise of only 28c a ton milled from R18,90 to R19,18. Working profit from gold dropped slightly to R65 254 000 from R66 445 000

The increase in the taxation surcharge and loan levy were taken into account

For the six months to March 31, the effect of these changes was to increase taxation and State's share of profits from R61 488 000 to R63 409 000, and loan levy payments from R1 920 000 to R5 761 000

Capital expenditure forecasts for the current year excluded amounts to be spent on the joint metallurgical scheme for the production of uranium, acid and additional gold

This expenditure would be financed by advances drawn against the interest-free consumer loan as stated in the annual reports for 1975

Labour complements again reached satisfactory levels following a serious shortage in January

At Freddie's Consolidated, the working loss was reduced from R587 000 to R450 000, while at Free State, Geduld, profit after tax and State's share fell to R7 163 000 from R8 325 000

There was a working loss from gold of R1 166 000 at Free State Saaiplaas com-

pared with a profit of R54 000 in the previous quarter. There was a net loss of R462 000 after taking sundry revenue into account

At President Brand, the profit after tax and State's share jumped from R9 874 000 to R15 472 000. Tax and State's share fell from R10 559 000 to R4 260 000, mainly because

of high capital expenditure during the quarter

The final profit at President Steyn was up from R7 031 000 to R9 592 000, and at Welkom, taxed profits rose to R2 million from R1 819 000

Profit after tax and State's share at Western Holdings fell from R8 750 000 to R7 327 000 — SAPA

# Gold still the backbone in record Anglo year

27/4/76 RQM.

By ADAM PAYNE  
Mining Editor

ANGLO American Corporation's annual report puts the meat on the bones of the preliminary net profit figures which showed an increase of 12 per cent to R85-million and it shows that gold is still the backbone of its investment income.

It tells in 84 pages how the corporation made record profits from its industrial investments, but how the value of its investments fell R60-million to R998-million, because of the stock exchange setback

Points from the report are

- Income from its invest-

ments in finance companies rose from 6 per cent of the total to 11 per cent, partly because of larger investment in Anamint, and greater income from Amic

- Prospecting costs nearly trebled at R7 260 000, and the list of prospecting ventures in which Anglo is interested reads like a world travel brochure (See Page 20)

- The net profit of Amgold was virtually unchanged, but the 13 coal companies in the group increased operating profits by 48 per cent to R21-million

- The equity earnings of Anamint, which hold Anglo's interest in De Beers to the tune of 26 per cent, were 69 per cent up for the 15 months to March compared with the earnings for the 12 months of 1974

- Because of the copper slump, Anglo American Canada and Minorco were among the few losers.

Producing companies hit by this slump were Selebi-Pikwe and Hudson Bay Mining and Smelting Cleveland Potash did not do well operationally

- Another temporary casualty of the copper slump was the Tenke-Fungurume project in Zaire. It is estimated that after spending \$4 620 000, the corporation will have to pay a further \$31-million to meet guarantees on the repayment of loans raised for Tenke

## BABY

But the losses at Selebi-Pikwe and Tenke Fungurume and Somima in Mauritania — a Charter Consolidated baby — are small in the context of the corporation's widely diversified interests

Gold produced 47 per cent of investment income and

diamonds 15 per cent. Copper brought in only 4 per cent, compared with 9 per cent in 1974

Coal, contributing 2 per cent, is still not among the top runners, but its contribution is likely to grow. Platinum is also likely to increase from the 1 per cent figure last year

Industrial investments made up 17 per cent, (16 per cent) of income from investments, with Amic's net profit increasing by 44 per cent to R40 900 000

Notable contributors to the record industrial performance were Highveld Steel, Boart International and Scaw Metals

Charter Consolidated increased its earnings by £ 1 300 000 to £ 17 200 000 reflecting continued growth of earnings from gold, tin and diamonds. Anglo holds 19 per cent of Charter whose industrial subsidiaries did not do well

# Tough times for gold

F.M. 9/7/76

The golden flywheel which keeps a prosperous economy spinning is slowing down. Although the industry's leaders are confident that long-term prospects remain good, there is considerable disquiet about the immediate future.

The hard fact is that working costs are steadily outstripping revenue. Costs per ton milled and per kg of gold produced continue to rise while the free market price of gold has fallen to a little over \$123/oz.

Nine mines, members of the Chamber of Mines, are losing money and one is reported to have suspended operations. Last year gold mines received R17,8m though the State assistance scheme, compared with R1m in 1974. That figure will be considerably higher this year.

Bill Lawrence spelt out the figures in his Presidential address to the Chamber last week. Tons of ore milled by gold mines, he said, declined marginally in 1975; the grade of ore milled dropped by about 6%; and consequently gold output fell from 751 431 kg in 1974 to 701 204 kg last year, a decline of nearly 7%.

Working revenue, boosted by devaluation, showed a slight increase, rising from R2 558m in 1974 to R2 564m. However, working costs rose by 27%. Working profit (before tax) consequently dropped by 16%. Estimated tax and the State's share of profits fell from R813m to R629m.

This year working costs are not increasing at the same alarming rate, mainly due to more conservative wage increases for Black and White workers. They are nevertheless expected to be be-

tween 15% and 20% higher than last year.

The gold price, on the other hand, has fallen 12% since the beginning of the year. At its present depressed level, 25% of the country's gold producers are in trouble. Should it continue to slide and costs go on rising, some 40% of producers could slide into the red (see tables).

At best, some of the industry's leaders see the gold price rising, in the short-term, at about the same rate as global

inflation, which is somewhere short of 10%. As SA's own rate of inflation is higher (12% and rising) and the mines face heavy increases in such costs as power and capital equipment, there appears no way out of a steadily tightening squeeze.

There are steps that can be taken, of course. But they're more palliatives than cures and are more easily said than done.

The most obvious is to increase productivity and so bring down working costs and the mines are attempting to do

## LOSING OUT\*

	Working costs R/kg	(March quarter) \$/oz	1975 Gold output (kg)
FS Saalplaas	4 971,82	177,25	4 914,1
East Dagg	4 812,92	171,58	1 792,7
Barberton	4 603,75	164,13	1 466,0
Lorraine	4 556,95	162,46	7 866,6
Durban Deep	3 964,45	141,34	7 143,1
Freddies Cons.	3 980,76	141,20	4 400,1
City Deep	3 901,91	140,25	3 954,7
Cons Main Reef	3 689,16	131,51	5 136,3
SA Land	3 644,67	129,93	1 126,0
Wit Nigel			

\* Based on an average price of R3 500/kg received by the mines in the March quarter

## SLIDING IN\*†

ERP	3 575,83	127,48	11 388,1
Vlaaktonteln	3 425,57	122,12	3 269,5
Venterspost	3 409,17	121,53	7 257,4
Stilfontein	3 344,45	119,23	14 637,0

\* Based on an estimated average price of R3 150/kg received by the mines in the June quarter.  
† June quarter's increased working costs, estimated at an average 5%, are not included.

## ON THE BRINK

Manavale	2 937,55	104,72	3 985,0
Grosvlei	2 872,32	102,40	5 141,5
Harmony	2 866,42	102,19	30 788,0
Welkom	2 864,08	102,11	13 609,8

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## GOLD'S VITAL STATISTICS

In 1975 the gold mining industry:

- Employed 37 190 Whites and 333 405 Blacks;
- Paid R294,9m to Whites in wages and salaries and R316m to Blacks,
- Bought R778m worth of stores and equipment from SA industry;
- Earned R2 540m in foreign exchange against R837m in 1970,
- Financed the foreign exchange

this. Results, however, have been disappointing. One major problem has been the inability of Blacks to adjust to higher wages, resulting in increased drinking and absenteeism. The industry's management, however, considers this a "temporary phase".

Other factors militating against increased productivity include

- Lack of sufficient basic education to enable Black workers to absorb training,
- Failure by management to provide motivation (money, obviously, isn't enough),
- Failure to ensure that underground equipment, methods and working layouts are such that the worker can achieve maximum results for his efforts,
- Failure to house and feed Black workers under conditions they want

Higher wages have accomplished one thing at least — less dependence on foreign labour. At the end of 1974, 25% of the Black labour force came from SA. This has now increased to 43%. However, some of these came from depressed industries, mainly construction. When the country lifts out of recession these workers could well return to their old jobs, with serious consequences for the mines.

Another step the industry could take

required for 38% of SA's imports,

- Contributed R770m in tax and lease payments in 1974-1975,
- Saw gold peak at \$174,65/oz at the London fixing on May 31 1975, drop to \$135,50/oz the day before the rand was devalued on September 22 and reach a bottom figure of \$122,90/oz on July 1 1976. On Tuesday this week it stood at \$123,05/oz.

to increase gold output and profitability would be to raise grades. But this is wasteful, applies only to those mines with high grades, and is complicated by the mining laws anyway.

The case for increasing gold output, or even holding it at present levels, is also in question. Some mining men including Union Corporation's Ted Pavitt, aver that it is self-defeating, that present output, coupled with oversupply, is itself helping to keep the gold price down. Less gold on the market and the price will go up they argue.

In similar vein goes the argument against continuing with the State subsidy scheme. This was introduced in 1968 when government calculated that the gold price would rise from its pegged level of \$35/oz. If marginal or loss-making mines were closed the gold would be permanently lost, went the argument, and with it valuable foreign exchange. Government was right and the decision to subsidise low-grade, unprofitable, mines has paid off.

The free market gold price, even today, is three times the old official level.

But, argue some mining men, it would still be better for the industry to use the labour from marginal mines in a more productive capacity on richer mines. It

seems unlikely, however, that in the present state of the economy government would consider such a move. Mines receiving assistance produced 59 406 kg of gold in 1975, worth about R213m — a valuable contribution to SA's balance of payments.

On the demand side, increased industrial demand is undoubtedly contributing to what optimism remains in the gold sector. Demand for gold for jewellery and other industrial uses increased to 721 t last year from 454 t in 1974 and this trend is gathering momentum. Moreover, according to Lawrence, steady demand from investors and hoarders in the Far East has begun again and there are signs of increasing sales in the Middle East and the US.

Mining pundits claim this demonstrates the resilience of gold — high investment demand in times of soaring inflation and currency uncertainties, high industrial and jewellery demand when prices fall.

Nevertheless, gold's immediate problem is not one of demand, it is that of price versus cost. At present it is doubtful whether cost increases can be contained much below 15% annually. If the gold price does not rise at least at the same rate then the industry — and the economy — is almost certainly heading for trouble.

It's not there yet, since most of today's marginals have been in this parlous state since before subsidies began. Now, however, hitherto viable gold mines are looking extremely vulnerable and as the squeeze continues, the list of marginals — and losers — will grow.

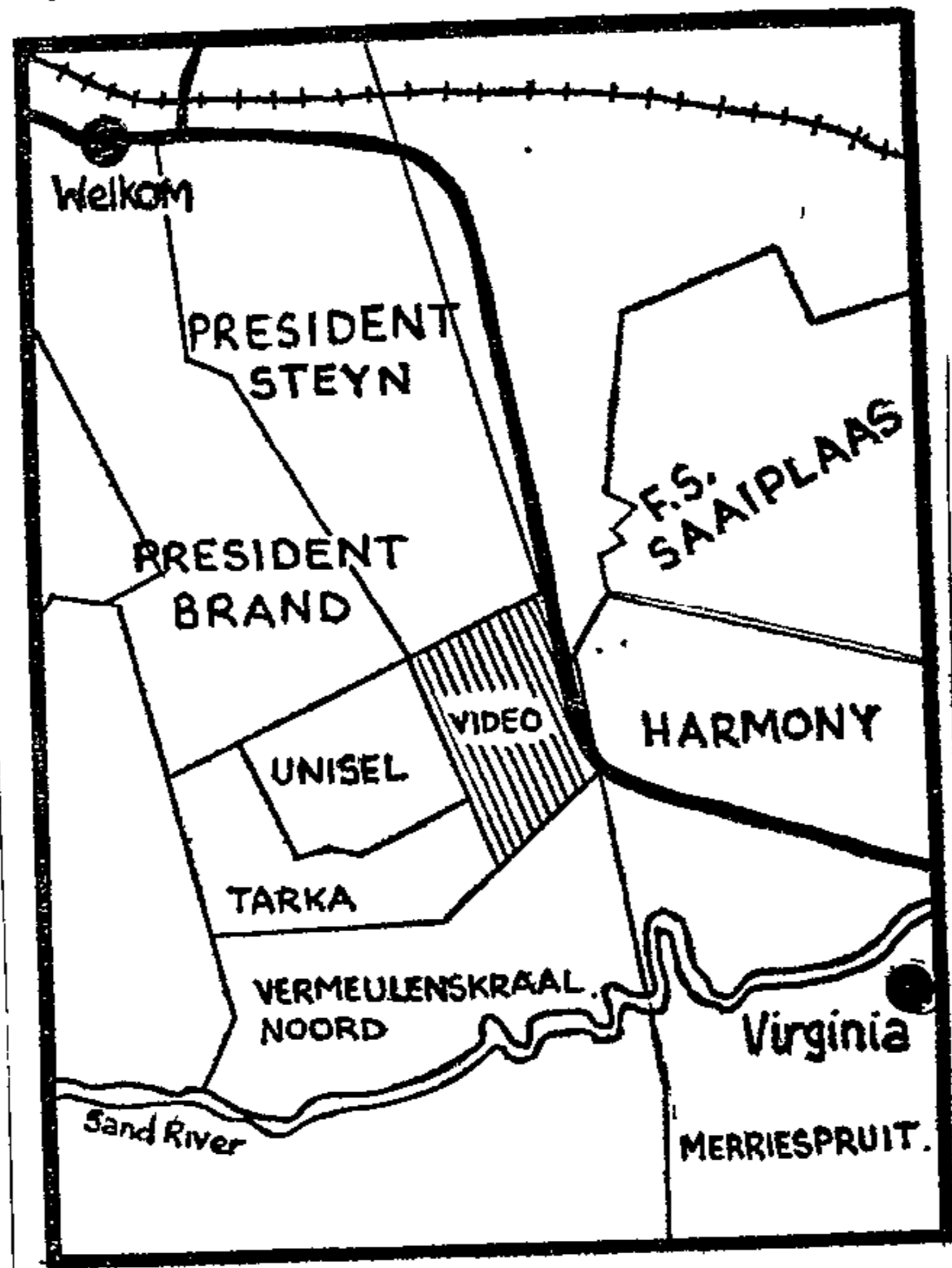
The implications for the economy of continued price-cost squeeze on the gold mining industry — and what the correct policy response should be — is a matter the Economic Advisory Council should examine closely at its next meeting.

A coherent and constructive programme of action is needed if the risk of further riots is to be removed.

# FREE STATE MAY GET NEW GOLD MINE

ARGUS  
98/7/76

THE possibility that a new gold mine may be opened in the Free State has been heightened by an agreement announced today between the President Steyn Gold Mining Company and Sentrust, a mining investment company.

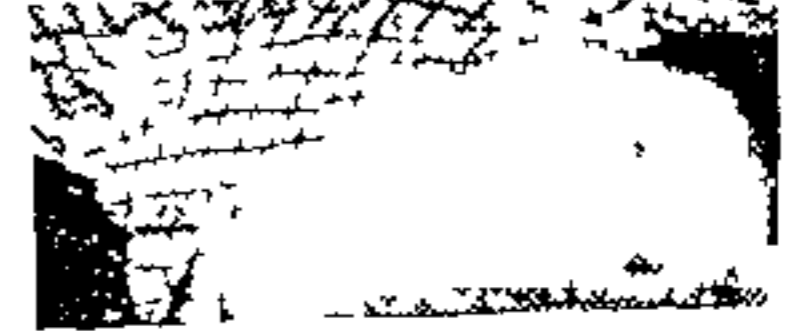


MAP shows the location of the farms Video and Vermeulenskraal which are the subject of an agreement between the President Steyn Gold Mining Company and Sentrust.

In terms of the agreement, President Steyn is given the right to mine the farm Video which adjoins President Steyn's lease area. However, provision is also made in the agreement for the establishment of a new gold mine on the farm Video.

off at high speeds. doing so as the power fell wasn't much point in during the event. There got it near this speed km/h but that he seldom had a top speed of 190 He said that his Escort 250 000 spectators. Rally in Finland we have at the Thousand Lakes help the costs. You know, would do something to the last day and this a lot of spectators here on admission because we had and charge the spectators are big city you should publi- you have a rally near a I think too that when navigators. seem to be organised by

FLYING Finn Timo Makinen—I'd like to come back to South Africa...





# Death-knell sounds for

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# gold diggers

CHRIS VAN GASS

Once the gilt-edged barometer that promised continuing prosperity into communities, the plummeting and fluctuating gold price has now brought uncertainty to 16 Reef gold mines

The death-knell has already sounded for some — like East Dag gatonem mine at Spunges on the East Rand. On December 31 this year East Dagga after nearly 40 years of glowing gold production will "die" — unless the gold price rockets to the glory days of 200 dollars an ounce

In its lifespan East Dagga this not-so-old lady, brought in just short of R50-million in profit and paid out just over R28-million in dividends

South Rooipoort, also of the old school yesterday gave notice of its intention to close down in three months

### Happenings

These happenings could easily have been the subject of a script for the popular TV programme The Villagers

But the human story of East Dagga, and the other 15 Reef mines in the firing line, is a very real thing

The "old salts," the characters the anxieties and the frustrations are all there

Mr P. J. "Proppies" van Tonder was 22 years old when he walked into the offices of Durban Rooipoort Deep Gold Mine on the West Rand in 1951

Almost from the first day he was given his nickname of "Proppies" — "because they said I was as small as a bottle top"

In those days the mine was rich not like today. I just walked in and asked for a job and got one. Things are much more diff-

cult now with the lower gold price

"The majority of my colleagues and I are worried about the situation. Our future definitely depends on the gold price

"I am not all that keen to start another mine at this stage of my life," said Mr van Tonder

Upon reflection, even with today's anxiety over the mine's future, Mr van Tonder is adamant that he will choose the same career over and over again

"Take in 'The Villagers' we had our pleasant times. We don't have a Chelsea, but we did have a loco driver nicknamed Macellan (a type of underground locomotive)

"He got his name one day when he was driving us to the job and crashed his Macellan into the sanitary buckets which landed on top of us. The nick name clung to him since that day

"I virtually grew up on Durban Deep and felt like part of a family. I still have a fond way to go before retirement at 60. And that is why the present situation worries me"

Fellow Durban Deep miner and shift boss Mr Lionel Fav showed Mr van Tonder's anxiety over the mining gold price and what it would mean to the marginal mines

"We discuss it every day among ourselves and try and get hold of the gold price fixing every day to keep track of the situation

"Myself, I would hate to move away from this mine. And if the gold price keeps on going down it will affect a lot of people as far as their jobs are concerned. It will also affect other mines like ERPM, Clowin and CMB

If the mines have to close down people working there will have to be absorbed elsewhere. It is the intermediates and the elderly people who have been here a long time who will find it hard to move away

### Bad thing

"Now we have the union calling for a five-day working week. Personally I think this is a bad thing because I'd rather be able to work seven days a week than spend five days without a job."

"This will push up costs and the gold price will have to climb that much higher to offset these costs. I actually think things are critical and they will get a lot worse before they get better"

But the gloom on the gold price front does not mean the miners' spirits are dampened

Does The Villagers portray this spirit accurately?

"Although it does show the more roman-



MR LIONEL FAV (43)

"a sad day"

the side of mining it is very accurate. But I don't agree with the accents nor with the way every mine stands with a drink in his hand

We are very much a family here and there is always contact in any organisation you have bosses but after 5 pm a lot of these barriers are broken down. Then there is not so much of this bosses business — but a lot of friendship involved too

I hope the mine goes on. We have got a lot of old timers here, people who have shared in the 87 years of the mine's history. If the mine closes down it will be a sad day

It will be the end of a man almost 60. There are the new mines which are better geared to production that will carry on some of the traditions

But some will be the nostalgia of giving that little bit extra working on the older place, and Mr Fav will die

With it will die places like East Dag gatonem Gold Mine

MR "PROPIES" VAN TONDER 25 years service and worried about the gold price

Death-knell sounds for 16 Reef mines in the firing line

F.M. 30/7/76

# The Geduld deal

**Geduld shareholders** have been offered superficially attractive terms for their holdings, but, as so often, the beauty is only skin-deep. Faced with what is effectively a dismembering of their company's portfolio, in the interests of Union Corp itself, and, going on up the line, General Mining, they should hold out for a improved offer. They certainly have nothing to gain from throwing in the towel to suit these other parties.

Union Corp is offering one of its own shares for one Geduld and has also forecast a dividend cut from 42c in 1975 to at least (and almost certainly at most) 36c for 1976. Union Corp shares have fallen back to 420c on news of the cut, so in the one-for-one swap Geduld shareholders are offered 420c at current market prices.

Union Corp's press note on the deal argues the following points for acceptance:

- If they accept, Geduld shareholders will have improved asset backing,
- They will have an increase in market value per share, on the grounds that over the past 12 months the price of a Union Corp share has been on average 30% higher than a Geduld share,
- They will have an increase in earnings per share,
- Though their dividends would be lower for the current year, for 1977 Geduld's income will be influenced by the fact that it comes as to 45% from UCI and Union Corp.

These statements are fine as far as they go. What they do not mention, of course, is the very important point that much of the increased earnings per share accruing to Union Corp is made possible by Geduld shareholders' consent to the proposals.

Nor is the point about Geduld's dividend income the full story. Last year it paid 40c out of 61c and for the six months to June 30, it has repeated 13c out of 32c (36c). Geduld's first half is usually more profitable than the second because it brings in the finals from UCI and Union Corp declared the previous year and paid in May. Geduld's dividend income of R1.4m for the six months to June this year included R712 000 from Union Corp and UCI.

As the house says, income will be lower in the first half of 1977, but on the other hand the decline would be cushioned by Geduld's base metal and industrial investments, which accounted for 46% of portfolio value at end December and will be more now. Against R2.6m in 1975, Geduld looks capable of earning

about R2.3m this year, or 53c. This could drop to R2.1m, but probably no less, in 1977, equivalent to 49c. This leaves Geduld scope to go on paying a 40c dividend, more than is likely from Union Corp while, if Union Corp improved, Geduld would benefit too.

The share swaps and related transactions are a partial liquidation of Geduld. Taking the R4.3m swap with UCI, the R2.6m swap with General Mining and the R2.1m portion of the deal by which Geduld shareholders get given back part of their own shareholding in Union Corp, R9m of net assets worth R25.5m, equivalent to 594c per share, is being dismembered.

Yet the face value of the Union Corp bid, taking Union Corp shares at 420c is only R18m. So allowing for the R9m worth of transactions to suit the controllers, Geduld shareholders are being offered another R9m for the balance of their portfolio, which is worth R16.5m on an up-to-date valuation.

Perhaps a possible way to summarise the proposals is this: A takes R6 from B, then gives B back R1 and a piece of paper worth R4 which A says is really worth R7. By my count, B is R1 worse off than he should be and the rest is promises, promises.

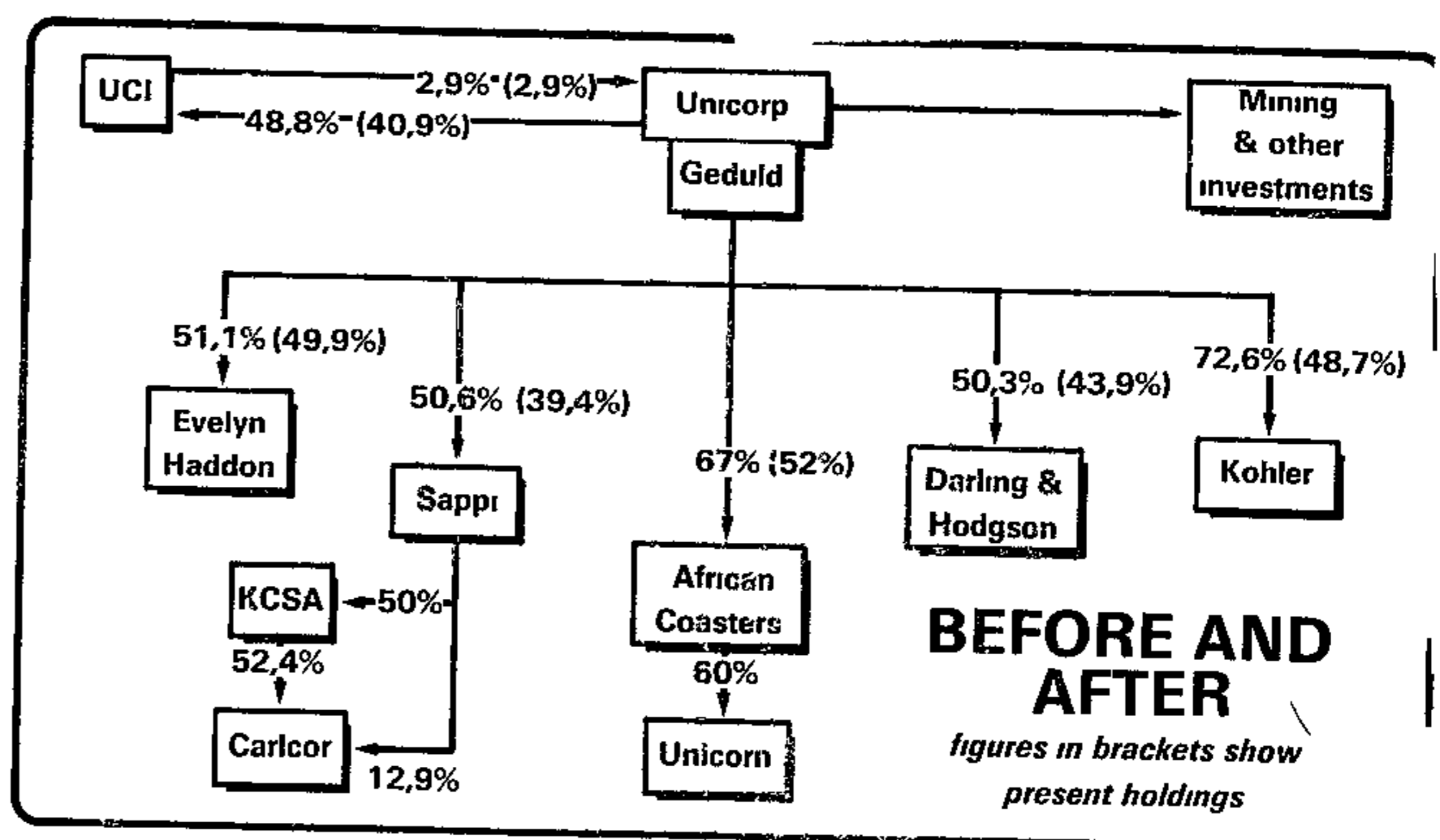
To a great extent, Geduld is the key to this whole transaction, which enables Union Corp to convert its strategic holdings in Darling & Hodgson, Sappi, Evelyn Haddon, and Kohler into 50% plus holdings which therefore allow both earnings and balance sheets of these new subsidiaries to be consolidated.

However, mainly responsible for the consolidation of Sappi is the separate transaction completed last week by

which Union Corp acquired another 2m shares privately. These, added to the Geduld holding of 726 000 Sappi, will allow consolidation of the paper group if the proposals are accepted and account for much of the increase in Union Corp's earnings. This increase would, on a pro forma basis, have been from 60c to 76.7c had the proposals applied last December.

All these considerations lead me to suggest that Geduld shareholders should resist the proposal on the well known principle of if they give, take, if they take, scream.

*Richard Rolfe*





Companies in the

# GOLD FIELDS GROUP

**MINING COMPANIES' CHAIRMEN'S REVIEWS**

(All Companies are Incorporated in the Republic of South Africa)

*The following are the Respective Chairmen's Reviews of the Relative Companies*

## WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

In my review last year I referred to the shortfall in the complement of black labour which, at times, had reached critical levels and had seriously affected production, but that during the third quarter of the 1975 financial year the decline in the labour supply had been arrested and additional labour was coming forward from sources other than those areas in which large-scale recruitment had been traditional. I also predicted that the improvement in the supply of black labour would be sufficient to restore production to normal levels after the first half of the 1976 financial year. By the end of the third quarter of the year the mine was, in fact, back to full complement but, because of a large turnover of labour and the need to train the new recruits, productivity was not sufficiently high to restore the rate of mining to the desired level. The shortfall in tonnage mined was partially made up by drawing a larger quantity of ore from the low grade dump so that, after sorting, the tonnage milled was only 61 000 tons less than in the previous year. The dilution of the ore from underground sources with the low grade ore from the surface dump had the effect of reducing the average gold yield from 23.9 grams per ton in the previous year to 21.5 grams per ton with the result that, with the lower tonnage milled, the gold output fell by 7 727 kilograms.

The results of operations at the mine for the year ended 30 June 1976 are fully described in the technical advisers' report and the financial statements, to which members' attention is directed. These show that, notwithstanding the boost received by the devaluation of the rand during the year, there was a small decrease in the average price received for the mine's gold output. This lower price received, and the lower output, resulted in working revenue falling by R30.6 million to R202.4 million. At the same time working expenditure increased by 19 per cent to R49.8 million, reflecting the effect of the inflationary forces on the costs of stores and services and particularly the impact of wage increases for the larger number of black employees. After taking account of an improvement of R0.6 million in the profit on sales of uranium and sulphuric acid, and a reduction of R2.4 million in sundry revenue, the total profit for the year was R161.6 million compared with R202.0 million in the previous year.

Capital expenditure of R16.4 million, mainly on the No 6 Shaft complex, on underground equipment and the metallurgical plants and on improvements to accommodation for black employees, was some R1.6 million higher than forecast last year. This expenditure, less R1.1 million of the balance of R2.1 million set aside in previous years for future capital expenditure, together with an amount of R7.7 million representing a net increase in current assets, mainly in respect of the loan portion of taxation and uranium stock, was appropriated from profit and transferred to non-distributable reserve. Substantial discriminatory increases in mining tax surcharges and loan levies, announced by the Minister of Finance in March 1976, and since approved by Parliament, were made retrospective to July 1975, insofar as this company was concerned. Even so, the State's share of profit and taxation, totalling R92.7 million for the year, was R30.2 million less than the corresponding amount paid in the previous year. The reduced dividend absorbed R47.2 million, as against the record R68.3 million in the 1975 year, and the unappropriated profit of R3.6 million was lower by R1.2 million.

With the ore in the western sector of the mine becoming depleted, the main activities have been concentrated on the opening up of the eastern sector of the mine to ensure the establishment and maintenance of the ore reserves at levels commensurate with the capacity of the reduction plant. The sinking of No 6 Shaft and No 6 Sub-Vertical Shaft, and the construction of the necessary surface installations to serve this complex, have made good progress and are expected to be completed during 1977. It has been decided to enlarge the No 4 hostel to accommodate the larger black labour force that will be required to work in the eastern sector of the mine. Refrigeration plants are to be established on surface at Nos 5 and 6 Shafts to provide chilled water for circulation to the longwall stopes at depth in various areas of the mine to alleviate the difficult conditions caused by high temperatures. It has also been decided to supplement manual sorting at the reduction plant by photometric sorting which could also be used, if necessary, for the sorting of the low grade ore from the surface dump. Capital expenditure on the aforementioned projects will, therefore, continue at a high rate during the current year but should decline thereafter.

### Outlook

Uranium oxide production during the current year is expected to be greater than that committed to the low priced contracts entered into some years ago. Should this excess materialise, it is hoped that sales at higher prices will give rise to profits from the sale of uranium and acid above those attained last year.

Since the mine now has a better supply of labour and good progress has been made in training the new recruits, productivity is expected to increase and a larger tonnage of ore from underground sources should become available for milling to replace the low grade ore from the dump, reclamation of which has been discontinued for the present. The yield per ton and total gold production are therefore expected to increase accordingly. This presupposes, of course, that the black and white labour situation remains relatively stable for the remainder of the current year.

Although the total gold output is expected to rise, there has, as members are aware, been a substantial fall in the gold price since June 1976, and the price received by the company for its gold output is currently well below the average price received last year. It is not possible to predict the future short-term movements in prices, but I remain confident that in the longer term the gold price will be restored to the levels which prevailed in the last few years and will thereafter continue to rise, albeit erratically. The uncertainty as to the revenue which the company will receive this year, coupled with the adverse effect continuing inflation is having on costs, makes any forecasts of profit and dividends meaningless at this early stage.

### General

On behalf of the board I have much pleasure in expressing our appreciation of the services rendered during the past year by Mr D Savile Davis, the consulting engineer, by the general manager, Mr N M Hayne, and by the staff at the mine and at head office.

A Louw  
Chairman

Johannesburg  
26 August 1976

## VENTERSPOST GOLD MINING COMPANY LIMITED

Before reviewing the results of operations for the year ended 30 June 1976, I have to refer to the events that have overtaken the company's mine in recent months and have given rise to a critical situation where, with the declining level of gold production, alarming increases in working costs as a result of the universally high rate of inflation, and in particular the sharp fall in the price received for gold the company has, since the commencement of the current quarter, been incurring substantial working losses which are likely to continue to be incurred in the coming months unless there is an early and considerable improvement in the gold price. Moves made in the last quarter of the year to improve the grade of ore from the mine did not reflect in results, and it has been necessary to take more drastic steps to improve output. In an announcement published in the press and circulated to members on 12 August 1976, members were informed of the position at the mine and of the steps being taken to increase gold production in the short-term by moving more workmen into the limited number of high grade blocks of ore on the mine, and by reducing costs wherever possible by closing some lower-grade sections of the mine and, unfortunately, by retrenching a limited number of staff at a time when the country as a whole is experiencing an economic recession.

It was also announced that, in view of the large quantity of marginal ore that could be mined profitably in the event of the price received for gold staging a sufficient recovery, and in view of the importance of gold as an earner of foreign exchange, it had been decided to prepare an application to be submitted to the State for financial assistance under the Gold Mines Assistance Act. In addition, and because some time may elapse in negotiating State Aid, which cannot in any event be assured and also because the possibility exists that a major reduction of staff may become necessary, it was decided, as a precautionary measure, to give the Minister of Mines the statutory three months' notice of closure of the mine.

Since it was established as a relatively low-grade and labour-intensive operation in the late 1930's, the mine has for much of its life been faced with the problem of containing costs within acceptable levels, including the heavy costs of pumping extraneous water from the mine, the operation of an extensive system of small shafts and the costs of repairing or paying compensation for damage caused by ground movement as a result of dewatering the area over the mine. It has, over the years, been necessary to limit capital expenditure to that required to maintain operations at the optimum capacity of an ageing plant and now-outdated shaft and communications systems. Although helped by a large devaluation of the currency in relation to gold in 1949, the benefits of which were soon dissipated, it was continually necessary to raise the pay limit of the mine's ore reserves to offset the gradual increase in unit costs against an otherwise static gold price. The stage was reached in the early 1970's when it became evident that, unless the price received for the mine's gold output was substantially raised, or unless financial assistance was obtained from the State, the mine's remaining life would be of short duration. Plant maintenance and capital expenditure were reduced to a minimum. Relief came from 1972 onwards in the form of rapidly rising gold prices which outstripped the accelerating rises in working costs. It was possible to lower the pay limit and bring back into the reserves large quantities of ore which had previously become unpayable, and to embark on a comprehensive capital expenditure programme to open up additional areas for mining, to rehabilitate plant and to improve facilities, both underground and on surface, at the mine. The mineral rights and freehold of the Middelvel area, adjoining the northern boundary of the mine, were acquired and exploration in this area was initiated.

Late in the 1974 financial year a general shortage of black labour manifested itself. There was also a decline in gold output but, because the average price received for this output was very

much higher than that previously received, and in spite of a large increase in working costs, a record profit was earned, and a record dividend distributed in that year. The shortfall of labour at the mine reached serious proportions during the 1975 financial year and in consequence there was a further decline in gold output. In this instance, however, a further substantial increase in the price received for gold was, on the lower output, not sufficient to offset the rapidly rising working costs, and a lower working profit resulted. In my last review warning was given of a possible further decline in earnings.

The results of operations for the year ended 30 June 1976, described in detail in the report of the technical advisers and reflected in the financial statements, show the downward trend in results to have been even more rapid than foreshadowed in my last review. There was a gradual improvement in the supply of black labour during the year until the third quarter when the mine had virtually its full labour complement. Much of this labour however, was new to the industry, and required training. Due to this and other factors such as long lines of communications, a small but disruptive fire at mid-year, working at considerable depth, rather hot working conditions and scattered workings, productivity was lower than in the previous year. The tonnage milled increased by 60 000 tons, but much of this came from mining a disproportionately large tonnage of the more easily accessible low-grade Main Reef during the period of labour shortage and by supplementing ore from underground sources with low-grade fines from surface dumps. The average yield per ton declined accordingly and gold output was 308 kilograms less than in the previous year. By reducing the bullion pipeline which was production from earlier periods already declared, and collecting the premium income thereon, the total revenue received for gold during the year was substantially increased, but even so the working profit including profit from pyrite, declined from R7.8 million to R4.2 million, and the profit after tax from R6.8 million to R4.5 million. R3.3 million was appropriated from profits for expenditure on fixed and other assets, the dividend was reduced from R3.5 million to R1.3 million, and there was a small decrease in the amount of unappropriated profit.

The application for State Aid is now being prepared and will shortly be submitted to the authorities. In the meantime the rationalisation of operations at the mine is proceeding apace but some time will elapse before these moves become effective and as I mentioned at the outset further working losses are expected to be incurred during the coming months. Capital expenditure is being reduced to a minimum and the exploration programme in the Middelvel area, which up to now has been disappointing, has been discontinued. Although the statutory notice of closure has been given I wish to reiterate that this does not necessarily mean that the mine will cease operations in three months' time.

Provided State Aid is forthcoming to tide the company over the present difficulties, I remain hopeful that, in the longer term, the gold price will recover from its present depressed level and increase sufficiently thereafter to ensure that the mine will be able to continue profitable operations for a number of years to come.

In conclusion I wish to express, on behalf of the board our appreciation of the services rendered during a very difficult year by Mr C T Fenton the consulting engineer, by Mr A J H Pole the mine manager, and by the staff at the mine and at head office.

P W J van Rensburg  
Chairman

Johannesburg  
26 August 1976

## KLOOF GOLD MINING COMPANY LIMITED

At this time last year I stated in my review, which covered operations for the year ended 30 June 1975, that for the ensuing year it was expected that a higher average milling rate would be achieved but, because of the lower value of the ore reserve, a further decline in gold output was likely and, with increasing costs of labour, stores and services, the working profit would be less than that for the 1975 year unless there was a compensating increase in the price received for the mine's output. As will be seen from the financial statements and technical advisers' report, the results of operations for the year ended 30 June 1976 were much as had been expected and with a slightly lower average price received for gold, the working profit fell by R7.9 million to R24.3 million.

During the first half of the year underground operations continued to be adversely affected by the shortage of black labour, but by the end of the third quarter the mine had regained its full labour complement. Much of the new labour was inexperienced and required training, which is continuing. With the commencement at mid-year of limited stoping from the initial two longwalls it was possible to increase the milling rate so that the total tonnage milled for the year was 64 000 tons higher than the total for the previous year. The average yield was, however, 1 gram per ton less and total gold production was down by 540 kilograms.

Although the working profit was R7.9 million lower, and sundry revenue was R1.1 million less, the liability for State's share of profit and taxation was also reduced by an amount of R7.7 million in spite of the substantially increased surcharges levied retrospectively to July 1975. The net taxed profit of R21.4 million was, therefore, only R1.3 million less than that achieved in the 1975 year. Expenditure on fixed and other assets amounted to R14.6 million and, after utilizing R7.8 million of the R12.5 million set aside in previous years for future capital expenditure, an amount of R6.8 million was transferred to non-distributable reserve. The dividend, which was reduced by 8 cents to 47 cents per share, absorbed R14.2 million, and there was a small increase of R0.4 million in the undistributed profit.

Most of the reef development during the past year was concentrated in the lower grade southern area of the mine, the sampling results having reflected a decline from 1 737 to 1 310 centimetre-grams per ton in values. However, the value of the ore reserve at the end of the year was slightly higher, but there were 621 000 tons less in reserve than were in reserve at the end of the previous year. The lower tonnage and increase in value were mainly due to the raising of the pay limit brought about by the ever-rising unit costs.

With regard to the shafts development to reef from No 2 Sub-Vertical Shaft, and the boring of rock passes at that shaft, are about to commence. By the end of the year No 3 Shaft which will provide additional ventilation and facilities for handling men and materials, had been sunk to a depth of 836 metres below collar, sinking having been retarded by the intersection of a water-bearing zone which required cementation. Likewise unexpected delays have been experienced in the development of the haulages on 23 level towards No 3 Shaft, due to the intersection, when drilling advance boreholes of large volumes of water. Because of these delays, the program for the sinking of No 3 Sub-Vertical Shaft and the development of two new longwalls in the northern area of the mine necessary for the build-up of tonnage to sustain a milling rate of 210 000 tons per month, has had to be revised and it is now the intention to continue increasing the milling rate until it reaches 180 000 tons per month during 1978, where it will be maintained for some years thereafter before embarking on any further steps to increase the milling rate to 210 000 tons per month. The projections are that, with savings in capital expenditure during the interim period, the long-term financial results will not be seriously affected.

Provided the present labour pattern and work practices are not unduly disturbed, the milling rate is expected to rise to 135 000 tons per month in the second half of the current year with additional tonnage being drawn from the two established longwalls, and with stoping from the next two longwalls due to commence towards the end of the year the milling rate is expected to increase to 150 000 tons per month in the succeeding year. A slightly higher yield per ton is forecast and total gold production this year should rise accordingly. No working profit or dividend forecasts can, however, be made at this point in time because of the uncertainties obtaining in regard to the short-term movements in the gold price, which is presently at a disturbingly depressed level, and the affect on costs of the continuing high rate of inflation.

On behalf of the board I again give me pleasure to express our appreciation of the services rendered during the year by Mr J D Pollard the consulting engineer, by Mr B C Oberholzer the mine manager, and by the staff at the mine and at head office.

R A Plumbridge  
Chairman

Johannesburg  
26 August 1976

# UP

## REVIEWS FOR THE YEAR ENDED 30 JUNE 1976

### Private Companies to Members for the year ended 30 June 1976

#### IED

received, and in spite of a large profit was earned, and a record shortfall of labour at the mine in the 1975 financial year and in decline in gold output in this year. An increase in the price of gold, not sufficient to offset a lower working profit was given of a possible further

the year ended 30 June 1976, of the technical advisers and reports, show the downward trend more rapid than foreshadowed a gradual improvement in the year until the third quarter full labour complement Much to the industry, and required factors such as long lines of fire at mid-year, working conditions and scattered than in the previous year The tons, but much of this came from underground sources dumps The average yield per output was 308 kilograms less than the bullion pipeline, which was already declared and the total revenue received increased, but even so from pyrite, declined from the profit after tax from R6 8 million, and there was a small profit

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P W J van Rensburg  
Chairman

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R A Plumbridge  
Chairman

#### LIBANON GOLD MINING COMPANY LIMITED

Members' attention is directed to the financial statements and report of the technical advisers which describe in detail the results of operations for the year ended 30 June 1976

Because of a general shortage of black labour for almost three quarters of the year, the large turnover of this labour and the low productivity of inexperienced recruits, underground production fell short of the previous year's production and 29 000 tons less were milled The lower tonnage, coupled with a slight decrease in the yield per ton milled, resulted in gold output falling by 409 kilograms to 10 984 kilograms

The effects of the continuing high rate of inflation on the costs of stores and services, and in particular the substantial increases in wages paid to the larger black labour force and also to the slightly reduced white staff, contributed to an alarming increase of R5,5 million, equivalent to approximately 29 per cent, in total working expenditure for the year Working revenue on the other hand was some R2,5 million less than in the previous year because of the lower gold production and the reduction, from R3 646 to R3 554 per kilogram, in the average price received for this gold The net effect of these factors was a shrinkage of R8,0 million, or approximately 35 per cent, in the working profit Sundry revenue was R0,6 million lower, and after taking account of a reduction of R5,4 million in the amount payable to the State by way of lease consideration and direct taxation, the net taxed profit of R13,0 million was only R3,2 million less than in the previous year

Capital expenditure of R8,5 million was incurred during the year, mainly on the sinking of and the provision of ancillary services and equipment for the No 2 Sub-Vertical Shaft, on primary development associated with this shaft, and on improvements to the reduction works and accommodation for black employees

Current assets increased by R0,3 million and, after utilizing R2,1 million of the R3,0 million set aside in previous years for future capital expenditure, an amount of R6,7 million was transferred to non-distributable reserve With the smaller amount available for distribution to members it was necessary to reduce the total dividend from R8,7 million in the 1975 year to R6,4 million for the year under review

Steady progress continued throughout the year on the sinking and equipping of No 2 Sub-Vertical Shaft which will provide access to the Main Reef down to the eastern boundary of the mine's lease area, and to the main Reef and Ventersdorp Contact Reef to the east of that boundary where the mineral rights over approximately 241 hectares were acquired last year

Prospecting of this latter area by means of underground development and drilling, and by the drilling of two boreholes from surface, is continuing The twin haulages on 18 Level, linking No 2 Sub-Vertical Shaft to No 2 Shaft, have been completed and are being equipped

The ore reserve at 30 June 1976 has been calculated on a pay limit based on a gold price of R3 500 per kilogram, the same price as that used in calculating the ore reserve at the end of the previous year The mine's pay limit has, however, been raised because of the affect on working expenditure of the high rate of inflation and the substantially increased wages paid to employees, so that it has once again become necessary to eliminate a further large tonnage of marginal ore mostly on the Main Reef, from the ore reserve Since the end of the financial year there has been a further sharp decline in the price of gold to a level well below that used for the purpose of calculating the ore reserve, and, with the continuing increase in costs, this, if it persists, will have the effect of yet further increasing the pay limit and reducing the total developed ore reserve of the mine

Provided the mine can achieve a reasonable level of stability in the work-force insofar as both black and white employees are concerned, it is expected that a higher tonnage at a slightly higher grade will be milled during the current year and that gold production will rise accordingly Although it is estimated that there will be a reduction of some R1,8 million in expenditure on capital account this year, the profit available for distribution to members will depend not only on whether the increased production target can be met but also on the rate of increase in working expenditure and, in particular on the uncertain revenue to be received for the mine's gold output The indications are that, in the short-term, no material increase in the present relatively low gold price can be expected and that, notwithstanding the expected increased output, the dividend this year will probably be at a lower rate than that paid last year

Once again I have much pleasure in expressing, on behalf of the board, our appreciation of the services rendered by Mr D Savile Davis and by Mr C T Fenton who succeeded him as consulting engineer during the year by Mr D L Starkey, the mine manager, and by the staff at the mine and at head office

R A Plumbridge  
Chairman

Johannesburg  
26 August 1976

#### DOORNFONTEIN GOLD MINING COMPANY LIMITED

A number of factors adversely affected the results of operations for the year ended 30 June 1976, which resulted in a reduction in the net taxed profit and a halving of the dividend of the 1975 year Some of these factors were common to the mining industry as a whole, such as the adverse affect on working costs and capital expenditure of the inflationary forces in the economy, the critical shortage of black labour which persisted until the second half of the year, the impact of the substantially higher cost of this labour, and the levying by the State of yet higher tax surcharges and compulsory low-interest bearing loan levies, with retrospective effect to July 1975 insofar as this company was concerned Other adverse factors which affected this company's operations are given briefly in this review and are described in detail in the technical advisers' report and the financial statements, to which members' attention is directed

The shortfall of black labour until the third quarter of the year, the high turnover of this labour and the relatively low productivity of the replacements, coupled with the lengthening lines of communication underground and a serious setback caused by the necessity to develop a new ore pass system at No 1A Sub-Vertical Shaft to replace the original system which had been rendered ineffective because of excessive scaling and subsequent blockage, all contributed to lower productivity and a reduction in the tonnage of ore available for milling from underground sources In order to utilise available capacity in the milling plant, an additional 107 000 tons of fines were drawn from a low grade dump to supplement the ore from underground As a result the total tonnage milled was approximately the same as that for the previous year, but, because of a rather lower grade of ore from stopes and the increased quantity of low grade fines milled, the yield was lower than had been expected and gold production fell by 2 536 kilograms

Compared with the financial results for the previous year, there was a decline of R7,7 million in working revenue and, with working expenditure increasing by R4,9 million, the working profit was lower by R12,6 million There was also a decline of R0,6 million in sundry revenue but, because of the lower taxable income, taxation and the State's share of profit fell from R18 3 million to R8,2 million and the net taxed profit at R11,7 million was R3 1 million lower The appropriation from profits for expenditure on fixed and other assets was R6,6 million, compared with R4,5 million the dividend absorbed R5 4 million, compared with R10,8 million, and the unappropriated profit was reduced by R0,2 million to R1,6 million

During the year it was decided to resume, after having been suspended for 8 years, the exploration of the south-west sector of the mine in order to demarcate the extent of the Carbon Leader zone Initial development, westwards on Nos 15 and 23 levels, is

now in progress Further development was also carried out during the year on the Main Reef horizon in the No 1 Shaft area with encouraging results, and it is expected that by the end of the current year some ore from this reef will be available for inclusion in the ore reserve The areas of payable Main Reef are, however, not large, and the values are lower than on the Carbon Leader

Capital expenditure during the current year will continue at a high rate of approximately R7 million and will be incurred mainly on plant and equipment associated with the transportation of men, materials and rock over long distances, and to alleviate the heat and rock stress problems encountered in mining at depth Expenditure will also continue on improvements to the reduction works and on the accommodation provided for the mine's black employees All this work is required to ensure the longer term future of the mine, but in present economic circumstances it may become necessary to postpone some of this expenditure

Underground production should increase this year if the improved labour strength is maintained and if relative stability in the labour force as a whole remains undisturbed With these provisos, it should be possible to maintain the milling rate by replacing the tonnage of low grade fines from the surface dump with ore from underground sources Although the value of the ore reserve declined by nearly a gram per ton over the past year, total gold output should be not less than that achieved last year However, it appears unlikely that revenue from this gold output will match working revenue for last year unless there is a substantial recovery in the currently depressed gold price With this possibility of a lower working revenue, with the continuing and unavoidable increase in working costs, and with expenditure on necessary capital projects continuing at a high rate, it appears, unhappily at this early stage, that a smaller amount will be available for distribution to members this year

Once again it gives me much pleasure to express, on behalf of the board, our appreciation of the services rendered during the year by Mr J D Pollard, the consulting engineer, by Mr D Savile Davis who succeeded Mr Pollard in that capacity during the year, by Mr R C Bertram, the mine manager, and by the staff at the mine and at head office It is pleasing to report that early in August 1976 the mine recorded, for the second time in its history, a million fatality-free shifts All concerned in achieving this excellent safety performance are to be heartily congratulated

P W J van Rensburg  
Chairman

Johannesburg  
26 August 1976

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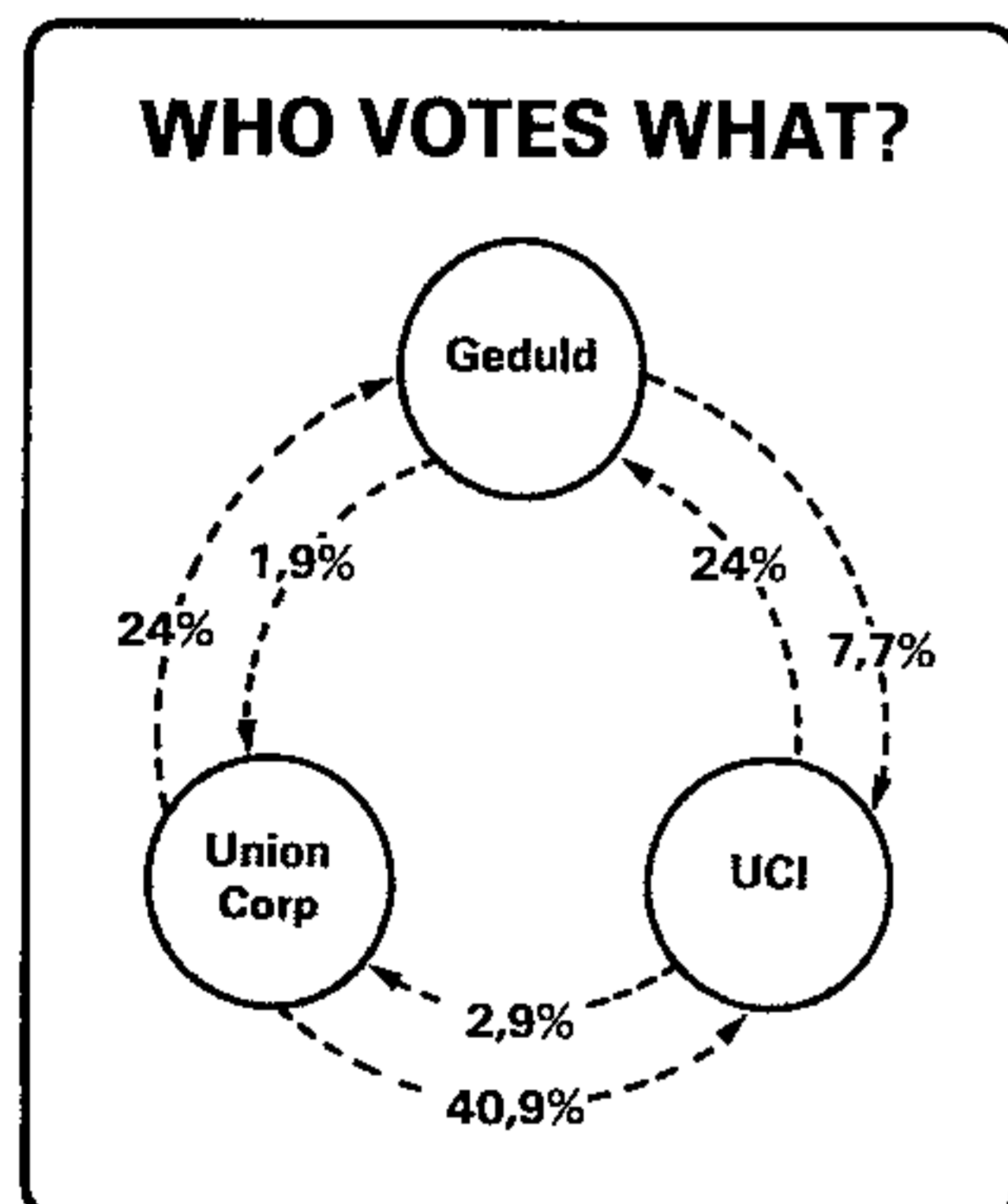
IN THE MARKETS

FOX

## Doubts on the Geduld deal

The key to Union Corp's controversial bid for Geduld is clearly emerging as how UCI will vote its Geduld shares. To recap the present shareholdings are as shown in the diagram below. Because Union Corp is seeking control of Geduld via a scheme of arrangement, it is by definition trying to acquire only the 76% of Geduld it does not already own. If it can rely on UCI's 24% of Geduld, it has 32% of the outstanding shares sewn up. It can probably also count on such disinterested bystanders as Sentrust (50 000 Geduld shares) and Sappi Pension Fund (28 000) whose holdings could be useful in a contested vote.

The timing of events next week is as follows. At 10h15 on Thursday, UCI members meet at an EGM in order to



consider the effect on their company of Union Corp's proposed acquisition of Geduld. At 10h30, immediately after conclusion of the UCI meeting, there is the scheme meeting where Geduld members consider Union Corp's proposals.

Because Union Corp holds 40.9% of UCI, and needs only a simple majority at the EGM, everyone has assumed it will automatically gain acceptance at the UCI meeting for the Geduld acquisition, and will therefore walk into the scheme meeting with UCI's 24% of Geduld in its pocket. Many people would regard the vote of these shares as morally dubious, even though it cannot be faulted legally.

But this most certainly doesn't mean the UCI shareholders should forget to turn up. This week I was informed that at a meeting between Barclays Merchant Bank, acting for Union Corp, and the JSE Listings Committee, an undertaking

was given that Union Corp would not vote its holding at the all-important UCI meeting. It would therefore be left to the outside shareholders of UCI, *inter alia*, to approve or reject Union Corp's terms for Geduld. In this case it would be much harder for Union Corp to gain sufficient acceptance from the UCI outsiders. This, in turn, could drastically weaken its hand at the Geduld meeting.

I rang the JSE's Listings manager Doug Gair to check whether this undertaking had in fact been given on behalf of Union Corp and, if so, whether it was volunteered or given as a result of JSE pressure. Since this column is often critical of the Listings Committee, it would have been nice to have reported that it had taken a strong line, or, *per contra*, that Union Corp had done the decent thing in deciding to recuse itself.

Gair told me that my understanding was correct and Union Corp would recuse itself at the UCI meeting. He added that it had not been due to JSE pressure nor was it voluntary, but "jointly agreed at a meeting". In answer to my question as to the date of the meeting, Gair replied that it was when the documents were sent to the JSE for approval in July.

In that case, I enquired, wasn't the description of the voting arrangements contained in the UCI circular incomplete? The circular records "Undertakings have been given that the directors of Union Corp who are also directors of Geduld and/or UCI will not exercise their votes as shareholders at the meetings of either of these two companies". This appears to deal only with the common directors' shares and says absolutely nothing about Union Corp recusing itself at the UCI meeting to allow the outside shareholders to decide the way their company's Geduld shares would be voted.

Gair said he was sure this undertaking was mentioned somewhere in the UCI document and referred me to Barclays Merchant Bank which, he said, would know where to find it. (There is, in fact, no reference to Union Corp's recusal anywhere in the UCI document.)

When I spoke to the bank, the plot thickened to surprising dimensions, because a spokesman in turn assured me that Union Corp's recusal at the UCI meeting had "never been discussed at all". He further said that UCI *will* vote its Geduld shares at the scheme meeting in favour of the Geduld acquisition on the terms proposed.

Somebody, in all this tangle, clearly

has a faulty memory, and it isn't me. Could the tactic be as follows. Union Corp's recusal of its UCI shares is, in fact, planned (though not disclosed in the UCI document). But there will be no fanfare of trumpets announcing that Union Corp is recusing itself until *after* the UCI meeting, when Union Corp will be able to turn round and say "There you are, we recused ourselves and the outside shareholders accepted the terms."

If this is so, I hope anyone who reads this will consider very carefully how to vote at the UCI meeting. Schemes of arrangement are abused enough as it is without going through by sleight of hand. If an undertaking was given, as Gair says, then the possibility must be aired that the UCI document will have to be withdrawn. And the outside shareholders of UCI must think very hard indeed before they commit themselves on what could be incomplete documentation.

But the JSE, as Gair rightly points out, has no legal right to insist on Union Corp's recusal at the UCI meeting. It can only try to persuade, and make clear its attitude which, obviously, must have great force with offeror companies. All interested parties should, I suggest, take steps to clarify with Barclays Merchant Bank and the JSE what actually happened and support the JSE's attitude if Gair's version is proved correct.

There are other signs that the whole deal is running into trouble. Barclays Merchant Bank, I understand, has rung up Geduld shareholders with as few as 500 shares "to see if we can explain the documents", in the course of this explanation, it is not unknown for the enquirer to try to ascertain how the shareholder intends voting. My informant tells me these approaches have not always been well received. It is however, as I explained, entirely normal commercial practice for merchant bankers to behave like encyclopaedia salesmen. *Richard Rolfe*

h/2

# Gold Fields of South Africa Broadening the base

F.M. 1/10/76

When the good times for the gold price ended with a vengeance, GFSA had to make some difficult decisions in its year to June 30. But it retained its predominant gold base, amounting to 84,7% (89%) of assets at the year end, cut the dividend from 225c to 155c and, since June 30, has ensured its ability to participate in Deelkraal, without realisations in a depressed market, by a R20m debenture issue.

But hand in hand with retrenchment has gone some useful progress on the exploration front, where several projects are now maturing. Cumulatively, they will diversify GFSA away from its big gold content and establish a broader base, although, of course, it will remain primarily a gold-mining house for many years.

The most advanced of the projects, all of which are described in chairman Ian Louw's review, are in the coal sector. GFSA has rights over three big blocks of ground in the Eastern Transvaal where reserves have been proved and the house is now, Louw says, "going ahead with feasibility studies". These will determine whether the coal is most suitable for power station, export or domestic consumption.

The possibility is that over a period GFSA will be able to develop a colliery in each of these areas, perhaps tendering for the new Escom station, Ilanga, towards the end of next year. It was not one of the groups originally granted an export permit by Secretary of Commerce

Joep Steyn, but it has now applied for export permission and is optimistic of being accepted, subject to the expansion of rail and harbour facilities.

The other major coal prospect is in Rhodesia at Bubyee, near Beitbridge, where initial reports suggested reserves of 15 Mt of high grade coking coal. In fact, the house reckons the deposit, which is still being drilled, will be very much larger.

Iscor would be the logical customer, but the Rhodesian government will only allow export once Risco's needs have been satisfied. Either way, the Bubyee coal will be consumed in Southern Africa at what should be premium prices.

uranium"

Despite the ferrochrome plants JCI and General Mining are developing, GFSA is continuing to investigate a third facility with overseas partners. The house holds the farm Dwarsrivier near Steelport where enough reserves have been proved, as Louw says, "to know it is a mine". GFSA is not worried about over-capacity, as demand remains firm and outside SA ferrochrome plants are no longer being built.

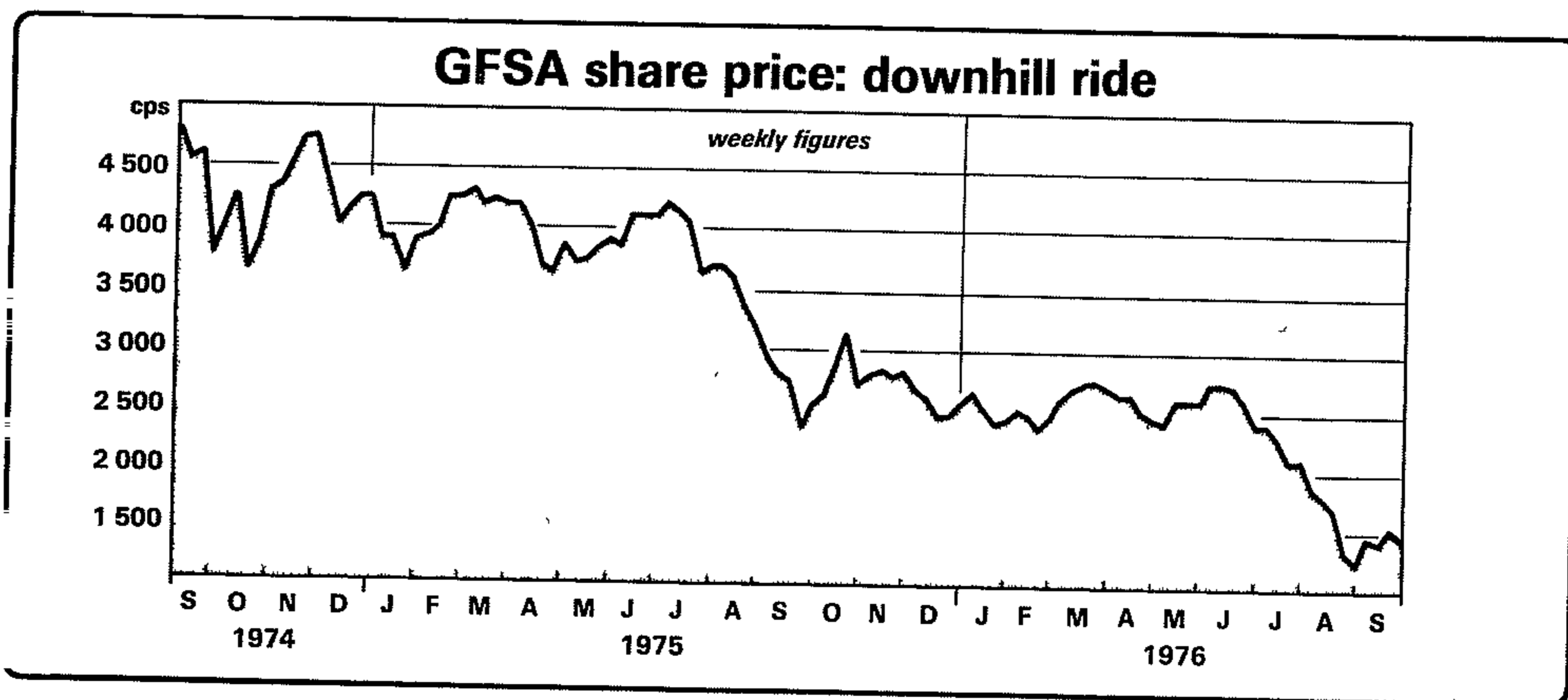
The Brazilian venture, 33% in Minas d'el Rey Dom Pedro, has been a disappointment and the house's equity stake and part of its loan capital, amounting to R2,6m, has been written off. However,

## HOW IT SHAPES

	INVESTMENTS		NET PROFIT	EARNED		NET ASSETS
	BOOK VALUE	MARKET VALUE		PAID	NET	
	RM					
	CENTS PER SHARE					
1972	79,8	296,8	11,4	70,9	47,5	2 004
1973	80,0	446,3	14,5	100,3	60,0	2 985
1974	86,1	696,7	35,6	218,2	150,0	4 504
1975	110,0	762,2	47,1	288,8	225,0	4 820
1976	118,8	459,4	29,7	182,4	155,0	2 941

Exploration continues at Trekkopje in SWA, but a feasibility study is at least two years away — a date which should coincide neatly with some greater certainty as to the territory's future system of government. However, even at this stage, Louw says the deposit "could prove economic in the light of the projected demand for and price of

iron ore prices have improved and this small producer, which does 1,8 Mt of iron ore per year, has reduced its losses. GFSA continues to look actively in Brazil. "What we would like," Louw observes, "is a small, high grade mine which could be expanded into a large low grade mine", so that expansion could be generated from funds in Brazil.



# Gold Fields' profits

## down 18,5pc

CAPK TIMES 13/10/76

JOHANNESBURG. — Production by gold mines in the Gold Fields group in the September quarter was in line with that of the previous three months but a 5,3 percent increase in unit cost to R21,42 per ton milled, combined with the lower gold price, saw working profit fall by 18,5 percent to R57,5m.

Tonnage milled was marginally down from 2 702 500 tons to 2 672 000 tons but an increase in grade from 13,4 g/t to 13,7g/t led to an increase of 1,3 percent in the total quantity of gold produced to 36 587 kilograms

The average gold price at R3 120 per kilogram was, however, 10 percent lower than the previous quarter's R3 460

Two mines — Venterspost and Vlaktefontein — suffered



losses for the quarter. Both have given the statutory three months' notice of possible closure to the Minister of Mines

The Vlaktefontein directors say mining will not necessarily cease at the end of the three months' period, but the notice will permit the company to take any necessary action at short notice

The present indications, they add, are that it will be possible to continue mining until about the end of March next year

The directors of Venterspost note they have also given notice, but say they have applied to the State for assistance in view of the considerable tonnages of gold which could again become payable in the event of a worthwhile increase in the price of gold

Since mid-August tonnage broken has fallen as expected, but the grade is improving and in September gold production rose to 594 kgs

The reduction in tonnage milled in the group resulted largely from the elimination of low grade waste tonnage at West Driefontein, which caused a decline in tonnage milled and an increase in yield and from an underground fire at Libanon which adversely affected production and tonnage milled

After taking account of the profit of R3 000 (R29 000) on the sale of

## Venters and Vlaks may close

pyrite, the loss of R366 000 (R906 000 profit) on the sale of uranium and acid and net sundry revenue of R5,2m (R,49m) profit before tax and State share of profit declined from R76,3m to R62,4m

Taxation and State share of profit was lower at R28,7m (R434,4m), but net profit declined from R41,9m to R33,6m (19,7 percent).

Gold revenue per kilogram figures for the mines were

Doornfontein R3 098 (June quarter R3 687), East Driefontein R3 136 (R3 325), Kloof R3 160 (R3 492), Libanon R3 153 (R3 348), Venterspost R3 093 (R4 256), Vlaktefontein R3 100 (R3 757), West Driefontein R3 102 (R3 460) — Sapa

Rand Mines Ltd said results of group gold mines in the September quarter are as follows in order taxed profit, (million rand), gold produced (kg), yield (G/T) and cost (rand per tonne milled) — with previous quarter in brackets

HARMONY: 2,0 (10,6), 8 062 (6 974), 5,16 (4,87), 15,60 (15,71)

BLYVOOR: 6,1 (6,8), 5 934 (6 018), 12,90 (12,23), 22,57 (20,42)

DURBAN DEEP: Loss 0,1 (0,3-profit), 2 114 (2 046), 4,07 (4,34), 16,98 (18,06)

ERPM: 0,2 (1,6), 2 710 (3 057), 5,80 (5,63), 24,06 (22,67)

CITY DEEP, CONS MAIN REEF and CROWN MINES (mining operations only) Loss 1,0 (0,1 profit), 722 (768), 3,28 (3,34), 16,68 (14,09) — Reuter

# Anglo American quarterlies

# Profits up for

15/10/76 AM

# Transvaal mines

**JOHANNESBURG** — After-tax profit at the Anglo American Corporation's operating gold mines in the Transvaal increased in the September quarter to R26 250 000 from R23 625 000 in the June quarter, with unit working costs reduced at each mine.

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Tonnage milled increased by 226 000 tons to 3 146 000 tons and gold production rose by 2 149kg to 30 880kg. The average gold price received was R3 073 a kilogram (about 110 dollars an ounce compared with R3 412 a kilogram or about 122 dollars an ounce.

Working profit from gold dropped by R5 298 000 to R28 778 000.

Unit working costs at Vaal Reefs were R23,55 a ton milled compared with R24,31 but the reduced revenue resulted in a drop in gold working profit from R17 463 000 to R12 362 000.

Total after-tax profit increased from R13 694 000 to R14 886 000.

At Western Deep Levels the total after-tax profit was R11 644 000 compared with R10 343 000. Estimated capital expenditure for the year ending December 31, has been reduced from R21 500 000 to R20 000 000.

#### **EAST DAGGA**

East Daggafontein's working costs per ton milled decreased from R7,73 to R7,33 and revenue per ton milled improved slightly from R5,46 to R5,48.

After State assistance and working loss of R623 000 (R760 000) was reduced to a net loss of R160 000 (R290 000).

At S.A. Land, an increased working loss of R1 414 000 (R1 056 000) was recorded, for a net loss of R120 000.

Construction work generally and shaft sinking at Elandsrand is proceeding on schedule and capital expenditure for the current year is estimated at R26 500 000 (previously R25 000 000).

— (Sapa.)



# OFS mines 15/10/76 nm have loss

## JOHANNESBURG —

After tax profits from the Anglo - American Corporation's seven Free State gold mines for the year ended September, 30 fell to R157 626 000 (1975: R187 013 000).

Total tonnage milled increased marginally to 14 915 000 (14 770 000) but grades on all mines except Freddie's were lower so that gold production actually dropped by some 7 percent to 172 116kg in 1975.

Decreased production and the lower average gold price received during the year of R3 347 a kg or approximately 120 dollars an ounce (R3 673 a kg or 131 dollars an ounce) resulted in a 15 percent drop in gold revenue to R538 574 000 from R633 907 000 and working costs rose by some 19 percent to R287 125 000 (R240 679 000).

### GOLD PROFITS

Working profits from gold fell by 36 percent to R251 449 000 (R393 228 000).

Tax and State's share of profit fell by just over 50 percent to R111 964 000 from R226 845 000, largely as a result of significantly higher overall levels of capital expenditure, mainly on shaft-sinking and metallurgical projects.

Forecasts of capital expenditure for the year ended September 30, 1977 do not include the joint metallurgical scheme which will be financed by advances drawn against the interest-free loan made by a purchase of one of the products.

In the September quarter the mines earned profits after tax and State's share of R40 070 000 compared with R40 575 000 in the previous quarter. —  
(Sapa.)

MINING - GOLD GENERAL

JAN. '77 - JUNE '77

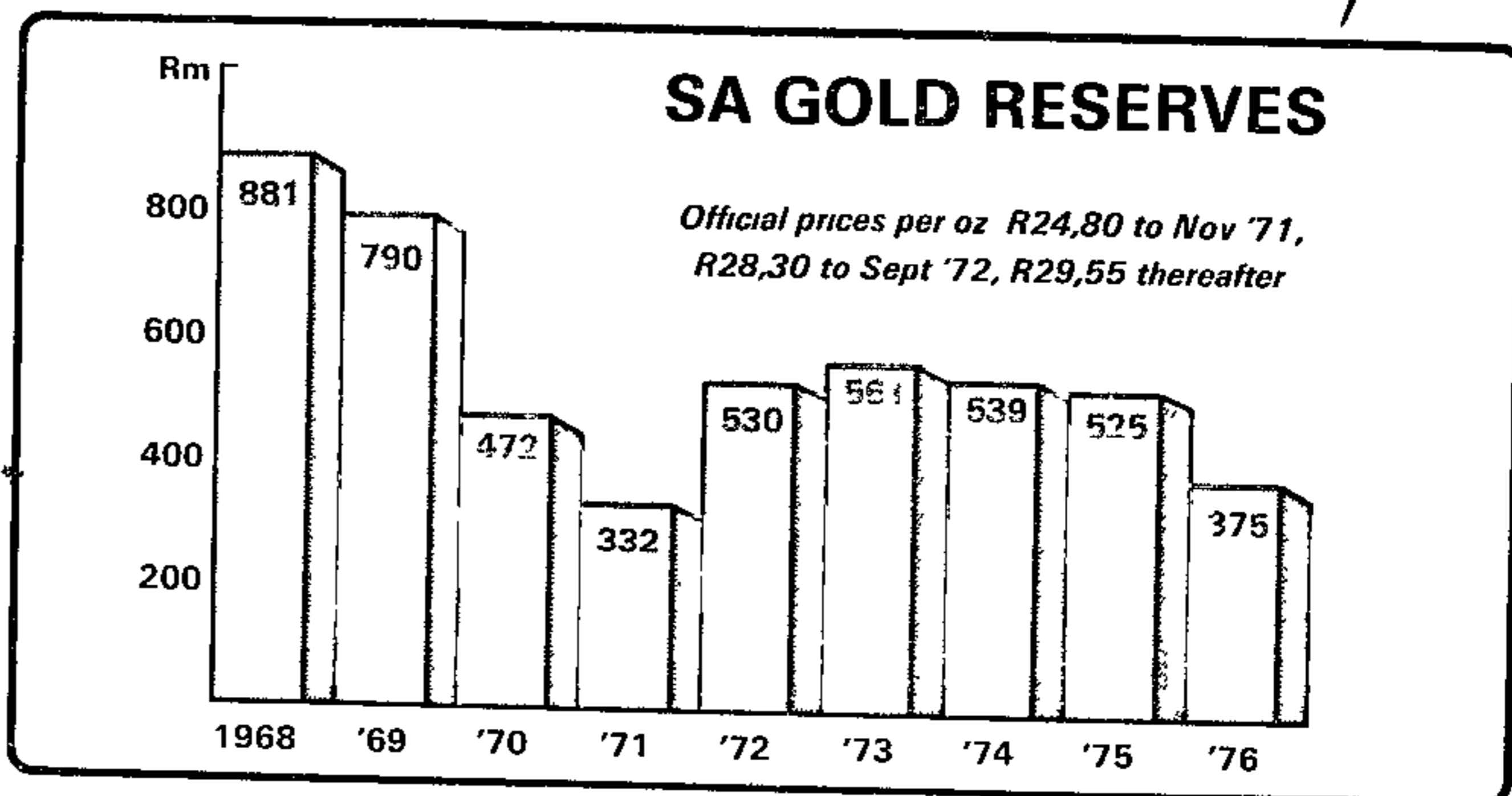
The image shows a large grid of vertical lines, likely a ledger or data table. The grid consists of approximately 20 vertical columns. On the left side, there are several horizontal lines that intersect the vertical lines, creating a grid structure. The lines are thin and black, and the overall appearance is that of a blank ledger page with a header section at the top.

# The gold agterskot issue

FIN MAIL 14/1/77

The Chamber of Mines is likely to make further representation to the Reserve Bank and Treasury over the question of an agterskot to the gold mines. It will be doing so in the knowledge that the authorities do not accept the principle of any such payment, which would arise on gold taken to reserve at a time when the market price was above the official price. But the Chamber has maintained careful records of which mines produced what over the period when gold reserves were built up, and hopes that there is some chance of its representations succeeding.

A bit of history: up to March 1968, all gold was sold to the monetary authorities at \$35. As the diagram shows, the reserves peaked during 1968 and were then run down to their low point, which actually occurred in February 1972. From April 1972, the gold price improved, breaking through \$50 in May, and reserves were consistently built up until May 1973 — a process shown in the first table — when the gold price was around \$90. Since then, they have remained fairly constant at about R550m at the official price, or around 18,5m oz,



## DETAILED GOLD RESERVE MOVEMENTS

	Value Rm	No of oz m
April 1972	333	*11,8
May	350	12,4
June	378	13,4
July	404	14,3
August	432	15,3
September	448	†15,2
October	496	16,8
November	515	17,4
December	530	17,9
January 1973	549	18,6
February	552	18,7
March	555	18,8
INCREASE	222	7,0

\*At R28,30 per oz  
†At R29,55 per oz

before allowing for the 5m oz gold swap done last February.

In May 1972, when the policy of retaining gold had just begun, the Chamber complained to the authorities that the mines were not getting the full benefit of the improving price. The Treasury took the view that in terms of the Currency & Exchange Act, any "profit" arising on gold retentions would be held by the Reserve Bank for the account of the government. But it left open the possibility that the legal position would not include the government, with appropriate parliamentary approval, from passing on all or part of this "profit" to the mines. This issue would be judged on

its merits when it arose.

The issue could arise this year in various ways:

- The reserves will have to be revalued this year when the new IMF articles are ratified, probably towards the end of the year. But it is not clear yet how the Reserve Bank will handle revaluation (which has implications in other areas, such as the Mozambique convention). It could simply publish a weekly figure in oz and let analysts, or creditors, place their own value on them. Or, like the central banks of Italy and France, it could make its own market valuation.
- The 5m oz gold swap arranged last year was not deemed to be a sale of gold from reserves, and so the mines were not entitled to any premium of the kind which would have arisen had the gold been sold. But if for any reason the swap facility was not extended, the gold would effectively be sold and the Chamber could argue the case for the mines' receiving the premium — the margin between the R28,30/R29,55 per oz the mines received initially and the price at which the gold is eventually sold.
- Regardless of what happens to the swapped gold, the remaining gold content of the reserves might be run down during 1977, in which case the mines would be entitled to the premium, based again on

the Chamber's records, on a first-in-first-out basis.

The sum involved is large, as it amounts to about 7m oz of gold worth just under R800m at the current price. But of this the mines have already received R200m, which represents the official price element. The R600m balance would be subject to tax at the mines' top marginal rates, which, in the case of the mines with the most onerous lease formula, is about 74%. However, that could still leave a sum upwards of about R160m for distribution to the mines.

Sources in individual mining houses do not privately hold out much hope of this sum being forthcoming in the present economic climate. All the same, collectively the Chamber thinks differently, even though the Reserve Bank and the Treasury do not accept the principle of the "trust" gold, as the Chamber calls it, which arose from the gold reserve increase after May 1972.

One possibility is that the agterskot will be allowed subject to some kind of provision that it should be used for development of the mines, not for full distribution. Another is that an agterskot will be approved for payment to the mines if and when the gold is ultimately sold, a process which could take years,

## AGTERSKOT WINNERS?

	Issued Shares m	Par value less capital repaid c	Gold output Apr 72-Mar 73		% of gold output over period	Possible pre-tax value of agterskot Rm	Net value per share c	Current share price
E Dagga	3,73	100	7 626	245 000	0,86	5,1	55	30
Leslie	16,0	65	10 586	340 000	1,12	6,6	17	54
Marievale	4,5	50	7 023	226 000	0,79	4,7	42	110
SA Land	6,6	35	5 129	165 000	0,58	3,4	21	72
S Roodepoort	1,4	56	2 561	82 000	0,29	1,7	49	95
Vlakfontein	6,0	100	5 685	183 000	0,64	3,8	25	60

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## Gold and foreign reserves down R5 m

PRETORIA — South Africa's total gold and foreign assets dropped by R4 862 450 last week and stood at R684 659 494 on Friday, according to the weekly statement by the Reserve Bank. The gold holding alone dropped slightly by R29 368 to R376 607 516

Foreign bills increased from R14,4 million to R20,5 million, while foreign investments dropped slightly from R21,85 million to R21,82 million.

Government deposits dropped from R266,1 million to R243,7 million, while deposits by provincial administrations in-

21/1/77

creased from R67,8 million to R75,5 million. Notes in circulation dropped from R994,4 million to R989,9 million.

The ratio of gold reserve to liabilities to the public, less foreign assets, stood at 25,5 per cent compared with 25,4 per cent the week before — SAPA.

*Mining - total ton 2/4*

# Production loss at *Cape Town* Western Areas *1/2/77*

JOHANNESBURG - Western Areas Gold Mining Co hopes to maintain total mine production at 45 percent following the fire in the Western Areas section where production has been at a standstill since last Friday, a statement said

In the December quarter total mine milled 871 000 tonnes of ore producing 5 487 kg gold

Arrangements have been made to accommodate additional underground workers at the unaffected south shaft (Elsburg section) to maintain some 45 percent of the mine's current level of production. Fire occurred late on Thursday night in a working stope 1 500 metres below surface.

hampering all attempts by the fire fighting team to extinguish the blaze.

Production will be adversely affected while present conditions prevail and it is therefore impossible to give any indication of when normal production will be resumed. - Reuter

## Board changes

JOHANNESBURG. - Dr Hans Winterkamp previously deputy chairman of Dunswart Iron and Steel Works has been appointed executive chairman of the company.

He succeeds Dr F A Zoelner who was chairman for 20 years and a director for 24 years.

Dr Zoelner has at the same time, also relinquished the chairmanship of the Standard Brass Iron and Steel Foundries, a

smoke and heat are

ax

2/4  
Mining gold  
General

# Leslie talks of State aid application

By ADAM PAYNE

LESLIE gold mine's management at Union Corporation has talked to the Mines Department on the possibility of an application being made for State aid, which would enable the mine to explore into its north-western section.

Normally State aid is sought when a mine is losing money and has large reserves just below the pay limit which would come into pay with a rise in the gold price.

In Leslie's case, the plan is to apply for State aid to enable the company to develop into a large unexplored area to the north-west. Leslie operates in the Evander gold field.

The mine cannot afford to carry out this development unaided, with its profits at a low level. They were between R464 000 and R491 000 from the beginning of last year to September and dropped to R178 000 in the December quarter.

With State aid, however,

development which is covered by working costs would be possible and assuming the grade of the area is payable — as is possible on borehole results — the mine's life would be lengthened.

A condition of State aid in the past has been that mines drop their grade 16 per cent but this has been waived in some instances. The same action could be taken in the case of Leslie.

Mr Lynn van der Bosch, the chairman, said in his annual review dated November 22 last, that at the then gold price of \$133 an oz, and taking account of low development values, the mine's life was estimated at another two to three years.

Leslie's ore reserves at June 30 last, based on a gold price of \$125 an oz were 2 300 000 tons at 7 g/t over 124 cm. At a gold price of \$100 they fell to 1 700 000 tons at 7,5 g/t.

**COMMENT:** The expected application for aid will follow a spell of poor development results and a drop in ore reserves since 1974.

Although it would be good to see Leslie's life extended with profits still flowing, speculators should not entertain ideas that development of the north-western area will lead to an Eldorado. Results are not likely to be exciting, but they could at least be payable.

The last references to development towards the north-west were in the 1974 and 1975 reports which said a winze had been started to explore the deeper parts of the zone towards the north-western corner of the lease area.

Development of the 13 level cross-cut north to the north-west continued in 1975, but no reef exposures were made.

# US investors ignored bears to buy golds

Harold Fridjhon

Last year, when both bullion and gold were in a bearish trend, American investors increased their stake in the South African gold mining industry.

This is shown in a survey on the number of shares held by means of American Depository Receipts (ADRs) as at December 31 1975 compared with the total a year later. The survey, which was also extended to assess total foreign holdings of gold shares, was done by a leading firm of stockbrokers

Last year, The Star's gold share index dropped from 386,2 at December 31 1975 to 195,4 on August 25 1976, to recover to 293,6 at December 31 1976. During the year the bullion price dropped from 140,25 dollars to a low point fixing of 103,50 dollars — having traded at 100 dollars — to close the year at R134,50 dollars.

## PERCENTAGE

This unfavourable trend, however, did not seem to deter the determined US gold bulls buying with the advantage of the blocked rand discount. For all but two mines — ERPM and Stilfontein — the percentage held by ADRs actually increased.

In FS Geduld, the percentage increased to 45,67 from 41,87, Vaal Reefs the percentage rose from 27,97 to 31,10. Loraine from 23,11 to 26,32, Durban Deep from 33,01 to 42,37, Kloof from 21,81 to 24,39,

Venters from 19,10 to 24,35, Bracken from 25,74 percent to 30,5 percent

Of the six mines that show increases of more than 20 percent, all but one, Randfontein, are marginal producers

The biggest increases in ADR holdings is Libanon 49 percent, Loraine 32,93 percent, Durban Deep 28,36, Venters 27,49 per-

cent, Grootvlei 26,71 and Randfontein 26 percent.

The table shows total foreign holding in South African mines. These include holdings through ADRs, gold shares in the ASA portfolio, investments in the French Sicovam and the Belgian Soges, and shares on the London registers. Sicovam's holdings are registered in London

## FOREIGN HOLDINGS IN SA GOLD MINES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Anglo American	10 000	45,67	—	45,67	6,34	—	14,63	60,29
FS Geduld	14 040	23,20	4,99	28,19	—	0,44	17,67	46,30
Pres Brand	14 000	34,58	3,38	37,96	0,53	3,10	9,35	50,41
Pres Steyn	3 300	29,76	—	29,76	—	0,45	26,45	56,56
SA Lands	19 000	31,10	3,79	34,89	0,75	3,28	11,64	49,51
Vaal Reefs	12 250	45,48	—	45,48	0,88	—	11,30	56,78
Welkom	25 000	27,50	—	27,50	5,09	—	11,39	38,89
West Deep	7 496	26,32	—	26,32	11,39	2,14	20,47	48,93
West Hol								
Anglo Transvaal	11 200	25,17	—	25,17	1,48	—	8,94	34,11
Hartebees	16 067	30,72	—	30,72	0,10	—	13,37	50,47
Lorraine								
Barlows Blyvoor	2 400	32,37	3,70	36,07	3,99	—	11,45	47,52
Durban Dp	2 325	42,37	—	42,37	—	16,78	15,25	74,40
ERPM	3 960	12,10	—	12,10	4,32	—	11,50	23,60
Harmony	26 885	21,78	—	21,78	12,42	—	21,03	42,78
General Mining	11 000	18,33	3,89	22,22	8,31	—	9,92	32,14
Buffels	13 063	20,88	—	20,88	3,55	3,26	11,97	27,11
Stilfontein								
GfSA Doorn	9 828	27,28	9,97	37,25	—	—	19,44	56,69
East Drie	54 510	11,44	3,00	14,44	3,03	—	11,82	26,26
Kloof	30 240	24,39	3,19	27,58	—	—	9,79	37,37
Libanon	7 937	17,83	—	17,83	—	—	18,36	36,19
Venters	5 050	24,35	—	24,35	—	—	15,15	39,50
West Drie	14 082	19,38	3,37	22,75	7,50	—	15,93	38,68
JCI Eisburg	30 200	28,16	2,40	30,56	—	—	10,80	41,36
Randfontein	5 414	17,88	0,28	18,16	8,05	—	21,82	39,98
West Areas	40 307	17,79	1,67	19,46	—	—	5,48	24,94
Union Corp Bracken	14 000	30,50	—	30,50	—	—	8,06	38,56
Grootvlei	11 439	12,76	—	12,76	0,20	—	11,10	23,86
Kinross	18 000	15,13	0,28	15,41	0,41	—	8,47	23,88
Leslie	16 000	10,61	—	10,61	—	—	24,31	34,92
St Helena	9 625	21,09	5,93	27,02	4,04	—	14,35	41,37
Winkelhaak	12 000	15,97	9,52	25,49	0,26	—	11,55	37,04

Total foreign holdings (8) are arrived at by adding together Columns 4, 6 and 7

The columns represent (1) Share capital (000), (2) Percentage in ADRs, (3) Percentage held by ASA, (4) Total US percentage, (5) Percentage held by Sicovam, (6) Percentage held by Soges, (7) Percentage on London register which includes Sicovam, (8) Total percentage foreign held

RDM 22/3/77

# How the aid scheme works

THREE of the six mines receiving State assistance have found it necessary to apply for additional aid to keep them in operation pending an improvement in cash flow

They are Loraine, ERPM and Durban Deep

These three mines have deemed it advisable to continue operations by making use of State loans, in the hope that a higher gold price and a maintenance of costs will allow them to reach profitability again.

The terms of the State loans are

- In respect of the 18 months to December, 1977 the companies may borrow from the State amounts equal to the residual loss after receipt of the maximum State assistance claimable

- The loans, plus capitalised interest, are repayable out of mining profits. The companies will retain for their own use profits equal to 8,838 per cent of mining income. Any profits in

excess of this amount will be allocated as to two thirds to the State for loan repayment and one third to the company

- The sums borrowed will bear interest at the rate applicable from time to time for Government loans made to other bodies. The interest will be capitalised. At present, the rate fluctuates between 11,5 per cent and 12,5 per cent

- Any loans plus capitalised interest not repaid out of profits at the time operations end, will be repaid out of the proceeds of the sale of assets

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## ERPM and Durban Deep

RD.M 22/3/77

# Hopes rest on State loans

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By DON ROBERTSON  
Mining Editor

THE future of ERPM and Durban Deep hangs in the balance, but both have taken the courageous step of applying for additional State aid, through State loans, in an effort to weather the short-term imponderables and nurture the longer-term profitability of the mines.

While it seems inappropriate to consider short-term prospects for these mines which were opened in 1893 and 1895 respectively, the average gold price ruling last year has forced the management of both to consider the "interests of shareholders" with a view to ending operations.

However, ERPM has the potential of opening up the upper levels of the mine where big quantities of low-grade ore could become payable.

At the same time, hope for Durban Deep lies in the southern area where

prospecting, because of current conditions, has been postponed.

The State loans were applied for some time ago but were granted only in the December quarter when the gold price averaged \$122. Since then, it has moved up rapidly to its current level of \$152 and has prompted Mr R J J Fourie, managing director of ERPM to say "We see some light at the current price."

Of ERPM, Mr R S Lawrence, chairman, says that under conditions in which the company is being sustained by State aid and may need to draw on the loan facility, it is difficult to forecast future trends.

However, he believes that even after the recent price rise, gold is still undervalued and he therefore feels that it will be to shareholders' benefit to maintain operations to take advantage of future improvements in the gold price.

"If the hoped-for improvement in the gold price does not

eventuate and if the additional State loans cease at the end of 1977, the company will again be faced with the prospect of a rapid dissipation of its cash resources.

"A further reduction in the scale of operations can only lead to increased losses and there will probably be no alternative to a suspension of operations in the relatively short-term."

Mr Lawrence, who is also chairman of Durban Deep, says that a decision was taken to maintain operations at the present level, although with reduced prospecting and development expenditure, in the belief that an improvement in the price of gold and in costs, would allow a "long profitable life."

He points out, however, that under current conditions, the future of the company is most uncertain. Exploration has been suspended and will not be resumed until the company's finances improve.

But Mr Lawrence assures shareholders that while it is in their interest, management will continue to maintain Durban Deep as a producing mine in the hope that a change of conditions will permit a return to profitability.

# Anglo American Gold Investment Company

Incorporated in the Republic of South Africa

## 'Current indications for gold are at this time last year' — Mr J. Ogilvie Thompson

The following is an extract from the annual review by Mr J. Ogilvie Thompson, the chairman:

### Financial

The average market price of gold in 1976, at \$124,8, was almost 23 per cent below the \$161,2 average for the previous year. However, the benefit of the September 1975 devaluation of the rand was felt throughout the past financial year and this reduced the decline in rand terms to only 8,1 per cent. Sales of gold from official reserves were considerably lower than during 1975 and working revenue from gold at R2 365 million, was 7,7 per cent below that for the previous year.

For the first time in five years the decline in gold production was halted and, in fact, production rose marginally by 0,1 per cent to 709,1 tons in 1976. The increase was attributable to a rise of 2,4 per cent in the tonnage milled (76,24 million tons) which more than offset a further small decline in the average grade of ore mined from 9,42 to 9,21 grams a ton.

In the light of the effects of the 1975 devaluation, it was inevitable that working costs should continue to rise, but the increase per ton milled was lower at 15,3 per cent, as compared with 27,0 per cent in the previous year. The combined effect of declining revenue and rising total costs led to markedly reduced working profits from gold, which fell by R442 million, or 32 per cent, to R898 million. Uranium profits, sundry revenue and state assistance amounted to R160 million, bringing the industry's total profits to R1 058 million, 26 per cent less than the 1975 profits of R1 425 million. Taxation and the state's share of profit fell by a larger proportion, namely 37,0 per cent, from R629 million to R396 million. Capital expenditure rose again, to R375 million, some of which was financed by new issues of shares, and dividends paid by the mines fell to R325 million compared with R519 million.

The effect on Amgold was of course a substantial fall in dividend income so that our profit after tax was reduced to R45,37 million (206,7 cents a share) in 1976 from the earnings of R74,68 million (340,2 cents a share) in 1975. Income from our listed investments decreased by some 37 per cent to R46,54 million from a level of R74,11 million in 1975, while other income amounted to R2,26 million (1975 R3,41 million) and expenses and taxation totalled R3,43 million (1975 R2,84 million).

Interim and final dividends each of 90 cents a share were declared. The total distribution of 180 cents a share, was 80 cents lower than in 1975 and absorbed R39,51 million (1975 R57,08 million). An amount of R5,50 million was transferred to General Reserve leaving an increase in unappropriated profit of R352 000. These retentions were less than the R13,98 million of new investments and loans made during the year so that net current assets decreased by R8,13 million to R2,62 million at the year-end.

The book cost of listed investments rose by R7,03 million to R147,58 million. The market value followed the easier trend on The Johannesburg Stock Exchange, decreasing by 20,9 per cent to R612,84 million, slightly less than the 22,8 per cent fall recorded by the Financial Mail combined gold index during 1976. The net asset value of each Amgold share at December 31 1976 was 2 882 cents as compared with 3 629 cents at the end of 1975. By March 4 it had risen to 3 130 cents a share, as a result of an increase of R54,4 million in the market value of the group's investments.

The increases in listed investments were confined to four companies. By way of rights issues and underwriting commitments slightly more than three million shares in Deelkraal Gold Mining Company Limited and 247 000 shares in The Afrikaner Lease Limited were subscribed and a substantial interest (16 per cent) was acquired in The South African Land & Exploration Company Limited. This company is proceeding with an exploration programme to the south of its present lease area in which mining operations ceased in December 1976. We also purchased 817 600 shares in Unsel Gold Mines Limited. Since the financial year-end the group has followed its rights in the issue made by Elandsrand Gold Mining Company Limited, acquiring an additional 6,62 million shares by way of rights entitlement and underwriting commitment.

Loan investments increased by R7,12 million of which the major part was the increase of R4,55 million in the loan to East Rand Gold and Uranium Company Limited (Ergo) bringing our total investment in this promising new venture to R5,07 million. These loans are expected to be converted into shares in 1977, and further share issues will be made.

### Gold

The year 1976 was crucial for the gold market. During the year the price was subject to continuing pressures which drove it down to the lowest level since 1973, but there was a strong recovery in the latter part of the year, which could be ascribed to a renewed appreciation of the advantages attaching to gold ownership from both the official and the private investors' points of view. On December 31 1976 the market price of \$134,50 an ounce compared with the low point of \$103,05 on August 31 and was not far below the price of \$140,25 ruling at the end of 1975. After a period of comparative stability in January of this year the price rose sharply to \$148,25 on March 8 1977.

The decline in the price during the first seven months of 1976 was moderate for most of the period in fact, the price remained above the \$130 level until the end of March, and was maintained around the \$125 mark until the slide gathered momentum from the middle of July. The growing weakness of the market at this time confounded many experts who had predicted relatively stable conditions throughout the year. This judgement had been based on the evidence of a considerable recovery in fabrication demand, and projections that this was likely to con-

tinue in the light of the world economic recovery and renewed buying from the Middle and Far East. But it relied also on the view that the auctions of IMF gold, which were due to commence in June, following the Jamaica accord in January on the proposed amendments to the IMF Articles, would not be disruptive. This reasoning was consistent with the generally accepted interpretation of the implications of the Jamaica 'package deal' for gold, namely that although its role in the international monetary system was to be reduced, it was in the interests of neither the world's central banks — which hold the bulk of stocks — nor the developing countries — which stand to benefit from IMF sales — to see the price fall. But an essential corollary was the implicit belief that central banks, by one means or another, would 'manage' the price in the inevitably uncertain period after the first auctions commenced. Whatever rationale it may have had, the view took insufficient account of market realities, especially the psychological effect on investor sentiment of a declining price trend.

Admittedly, the prices realised at the first two auctions, that is, \$126 on June 2 and \$122 on June 14, which approximated the London prices fixed on those days, were not considered unsatisfactory and indeed, the broad nature of the bids was interpreted as encouraging. But there was some slackening of interest at the second auction, and when the market perceived that investment demand was waning — as evidenced also by a sharp reduction in Kruggerand sales after February — and that the Bank of France could not, and other central banks would not, support the market in such volatile circumstances, the price decline began to feed on itself. In the event the liquidation of speculative positions and technical bearish factors became overwhelming.

The sharp turn around in the first three weeks of September reflected a typical recovery from an oversold position. However, the rising trend established since then is a vindication of the belief that despite the concerted official attack on gold, its position has not been jeopardised fundamentally. It is noteworthy that at the auctions in the latter half of 1976 the bullion offered was readily absorbed, giving proof of the underlying strength of demand and suggesting that had it not been for these additional supplies the immediate upward pressure on the price would have been greater. Informed estimates show that last year, for the first time since 1972, fabrication demand, excluding coins, exceeded mine production, excluding Russian sales, so that, allowing for investment in coins, communist and IMF sales and some private net disinvestment were the balancing factors.

Yet while the overall pattern of fabrication demand did not vary significantly over the year, the alteration in investment and speculative interest was apparent in the second half of the year. One does not have to search too deeply for explanations of this change in attitudes. An obvious one is the interest which both central banks and the less developed nations have in seeing that the price is not depressed artificially. Confirmation of this was provided at the IMF annual meeting in Manila in October. It is true that all nations accepted the principle of gold sales by the Fund, and much was made of the 'historic decision' to phase out the monetary role of gold. But the need for flexibility in marketing techniques was stressed not only by the developing countries as a group, but by a number of western nations as well. The subsequent decision by the executive directors of the Fund to hold monthly auctions of 525 000 ounces as from March 2 reflects acknowledgement of the force of the argument.

However, the debate at the IMF meeting highlighted a far more basic issue, namely that all the anti-gold rhetoric could not disguise the fact that agreement on the Second Amendment to the Articles — to provide, *inter alia*, for legalisation of a floating rate regime and promotion of the SDR as the principal reserve asset — had been achieved only at the cost of abandoning most, if not all, of the features that had been regarded in earlier discussions of the Committee of Twenty as essential to an effective reform of the international monetary system. What was left would be a framework of evolving rules allowing the IMF, through 'firm surveillance', to attempt to ensure that domestic economies were run in a balanced, non-inflationary manner, so that the international exchange-rate system would look after itself. There would be no other external discipline.

The somewhat cynical view taken of the proposed new monetary arrangements by informed commentators was based not only on previous experience of the clash between international and sovereign domestic interests, but on evidence of the tensions that were already building up within the floating rate system. These were likely to be exacerbated by the inevitable further expansion of international liquidity, the distortions arising from continued OPEC surpluses and the ever-mounting debt problems of the less developed countries. Renewed appreciation of these disturbing influences could only heighten interest in gold, bearing in mind also the possible reaction in such an environment of central banks which would be free to buy gold by the time the Articles were amended — to the extent that the IMF had sold — and completely free to deal in the metal by February 1978. Furthermore, uncertainty aroused by the incoming Carter administration's expected approach to US economic policies was another consideration leading to fears of renewed monetary stimulation and inflationary pressures, resulting in a weakening of the dollar.

Subsequently, however, although the underlying international liquidity problem remained as acute, the lower-than-expected oil price increase, some recovery in sterling and fewer reservations about President Carter's domestic policies temporarily allayed currency and inflationary fears. In such circumstances, despite the confident long-term outlook for gold's absorption in fabrication, the market

tends to become more sensitive to supply factors. It is noteworthy that the levelling off in the price in January was ascribed to an increase in supplies emanating from various sources in the Far East and also to possible sales by smaller recipients of the first of four annual restitutions of 6,25 million ounces of IMP gold which has recently taken place. Although it can be anticipated with reasonable confidence that only a relatively small proportion of this gold will find its way on to the market in 1977 and during the next three years, it is an important reminder of the moderating influence that the expected weight of additional supplies, including possible US Treasury sales, can have from time to time. Nevertheless, while this view was confirmed by the results of the January auction, at which the common price of \$133,26 was slightly below that realised at the auction in December, there was a marked change in sentiment after the first week in February. The price moved rapidly to the \$148 level in four weeks, having been given an impetus by the results of the seventh auction on March 2. It is noteworthy that the average price at that auction of \$146,51 was markedly higher than the previous day's London fixing and that the market price rose again in the subsequent week. The fact that this encouraging result was achieved despite the use of the bid, rather than the common, price method lends support to the interpretation that investment demand was a predominant factor at the auction.

The reappearance of this factor has introduced a measure of volatility into the present situation and it would be unwise to expect the price to continue rising at the rate experienced in the past weeks although hopefully it will now at least consolidate on a new and higher plateau. The behaviour of the market in the period under review suggests that gold has not only survived a severe test of its inherent worth, but has shown clear signs of renewed strength.

### The Industry

The production costs of the South African gold mining industry continue to escalate at an unacceptably high rate. During the decade beginning in 1960 the average annual increase in the industry's working costs per ton milled was less than four per cent and in 1970 the average unit cost was only R7,34. Since then, however, costs have nearly trebled to R19,25 a ton milled in 1976. Certain major elements in the cost structure are, of course, beyond the power of the industry to control but some comfort may be found in the deceleration of the rate of increase: the industry's working costs per ton milled rose 15,3 per cent in 1976 and this compares favourably with the 27,0 per cent increase sustained in the previous year.

One factor contributing to the cost increases of recent years is the series of wage awards made annually to black employees since 1971. These reflect the industry's policy of reimbursing all its employees according to equitable pay structures and raising living standards as far as is consistent with sound financial management. The minimum wage which was 50 cents in 1971, rose to 220 cents a shift in 1975 and was increased further in 1976 to 250 cents. Average wages of black workers underground, which were 79 cents in 1971, rose similarly to 320 cents per shift in 1975 and to 355 cents (equivalent to R92,30 per month) last year. To these wages should be added the value of free housing, food and fringe benefits.

Wage awards of this kind are, of course, costly but it is necessary to view them in perspective. Over the period from 1971 to 1976, the national average increase for black wages was 199 per cent which should be compared with the 455 per cent increase in mine workers' wages. However, during the years prior to 1971, black mine workers' wages generally rose at a rate slower than those of black workers in other sectors and increases since then should be seen in this context.

At the same time it is important to note that rising costs in recent years have been matched by greatly increased income. Revenue per ton milled has risen from R11,24 in 1970 to R31,53 in 1976 and earnings per kilogram of gold produced quadrupled over the same period from R832 to R3 367. Nevertheless, it is essential that the rate of annual cost increase should be reduced and thereafter maintained at levels much lower than those of the past few years if a sound foundation is to be secured for future development.

The complexity of the South African gold mining industry is such that its difficulties are often examined in isolation and I believe this is an opportune time to consider the relationship between these apparently disparate problems. It is true generally, though not always, that mining operations are being conducted at greater depths and this will become an increasingly common feature as new mines are developed and the lives of existing mines are extended. As mines become deeper heat and pressure are accentuated, costs tend to rise disproportionately and productivity rates to drop. In recognising the special and long-term nature of these problems, the industry some years ago initiated an extensive research programme and considerable sums have been expended, both by individual groups and by the industry in concert, acting through the Chamber of Mines.

Research and development work is being carried out in a number of areas and one of the industry's long-term aims is to develop non-explosive rock-breaking systems. These include the boring of flat and inclined tunnels and a successful example is in the adaptation of raise borers which already have produced significant financial advantages through the earlier commissioning of new shafts. Many benefits will flow from the introduction of technologies which make it possible to move away from the conventional method of drilling, charging and blasting and the most important advantage will be the introduction of a continuous mining system without the need to suspend operations to permit blasting. In turn, this will enable the concentration of mining in production areas and will make easier the careful

# Limited

## more favourable than

on, Chairman

The CAPE TIMES, FRIDAY, MARCH 25 1977

husbandry of human and material resources. Examples include the important research work being conducted at Vaal Reefs, a mine within the Anglo American Corporation Group, on a mechanised stoping system which has been evolved by the Chamber of Mines' research team. Although trials are in their early stages and much further assessment and development is required, the project has considerable potential for concentrating mining operations, increasing the present rate of stope face advance and for improving stope labour productivity. Simultaneously with these experiments, other stoping systems are under examination. These include drag bit rock cutters, swinghammer miners and hydraulic impact rippers. These systems bring within range, for the first time, the ultimate goal of continuous mining with all its potential and far-reaching benefits. It is as well to remember, however, that the nature of mining entails that new operating methods will emerge slowly, out of persistent and painstaking research and that change is unlikely to be sudden or dramatic.

I have referred already to pressure problems which are invariably associated with depth. At Western Deep Levels, one of the world's deepest mines, a long-term research programme is in progress to investigate the causes and effects of seismic activity and to develop an accurate means of predicting the development of stress caused by mining. The project faces difficulties but its success could have significant implications for the future of the gold mining industry.

An area which has a special relevance to heat problems at depth is that of underground environmental control. It has been accepted practice in the past to combat excessive heat by increasing greatly the supply of refrigerated air to working places through ventilation airways. Recently, however, experimentation has indicated that by placing refrigeration plants on surface and by delivering chilled service water to stopes and development ends as a means of re-cooling the air supply, ambient temperatures can be held below 28°C. This must be regarded as a major breakthrough and its potential is considerable. A world-wide phenomenon of recent times is the comparative disfavour with which a mining career is regarded, associated as it is with heat, confined spaces and physical labour. In challenging and changing these attitudes, better working conditions have become a matter of pronounced importance.

The mining industry has grown around the premise of an adequate supply of black labour, albeit much of it unskilled and from regions outside South Africa. However, the events of the past two years have resulted in an increasing degree of political instability in the sub-continent and have contributed to the rising expectations of many black South Africans. These found expression in the prolonged outbreaks of violence in black townships which took place last year and were accompanied, tragically, by much loss of life and individual suffering. It may be significant that during these demonstrations of discontent the mining industry experienced one of its more peaceful periods in recent years and hopefully this is due at least in part to its generally improved conditions, particularly higher wages. Nevertheless, the industry is fully aware of the changes in the political balance of the Southern African region, which have combined to throw into sharp relief the long-felt and grave deficiencies of the migratory labour system. Whilst it is not possible to change this system within a short-term period, much has already been achieved to mitigate its more unsatisfactory features. Concentrated efforts are being made, with conspicuous success, to encourage more black South Africans to take up employment in the industry and to regard their work as permanent careers. Improvements in the quality of life are a natural concomitant and efforts are being made to achieve this in a number of ways which include progressively closing the gap between mine wages and those of other industries and the provision of high standard hostel accommodation. Increased productivity is essential if rising working costs are to be contained and a greater reliance on mechanisation and use of new mining systems is inevitable. This presupposes that men of high calibre and skills, white and black, will be available to the industry and the development of a stable black labour force which sees in mining a secure and permanent future for themselves and their families has become paramount. As I commented last year, one area for more immediate attention lies in the provision of additional married accommodation for senior employees who occupy key positions. Discussions with government are at advanced stage and I am hopeful that it will be possible to begin work on further housing projects in several areas during 1977. However, the cost of a comprehensive house-building programme will be very great and it will be necessary to proceed with caution.

Gold mines within the Anglo American Corporation Group are working to develop their communications system for black employees. The 'briefing group' system of downward communications has met with some success and the mines are now establishing Consultative Committees which provide an effective, upward communication channel. Employees are encouraged to raise suggestions in regard both to the work situation and to their living conditions and lately my positive proposals have been brought forward which have resulted in beneficial changes in work practices.

Agreement in principle was reached in 1975 with the Mine Workers Union concerning the introduction of five-day working week. In the event, it proved possible to implement because of the withdrawal of the engineering unions from negotiations with the Chamber of Mines. Subsequently, further discussions with the Mine Workers Union resulted in an agreement to introduce an 11-shift fortnight with effect from April 1 1977. However, the potential drop in production which could result, both from an 11-shift night and a five-day working week, is a

matter of much public concern and the introduction of these changes has been made subject to the findings of a government-appointed commission of inquiry whose interim report is due shortly.

As I have outlined, the mining industry is engaged in a search for solutions to closely-related technical and human problems. In due course, technological answers will be produced but their successful application will depend on a stable, well-trained and motivated work force. Legally-entrenched job reservation and the closed-shop agreements have placed the white labour unions in a strong position to advance the interests of their own members. However, the traditional and parochial trades union approach to these important matters can no longer be considered appropriate. Change and adaptation are vital if South Africa is to adjust to the new circumstances in which it finds itself. I very much hope that the unions will participate fully in the initiatives which must be developed soon if the industry is to achieve stability and progress.

### Uranium

The momentum of the price rise in the uranium market which followed the oil crisis in late 1973 has slowed somewhat and uranium prices advanced more gently in 1976, consolidating on the gains made in the previous two years. This comparative stability in the market and the better balance between demand and supply is in keeping with the trend in world energy markets, where, for example, the recent oil price increase and the OPEC stance have been more moderate than before.

Exploration for new uranium deposits both in South Africa, the third largest producer in the Western world, and in South West Africa have been stepped up. I refer to our participation in exploration in more detail later in this review.

The industry is also engaged in expanding productive capacity at its present plants. The Anglo American Corporation Group produced 1 153 tons of uranium in 1976 and is particularly well placed to expand uranium output. Vaal Reefs Exploration and Mining Company Limited is constructing a 210 000 tons a month uranium treatment plant at its South Division and is extending its two existing North Division plants. These modifications will raise Vaal Reefs uranium treatment capacity from its present 335 000 tons to 720 000 tons a month. The President Brand uranium plant was commissioned during 1976, as part of a major joint metallurgical scheme, to treat current residues and reclaimed slimes of the Group's Orange Free State gold mines and is expected to reach its total rated capacity of 210 000 tons a month this year. Construction of the East Rand Gold and Uranium Company Limited's plant to retreat 1.5 million tons a month of East Rand slimes is proceeding on schedule. The plant's full production rate of up to 190 tons of uranium annually should be achieved by the middle of 1978.

The industry as a whole increased uranium production during the year by 5.5 per cent to 2 964 metric tons and, after adjusting for sales from and additions to stockpiles, profits of R66.52 million were made on the year's sales (1975 R18.31 million). The present world-wide uranium development programmes and the willingness of customers to enter into long-term supply contracts augur well for a stable and growing future market for uranium, in which local producers should share profitably.

### Major new developments

At East Rand Gold and Uranium Company Limited, the major project to recover gold and uranium and to produce sulphuric acid from old slimes dams on the East Rand, site work is on schedule and the commissioning of the plant is planned for early 1978. Full production involving the treatment of about 1.5 million tons of slimes a month should be achieved by the middle of 1978 so that an early positive cash flow can be anticipated. It is estimated that initially, when the richest slimes dams are treated, about 7 000 kilograms of gold and 190 tons of uranium will be recovered annually, and about 460 000 tons of sulphuric acid a year in excess of the company's own requirements will be produced.

I referred last year to the joint venture project in the Orange Free State for the production of uranium, sulphuric acid and additional gold from the current arisings and the reclaimed slimes of the Anglo American Corporation Group's gold mines in the Welkom area. The immediate dividend flow of participating mines is expected to be undisturbed by the project's requirements as the net cost of the capital expenditure is being financed by an interest-free consumer loan. In August 1976 the uranium plant at President Brand's mine was opened officially by Mr H F Oppenheimer, Chairman of Anglo American Corporation, and the sulphuric acid, pyrite flotation and gold treatment plants are currently being brought into operation on a progressive basis. This is a remarkable achievement in a short period of time.

The establishment of the new mine by Elandsrand Gold Mining Company Limited is proceeding well and at the end of December 1976 the men-and-material shaft had been sunk to a depth of 1 609 metres and the rock-and-ventilation shaft to a depth of 1 292 metres. As a result of the decision to accelerate work, production is expected to begin in early 1980 as compared with the previous forecast of early 1981.

### Exploration

Efforts to develop new exploration targets for gold and uranium continued with our company participating in exploration programmes undertaken by Anglo American Corporation of South Africa Limited.

Further drilling was done on the farms Erfdeel, Dankbaarheid and Homestead which adjoin Free State Saarlpaas Gold Mining Company Limited. This drilling is being continued during the current year and it is anticipated that sufficient data will be avail-

able by the end of the year to enable an evaluation study to be undertaken.

Although gold and uranium values have been obtained in boreholes on the ground under option south of the Orange Free State gold fields as well as on the ground under option south of the Vaal River adjacent to the Vaal Reefs Mine, considerable drilling remains to be done before the potential of these areas can be properly assessed. In the area under option to Goldridge Gold Mining Company (Proprietary) Limited, south of Western Areas Gold Mining Company Limited, some encouragement has been obtained in a third hole but unfortunately the area of interest is limited.

The search for uranium was extended and our company participated in exploration programmes for uranium in the Karoo where a number of occurrences were investigated in conjunction with the Spanish nuclear fuel company Empresa Nacional Del Uranio S.A. Secondary uranium deposits in the northern and north-western Cape were also examined and further work on these deposits is planned to determine whether they are of economic significance. Prospecting was undertaken in South West Africa in association with other companies, in the Swakopmund area and in two grant areas north of Luderitz.

In Brazil, where we participate in gold exploration programmes through our investment in Unigeo Geologia e Mineração S.A. exploration work at Jacobina continues with moderate encouragement. As was mentioned last year, the continuity of the gold-bearing horizons has yet to be established with the certainty expected on the Witwatersrand and with a view to defining adequate ore reserves, work continues both by drilling and adit development.

Amgold participates in gold prospecting in Australasia through Australian Anglo American Searches Limited, which is undertaking a limited prospecting programme, principally in Papua New Guinea.

### Conclusion

The past year has been a difficult one for the gold mining industry in comparison with 1974 and 1975. Lower gold prices, higher costs and higher taxation greatly reduced profits and consequently there was a drastic cut in dividend distributions. Last year's South African budget introduced further increases in both the rate of taxation and the compulsory loan levy so that some companies now pay as much as 74 per cent of their profits to government. This is beyond the limit of acceptable tax levels and it is to be hoped that gold mining taxation will soon be reduced.

The vagaries of the gold price and the recent high levels of inflation have highlighted the necessity to contain working cost increases although it is pleasing to note that general inflation in South Africa is now running at a lower level. The industry is adapting to the new environment in which it operates and is devoting considerable energy to two principal cost reducing areas — technological development and labour productivity. The objective of these major efforts must be to achieve a more efficient, capital-intensive industry, manned by a stable and more productive labour force. At present the industry is enjoying a higher than usual level of black labour availability which is due at least in part to its successful policy of progressively closing the gap between its wages and those in other industries. It should be possible this year to increase the tonnage milled and grades are currently expected to be maintained.

So far this year the price of gold has been above the 1976 average. Current indications for gold are more favourable than at this time last year in that fabrication demand remains strong and gold's international position and role as a trusted asset appear more entrenched than previously. This is reflected in the market's recent performance and the rapid price rise of the past few weeks. In addition, the probable revaluation of South Africa's gold reserves later this year will ensure that the mines immediately receive market-related prices for all their production.

Subject to any political or social upsets, the industry and, therefore, our company can expect a reasonable year and a sound future. Our large holdings in most of the major South African gold and uranium mines, producing and developing, and our interesting participations in prospecting, ensure that we have a strong and well-spread base from which to participate in this future.

Mr E P Gush and Mr S Spiro resigned from the board on March 3 1977. Both had been directors of Amgold since its enlargement in 1972. Mr Spiro, moreover, had been a director of Orange Free State Investment Trust Limited for 16 years previously, and for six years, as their chairman, played a leading role in the operations of the Anglo American Corporation Group's Free State gold mines. I would like to thank them both for their services to Amgold. I would also like to welcome Mr J N Clarke and Mr D B Hoffe to the board.

*The annual general meeting of members will be held at 44 Main Street, Johannesburg on Friday, April 15 1977 at 12h00.*

*The annual report and chairman's statement is obtainable from Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001.*



# Chairmen's reviews for the Anglo American Corporation Group's Transvaal gold mines and Southvaal Holdings

The Cape Times, Thursday, March 24, 1977

## WE EXPECT THE PRICE OF GOLD TO INCREASE STEADILY THROUGH 1977

The following extracts on the state of the gold market are taken from the annual statements for 1976 by Mr D. A. Etheredge, chairman of Vaal Reefs and Western Deep Levels, Mr N. F. Oppenheimer, chairman of S.A. Land & Exploration and East Daggfontein and Mr D. B. Hoffe, chairman of Southvaal Holdings:

The major new factor affecting the gold market during 1976 was the implementation by the International Monetary Fund of the agreement reached in Kingston, Jamaica in January 1976. It was agreed that the IMF would sell one-sixth of its gold holding in order to create a fund for the benefit of developing countries. Subsequently, it became known that the sale would be accomplished by the holding of auctions at regular intervals over the following four years. The first IMF auction took place on June 2, and thereafter auctions were held approximately once every six weeks with 780 000 ounces being offered for sale on each occasion.

The sales initially had an unsettling effect on the market. Prices drifted downward reaching their low point of the year on August 31, when gold was fixed at \$103 ahead of the third IMF auction on September 15. At this auction the price was \$109 which is the lowest average price realised at any auction to date. However, the market was already beginning to realise that the downward pressure of IMF sales was being offset by the strong upward trend in industrial demand for gold which first emerged in the latter half of 1975. Indeed, it is thought that industrial off-take exceeded mine production in the Western World during 1976. Accompanying the growth in industrial demand, substantial bullion sales were also taking place to the Middle and Far East, particularly to Turkey, Thailand and Indonesia. This became clear during the last four months of 1976 when the market price recovered from its low in August to reach a high point of \$139 in mid-November.

Total sales of Kruggerand declined by 37 per cent during 1976 to 3,0 million coins from 4,8 million in 1975 and absorbed 13 per cent of production compared with 21 per cent in the previous year. However,

sales improved towards the end of 1976 as a result of the rise in price of gold and a major marketing campaign in the United States.

As confidence in gold has returned, so the impact of IMF sales has decreased. During 1977, we do not anticipate that these sales will in themselves exert downward pressure on the market. Commencing in March, sales of 525 000 ounces are to take place at monthly intervals on a multiple-bid price basis until May 1977. The auctions in the following three months will be conducted on a common price basis. The IMF sales programme thereafter has not been announced.

At Kingston last year, the IMF also agreed to return one-sixth of its gold holding to members, beginning at the end of 1976. Although some of this gold may find its way into the market, it is unlikely to do so in quantities which will markedly affect the price. In the light of the foregoing and the continuing strong demand from both industry and the Middle and Far East, it is expected that the price of gold will increase steadily through 1977 with less violent fluctuations than have been the case in the past.

The Hon. the Minister of Finance announced in February 1977 that the South African Reserve Bank would revalue its gold holdings at a market price after the second amendment to the articles of the IMF, which includes the abolition of the official price of gold, had been ratified. This is expected to occur in mid-1977. At the same time, the authorities would introduce a system of paying the gold mining companies the full market price for newly mined gold on delivery to the Reserve Bank. The Minister also made it clear that the profit arising from the revaluation of the country's gold reserves would be for the account of the Reserve Bank and no portion of it would be passed on to the mining companies. The new system will, we believe, not only improve the cash flow of the mines by expediting payment for gold, but will afford the authorities greater flexibility in their marketing policy.

### Summary of operating results

	Western Deep Levels		Vaal Reefs (including South division)		Vaal Reefs South		S.A. Land		East Daggfontein	
	1976	1975	1976	1975	1976	1975	1976	1975	1976	1975
Gold										
Tons milled	2 941 000	3 095 000	6 572 000	6 022 000	1 718 000	1 333 000	1 061 000	993 000	1 208 000	1 010 000
Yield — grams/ton	15,14	15,42	10,04	10,19	10,11	10,76	5,02	5,17	1,80	1,77
Gold produced — kilograms	44 532	47 736	66 004	61 393	17 368	14 342	5 327	5 136	2 171	1 793
Revenue per kilogram	R3 333	R3 675	R3 314	R3 658	R3 300	R3 694	R3 291	R3 639	R3 425	R4 000
Cost per kilogram	R1 632	R1 344	R2 319	R1 957	R2 355	R1 927	R3 591	R3 306	R4 380	R4 815
Cost per ton milled	R24,70	R20,73	R23,29	R19,96	R23,81	R20,73	R18,03	R17,10	R7,86	R8,55
Working	R76 366 000	R111 811 000	R66 241 000	R104 910 000	R16581 000	R25 483 000	R1 598 000*	R1 736 000	R2 022 000*	R1 438 000†
							(loss)		(loss)	(loss)
Uranium										
Profit on sales	R1 719 000	R661 000	R11 678 000	R4 951 000						
Total working profit from gold, uranium and acid	R78 085 000	R112 472 000	R77 986 000	R109 927 000						

\*Before State assistance of R2 179 000

†Before State assistance of R1 376 000

### Further comments on individual mines by Mr D. A. Etheredge

#### VAAL REEFS

During 1976 the tonnage milled at 6 572 000 tons was nine per cent higher than in 1975. Despite a small drop in grade of 0,15 grams to 10,04 grams a ton, gold production increased by eight per cent from 61 393 kilograms to 66 004 kilograms. The average gold price received during 1976 was about \$119 an ounce or R3 314 a kilogram. While the average dollar price received in 1976 was 24 per cent below that received during 1975 (\$156 an ounce), average receipts in rand per kilogram were only nine per cent lower owing to the effect on revenue of the rand devaluation in September 1975. The unit cost per kilogram of gold produced increased from R1 957 to R2 319, a rise of 18 per cent which was principally attributable to general working cost escalation. Gold working profit in 1976 fell by 37 per cent to R66 241 000 from R104 910 000 in the previous year.

Output of uranium oxide increased from 930 tons in 1975 to 1 013 tons last year, and profit on sales more than doubled from R4 951 000 to R11 678 000 on account of a larger sales volume and a slightly higher average selling price.

With the addition of net sundry income and dividend income from Southvaal Holdings Limited, profit before tax amounted to R79 201 000. After making royalty payment of R227 000 to Southvaal Holdings and meeting tax and State's share of profit, which amounted to R42 099 000 in 1975, R22 525 000, the company's profit before tax was R56 449 000, 15 per cent higher than in the previous year. Together with the profit retained from 1975, the sum available for appropriation was R63 008 000, from which R32 100 000 was appropriated for capital expenditure and loan repayments and R20 900 000 for dividends of 110 cents a share (1975 175 cents). In view of the increased loan levy commitments, an amount of R2 000 000 was transferred to general reserve leaving retained profit of R8 008 000 to be carried forward into the new year.

In contrast to the unsettled conditions which continue to prevail in southern Africa, the mining industry on the whole has enjoyed a period of labour peace. Far from being complacent about this, the Anglo American Corporation Group

and its mining companies have embarked on a comprehensive exercise in which labour relations and work practices are being studied from all aspects, in order to identify areas where change is practicable in the foreseeable future. Although we have been aware for a long time of the deficiencies of the migratory labour system, we have recently obtained a fresh and revealing insight into the problems, as seen from the perspective of the black migrant workers themselves. The information was provided by two surveys, one undertaken by an outside organisation and one by our own staff. The fundamental issue of men being separated from their families for prolonged periods can only be fully resolved by creating a permanent labour force. Even if this were legally possible, the cost of building sufficient married accommodation to house all black married men employed by the mine is quite beyond the financial resources of an industry in which the production units have finite lives. Nevertheless, the problem is not being neglected. At Vaal Reefs, in addition to the 168 family houses which the mine has already constructed, the company has applied to the authorities to extend the existing black married quarters adjacent to No 1 shaft (North) to accommodate black employees occupying key positions. In the first phase it is hoped to build a further 170 houses. The housing of these skilled employees is vital to the company's future mechanisation programme, because there is a growing shortage of operators capable of handling the more sophisticated equipment currently being purchased by the company.

Construction of the first phase of the new hostel complex at No 2 shaft (South) is expected to be complete in 1978. The complex has fewer occupants per room, allowing greater privacy. It will house 2 000 men initially and a further 2 000 men after the planned completion of the second phase in 1982.

The introduction of six-month agreements of service and of new leave entitlements has given workers the opportunity to return home more frequently. Moreover, a scheme for the speedier conveyance of recruits and homeward-bound workers between Vaal Reefs on the one hand and Lesotho and Transkei on the other is likely to be tried out shortly. The company now employs a majority of workers who live

within distances of the mine that are such as to make schemes of this nature possible. The current proportion of the mine's underground labour force which comes from South Africa, Lesotho and Transkei is 77 per cent.

In accordance with the principles of the anti-inflation manifesto agreed in 1975 by the Government, the private sector and the trade union movement wage increases in 1976 for white employees were limited to 9,7 per cent. This was less than the increase in the cost of living, and the co-operation of the various employee organisations and the acceptance by the employees concerned is highly commendable. Wage increases and fringe benefit improvements involving new leave entitlements and inducements to return to the same mine, were awarded to black employees in June. The package represented an increase of about 19 per cent in overall black labour costs. The minimum cash wage for an underground novice is currently 250 cents a shift or R65 a month compared with 220 cents a shift in June 1975. Average earnings of the underground black employees at our mine are now in the region of 400 cents a shift or R104 a month, in addition to which food, accommodation, medical care and recreation facilities continue to be provided free of charge.

With the commissioning of the gold plant extension at the South Division in September last year, the treatment capacity of the Vaal Reefs complex has been raised to 600 000 tons a month. However in the South Division during 1976 we continued to encounter more extensive faulting than anticipated so that production was adversely affected in spite of an increased rate of development. The resulting surplus of milling and gold plant capacity in South Division was taken up by North Division ore. This arrangement is expected to continue in 1977 and is a good example of the flexibility provided by a company of the size of Vaal Reefs. It is hoped that by early 1978 South Division will have built up sufficient ore reserves to provide its treatment plant with the designed throughput. Preparatory work for the new No 2 shaft (South) will begin in mid-1977. Shaft sinking is planned to start in mid-1978, so that production can begin in 1983 when No 3 shaft (North) is nearing the end of its productive life. Ore mined through the new South shaft will there-

fore be milled and treated in the plants of the North Division.

I reported last year that further uranium sales contracts were being sought and that, if suitable terms were negotiated, the company's uranium treatment capacity would be increased. Through Nuclear Fuels Corporation of South Africa (Proprietary) Limited, the industry's marketing organisation, a substantial sale has recently been negotiated. The sales agreement includes a consumer loan which, at current gold price levels, should enable the after tax capital expenditure on increased uranium capacity to be financed without adversely affecting dividend distributions from normal operations. The company is more than doubling its uranium treatment capacity from 335 000 tons to 720 000 tons a month by the construction of a 210 000 tons a month uranium plant at the South Division and by extensions to the two existing plants in the North Division. The total estimated capital cost is R60 million in 1976 money terms, and the potential annual output of uranium oxide for the Vaal Reefs complex will be raised by about 700 tons to 1 860 tons a year from the second half of 1980. The expansion will allow Vaal Reefs to treat not only current mine production for uranium, but also about 120 000 tons a month of reclaimed slimes from those dams where uranium is economically recoverable. The intended date of commissioning the plants will ensure that the reclamation of such dams will be completed during the remaining life of the mine. One interesting feature of the uranium plant planned at the South Division is the possibility that it may use a high pressure, high temperature leaching process to improve uranium recovery. A pilot plant, by which this process is to be tested on a larger scale, has recently been commissioned at Western Deep Levels Limited.

In order to evaluate the north-western part of the North mining area, a new borehole N 40 was drilled and completed during the year. A new borehole MA 1 in the southern part of the South mining lease area intersected the Vaal reef at a depth of 1 910 metres. Short and medium deflections have been completed, but the nature of the reef zone and immediate footwall makes recovery of a representative core a difficult task. A long deflection is in progress. The results of the two boreholes are shown in the annual report.

Last year I referred to two prospecting ventures in which the company is involved. The company has pegged 900 precious metal claims on the farms Strathmore and Nootgedacht, which form part of the old Ellaton mining lease area adjoining our north-western boundary. A prospecting programme is being drawn up to investigate the gold and uranium potential of the reefs below the Vaal reef which was mined out by Ellaton Gold Mining Company. In the district of Bothaville to the west of the South mining lease area, Union Corporation Limited is conducting an exploration programme. We are meeting 10 per cent of their prospecting costs, in return for a right to acquire up to a 10 per cent participation in any subsequent venture undertaken to exploit the area. In addition to the 44 holes already completed, four more boreholes have been proposed in the area to arrive at a more detailed evaluation.

Buffelsfontein Gold Mining Company Limited has begun mining in the "River Bulge" area, situated in the north-east corner of our South mining lease, on a tribute basis. The terms of the agreement covering the arrangement have been settled between the companies and await the approval of The Hon. the Minister of Mines.

Capital expenditure for the complex in 1977 is estimated at R39 000 000, of which R17 000 000 is to be spent by North Division. Work is beginning on the uranium plant extensions, and mechanisation continues to absorb a significant amount. At No 5 shaft (North) development is still in progress and the refrigeration plant is being installed. At South Division, R22 000 000 will be spent during 1977, principally on development from No 1 shaft (South), underground equipment, the No 2 shaft (South) system and the new uranium plant.

Our planned production for 1977 is 7 000 000 tons milled at a grade of 9,6 grams a ton. These figures include South Division's planned production of 2 215 000 tons milled at a grade of 9,6 grams a ton. Apart from the problems of extensive faulting encountered at South Division mentioned earlier, the decrease in forecast grade for the complex arises from the necessity of maintaining mining operations in the lower grade areas of Nos. 3 and 4 shafts (North), while ore reserves are being generated in the higher grade area around No 5 shaft (North). The target does not take into

account the possible introduction of an 11-shift fortnight in April 1977 but, in the event of such a change, it is intended to engage additional labour to compensate for any adverse effect on production

Because of Vaal Reefs size, its management structure is being reorganised to include senior technical consultants who are being seconded from Anglo American Corporation to Vaal Reefs. This will permit the mine to have a greater degree of autonomy in its operations. Mr E. P. Smit, the present general manager, retired at the end of February 1977 and Mr R. G. Williams, at present a consulting engineer of Anglo American Corporation, succeeded him as the first general manager under the new arrangement. He is responsible to the managing director of the company.

I would like to thank Mr E. P. Smit on behalf of the company for his valuable services. He joined the Anglo American Corporation Group in August 1934 at Daggafontein Mines and moved to Western Reefs in 1940. Apart from the period 1961 to 1968 when he was successively manager of Springs Mines, Welkom and President Brand, he remained in Orkney and became the first general manager of Vaal Reefs in January 1970. He has our best wishes for his retirement.

## WESTERN DEEP LEVELS

The tonnage milled in 1976 at 2 941 000 tons was five per cent less than in 1975. This, together with a small drop in grade of 0,28 grams to 15,14 grams a ton, resulted in a fall of seven per cent in gold output from 47 736 kilograms in 1975 to 44 532 kilograms. The average gold price received during 1976 was about \$119 an ounce or R3 333 a kilogram. While the average dollar price received in 1976 was 24 per cent lower than that received during 1975 (\$156 an ounce), average receipts in rand per kilogram were only nine per cent lower on account of the effect on revenue of the rand devaluation in September 1975. The unit cost per kilogram of gold produced rose by 21 per cent to R1 632, principally as a result of general working cost escalation but also because of the fall in grade. Gold working profit in 1976 was R76 366 000, a decrease of 32 per cent from R111 811 000 in the previous year.

Production of uranium oxide in 1976 fell marginally to 140 tons, but profit on sales more than doubled to R1 719 000 on account of a larger sales volume and a slightly higher average selling price.

With the inclusion of sundry income, profit before tax was R82 280 000. After meeting taxation and State's share of profit, which decreased by 35 per cent to R38 139 000, the company's profit after tax was R44 141 000. With the addition of the profit retained from the previous year, the sum available for appropriation was R49 914 000, from which R19 068 000 was appropriated for capital expenditure and loan repayments and R22 500 000 for dividends of 90 cents a share (1975 147,5 cents). In view of the increased loan levy commitments, an amount of R2 000 000 was transferred to general reserve leaving retained profit of R6 346 000 to be carried forward into the new year.

Over the past four years, uranium oxide production has fallen below forecast mainly as a result of three factors: the uranium grade has declined in conjunction with the gold grade, periodic shortages of black labour have reduced mill tonnage, several fires have interrupted production from the Carbon Leader reef from which all the mine's uranium is recovered. It is therefore expected that the company will have to purchase certain tonnages of uranium to meet its contractual commitments in 1978 and 1979. The exact amount required will depend on the level of production in the next three years and the timing of deliveries. Whatever the outcome, the material can be made available from other producers within the Anglo American Corporation Group. Such transactions would have to be concluded at market related prices which are likely to be in excess of our contracted selling prices. Any resulting loss will, however, be small in relation to the company's overall working profit. In contrast to the unsettled conditions which continue to prevail in southern Africa, the mining industry on the whole has enjoyed a period of labour peace. Far from being complacent about this, the Anglo American Corporation Group and its mining companies have embarked on a comprehensive exercise in which labour relations and work practices are being studied from all aspects, in order to identify areas where change is practicable in the foreseeable future. Although we have been aware for a long time of the deficiencies of the migratory labour system, we have recently obtained a fresh and revealing insight into the problems as seen from the perspective of the black migrant workers themselves. The information was provided by two surveys, one undertaken by an outside organisation and one by our own staff. The fundamental issue of men being separated from their families for prolonged periods can only be fully resolved by creating a permanent labour force. Even if this were legally possible, the cost of building sufficient married accommodation to

house all black married men employed by the mines is quite beyond the financial resources of an industry in which the production units have finite lives. Nevertheless, the problem is not being neglected. Western Deep Levels has received permission from the authorities to erect, in conjunction with Elandsrand Gold Mining Company Limited, a new village for senior black married employees. The first phase of the project will comprise 600 three-bedroomed houses, of which 350 houses will be occupied by employees of Western Deep Levels. This is in addition to the 100 houses on the mine property, which have been built since the mine came into production. In 1977 it is planned to provide the essential services for the village and to erect the first 82 houses of which 65 will be for Western Deep Levels.

Construction of the new and improved hostel complex, which will house about 5 400 men, with fewer occupants per room and therefore greater privacy, is complete. It should be fully occupied by the middle of 1977. Lastly, the introduction of six-month agreements of service and of new leave entitlements has given the majority of workers the opportunity to return home more frequently.

A recurrent problem to the company is the severe shortage of black labour which it experiences towards the end of each year, the complement only returning to normal in the first quarter of the new year. Black labour fell from full strength at the end of June 1976 to 72 per cent of complement at the end of December, but was back to full strength by the middle of February 1977. We are currently evaluating the importance of the various factors aggravating the seasonal outflow — which is also experienced by neighbouring mines in the area — so that appropriate action can be taken. Meanwhile, the company is constantly seeking means of improving the underground environment, and an intensive research programme has been conducted over the past few years into the development of methods of preventing rockbursts and of ways in which their occurrence can be predicted.

In accordance with the principles of the anti-inflation manifesto agreed in 1975 by the Government, the private sector and the trade union movement, wage increases in 1976 for white employees were limited to 9,7 per cent. This was less than the increase in the cost of living, and the co-operation of the various employee organisations and the acceptance by the employees concerned is highly commendable. Wage increases and fringe benefit improvements, involving new leave entitlements and inducements to return to the same mine, were awarded to black employees in June. The package represented an increase of about 19 per cent in overall black labour costs. The minimum cash wage, for an underground novice, is currently 250 cents a shift or R65 a month compared with 220 cents a shift in June 1975. Average earnings of the underground black employees at our mine are now in the region of 420 cents a shift or R110 a month, in addition to which food, accommodation, medical care and recreation facilities continue to be provided free of charge.

Production was affected by an underground fire which broke out in March 1976 in the 109/66 longwall at No 3 shaft, one of the highest grade longwalls on the mine. The fire could not be extinguished for three months, and a further month was required to bring the stope back into production. On June 6 another fire was discovered in the 94/64 East longwall, and I regret to say that on the following day five members of the proto team from Stilfontein Gold Mining Company Limited tragically lost their lives while fighting the fire. Subsequently, the fire was quickly brought under control.

Drilling continued on the two boreholes UD. 30 and UD. 31 to evaluate the Ventersdorp Contact reef in the southern portion of the lease area. Two long inclined boreholes are being drilled from underground workings, one to evaluate the Ventersdorp Contact reef south of No. 3 shaft, and the other to evaluate the Carbon Leader reef to the west of No. 2 shaft. It is intended that drilling by underground boreholes should feature more prominently in future prospecting programmes, because of the saving in time and cost achieved compared with drilling to great depths from surface. The results to date of the surface and underground boreholes in progress are given in the annual report.

Western Deep Levels is at present carrying out underground development work for the account of Elandsrand Gold Mining Company Limited, and a total of 2 781 metres at the end of 1976 was developed under this arrangement. As a result of this and the acceleration of work at Elandsrand itself, the mine is expected to begin production in 1980, a year earlier than previously forecast. Western Deep Levels has a 2,9 per cent interest in the equity of Elandsrand, and subscribed for its full entitlement of shares in terms of the rights offer made by Elandsrand in February 1977 to raise a further R60 million. The money is to finance the continuing capital expenditure required to establish the mine.

Capital expenditure at our mine in 1977 is estimated at R22 000 000. The main items this year include development and shaft sinking, underground equipment,

black accommodation and underground refrigeration/ventilation. Our planned production for 1977 is 3 080 000 tons milled at a grade of 15 grams a ton. The target does not take into account the possible introduction of an 11-shift fortnight in April 1977, but in the event of such a change, it is intended to engage additional labour to compensate for any adverse effect on production.

Further comments on individual mines by Mr N. F. Oppenheimer

## S.A. LAND

Underground mining ceased on December 31 1976 in accordance with the decision announced by the company on October 14. The company would have remained eligible for State assistance in 1977 but, even so, it was very unlikely that it could have operated profitably. During the first three quarters of 1976, the company incurred increasing losses, although State assistance substantially offset these. In the middle months of the year the recovery grade dropped significantly as available reserves were mined out. This coincided with the depressed gold prices and continued escalation of wages and stores costs. Consequently, in order to minimise losses, underground development, which had been curtailed earlier in the year, was eventually restricted to areas where payable ore was likely to be exposed in the short and medium term. While this action helped to reduce working costs, it also had the effect of limiting the life of the mine. In the circumstances there was no acceptable alternative but to close the mine at the year end.

While Sallies mine has had a life of 38 years the company has been in existence for 74 years, having been incorporated in 1903 as a property and exploration company. It was in 1933 that Anglo American Corporation became responsible for the administration of the company, and in 1938 the mine was brought into production. Since then, 42 million tons of ore have been milled, yielding 313 tons of gold. Gross profit has totalled R74 million, of which some R31 million has been paid out as dividends, and R23 million in tax and State's share of profit.

During the year under review 1 061 000 tons of ore from underground and from waste rock dumps were milled at a recovery grade of 5,02 grams a ton, compared with 993 000 tons milled at a grade of 5,17 grams a ton in 1975. The higher tonnage resulted in an increase in gold production from 5 136 kilograms to 5 327 kilograms in 1976. However, a marked reduction in gold revenue per kilogram and an increase in costs resulted in a working loss of R1 598 000. Estimated State assistance of R2 179 000 converted the loss into a working profit of R581 000 which was considerably below the working profit of R1 736 000 in 1975, a year in which no State assistance was required. The only dividend in 1976 was an interim dividend of 2,5 cents a share, absorbing R83 000, declared in June.

Towards the end of 1976 arrangements were made for the mine to start treating material from the old Sub-Nigel Betty shaft waste rock dump. By December 31, 74 000 tons had been milled, and this made a useful contribution to gold production. Although the grade of this material is variable, our experience has encouraged us to continue the arrangements and it is hoped to increase the milled tonnage to a rate of about 80 000 tons a month. If all goes well, the arrangement could continue for up to two years and the question of resuming dividends on a modest scale may have to be reviewed, bearing in mind the need to finance the prospecting programme. However, the value of rock dumps is at best very erratic and, if the grade or the gold price falls to an uneconomic level, the company may have to terminate the operation at very short notice. Members will be kept informed through the quarterly reports which will continue to be published. Meanwhile, the mine is continuing with the salvage and sale of redundant plant, equipment, stores and housing. Negotiations have been concluded with East Rand Gold and Uranium Company Limited (ERGO) regarding the sale of this company's two slimes dams which ERGO wishes to acquire for recovery of gold, uranium and sulphur. A formal agreement is being prepared for approval by the directors of the two companies.

On October 15 1976, a rights offer of 3 300 000 shares was made to members on a one-for-one basis at an issue price of 60 cents each. This resulted in a capital inflow to the company of R1 980 000. As previously announced, the directors considered that the prospecting operations in the area to the south and south-west of the mine workings should be continued on the basis recommended by the technical advisers, namely to undertake a further drilling programme in stages, each stage being dependent on an assessment of the results obtained up to that time. As reported, the full programme, if implemented, is expected to cost at least R7 500 000, and the rights issue was to raise funds to finance the initial drilling. Towards the end of the year sinking of two boreholes was started, and expenditure incurred to December 31 amounted to R114 000. The ore, if present, lies at considerable depth, and drilling will continue through 1977 at an estimated expenditure of R500 000 in that year.

The company's activities are concentrated over large and widespread areas, as will be seen from the appendix to the annual report. These areas are re-assessed from time to time to determine whether prospecting operations would be worthwhile, but our conclusion remains that the only area with any economic potential at present is that currently being drilled.

The final year of operations at the mine has been unsettling and difficult and I would like to express sincere appreciation to the mine manager, Mr J H Neethling, and all employees for their loyalty and hard work in keeping the mine going. I would, in particular, like to pay tribute to Mr Neethling, who will be retiring in May this year after 41 years' service in the Anglo American Corporation Group.

CAPE TIMES  
24/3/77 (214)  
**EAST DAGGAFONTEIN**

On October 14 1976 the directors announced that all operations at the mine, other than clean-up, would cease in the following month. This decision was taken in the light of the continuing losses being incurred notwithstanding State assistance — which, in any event, was due to terminate at the end of 1976 — and it was clearly evident that the best interests of members would be served by ceasing mining operations as soon as practicable. Accordingly the last blast took place on November 20 and, after processing the final batch of ore from underground, clean-up operations and salvage and sale of plant and equipment have been the company's sole activities. The labour strength has already been reduced to the minimum required for these operations and, wherever possible, employees have been placed on mines elsewhere in the Anglo American Corporation Group.

Although the decision was inevitable in the circumstances, East Daggafontein has had a very long and profitable life. During 37 years of mining operations, the company has produced 264 tons of gold and has earned a total gross profit of R55 million, from which dividends amounting to R28 million and taxation and State's share of profit totalling R21 million have been paid. It is also interesting to note that the total capital expenditure incurred throughout the entire life of the mine has amounted to only R8,6 million, which is less than an average South African gold mine now spends in one year!

The final year of operations was one of disappointment, not only because of the severe fall in the price of gold but also because the tonnage and grade of ore milled from the Daggafontein waste rock dump did not come up to expectations. The total tonnage milled in 1976 (from both underground and open-pit dump) was 1 208 000 tons which, although well above the previous year's tonnage, was below the initial target of 1 450 000. On the other hand, the recovery grade of 1,80 grams a ton was above the original target of 1,50 grams a ton and resulted in gold production of 2 171 kilograms being virtually as forecast. The cost per kilogram of gold showed a marked reduction on the previous year's costs — R4 380 compared with R4 815 — but at the same time the average gold revenue per kilogram fell by an even greater percentage. The effect was a working loss of R2 022 000 which, after estimated State assistance of R1 849 000 and net sundry income of R43 000, was reduced to a loss of R1 30 000 compared with a loss of R6 000 in 1975. Accordingly, for the second year running, it was not possible to declare a dividend.

The last years of the mine's life have been difficult and uncertain and I would like to pay tribute to the mine management and all employees for their loyalty and hard work in keeping the mine going during this time.

Further comments by Mr D. B. Offe

**SOUTHVAAL HOLDINGS**

The royalty payment to the company by Vaal Reefs Exploration and Mining Company Limited fell from R3 950 000 in 1975 to R227 000. Interest received was slightly higher at R875 000 and after deducting administration expenses and tax, profit amounted to R543 000 compared with R2 723 000 in 1975. With the addition of retained profit, the amount available for appropriation was R1 895 000. Dividend No 3 of six cents a share (1975 eight cents) was declared in accordance with the policy of keeping retained profit to a minimum. This absorbed R1 560 000 leaving R335 000 to be carried forward into 1977. Profit on sales of uranium contributed for the first time towards royalty payments to the company.

The principal cause of the sharp drop in the royalty payment was the decline in working profit at the Vaal Reefs South Division from R25 483 000 in 1975 to R16 581 000. The fall in profits resulted from the lower average gold price received in 1976 — R3 300 a kilogram compared with R3 694 a kilogram the previous year — together with a rise of 22 per cent in unit cost per kilogram of gold produced at the South Division from R1 927 to R2 355. At the same

time the South Division's contribution for capital expenditure, which is deducted from profit to determine the royalty payable to Southvaal, fell only slightly to R16 237 000.

During the year the tonnage milled by the South Division amounted to 1 718 000 tons which was 29 per cent higher than in 1975. The grade at 10,11 grams a ton was 0,65 grams below that of the previous year, but was higher than the forecast grade of 9,2 grams a ton. Gold production was 17 368 kilograms compared with 14 342 kilograms in 1975, an increase of 21 per cent. The South Division continued to encounter more extensive faulting than anticipated, so that, when the extensions to the South gold plant were commissioned in September to raise its capacity to 210 000 tons a month, insufficient stope face had been established in the South lease area to maintain the required increase in production. The surplus capacity was therefore taken up by ore from Vaal Reefs North, and this arrangement, is expected to continue in 1977. It is hoped that by early 1978 the South Division will have built up sufficient ore reserves to provide its treatment plant with the designed throughput.

Buffelsfontein Gold Mining Company Limited has begun mining in the "River Bulge" area, situated in the north-east corner of the South mining lease, on a tribute basis. The terms of the agreement covering the arrangement have been settled between the companies and await the approval of The Hon the Minister of Mines. The majority of the work done to date by Buffelsfontein has been development resulting in a net operational cost to Vaal Reefs South of R644 000 in 1976.

Last year it was reported in the Vaal Reefs chairman's statement that further uranium sales contracts were being sought and that, if suitable terms were negotiated, Vaal Reefs' uranium treatment capacity would be increased. Through Nuclear Fuels Corporation of South Africa (Proprietary) Limited, the Industry's marketing organisation, a substantial sale has recently been negotiated. Vaal Reefs is more than doubling its uranium treatment capacity from 335 000 tons to 720 000 tons a month by the construction of a 210 000 tons a month uranium plant at the South Division and by extensions to the two existing plants in the North Division. The total estimated capital cost is R60 million in 1976 money terms, of which the cost of the South Division's plant is estimated at R40 million. The potential annual output of uranium oxide for the Vaal Reefs complex will be raised by about 700 tons to 1 860 tons a year from the second half of 1980. Estimated output from the uranium plant planned at the South Division is 650 tons a year. Moreover there is a possibility that a high pressure, high temperature leaching process may be used to improve uranium recovery. A pilot plant has been recently commissioned at Western Deep Levels Limited by which this process is to be tested on a larger scale. Feasibility studies have shown that, despite the reduction in royalty payments to our company during the period 1977 to 1980 from the level which they would have been without the additional capital expenditure, the subsequent increase in both uranium output and sales will improve royalties thereafter to the extent that the return on the investment is extremely favourable.

Planned production by Vaal Reefs South in 1977 is 2 215 000 tons milled at a grade of 9,6 grams a ton. The target does not take into account the possible introduction of an 11-shift fortnight in April 1977, but, in the event of such a change, it is intended to engage additional labour to compensate for any adverse effect on production. Capital expenditure is estimated at R22 000 000, the principal items being development from No 1 shaft (South), underground equipment, the No 2 shaft (South) system and the new uranium plant. Preparatory work for the new No 2 shaft (South) will begin in mid-1977 with shaft sinking to start in mid-1978. The new shaft is planned to come into production in 1983 when the No 3 shaft at Vaal Reefs North is reaching the end of its productive life. Ore mined through the new South shaft will therefore be milled and treated in the plants of the North Division.

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

**ANNUAL GENERAL MEETINGS**

The annual general meetings of members will be held at 44 Main Street, Johannesburg on Thursday, April 28 1977 at the following times:

Southvaal Holdings Limited	09h45
Vaal Reefs Exploration and Mining Company Limited	10h10
Western Deep Levels Limited	10h45
Elandsrand Gold Mining Company Limited	11h20
East Daggafontein Mines Limited	12h00
The South African Land & Exploration Company Limited	12h25





## Chairmen's reviews for the Anglo American Corporation Group's Transvaal gold mines and Southvaal Holdings

# WE EXPECT THE PRICE OF GOLD TO INCREASE STEADILY THROUGH 1977

The following extracts on the state of the gold market are taken from the annual statements for 1976 by Mr D A Etheredge, chairman of Vaal Reefs and Western Deep Levels, Mr N F Oppenheimer, chairman of S A Land & Exploration and East Daggafontein and Mr D B Hoffe, chairman of Southvaal Holdings

The major new factor affecting the gold market during 1976 was the implementation by the International Monetary Fund of the agreement reached in Kingston, Jamaica in January 1976. It was agreed that the IMF would sell one-sixth of its gold holding in order to create a fund for the benefit of developing countries. Subsequently it became known that the sale would be accomplished by the holding of auctions at regular intervals over the following four years. The first IMF auction took place on June 2, and thereafter auctions were held approximately once every six weeks with 780 000 ounces being offered for sale on each occasion.

The sales initially had an unsettling effect on the market. Prices drifted downward reaching their low point of the year on August 31, when gold was fixed at \$103 ahead of the third IMF auction on September 15. At this auction the price was \$109 which is the lowest average price realised at any auction to date. However, the market was already beginning to realise that the downward pressure of IMF sales was being offset by the strong upward trend in industrial demand for gold which first emerged in the latter half of 1975. Indeed it is thought that industrial off-take exceeded mine production in the Western World during 1976. Accompanying the growth in industrial demand, substantial bullion sales were also taking place to the Middle and Far East particularly to Turkey, Thailand and Indonesia. This became clear during the last four months of 1976 when the market price recovered from its low in August to reach a high point of \$139 in mid-November.

Total sales of Krugerrand declined by 37 per cent during 1976 to 3,0 million coins from 4,8 million in 1975 and absorbed 13 per cent of production com-

pared with 21 per cent in the previous year. However sales improved towards the end of 1976 as a result of the rise in price of gold and a major marketing campaign in the United States.

As confidence in gold has returned, so the impact of IMF sales has decreased. During 1977, we do not anticipate that these sales will in themselves exert downward pressure on the market. Commencing in March sales of 525 000 ounces are to take place at monthly intervals on a multiple-bid price basis until May 1977. The auctions in the following three months will be conducted on a common price basis. The IMF sales programme thereafter has not been announced.

At Kingston last year, the IMF also agreed to return one-sixth of its gold holding to members' restitution beginning at the end of 1976. Although some of this gold may find its way into the market it is unlikely to do so in quantities which will markedly affect the price. In the light of the foregoing and the continuing strong demand from both industry and the Middle and Far East it is expected that the price of gold will increase steadily through 1977 with less violent fluctuations than have been the case in the past.

The Hon. the Minister of Finance announced in February 1977 that the South African Reserve Bank would revalue its gold holdings at a market price after the second amendment to the articles of the IMF which includes the abolition of the official price of gold had been ratified. This is expected to occur in mid-1977. At the same time the authorities would introduce a system of paying the gold mining companies the full market price for newly mined gold on delivery to the Reserve Bank. The Minister also made it clear that the profit arising from the revaluation of the country's gold reserves would be for the account of the Reserve Bank and no portion of it would be passed on to the mining companies. The new system will, we believe, not only improve the cash flow of the mines by expediting payment for gold, but will afford the authorities greater flexibility in their marketing policy.

### Summary of operating results

	Western Deep Levels		Vaal Reefs (including South division)		Vaal Reefs South		S A Land		East Daggafontein	
	1976	1975	1976	1975	1976	1975	1976	1975	1976	1975
Gold	2 941 000	3 095 000	6 572 000	6 022 000	1 718 000	1 333 000	1 061 000	993 000	1 208 000	1 010 000
Tons milled	15,14	15,42	10,04	10,19	10,11	10,76	5,02	5,17	1,80	1,77
Yield — grams/ton	44 532	47 736	66 004	61 393	17 368	14 342	5 327	5 136	2 171	1 793
Gold produced — kilograms	R3 333	R3 675	R3 314	R3 658	R3 300	R3 694	R3 291	R3 639	R3 425	R4 000
Revenue per kilogram	R1 632	R1 344	R2 319	R1 957	R2 355	R1 927	R3 591	R3 306	R4 380	R4 815
Cost per kilogram	R24,70	R20,73	R23,29	R19,96	R23,81	R20,73	R18,03	R17,10	R7,86	R8,55
Cost per ton milled										
Working	R76 366 000	R111 811 000	R66 241 000	R104 910 000	R16581 000	R25 483 000	R1 598 000*	R1 736 000	R2 022 000*	R1 438 000†
Uranium							(loss)		(loss)	(loss)
Profit on sales	R1 719 000	R661 000	R11 678 000	R4 951 000						
Total working profit from gold, uranium and acid	R78 085 000	R112 472 000	R77 986 000	R109 927 000			Before State assistance of R2 179 000		Before State assistance of R1 849 000	†Before State assistance of R1 376 000

# Newspaperman praises Sanlam

"I wish to congratulate you, Mr. Chairman, on the achievements referred to in your chairman's address and in the financial statements," said Dr. Willem de Klerk, Editor of *Die Transvaler* in his capacity as seconder at the Sanlam Annual General Meeting.

Dr De Klerk said that even for a layman in the economic field it is clear that Sanlam plays a particularly important role in our country

As a policy-holder he was again impressed by the recent increased bonuses and the good value for money offered to policy-holders by Sanlam

Sanlam's policy benefits bring peace of mind to thousands of people. In these difficult times Sanlam has also made a major contribution as a channel for savings, thus providing for the capital

needs of the country

The fact that Sanlam's assets now exceed the R1 000 million mark is a further indication of the great support it is providing to the national economy. Referring to Dr Wassenaar's proposed national strategic plan, Dr De Klerk said that a political chapter should be part of the plan, same as an economic, military and other chapters

This political chapter contained five demands which would have to be met, namely high priority to homeland development, new planning for blacks in white areas, determining the rights of the Coloured and Indian parliaments over their own affairs, the joint say of all colour groups in matters of common interest and the elimination of discrimination



**Dr Willem de Klerk, editor of Die Transvaler, who seconded the motion for the adoption of the financial statement, accounts and directors' report at Sanlam's Annual General Meeting.**

## BENEFITS TO BANK CLIENTS

Referring to the recent developments at Bank Holding Corporation of South Africa (Bankorp), in which Sanlam has a considerable interest, Dr. Wassenaar gave a brief description of the benefits for the various bank's shareholders and clients.

The offer which Bankorp has made to the shareholders of Trust Bank will have the effect that Trust Bank will be added to the group of banks which are already members of the Bankorp family. This will make possible a considerable measure of rationalisation between Trust Bank and its subsidiaries and the other banks in the Bankorp group, a type of development which in the banking sector today is generally regarded desirable

In this case the expected rationalisation should not only be of benefit to all the banks affected, their shareholders and their clients, but lays a sound basis for the expansion of Bankorp in a group which can successfully operate in all spheres of the banking sector

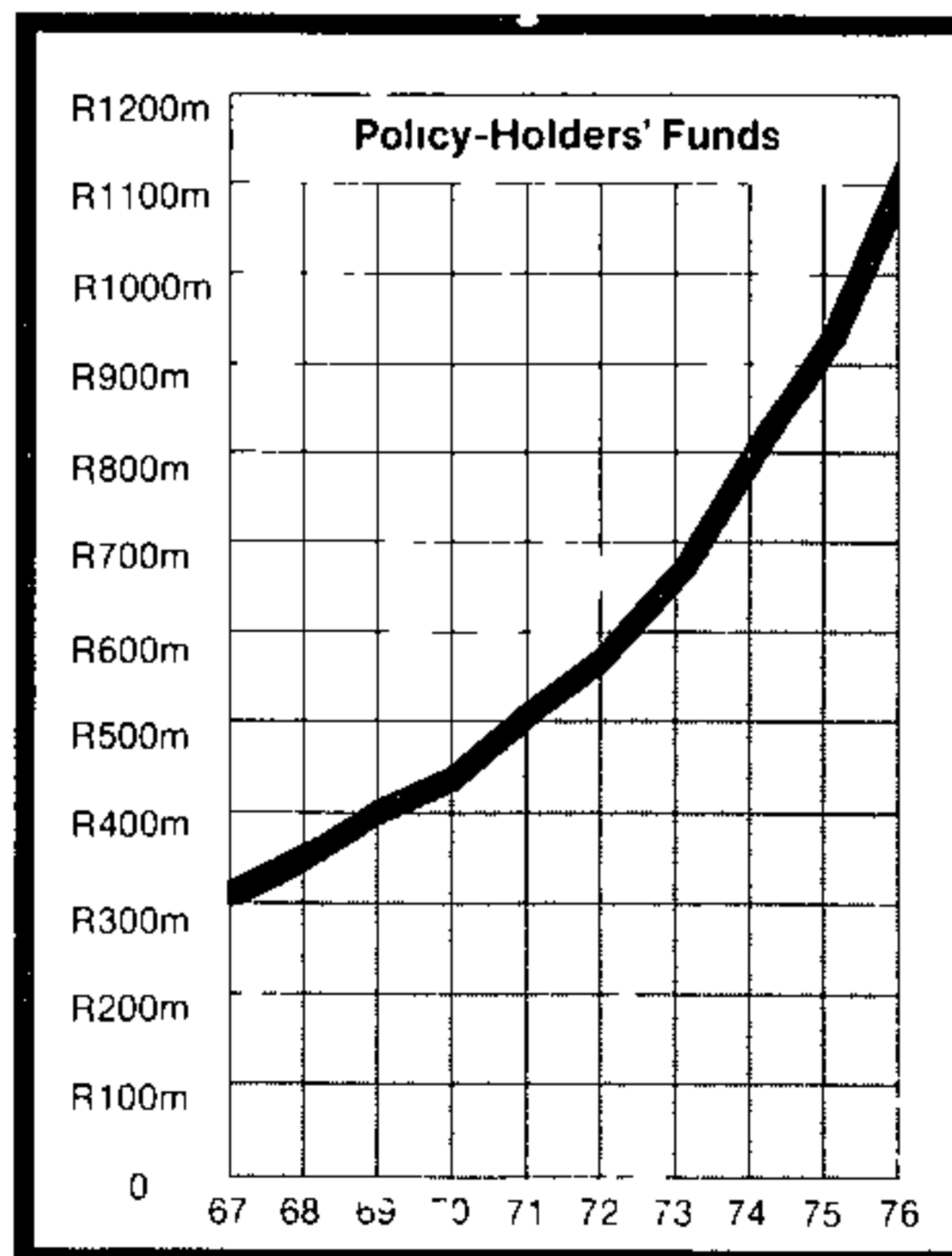
"We also look forward to the continuation of the wholehearted co-operation which has existed for many years between Sanlam and the Volkskas group," Dr Wassenaar said

### Complete text available

The complete text of the Chairman's address is obtainable free of charge, on demand, from the Public Relations Dept., SANLAM, P O Box 1, SANLAMHOF 7532

## Sanlam Policy-holders better off by R167 million

Because SANLAM has no shareholders the entire net increase of R167 million in the company's assets has been added to the policy-holder's funds



These funds exceeded the R1 000 million mark for the first time. It continues to increase in accordance with SANLAM's obligations towards its policy-holders



## PEAKS REACHED IN '76

- R219 million in premiums received, R32 million more than in the previous year. More than 60% of the premiums for new individual policies came from existing policy-holders, which is a clear vote of confidence in the company
  - Policy-holders earned R86 million from investments
  - Total income R310 million
- Because no one else but the policy-holders can lay claim to SANLAM's profits, these funds are applied solely to their benefit

## CHALLENGE FACING THE COMMUNITY

A recent declaration by the State President as well as the Prime Minister, namely that the Government is determined to ensure human dignity and prosperity for all people in South Africa must be welcomed

It is clear that the community as a whole possesses the necessary adaptability to accept new challenges as time demands. Satisfactory economic growth in the long term can be realised only within a sound internal socio-political climate. This is the challenge with which the Government and the community are faced

### Media thanked

Special appreciation is expressed for the continued interest in SANLAM by newspapers, financial journals and the SABC. Practically without exception a fairminded approach was to be found in their reports about Sanlam's activities

**SANLAM GIVES YOU THE BEST.**



Further comments on individual mines by Mr D A Etheredge

## VAAL REEFS

During 1976 the tonnage milled at 6 572 000 tons was nine per cent higher than in 1975. Despite a small drop in grade of 0,15 grams to 10,04 grams a ton, gold production increased by eight per cent from 61 393 kilograms to 66 004 kilograms. The average gold price received during 1976 was about \$119 an ounce or R3 314 a kilogram. While the average dollar price received in 1976 was 24 per cent below that received during 1975 (\$156 an ounce), average receipts in rand per kilogram were only nine per cent lower owing to the effect on revenue of the rand devaluation in September 1975. The unit cost per kilogram of gold produced increased from R1 957 to R2 319, a rise of 18 per cent which was principally attributable to general working cost escalation. Gold working profit in 1976 fell by 37 per cent to R66 241 000 from R104 910 000 in the previous year. Output of uranium oxide increased from 930 tons in 1975 to 1 013 tons last year, and profit on sales more than doubled from R4 951 000 to R11 678 000 on account of a larger sales volume and a slightly higher average selling price. With the addition of net sundry income and dividend income from Southvaal Holdings Limited, profit before tax amounted to R79 201 000. After making a royalty payment of R227 000 to Southvaal Holdings and meeting taxation and State's share of profit, which decreased from R42 099 000 in 1975 to R22 525 000, the company's profit after tax was R56 449 000, 15 per cent lower than in the previous year. Together with the profit retained from 1975, the sum available for appropriation was R63 008 000, from which R32 100 000 was appropriated for capital expenditure and loan repayments and R20 900 000 for dividends of 110 cents a share (1975 175 cents). In view of the increased loan levy commitments, an amount of R2 000 000 was transferred to general reserve leaving retained profit of R8 008 000 to be carried forward into the new year. In contrast to the unsettled conditions which continue to prevail in southern Africa, the mining industry on the whole has enjoyed a period of labour peace. Far from being complacent about this, the Anglo American Corporation Group and its mining companies have embarked on a comprehensive exercise in which labour relations and work practices are being studied from all aspects, in order to identify areas where change is practicable in the foreseeable future. Although we have been aware for a long time of the deficiencies of the migratory labour system, we have recently obtained a fresh and revealing insight into the problems, as seen from the perspective of the black migrant workers themselves. The information was provided by two surveys one undertaken by an outside organisation and one by our own staff. The fundamental issue of men being separated from their families for prolonged periods can only be fully resolved by creating a permanent labour force. Even if this were legally possible, the cost of building sufficient married accommodation to

house all black married men employed by the mine is quite beyond the financial resources of an industry in which the production units have finite lives. Nevertheless, the problem is not being neglected. At Vaal Reefs, in addition to the 168 family houses which the mine has already constructed, the company has applied to the authorities to extend the existing black married quarters adjacent to No 1 shaft (North) to accommodate black employees occupying key positions. In the first phase it is hoped to build a further 170 houses. The housing of these skilled employees is vital to the company's future mechanisation programme, because there is a growing shortage of operators capable of handling the more sophisticated equipment currently being purchased by the company.

Construction of the first phase of the new hostel complex at No 2 shaft (South) is expected to be complete in 1978. The complex has fewer occupants per room, allowing greater privacy. It will house 2 000 men initially and a further 2 000 men after the planned completion of the second phase in 1982.

The introduction of six-month agreements of service and of new leave entitlements has given workers the opportunity to return home more frequently. Moreover, a scheme for the speedier conveyance of recruits and homeward-bound workers between Vaal Reefs on the one hand and Lesotho and Transkei on the other is likely to be tried out shortly. The company now employs a majority of workers who live within distances of the mine that are such as to make schemes of this nature possible. The current proportion of the mine's underground labour force which comes from South Africa, Lesotho and Transkei is 77 per cent.

In accordance with the principles of the anti-inflation manifesto agreed in 1975 by the Government, the private sector and the trade union movement, wage increases in 1976 for white employees were limited to 9,7 per cent. This was less than the increase in the cost of living and the co-operation of the various employee organisations and the acceptance by the employees concerned is highly commendable. Wage increases and fringe benefit improvements involving new leave entitlements and inducements to return to the same mine were awarded to black employees in June. The package represented an increase of about 19 per cent in overall black labour costs. The minimum cash wage for an underground novice is currently 250 cents a shift or R65 a month compared with 220 cents a shift in June 1975. Average earnings of the underground black employees at our mine are now in the region of 400 cents a shift or R104 a month, in addition to which food accommodation, medical care and recreation facilities continue to be provided free of charge.

With the commissioning of the gold plant extension at the South Division in September last year, the treatment capacity of the Vaal Reefs complex has been raised to 600 000 tons a month. However in the South Division during 1976 we continued to encounter more extensive faulting than anticipated so that production was adversely affected in spite of an increased rate of develop-

ment. The resulting surplus of milling and gold plant capacity in South Division was taken up by North Division ore. This arrangement is expected to continue in 1977 and is a good example of the flexibility provided by a company of the size of Vaal Reefs. It is hoped that by early 1978 South Division will have built up sufficient ore reserves to provide its treatment plant with the designed throughput. Preparatory work for the new No 2 shaft (South) will begin in mid 1977. Shaft sinking is planned to start in mid-1978 so that production can begin in 1983 when No 3 shaft (North) is nearing the end of its productive life. Ore mined through the new South shaft will therefore be milled and treated in the plants of the North Division.

I reported last year that further uranium sales contracts were being sought and that, if suitable terms were negotiated, the company's uranium treatment capacity would be increased. Through Nuclear Fuels Corporation of South Africa (Proprietary) Limited, the industry's marketing organisation, a substantial sale has recently been negotiated. The sales agreement includes a consumer loan which, at current gold price levels, should enable the after tax capital expenditure on increased uranium capacity to be financed without adversely affecting dividend distributions from normal operations. The company is more than doubling its uranium treatment capacity from 335 000 tons to 720 000 tons a month by the construction of a 210 000 tons a month uranium plant at the South Division and by extensions to the two existing plants in the North Division. The total estimated capital cost is R60 million in 1976 money terms, and the potential annual output of uranium oxide for the Vaal Reefs complex will be raised by about 700 tons to 1 860 tons a year from the second half of 1980. The expansion will allow Vaal Reefs to treat not only current mine production for uranium, but also about 120 000 tons a month of reclaimed slimes from those dams where uranium is economically recoverable. The intended date of commissioning the plants will ensure that the reclamation of such dams will be completed during the remaining life of the mine. One interesting feature of the uranium plant planned at the South Division is the possibility that it may use a high pressure high temperature leaching process to improve uranium recovery. A pilot plant by which this process is to be tested on a larger scale has recently been commissioned at Western Deep Levels Limited.

In order to evaluate the north-western part of the North mining area a new borehole N 40 was drilled and completed during the year. A new borehole MA 1 in the southern part of the South mining lease area intersected the Vaal reef at a depth of 1 910 metres. Short and medium deflections have been completed but the nature of the reef zone and immediate footwall makes recovery of a representative core a difficult task. A long deflection is in progress. The results of the two boreholes are shown in the annual report.

Last year I referred to two prospecting ventures in which the company is involved. The company has pegged 900 precious metal claims on the farms

Strathmore and Nootgedacht which form part of the old Ellaton mining lease area adjoining our north western boundary. A prospecting programme is being drawn up to investigate the gold and uranium potential of the reefs below the Vaal reef which was mined out by Ellaton Gold Mining Company. In the district of Bothaville to the west of the South mining lease area Union Corporation Limited is conducting an exploration programme. We are meeting 10 per cent of their prospecting costs in return for a right to acquire up to a 10 per cent participation in any subsequent venture undertaken to exploit the area. In addition to the 44 holes already completed, four more boreholes have been proposed in the area to arrive at a more detailed evaluation.

Buffelsfontein Gold Mining Company Limited has begun mining in the River Bulge area, situated in the north-east corner of our South mining lease, on a tribute basis. The terms of the agreement covering the arrangement have been settled between the companies and await the approval of The Hon the Minister of Mines.

Capital expenditure for the complex in 1977 is estimated at R39 000 000, of which R17 000 000 is to be spent by North Division. Work is beginning on the uranium plant extensions and mechanisation continues to absorb a significant amount. At No 5 shaft (North) development is still in progress and the refrigeration plant is being installed. At South Division R22 000 000 will be spent during 1977, principally on development from No 1 shaft (South) underground equipment, the No 2 shaft (South) system and the new uranium plant.

Our planned production for 1977 is 7 000 000 tons milled at a grade of 9,6 grams a ton. These figures include South Division's planned production of 2 215 000 tons milled at a grade of 9,6 grams a ton. Apart from the problems of extensive faulting encountered at South Division mentioned earlier, the decrease in forecast grade for the complex arises from the necessity of maintaining mining operations in the lower grade areas of Nos 3 and 4 shafts (North) while ore reserves are being generated in the higher grade area around No 5 shaft (North). The target does not take into account the possible introduction of an 11 shift fortnight in April 1977 but in the event of such a change it is intended to engage additional labour to compensate for any adverse effect on production.

Because of Vaal Reefs size, its management structure is being reorganised to include senior technical consultants who are being seconded from Anglo American Corporation to Vaal Reefs. This will permit the mine to have a greater degree of autonomy in its operations. Mr E P Smit, the present general manager, retired at the end of February 1977 and Mr R G Williams at present a consulting engineer of Anglo American Corporation succeeded him as the first general manager under the new arrangement. He is responsible to the managing director of the company.

I would like to thank Mr E P Smit on behalf of the company for his valuable services. He joined the Anglo American Corporation Group in August 1934 at

Daggafontein Mines and moved to Western Reefs in 1940. Apart from the period 1961 to 1968 when he was successively manager of Springs Mines Welkom and President Brand he remained in Orkney and became the first general manager of Vaal Reefs in January 1970. He has our best wishes for his retirement.

## WESTERN DEEP LEVELS

The tonnage milled in 1976 at 2 941 000 tons was five per cent less than in 1975. This, together with a small drop in grade of 0.28 grams to 15.14 grams a ton resulted in a fall of seven per cent in gold output from 47 736 kilograms in 1975 to 44 532 kilograms. The average gold price received during 1976 was about \$119 an ounce or R3 333 a kilogram. While the average dollar price received in 1976 was 24 per cent lower than that received during 1975 (\$156 an ounce), average receipts in rand per kilogram were only nine per cent lower on account of the effect on revenue of the rand devaluation in September 1975. The unit cost per kilogram of gold produced rose by 21 per cent to R1 632, principally as a result of general working cost escalation but also because of the fall in grade. Gold working profit in 1976 was R76 366 000, a decrease of 32 per cent from R111 811 000 in the previous year.

Production of uranium oxide in 1976 fell marginally to 140 tons, but profit on sales more than doubled to R1 719 000 on account of a larger sales volume and a slightly higher average selling price. With the inclusion of sundry income profit before tax was R82 280 000. After meeting taxation and State's share of profit, which decreased by 35 per cent to R38 139 000 the company's profit after tax was R44 141 000. With the addition of the profit retained from the previous year the sum available for appropriation was R49 914 000 from which R19 068 000 was appropriated for capital expenditure and loan repayments and R22 500 000 for dividends of 90 cents a share (1975 147.5 cents). In view of the increased loan levy commitments, an amount of R2 000 000 was transferred to general reserve leaving retained profit of R6 346 000 to be carried forward into the new year.

Over the past four years, uranium oxide production has fallen below forecast mainly as a result of three factors: the uranium grade has declined in conjunction with the gold grade; periodic shortages of black labour have reduced mill tonnage; several fires have interrupted production from the Carbon Leader reef from which all the mine's uranium is recovered. It is therefore expected that the company will have to purchase certain tonnages of uranium to meet its contractual commitments in 1978 and 1979. The exact amount required will depend on the level of production in the next three years and the timing of deliveries. Whatever the outcome, the material can be made available from other producers within the Anglo American Corporation Group. Such transactions would have to be concluded at market related prices which are likely to be in excess of our contracted selling prices. Any resulting loss

will however be small in relation to the company's overall working profit. In contrast to the unsettled conditions which continue to prevail in southern Africa, the mining industry on the whole has enjoyed a period of labour peace. Far from being complacent about this the Anglo American Corporation Group and its mining companies have embarked on a comprehensive exercise in which labour relations and work practices are being studied from all aspects in order to identify areas where change is practicable in the foreseeable future. Although we have been aware for a long time of the deficiencies of the migratory labour system we have recently obtained a fresh and revealing insight into the problems as seen from the perspective of the black migrant workers themselves. The information was provided by two surveys, one undertaken by an outside organisation and one by our own staff. The fundamental issue of men being separated from their families for prolonged periods can only be fully resolved by creating a permanent labour force. Even if this were legally possible the cost of building sufficient married accommodation to house all black married men employed by the mines is quite beyond the financial resources of an industry in which the production units have finite lives. Nevertheless the problem is not being neglected. Western Deep Levels has received permission from the authorities to erect, in conjunction with Elandsrand Gold Mining Company Limited, a new village for senior black married employees. The first phase of the project will comprise 600 three bedroomed houses of which 350 houses will be occupied by employees of Western Deep Levels. This is in addition to the 100 houses on the mine property which have been built since the mine came into production. In 1977 it is planned to provide the essential services for the village and to erect the first 82 houses of which 65 will be for Western Deep Levels.

Construction of the new and improved hostel complex which will house about 5 400 men, with fewer occupants per room and therefore greater privacy, is complete. It should be fully occupied by the middle of 1977. Lastly, the introduction of six month agreements of service and of new leave entitlements has given the majority of workers the opportunity to return home more frequently.

A recurrent problem to the company is the severe shortage of black labour which it experiences towards the end of each year, the complement only returning to normal in the first quarter of the new year. Black labour fell from full strength at the end of June 1976 to 72 per cent of complement at the end of December, but was back to full strength by the middle of February 1977. We are currently evaluating the importance of the various factors aggravating the seasonal outflow — which is also experienced by neighbouring mines in the area — so that appropriate action can be taken. Meanwhile, the company is constantly seeking means of improving the underground environment, and an intensive research programme has been conducted over the past few years into the development of methods of preventing rockbursts and of ways in which

their occurrence can be predicted.

In accordance with the principles of the anti inflation manifesto agreed in 1975 by the Government, the private sector and the trade union movement, wage increases in 1976 for white employees were limited to 9.7 per cent. This was less than the increase in the cost of living, and the co-operation of the various employee organisations and the acceptance by the employees concerned is highly commendable. Wage increases and fringe benefit improvements, involving new leave entitlements and inducements to return to the same mine, were awarded to black employees in June. The package represented an increase of about 19 per cent in overall black labour costs. The minimum cash wage, for an underground novice, is currently 250 cents a shift or R65 a month compared with 220 cents a shift in June 1975. Average earnings of the underground black employees at our mine are now in the region of 420 cents a shift or R110 a month, in addition to which food, accommodation, medical care and recreation facilities continue to be provided free of charge. Production was affected by an underground fire which broke out in March 1976 in the 109/66 longwall at No. 3 shaft, one of the highest grade longwalls on the mine. The fire could not be extinguished for three months, and a further month was required to bring the stope back into production. On June 6 another fire was discovered in the 94/64 East longwall, and I regret to say that on the following day five members of the proto team from Stilfontein Gold Mining Company Limited tragically lost their lives while fighting the fire. Subsequently, the fire was quickly brought under control.

Drilling continued on the two boreholes UD 30 and UD 31 to evaluate the Ventersdorp Contact reef in the southern portion of the lease area. Two long inclined boreholes are being drilled from underground workings, one to evaluate the Ventersdorp Contact reef south of No. 3 shaft, and the other to evaluate the Carbon Leader reef to the west of No. 2 shaft. It is intended that drilling by underground boreholes should feature more prominently in future prospecting programmes because of the saving in time and cost achieved compared with drilling to great depths from surface. The results to date of the surface and underground boreholes in progress are given in the annual report.

Western Deep Levels is at present carrying out underground development work for the account of Elandsrand Gold Mining Company Limited, and a total of 2 781 metres at the end of 1976 was developed under this arrangement. As a result of this and the acceleration of work at Elandsrand itself, the mine is expected to begin production in 1980, a year earlier than previously forecast. Western Deep Levels has a 2.9 per cent interest in the equity of Elandsrand and subscribed for its full entitlement of shares in terms of the rights offer made by Elandsrand in February 1977 to raise a further R60 million. The money is to finance the continuing capital expenditure required to establish the mine.

Capital expenditure at our mine in 1977 is estimated at R22 000 000. The main items this year include development and

shaft sinking, underground equipment, black accommodation and underground refrigeration/ventilation. Our planned production for 1977 is 3 080 000 tons milled at a grade of 15 grams a ton. The target does not take into account the possible introduction of an 11 shift fortnight in April 1977 but in the event of such a change, it is intended to engage additional labour to compensate for any adverse effect on production.

Further comments on individual mines by Mr N. F. Oppenheimer

## S.A. LAND

Underground mining ceased on December 31 1976 in accordance with the decision announced by the company on October 14. The company would have remained eligible for State assistance in 1977 but, even so, it was very unlikely that it could have operated profitably. During the first three quarters of 1976, the company incurred increasing losses, although State assistance substantially offset these. In the middle months of the year the recovery grade dropped significantly as available reserves were mined out. This coincided with the depressed gold prices and continued escalation of wages and stores costs. Consequently, in order to minimise losses, underground development, which had been curtailed earlier in the year, was eventually restricted to areas where payable ore was likely to be exposed in the short and medium term. While this action helped to reduce working costs it also had the effect of limiting the life of the mine. In the circumstances there was no acceptable alternative but to close the mine at the year end.

While Sallies mine has had a life of 38 years the company has been in existence for 74 years, having been incorporated in 1903 as a property and exploration company. It was in 1933 that Anglo American Corporation became responsible for the administration of the company, and in 1938 the mine was brought into production. Since then, 42 million tons of ore have been milled yielding 313 tons of gold. Gross profit has totalled R74 million, of which some R31 million has been paid out as dividends, and R23 million in tax and State's share of profit.

During the year under review 1 061 000 tons of ore from underground and from waste rock dumps were milled at a recovery grade of 5.02 grams a ton, compared with 993 000 tons milled at a grade of 5.17 grams a ton in 1975. The higher tonnage resulted in an increase in gold production from 5 136 kilograms to 5 327 kilograms in 1976. However, a marked reduction in gold revenue per kilogram and an increase in costs resulted in a working loss of R1 598 000. Estimated State assistance of R2 179 000 converted the loss into a working profit of R581 000 which was considerably below the working profit of R1 736 000 in 1975 a year in which no State assistance was required. The only dividend in 1976 was an interim dividend of 2.5 cents a share, absorbing R83 000 declared in June. Towards the end of 1976 arrangements were made for the mine to start treating

material from the old Sub-Nigel Betty shaft waste rock dump. By December 31, 74 000 tons had been milled, and this made a useful contribution to gold production. Although the grade of this material is variable our experience has encouraged us to continue the arrangements and it is hoped to increase the milled tonnage to a rate of about 80 000 tons a month. If all goes well, the arrangement could continue for up to two years and the question of resuming dividends on a modest scale may have to be reviewed, bearing in mind the need to finance the prospecting programme. However, the value of rock dumps is at best very erratic and, if the grade or the gold price falls to an uneconomic level, the company may have to terminate the operation at very short notice. Members will be kept informed through the quarterly reports which will continue to be published. Meanwhile, the mine is continuing with the salvage and sale of redundant plant equipment, stores and housing. Negotiations have been concluded with East Rand Gold and Uranium Company Limited (ERGO) regarding the sale of this company's two slimes dams which ERGO wishes to acquire for recovery of gold, uranium and sulphur. A formal agreement is being prepared for approval by the directors of the two companies.

On October 15 1976, a rights offer of 3 300 000 shares was made to members on a one-for-one basis at an issue price of 60 cents each. This resulted in a capital inflow to the company of R1 980 000. As previously announced, the directors considered that the prospecting operations in the area to the south and south-west of the mine workings should be continued on the basis recommended by the technical advisers, namely to undertake a further drilling programme in stages, each stage being dependent on an assessment of the results obtained up to that time. As reported, the full programme, if implemented, is expected to cost at least R7 500 000, and the rights issue was to raise funds to finance the initial drilling. Towards the end of the year sinking of two boreholes was started, and expenditure incurred to December 31 amounted to R114 000. The ore, if present, lies at considerable depth, and drilling will continue through 1977 at an estimated expenditure of R500 000 in that year.

The company owns other mineral rights over large and widespread areas, as will be seen from the appendix to the annual report. These areas are re-assessed from time to time to determine whether prospecting operations would be worthwhile, but our conclusion remains that the only area with any economic potential at present is that currently being drilled.

The final year of operations at the mine has been unsettling and difficult and I would like to express sincere appreciation to the mine manager, Mr J H Neethling, and all employees for their loyalty and hard work in keeping the mine going. I would, in particular, like to pay tribute to Mr Neethling, who will be retiring in May this year after 41 years service in the Anglo American Corporation Group.

## EAST DAGGAFONTEIN

On October 14 1976 the directors announced that all operations at the mine other than clean-up would cease in the following month. This decision was taken in the light of the continuing losses being incurred notwithstanding State assistance — which, in any event, was due to terminate at the end of 1976 — and it was clearly evident that the best interests of members would be served by ceasing mining operations as soon as practicable. Accordingly the last blast took place on November 20 and, after processing the final batch of ore from underground clean-up operations and salvage and sale of plant and equipment have been the company's sole activities. The labour strength has already been reduced to the minimum required for these operations and, wherever possible, employees have been placed on mines elsewhere in the Anglo American Corporation Group.

Although the decision was inevitable in the circumstances, East Daggafontein has had a very long and profitable life. During 37 years of mining operations, the company has produced 264 tons of gold and has earned a total gross profit of R55 million, from which dividends amounting to R28 million and taxation and State's share of profit totalling R21 million have been paid. It is also interesting to note that the total capital expenditure incurred throughout the entire life of the mine has amounted to only R8,6 million, which is less than an average South African gold mine now spends in one year!

The final year of operations was one of disappointment, not only because of the severe fall in the price of gold but also because the tonnage and grade of ore milled from the Daggafontein waste rock dump did not come up to expectations. The total tonnage milled in 1976 (from both underground and rock dump) was 1 208 000 tons which, although well above the previous year's tonnage, was below the initial target of 1 450 000. On the other hand, the recovery grade of 1,80 grams a ton was above the original target of 1,50 grams a ton and resulted in gold production of 2 171 kilograms being virtually as forecast. The cost per kilogram of gold showed a marked reduction on the previous year's costs — R4 380 compared with R4 815 — but at the same time the average gold revenue per kilogram fell by an even greater percentage. The effect was a working loss of R2 022 000 which, after estimated State assistance of R1 849 000 and net sundry income of R43 000, was reduced to a loss of R130 000 compared with a loss of R6 000 in 1975. Accordingly, for the second year running, it was not possible to declare a dividend.

The last years of the mine's life have been difficult and uncertain and I would like to pay tribute to the mine management and all employees for their loyalty and hard work in keeping the mine going during this time.

Further comments by Mr D B Hoffe

## SOUTHVAAL HOLDINGS

The royalty payment to the company from Vaal Reefs Exploration and Mining Company Limited fell from R3 950 000 in 1975 to R227 000. Interest received was slightly higher at R875 000 and after deducting administration expenses and tax, profit amounted to R543 000 compared with R2 723 000 in 1975. With the addition of retained profit, the amount available for appropriation was R1 895 000. Dividend No 3 of six cents a share (1975 eight cents) was declared in accordance with the policy of keeping retained profit to a minimum. This absorbed R1 560 000 leaving R335 000 to be carried forward into 1977. Profit on sales of uranium contributed for the first time towards royalty payments to the company.

The principal cause of the sharp drop in the royalty payment was the decline in working profit at the Vaal Reefs South Division from R25 483 000 in 1975 to R16 581 000. The fall in profits resulted from the lower average gold price received in 1976 — R3 300 a kilogram compared with R3 694 a kilogram the previous year — together with a rise of 22 per cent in unit cost per kilogram of gold produced at the South Division from R1 927 to R2 355. At the same time, the South Division's appropriation for capital expenditure which is deducted from profit to determine the royalty payable to Southvaal, fell only slightly to R16 237 000.

During the year the tonnage milled by the South Division amounted to 1 718 000 tons which was 29 per cent higher than in 1975. The grade at 10,11 grams a ton was 0,65 grams below that of the previous year, but was higher than the forecast grade of 9,2 grams a ton. Gold production was 17 368 kilograms compared with 14 342 kilograms in 1975, an increase of 21 per cent. The South Division continued to encounter more extensive faulting than anticipated, so that, when the extensions to the South gold plant were commissioned in September to raise its capacity to 210 000 tons a month, insufficient stope face had been established in the South lease area to maintain the required increase in production. The surplus capacity was therefore taken up by ore from Vaal Reefs North and this arrangement, is expected to continue in 1977. It is hoped that by early 1978 the South Division will have built up sufficient ore reserves to provide its treatment plant with the designed throughput. Buffelsfontein Gold Mining Company Limited has begun mining in the River Bulge area, situated in the north-east corner of the South mining lease, on a tribute basis. The terms of the agreement covering the arrangement have been settled between the companies and await the approval of The Hon the Minister of Mines. The majority of the work done to date by Buffelsfontein has been development resulting in a net operational cost to Vaal Reefs South of R644 000 in 1976.

Last year it was reported in the Vaal Reefs chairman's statement that further uranium sales contracts were being sought and that, if suitable terms were negotiated, Vaal Reefs uranium treatment capacity would be increased.

Through Nuclear Fuels Corporation of South Africa (Proprietary) Limited the Industry's marketing organisation a substantial sale has recently been negotiated. Vaal Reefs is more than doubling its uranium treatment capacity from 335 000 tons to 720 000 tons a month by the construction of a 210 000 tons a month uranium plant at the South Division and by extensions to the two existing plants in the North Division. The total estimated capital cost is R60 million in 1976 money terms of which the cost of the South Division's plant is estimated at R40 million. The potential annual output of uranium oxide for the Vaal Reefs complex will be raised by about 700 tons to 1 860 tons a year from the second half of 1980. Estimated output from the uranium plant planned at the South Division is 650 tons a year. Moreover there is a possibility that a high pressure, high temperature leaching process may be used to improve uranium recovery. A pilot plant has been recently commissioned at Western Deep Levels Limited by which this process is to be tested on a larger scale. Feasibility studies have shown that, despite the reduction in royalty payments to our company during the period 1977 to 1980 from the level which they would have been without the additional capital expenditure, the subsequent increase in both uranium output and sales will improve royalties thereafter to the extent that the return on the investment is extremely favourable.

Planned production by Vaal Reefs South in 1977 is 2 215 000 tons milled at a grade of 9,6 grams a ton. The target does not take into account the possible introduction of an 11-shift fortnight in April 1977 but, in the event of such a change, it is intended to engage additional labour to compensate for any adverse effect on production. Capital expenditure is estimated at R22 000 000, the principal items being development from No 1 shaft (South), underground equipment, the No 2 shaft (South) system and the new uranium plant. Preparatory work for the new No 2 shaft (South) will begin in mid-1977 with shaft sinking to start in mid-1978. The new shaft is planned to come into production in 1983 when the No 3 shaft at Vaal Reefs North is reaching the end of its productive life. Ore mined through the new South shaft will therefore be milled and treated in the plants of the North Division.

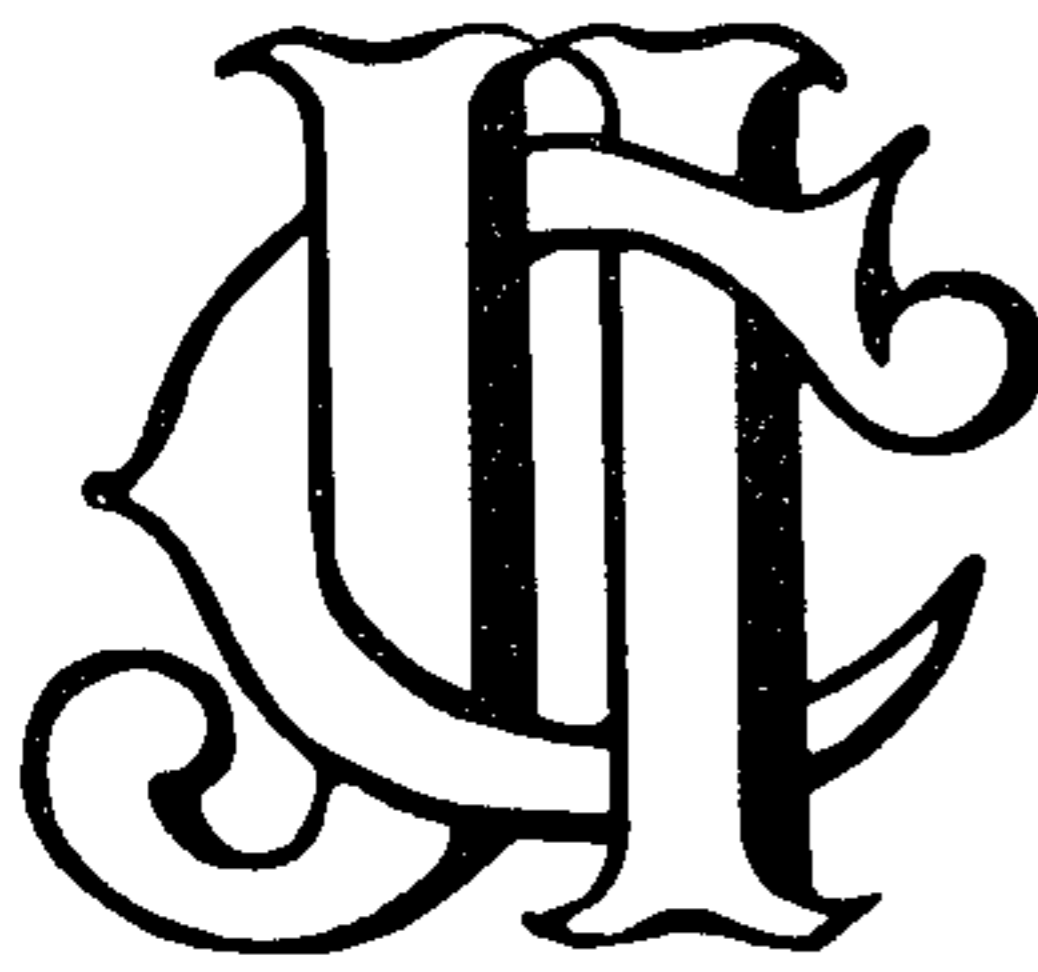
### ANNUAL GENERAL MEETINGS

The annual general meetings of members will be held at 44 Main Street, Johannesburg on Thursday, April 28 1977 at the following times:

Southvaal Holdings Limited	09h45
Vaal Reefs Exploration and Mining Company Limited	10h10
Western Deep Levels Limited	10h45
Elandsrand Gold Mining Company Limited	11h20
East Daggafontein Mines Limited	12h00
The South African Land & Exploration Company Limited	12h25



The annual reports and chairmen's reviews may be obtained from Consolidated Share Registrars Limited 62 Marshall Street Johannesburg 2001



# The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

**A member of the  
Johannesburg Consolidated Investment  
Group of Companies**

## **Chairman's Review by Bernard Smith**

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, at 9 15 a m, on Wednesday, 18th May, 1977

I have pleasure in presenting my statement for 1976, a year in which significant progress was made towards the expansion of operations to include the production of uranium oxides. Long term contracts relating to the sale of your company's future uranium production were concluded and interest free loans were arranged to finance a substantial portion of the cost of the expansion programme.

Working profit increased from R26 965 000 in 1975 to R36 836 000 in 1976

### **Operations at Cooke Section**

During the year 944 000 tons were milled at an average recovery grade of 16,95 grams per ton compared with 816 000 tons in 1975 at an average recovery grade of 13,92 grams per ton. The No 1 Shaft system continued to operate at its full capacity and in addition some 5 000 tons of development ore were obtained from the No 2 Shaft area.

Gold output increased from 11 654 kilograms in 1975 to 15 997 kilograms but the average price obtained declined from R3 437 per kilogram (US\$123 per ounce) in 1975 to R3 306 per kilogram, equivalent to some US\$118 per ounce, in 1976.

Although working costs increased from R14 172 000 in 1975 to R17 100 000 in 1976, unit working costs were restricted to an increase of some 7% as a result of the increased throughput. Cost increases resulted from the generally prevailing inflationary climate in the Republic which shows no signs of abating in the short term, spurred

on as it has been in recent months by significant power and transport cost increases. It is anticipated that increases of this nature will continue during the year and in addition the effects of the introduction of a shorter working week in the near future could also contribute towards an increase in production costs.

Development in the No 1 Shaft area increased from 10 028 metres in 1975 to 11 412 metres in 1976 at a slightly higher gold content. The channel width showed a significant reduction however, indicative of mining operations moving away from the composite reef horizon to more clearly defined reef channels.

Uranium values associated with the gold bearing Upper Elsburg Reef being developed at No 2 Shaft were up to expectations. The gold content of this development is above expectations but shareholders are reminded that to date the total development on reef is somewhat limited. In all 5 037 metres was developed from the Ventilation Shaft, whilst the equipping of the Main Shaft continued. Channel widths in the No 2 Shaft area appear to be significantly lower than in the No 1 Shaft area.

The No 2 Main Shaft reached its final depth early in the year and by the year end had been equipped and is now complete to 106 level. Final commissioning is expected next month.

### **Operations at Randfontein Section**

Work towards the re-establishment of underground mining operations in the Bird Reefs commenced during



## The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

### Chairman's Review - continued

the year and satisfactory progress was made in re-equipping the hoist and shaft installations of the old No. 16 and SD32 shafts, the Pioneer subvertical winze and main tramming level. Entry was also made into stopes which are considered viable and these were re-supported and prepared for operations which are scheduled to start in the second quarter of 1977. Preparations are also well in hand for the commencement of pumping operations to de-water the mine below 14 level. This is scheduled to commence in the third quarter of 1977.

### Gold and Uranium Recovery Plants

The refurbishing and re-construction of the Millsite uranium plant was commenced during the year and extensions to the gold plant to provide a total gold and uranium treatment facility of some 100 000 tons per month should be completed early in the third quarter of 1977.

At Cooke Plant, the construction of a new 250 000 ton per month gold and uranium recovery facility is progressing satisfactorily. The first production units are expected to be commissioned early in 1978 and it is anticipated that full utilisation will be possible within six months thereafter.

Construction of the overland conveyor belt system from Cooke No. 2 Shaft to the Cooke Plant is progressing well and provision has also been made for the initial transfer of this rock to the existing railway system currently operating between Cooke No. 1 Shaft and the Millsite plant. The expected completion date for the conveyor belt system is June, 1977. Ore from Randfontein Section will be transported by rail to Millsite or Cooke plants as required.

In order to ensure that these facilities for the recovery of gold and uranium will be constructed as expeditiously as possible, the Johannesburg Consolidated Investment Company, Limited, as technical managers, formed a Recovery Project Management team, consisting of its own technical staff supplemented and strengthened by Bechtel International Limited personnel. The Recovery Project Management Group have planned, and will expedite and control all aspects of the design, engineering and construction of the gold and uranium recovery plants and the rock transport system.

### Future Operations

Stoping should commence at both Cooke No. 2 Shaft and at the Randfontein Section in the second quarter of 1977. The ore from these two sources will be of a lower gold recovery grade than that presently being mined at Cooke No. 1 Shaft

and a significant drop in the mine's overall recovery grade is thus inevitable. This drop in gold grade should be compensated for to some degree by an increase in the uranium grade of the ore milled. However, the total output of gold will steadily increase with mill throughput. Initially, ore from Cooke No. 2 Shaft will be transported to the Millsite plant but once that plant's full capacity is reached the surplus production will be stockpiled at Cooke Plant to provide it with an assured supply of material at startup. The initial production from Randfontein Section will also be stockpiled. The total stockpile could amount to some 300 000 tons by the time Cooke Plant is commissioned.

Once Cooke Plant is operating at its full rated capacity of 250 000 tons per month Millsite plant will treat 100 000 tons per month of uranium bearing slimes, previously treated for gold content only. It is estimated that some 90 tons of uranium oxide could be produced by the year end.

### Housing for Employees

During the year, 69 houses were erected on the company's property at Finsbury township and a further 97 were under construction at the year end. Six houses are also under construction at Robm Park and a further eighteen houses were purchased in other Randfontein suburbs.

The new Elangem Black hostel, adjacent to Cooke No. 1 Shaft, is rapidly nearing completion and the first occupants moved in towards the end of January, 1977. A second new hostel, Imzim, adjacent to Cooke No. 2 Shaft, is under construction and it is anticipated that staff will be accommodated there during the second quarter of 1977.

At Bhongweni township, which is situated in close proximity to SD32 Shaft on the Randfontein Section, the construction of houses for married Black employees will commence this year as soon as the necessary formalities have been completed.

### Capital Expenditure

Net expenditure on mining assets totalled R31 820 000 in 1976. The main items of expenditure were Cooke No. 1 Shaft - the Elangem hostel and underground development; Cooke No. 2 Shaft - sinking and equipping, underground development and equipment and the Imzim hostel; Randfontein Section - underground equipment and shaft installations at SD32 Shaft; the Millsite uranium plant; the Cooke gold and uranium plant; the overland conveyor system and mine housing at Finsbury township.

Total capital expenditure in 1977 is estimated at R98m. The estimate will be subject to continuous review according to progress made.

### Finance

Deferred interest of R616 000 accruing on the State loan in 1976 brought the total amount accumulated and capitalised to R2 324 000 at the year end. In accordance with the terms of the agreement a capital repayment of R1 083 000 was made in December 1976.

TAKING STOCK: MAC THAIN

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# THE PICTURE BRIGHTENS A BIT

## It's been three months of famine and feast for the mines

WITH market activity confined virtually to the gold section, this week's publication of the March quarterly progress reports has a good measure of topicality both historically and as an indicator of what may lie ahead.

It can be confidently anticipated that overall the reports will present a brighter picture than those of three months ago, though individual performances will reflect the fact that conditions at the beginning of the quarter were not as healthy as they are now.

Working revenue for the period should show a distinct improvement on the December quarter's R592 million, but still behind the R688 million of the final quarter of 1974 when the gold price was edging towards the 200 dollar mark and the industry received an average of 185 dollars converted at 1,50 to the rand.

The average for the March period looks like being around R117 an ounce produced — equivalent to 135 dollars — against R108,6 or 125 dollars for the previous quarter.

Making the adjustment in terms of the September 1975 devaluation the revenue side in rand terms is impressive compared with that at the end of 1974, and, should

the bullion price be maintained, that for the current quarter will be even better. For at 150 dollars this is equivalent to R130 — against the R123 for 185 dollars of December two years ago.

On this basis it can be said that the mines are doing better in terms of revenue but, the massive rise in working costs and taxation taking a bigger slice, much of the gilt is taken off the net profit gingerbread.

Using 1974 as a base, working expenditure has now risen by more than 45 percent and indications are that it will total somewhere around R400 compared with the R258 million for the 1974 three months.

Physical output is down on that of 12 months ago. In part this is due to old mines closing down, but the main adverse factor has been black underground labour problems.

Somewhat paradoxically the mining industry suffered from the ill-effects of both a famine and a feast in the past three months. For most of the first half, an acute shortage prevailed with workers on short contracts going home on completion of these, and not a few taking extended unpaid holidays.

In consequence, a good many mines were unable

to keep mills running at capacity and recovered less gold.

In the second half, the pendulum swung to the other extreme with a flood of South African blacks seeking work, to the extent that not a few properties found themselves with more than 100 percent of complements. This was gratifying from the quantitative aspect but it brought problems on the quality side. The larger proportion of these new recruits had no previous mining experience and have had to be trained from scratch.

For labour-intensive mines, the training period is short but it becomes longer as the degree of mechanisation of operations grows.

In due course the position should sort itself out, leading to better productivity. But this could be slowed down with the introduction of the 11-day working fortnight. The problem is that productivity has to be above what it was under the previous system if mills are to be kept running at capacity.

Overall taxable income can be expected to prove higher, but the taxman will take a proportionately greater percentage of this. This is not just the result of the higher imports contained in the 1976 Budget, but

through the nature of the tax and lease formulae.

In tough times, as was the case for a large part of last year, contributions to the fiscus absorbed around 60 percent of the adverse effects of higher costs and lower revenue. Now that better times prevail, the process is reversed and a bigger slice of cake being taken for the fiscus. At some of the richer mines, with relatively low capital spending, something like 76 percent of net pre-tax profits is being extracted by way of tax and loan levy.

For some mines uranium could provide the cherry on the top, though it is questionable whether total working profits from this source will match the R34,7 million of the December quarter. The main contributor in the past has been spot sales by individual mines at prices above those prevailing contractual ones.

Such sales are sporadic and come from stockpiles. And various chairmen have warned that too much reliance should not be placed on their persisting for any length of time.

However, some old contracts at sub-economic prices have been renegotiated, but it is doubtful whether this will have much impact until the current quarter has run most of its course.

# Soaring costs hit GFSA gold mines

RDM  
19/4/77 (214)

By ADAM PAYNE

THE MARCH quarterly reports from GFSA gold mines are disappointing because of the greatest rise in unit costs yet recorded over a quarter, and because of lower tonnages milled caused by underground labour shortages.

To offset these factors, the gold price received rose to about \$131 an oz, compared with an industry average of \$122 an oz in the December quarter.

The price improvement resulted in net profits being little changed. Without it, the results would have been depressing.

The rise in costs is attributable to two main factors:

- Apart from the shortage in underground labour, the cost structure was burdened by an influx of labour which was on the payroll but was unproductive while being trained.
- Eskom power costs rose by 25 per cent from January 1 and mines with pumping programmes, like West Driefontein and East Driefontein, are big users of power.

Labour complements were at full strength by mid-February, and by the end of the quarter the rate of production was increasing.

A substantially higher output can be expected in the next quarter, but against this the 11-shift fortnight comes into effect from the April paymonth.

In an attempt to offset expected production losses, arrangements are being made to encourage men to work the 12th shift as overtime.

This will result in additional costs, but is likely to be justified by production from the additional time worked.

Grade was lower in the quarter at West Driefontein — as expected — and it improved by nearly 1 g/t at East Driefontein.

Doornfontein's performance was the worst in the group, with a drop in tonnage, a small decline in yield and phenomenal increase in costs from R25,44 a ton to R29,97 a ton.

A fire in the surface sub-station at No 1 Shaft in February cut the electric power supply to the underground compressors and resulted in a three-day loss of production.

A claim for loss of profits has been submitted to the insurers. A further loss of production was suffered because of the breakdown of the west hoist at No 1 Shaft in the last week of the quarter. The hoist has now been repaired and this production loss will be recovered in April. Gold production was down in

the quarter and net profit dropped to R487 000 (R1 988 000).

Points from the reports:

**West Driefontein:** Tonnage dropped to 501 000 tons (545 000 tons) and yield to 23,5 g/t (24,5 g/t) and costs rose more than R3 a ton to R27,89 (R24,45).

The gold price received was \$131 an oz.

Tax was higher and net profit dropped to R15 488 000 (R16 020 000).

**East Driefontein:** Tonnage was lower, but yield rose to 22,7 g/t (21,8 g/t), so it was almost as high as West Driefontein's.

Costs were contained at R24,72 a ton (R23,65), and a higher gold price was received. Tax rose to R14 630 000 (R9 941 000), so net profit was little changed at R12 216 000 (R12 680 000).

**Kloof:** Net profit improved to R5 025 000 (R4 488 000) because of the better price received and a higher gold output. Tonnage was raised, yield was virtually unchanged at 12,6 g/t, but costs rose to R30,73 (R28,52).

**Vlaktefontein:** The mine has attracted speculation in its dying days as an underground operation, although it will continue producing. It showed little change in gold output, but lowered its unit costs because more dump material than ore was milled.

The results were hit by higher tax at R570 000 (R71 000), and net profit fell to R413 000 (R767 000).

**Venterspost:** With State aid, Venterspost made a profit of R371 000 (R788 000) after showing a working loss. Costs shot up to R24,01 a ton (R20,51). Tonnage milled was lower and yield was virtually unchanged at 5,9 g/t.

**Libanon:** This mine suffered from a fire in the richer Ventersdorp Contact Reef section last year, but work has been resumed there and grade rose in the quarter to 9,0 g/t (7,1 g/t).

Therefore production rose, with milling maintained, but costs were higher.

The net profit was not much higher than in the previous quarter at R2 715 000 (R2 578 000) mainly because in December R1-million was received from the fire insurance claim.

# Kinross boosts profits by 30 pc

Cape Times

21/4/77

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JOHANNESBURG. — Total profit after tax and lease consideration from Union Corporation's seven gold producing companies fell by 5,6 percent in the March quarter to R14 310 000 (December quarter R15 164 000).

While Kinross boosted its profits by 30 percent to R2 354 000 (R1 811 000), St Helena's profits tumbled by 15,9 percent to R6 808 000 (R8 093 000) and Leslie reported a loss of R198 000 from a profit of R178 000.

Total group tonnage milled dropped to 2 427 000 (2 501 000) and gold production was down by 9,5

## gold mining quarterlies

percent at 16 740 kg (18 507 kg) Production fell most sharply at St Helena (18,4 percent), Leslie (18,0) and Bracken (14,3)

Working costs were higher all round, totalling R34 956 000 (R32 838 000), and pushing working costs a tonne milled up by 9,7 percent from R13,13 to R14,40

Working cost increases were steepest at Leslie (up 26 percent), St Helena (12,6) and Bracken (11,4).

Total working revenue edged ahead by 0,3 percent to R62 034 000 (R61 850 000) The revenue at Kinross rose by 11,8 percent and at Grootvlei by 11,1 percent, but fell by 10 percent at St Helena and 6,7 percent at Leslie.

The St Helena directors say operations are now moving out of the richer areas of the mine and into lower grade areas with a resultant reduction of the average mill grade and poorer development results

Further consequences, they say, are reduced tonnage throughout and higher working cost since the retreat from the older areas involves mining out scattered drive pillars under stressed conditions, while the newer areas are deeper, hotter and therefore more difficult and expensive to work

Grootvlei said 33 000 tonnes of rock from a surface dump on the Subnigel property were treated in the quarter

Leslie has given the statutory three months' notice of the possible cessation of mining operations, although it is the intention to continue operations as long as possible In this regard, application has been submitted for classification as an assisted mine.

Winkelhaak said the No 5 shaft was out of commission for five days as a result of a skip falling down the shaft causing extensive damage to steel work.

Reorganization of work, coupled with the treating of lower grade ore from a surface

rock dump enabled the mine to maintain production

UNISEL said at the end of the quarter, the shaft had reached a depth of 1 783 m Expenditure on shafts, plant and equipment and general expenditure amounted to R2 782 000 (R2 633 000), bringing the total to date to R26 506 000 — Reuter



# General Mining Group

## GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1977



All companies mentioned are incorporated in the Republic of South Africa

### STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 13 062 920 shares of 50 cents each

#### Operating results

	Quarter ended	
	31 Mar 1977	31 Dec 1976
Stilfontein Ore milled (t)	450 000	480 000
Gold produced — Stilfontein ore (kg)	4 049,124	4 344,119
Yield — Stilfontein ore (g/t)	9,00	9,05
Working revenue per ton milled (R)	34,24	30,60
Working cost per ton milled (R)	34,23	29,09
Income per ton milled (R)	0,01	1,51

#### Financial (R'000)

Working revenue (gold)	15 409	14 686
Working costs (gold)	15 403	13 963

Income (gold)	6	723
State aid	942	869
Income on sale of acid	16	23

Income at mine	964	1 615
Net additional revenue	135	178
Less interest	33	38

Income before taxation and State's share of Income	1 066	1 755
Taxation and State's share of Income	57	98

Income after taxation and State's share of Income	1 009	1 657
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Capital expenditure	442	430
Trade investments	(1)	12
Dividends declared	—	1 437
cents per share	—	11
Loan repayments	—	109
Loan balance outstanding	1 215	1 215
Loan levies	8	3

#### Development

Advanced (m)	5 013	4 672
Sampling results Sampled (m)	1 242	1 203
Channel width (cm)	25	15
Average value gold (cm g/t)	1 141	1 370
Uranium (cm kg/t)	17,06	17,29

#### Payable

Metres (m)	612	777
Percentage	49,3	64,6
Channel width (cm)	20	14
Value gold (g/t)	92,3	133,6
(cm g/t)	1 856	1 924
Uranium (kg/t)	1,198	1,560
(cm kg/t)	23,96	21,84

#### Development Summary

for the three months ended 31 March 1977

##### Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	1 076	1 071	17	74,5	1 297	1 035	17,60
Vontersdorp Contact	90	63	16	3,7	58	0 108	1,73
Commonage	67	96	108	2,2	235	0 190	20,49
Livingstone	—	12	71	1,9	138	0 300	21,28
<b>Total</b>	<b>1 223</b>	<b>1 242</b>	<b>25</b>	<b>46,0</b>	<b>1 141</b>	<b>0 682</b>	<b>17,06</b>

##### Payable Development

Reef	Payable metres	Per-centage payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	612	57,1	20	92,3	1 856	1 198	23,96
V C R	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
<b>All Reefs</b>	<b>612</b>	<b>49,3</b>	<b>20</b>	<b>92,3</b>	<b>1 856</b>	<b>1,198</b>	<b>23,96</b>

#### Production

In common with the rest of the industry there was a large influx of Black workers to the mine during the months of February and March, but the benefit of this additional labour could not be fully realized until completion of the acclimatization and training periods.

Due to the incidence of a number of seismic events during the quarter and a breakdown of the underground refrigeration plant, stopping production was adversely affected. The mill throughput was 30 000 tons lower than in the previous quarter and gold recovery was consequently 295 kilograms less.

The increase in revenue of R723 000 was due to an improvement of \$15 per ounce in the price received for gold.

#### Working Costs

The total expenditure for the quarter was adversely affected by the cost related to the influx of Black workers, escalation in stores costs and higher electric power surcharge. The higher unit costs were influenced by the lower mill throughput.

#### Capital

The main capital expenditure was in respect of underground refrigeration, pumping arrangements and development into the eastern zone of the mine.

There are commitments for capital expenditure totalling R174 000. The estimated capital expenditure for the remainder of the financial year is R1 203 000.

#### Uranium Project

A study has revealed that in the light of the increase in the prevailing prices for uranium oxide, it is attractive to resume uranium production by treating tonnage from surface accumulations and slime from current production. The financial investigation related to this project is in progress.

On behalf of the board

J C FRITZ }  
D G MALAN } Directors

# WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital 4 250 000 shares of R1 each  
25 000 deferred shares of R2 each

**Operating results**

	Quarter ended	
	31 Mar 1977	31 Dec 1976
<b>Gold Section</b>		
Ore milled ex underground	(t) 186 286	234 823
Ore milled ex surface dumps	(t) 37 714	10 177
Total ore milled	(t) 224 000	245 000
<b>Gold produced (kg)</b>		
ex underground sources	882,217	1 090,371
ex surface dump	29,000	7,000
<b>Total gold</b>	911,217	1 097,371
<b>Yield g/t</b>		
ex underground sources	4,74	4,64
ex surface dump	0,77	0,69
<b>Uranium Section</b>		
Ore to Stockpile	(t) —	—
<b>Gold</b>		
Ore milled ex underground	(t) 199 000	193 000
Ore milled ex stockpile	(t) —	—
Total ore milled	(t) 199 000	193 000
Gold produced	(kg) 147,783	185,629
Yield	(g/t) 0,74	0,96
<b>Uranium</b>		
Tons treated	(t) 200 850	192 330
Uranium produced	(kg) 58 528	56 374
Yield	(kg/t) 0,291	0,293
<b>Financial (R'000)</b>		
Working revenue	(gold) 4 024	4 290
Net revenue	(uranium) 2 720	9 910
Net revenue	(acid and pyrite) 1	6
<b>Total revenue</b>	6 745	14 206
<b>*Working Costs</b>		
Underground operations	7 978	7 903
Per ton milled	(R/ton) 20,71	18,47
Surface	284	64
Per ton milled	(R/ton) 7,53	6,29
<b>Total Working Costs</b>	8 262	7 967
Total per ton milled	(R/ton) 19,53	18,19
<b>Income/(Loss)</b>		
State aid/(refundable)	(1 517)	6 239
Net additional revenue	1 273	(3 181)
	123	75
<b>Income/(Loss) before taxation</b>	(121)	3 133
Taxation	—	151
<b>Income/(Loss) after taxation</b>	(121)	2 982
<b>*Excludes uranium treatment costs</b>		
Capital expenditure	347	494
Dividends declared		
Ordinary amount	—	212
Cents per share	—	5
Deferred Amount	—	71
Rand per share	—	2,83
<b>Development</b>		
Advanced	(m) 3 358	3 059
<b>Gold Section</b>		
Advanced	(m) 1 325	1 497
Sampling results Sampled	(m) 231	302
Channel width	(cm) 68	82
Average value	(cm g/t) 1 373	999
<b>Payable</b>		
Metres	(m) 111	26
Percentage	48,1	8,5
Channel width	(cm) 78	7,3
Value	(g/t) 27,34	32,54
	(cm g/t) 2 131	2 370
<b>Uranium Section</b>		
Advanced	(m) 2 033	1 562
Sampling results Sampled	(m) 663	474
Channel width	(cm) 48	55

	Average value uranium gold	(cm kg/t) (cm g/t)	71,02 152	71,60 134
<b>Payable</b>				
Metres		(m)	422	52
Percentage			63,6	11,1
Channel width		(cm)	46	78
Value Uranium		(kg/t)	2,074	2,262
		(cm kg/t)	95,77	175,67
gold		(g/t)	3,38	3,20
		(cm g/t)	156	249

**Development Summary**

for the three months ended 31 March 1977

**Gold Section**

Reef	Payable metres	Per- centage payable	Channel width cm	g/t	Value cm g/t
Main Reef	—	—	—	—	—
South Reef	—	—	—	—	—
Livingstone Reef	—	—	—	—	—
Kimberley Reef	111	56,1	78	27,34	2 131
Ventersdorp Contract Reef	—	—	—	—	—
<b>Totals</b>	111	48,1	78	27,34	2 131

**Uranium Section**

Reef	Payable metres	Per- centage payable	Channel width cm	Uranium		Gold	
				kg/t	cm kg/t	g/t	cm g/t
White Reef	—	—	—	—	—	—	—
Monarch Reef	209	93,3	25	3,981	100,80	8,78	172
Upper Monarch Reef Zone 2	191	59,1	66	1,423	92,70	2,20	143
Upper Monarch Reef Zone 4	22	41,7	79	0,950	75,09	1,49	118
Other Reefs	—	—	—	—	—	—	—
<b>Totals</b>	422	63,6	48	2,074	95,77	3,38	156

**Production — (Gold Section)**

In common with the rest of the industry there was a large influx of Black workers to the mine during the months of February and March, but the benefit of this additional labour could not be fully realized until completion of the acclimatization and training periods.

The tonnage milled ex underground sources declined by 49 000 tons while the ore milled ex low grade surface dumps was increased by 28 000 tons following the recent rise in gold price.

**Production — (Uranium Section)**

The tonnage treated matched the capacity of the uranium plant of 70 000 tons per month and there was an increase of 2 000 kilograms of uranium oxide. Work is in hand to increase the capacity of the plant to 80 000 tons treated per month.

**Working Income**

The price received for gold during the quarter was \$16 per ounce higher than the previous quarter and assisted in off-setting the effect of lower gold production, but net revenue from uranium was R7,20 million lower than the total for the previous quarter which reflected a special sale of uranium ex stockpile.

**Capital**

The main capital expenditure was in respect of the modifications to the uranium plant and included the equipping of stations in the Monarch shaft for exploitation of the lower levels of the Bird Reef horizon.

There are commitments for capital expenditure totalling R120 000. The estimated capital expenditure for the remainder of the financial year is R1 914 000.

**Millionaire Shield**

During the quarter the mine achieved the distinction of reaching a million consecutive fatality-free shifts for the 16th time — a record for the industry.

On behalf of the board,  
A W S SCHUMANN }  
J C FRITZ } Directors

General Mining Group Gold Mining Companies' Reports (continued)

## BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 11 000 000 shares of R1 each.

### Operating results

	Quarter ended		9 months
	31 Mar 1977	31 Dec 1976	ended 31 Mar 1977
<b>Gold</b>			
Ore milled (t)	763 000	776 000	2 319 000
Ore milled by Stilfontein (t)	16 000	38 000	89 000
Ore milled — Total (t)	779 000	814 000	2 408 000
Gold produced (kg)	7 041,232	7 143,795	21 104,684
Gold produced by Stilfontein (kg)	158,753	344,205	822,374
Gold produced — Total (kg)	7 199,985	7 488,000	21 927,058
Yield (g/t)	9,23	9,21	9,10
Yield by Stilfontein (g/t)	9,92	9,06	9,24
Yield — Total (g/t)	9,24	9,20	9,11
Working revenue per ton milled (R)	33,83	29,89	30,53
Working cost per ton milled (R)	25,39	22,76	23,30
Income per ton milled (R)	8,44	7,13	7,23
<b>Uranium</b>			
Pulp treated (t)	763 000	776 000	2 310 000
Oxide produced (kg)	164 900	178 500	493 900
Yield per ton (kg/t)	0,216	0,230	0,214
<b>Financial (R'000)</b>			
Working revenue (gold)	26 357	24 328	73 580
Working costs (gold)	19 776	18 527	56 539
	6 581	5 801	17 041
Tribute agreement - Vaal Reef (Nett)	374	—	374
Income (gold)	6 955	5 801	17 415
Income on uranium production	1 851	2 566	4 223
Income on sale of pyrite	99	51	244
Income on sale of acid	23	20	64
Income at mine	8 928	8 438	21 946
Net additional revenue	318	246	882
Less interest	1	2	5
Income before taxation and State's share of Income	9 243	8 682	22 823
Taxation and State's share of Income	4 239	3 418	8 369
Income after taxation and State's share of Income	5 004	5 264	14 454
Capital expenditure Gold	1 107	1 587	4 794
Uranium and acid	39	242	396
Trade investments	(5)	8	3
Dividends declared cents per share	—	40	40
Loan repayments	—	—	—
Loan balance outstanding	29	29	29
Loan levies	30	366	475
<b>Development</b>			
Advanced (m)	14 995	16 967	49 077
Sampling results. Sampled (m)	1 503	1 557	4 449
Channel width (cm)	118	113	115
Average value			
Gold (cm g/t)	1 513	1 526	1 582
Uranium (cm kg/t)	54,26	54,37	52,52

### Payable

	(m)	879	2 322
Metres	774		
Percentages	51,5	56,5	52,2
Channel width (cm)	108	106	105
Value gold (g/t)	19,24	19,37	21,35
Value uranium (kg/t)	0,615	0,622	0,615
	(cm kg/t)	66,21	65,77
			64,31

### Development Summary

for the three months ended 31 March 1977

Area	Payable metres	Per-centage Payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Pioneer Secondary	72	24,7	122	15,19	1 858	0,395	48,28
Lucas Block	89	54,1	60	32,89	1 968	1,048	62,36
Southern Shaft	429	70,1	108	21,28	2 251	0,698	73,82
Orangla Shaft	57	36,5	111	15,83	1 760	0,487	54,13
South Vaal	117	44,8	144	12,39	1 784	0,406	58,50
<b>Totals</b>	<b>774</b>	<b>51,5</b>	<b>108</b>	<b>19,24</b>	<b>2 070</b>	<b>0,615</b>	<b>66,21</b>

### Production (Gold)

In common with the rest of the industry, there was a large influx of Black workers to the mine during the months of February and March, but the benefit of this additional labour could not be fully realized until completion of the acclimatization and training periods.

Operations were adversely affected by a skip accident in the Southern Secondary shaft on 24 February which resulted in extensive damage to steelwork. Repair work was interrupted when a fire was located on 29 Level at the same shaft on 26 February. The fire was extinguished within 24 hours and repairs to the shaft continued. The shaft was back in full production on 4 March. Full credit is due to all concerned for their excellent performance. There were no casualties and the mine is fully insured for loss of profits, as well as damage to shaft and equipment. The claim for Loss of Profits is R542 000.

Another underground fire which was detected on 5 March in the Pioneer Secondary shaft area has been successfully sealed off. It is with regret that we record the death of six mineworkers from carbon monoxide poisoning.

The tonnage milled was 35 000 tons down on the previous quarter and 288 kilograms less gold was recovered.

### Production (Uranium)

As a result of the shaft accident the tonnage treated in the uranium plant was 13 000 tons less than in the previous quarter.

### Working Income

Despite an increase in working costs caused by the influx of Black workers, higher cost of stores and electric power, the net income is R436 000 higher than in the previous quarter due in the main to an increase of \$14 per ounce in the price received for gold.

### Capital Expenditure

The main items of expenditure were related to preparatory work on the Strathmore shaft system, refrigeration, Metallurgical plant and Southern shaft pumping arrangements.

There are commitments for capital expenditure totalling R2 197 000. The estimated capital expenditure for the remainder of the financial year is R1 771 000.

On behalf of the board,

J C FRITZ }  
D J THERON } Directors

General Mining Group Gold Mining Companies' Reports (continued)

## SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital — 1 420 663 shares of 56 cents each

Operating Results	Quarter ended		9 months ended
	31 Mar 1977	31 Dec 1976	31 Mar 1977
Ore milled (t)	48 500	47 000	179 000
Gold produced (kg)	284,467	255 971	946,926
Yield (g/t)	5,87	5,45	5,28
Working revenue per ton milled (R)	21,50	16,45	17,25
Working cost per ton milled (R)	23 34	24,38	23 24
Loss per ton milled (R)	1 84	7,93	5,99
<b>Financial (R'000)</b>			
Working revenue	1 042	773	3 087
Working costs	1 132	1 146	4 160
Loss	90	373	1 073
State aid	260	216	795
Net additional expenditure	20	31	63
Income/(Loss) before taxation	150	(188)	(341)
Taxation	—	—	—
Income/(Loss) after taxation	150	(188)	(341)
Capital expenditure	4	—	15
Dividends declared per share (cents)	—	—	—
<b>Development</b>			
Advanced (m)	85	118	1 007
Sampling results Sampled (m)	72	44	353
Channel width (cm)	99	99	91
Average value (cm g/t)	675	549	600
<b>Payable</b>			
Metres (m)	17	—	42
Percentage	22,9	—	11,9
Channel width (cm)	109	—	79
Value (g/t)	13,65	—	14,71
(cm g/t)	1 481	—	1 155

**Development Summary**  
for the three months ended 31 March 1977

**Total Development**

Reef	Metres advanced	Metres sampled	Channel width cm	Value g/t	Value cm g/t
Ventersdorp Contact Reef	76	59	71	9 46	671
Kimberley Reef	10	13	219	3 14	689
<b>Totals</b>	<b>85</b>	<b>72</b>	<b>99</b>	<b>6 83</b>	<b>675</b>

**Payable Development**

Reef	Payable metres	Percentage payable	Channel width cm	Value g/t	Value cm g/t
Ventersdorp Contact Reef	16,5	28,2	109	13 65	1 481
Kimberley Reef	—	—	—	—	—
<b>Totals</b>	<b>16,5</b>	<b>22,9</b>	<b>109</b>	<b>13 65</b>	<b>1 481</b>

It will be recalled that the scheme of arrangement whereby The Randfontein Estates Gold Mining Company Limited, was to acquire all the shares in the company was turned down by a majority of shareholders at a special meeting on 24 January 1977.

The substantial rise in gold price from a level of \$130 per ounce in mid January to the current level of \$150 per ounce resulted in an average price of \$131 per ounce received for gold despatched from the mine for the quarter.

The increase in the price of gold received had a marked effect on the profit earning capacity of the mine and combined with the lower volume of production and strict cost control measures the mine operated at a profit for the quarter. The income for the current quarter ended 31 March was R150 000 compared with a loss of R188 000 after State aid for the previous quarter.

At present the most profitable level of production is 16 000 tons milled per month which allows management to be more selective in the areas mined and the mine will thus be able to generate sufficient income to extend development operations to replace ore reserves and explore the upper levels of the Kimberley Horizon in the vicinity of the Gauff shaft.

At the present level of gold price the future prospects of the mine are much improved.

On behalf of the board

A W S SCHUMANN }  
J C FRITZ } *Directors*

**NOTES**

(a) Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.

(b) All financial figures are subject to audit.

**Secretaries**

General Mining and Finance Corporation Limited  
6 Hollard Street, Johannesburg

**Registered office**

General Mining Building, 6 Hollard Street  
P O Box 61827, Marshalltown 2107

20 April 1977

## **GOLD QUARTERLIES**

### **Generally uninspiring**

The gold quarterlies generally left the market unimpressed and, as is so often the case, results lagged behind expectations.

With additional tonnage coming from the lower grade Cooke 2 section, Randfontein's grade fell to 17,4 g/t (18,5 g/t) on a marginally higher mill throughput. At the same time, unit costs rose to R20,33/t (R18,55/t), but the higher average gold price received meant that operating profit improved to R11,15m (R10,51m)

But, even with the expected continuing decline in grade over the remainder of the

29/4/77

year, the mine remains among the lowest cost producers in the industry, and, if the gold price remains at around \$150/oz, last year's total dividend of 200c should be comfortably surpassed.

Still in the JCI stable, **Western Areas** was hard hit by the underground fire and mill throughput was cut to 687 000 t (871 000 t) for the quarter while grade was held at 6,3 g/t. Costs, which hit R24,34/t, should come down to around R22/t during the second quarter, but unless gold moves well above \$150/oz, the chances of dividends being much better than 20c for the year are not particularly bright.

Even at the lower milling rate, grade at **ERPM** slipped back to 6,3 g/t (7.1 g/t) and the working loss increased to R2,71m (R1,80m). With State Aid now operative at a lower level, the mine made an overall loss of R807 000. Costs are now \$187/oz so a gold price of around \$200/oz is needed before capital expenditure is covered and dividends payments can be resumed.

Higher throughput at **Durban Deep** failed to contain unit costs which rose to R18 41/t (R17,47/t). This, coupled with lower grade, gave rise to a loss of R304 000 after State Aid compared with the previous quarter's R70 000 profit. And, with operating costs running at \$179/oz, dividends are only a distant

possibility.

**Harmony's** results are somewhat deceptive as mining and milling costs are not charged against uranium production. Even so, on gold alone, the mine almost doubled operating profit to R3,36m (R1,75m). But this did not offset the drop in uranium profit to R8,97m (R14,80m). Declaration of a 25c dividend after missing the last one is an optimistic sign and if uranium sales hold up, there is scope for 35c next time even with R6,9m still to be spent on capital account over the rest of the year.

Milling ore from low grade stockpiles resulted in **Vaal Reefs** cutting grade to 8,9 g/t (9,7 g/t). Coupling this with the 12,7% increase in unit costs to R25,67/t (R22,77/t), and a halving of uranium profit to R2,1m (R4,5m), it is hardly surprising that profit before tax fell to R13,8m (R22,3m). Recovery for the year is planned to average 9,6 g/t, so there will have to be a substantial improvement if the target is to be met. But at the present rate there may not be much chance of improving on last year's total payout of 110c especially as capital expenditure is planned at R39m for the year.

Technical problems served to reduce mill throughput at **Western Deeps**. But higher gold prices helped overcome this and the 14,9% increase in unit costs to R29,49/t (R25,67/t) left after tax profit

more or less unchanged at R10,6m (R10,2m). With planned capital expenditure for the year at R22m, a gold price of \$150/oz should ensure an improvement on last year's dividend of 90c.

Despite higher grade and mill throughput, **Free State Saaiplaas'** operating loss from gold increased. However shareholders were given a foretaste of what can be expected from uranium on which a R4,7m profit was brought to account. This gave an overall profit of R4,4m (loss R1,1m) and the chances of a final in September are brighter.

Elsewhere among the Anglo Free Staters, **President Brand**, **President Steyn** and **Free State Geduld** all recorded lower after tax profits with lower grades and lower average recorded gold prices. Each held its interim constant and the likelihood is that unchanged finals will be paid.

**Western Holdings** lifted grade to 12,37 g/t (11,88 g/t). But increased tax held taxed profit to R8,1m (R7,2m) and an unchanged 140c interim was declared, again pointing to an unchanged final.

On lower mill throughput, a 12,6% rise in unit costs to R16,75/t, and grade of 10,0 g/t (11,6 g/t), **St Helena's** taxed profit fell to R6,8m (R8,1m) and an unchanged 60c interim was declared. The final should be maintained, but in the future there will be a steady decline in grade and increase in unit costs as operations move into the lower grade and deeper sections of the mine.

Veteran producers **Grootvlei** and **Marievale** held their own with only marginal increases in costs and results were virtually unchanged on the quarter. **Grootvlei** is now to get State Aid but only to cover the costs of additional pumping with the closing of neighbouring **SA Lands**. Both can probably repeat last year's dividends.

With the reduction in mill throughput to 210 000 t (245 000 t), **Leslie's** unit costs shot up to R18,86/t (R14,97/t) dragging the mine into an operating loss and necessitating the passing of the interim. **Bracken** paid an interim of 13c, but grade and tonnage slipped back. If the gold price holds up at the \$150/oz level, it should be possible to pay an unchanged final.

Both **Winkelhaak** and **Kinross** kept costs under control though there was some slippage of grade. **Kinross** held the interim at the same level as last year's 12c final and there seems to be scope for a final of at least 15c. **Winkelhaak**, on the other hand, paid 39c against last year's 28c and a 45c final should be easily attainable.

**Harte's** March quarter mill throughput was badly affected by the rockfall in January and fell to 632 000t (687 000t) while recovery was lower at 11,3 g/t. In the event, this meant that total revenue from gold fell to R23,4m (R28,9m) which, with the 14,3% increase in unit

## QUARTER TO MARCH 31

	Costs		Revenue	
	R/kg	\$/oz	R/kg	\$/oz
<b>ANGLO AMERICAN GROUP</b>				
Free State Geduld	1 424	51(46)	3 167	113
Free State Saaiplaas	5 156	184(190)	3 365	120
President Brand	1 960	70(65)	3 420	122
President Steyn	2 668	95(88)	3 437	123
Vaal Reefs	2 895	104(84)	3 646	130
Welkom	3 039	109(109)	3 649	131
Western Deeps	1 967	70(60)	3 668	131
Western Holdings	1 580	57(57)	3 598	129
<b>ANGLOVAAL GROUP</b>				
Hartebeestfontein	2 569	92(79)	3 286	118
Lorraine	4 021	144(123)	3 594	129
<b>GENERAL MINING GROUP</b>				
Buffelsfontein	2 747	98(89)	3 661	131
South Roodepoort	3 979	142(180)	3 663	131
Stilfontein	3 804	136(115)	3 806	136
<b>GFS GROUP</b>				
Doornfontein	3 571	128(103)	3 711	133
East Drie	1 091	39(39)	3 695	132
Kloof	2 436	87(80)	3 692	132
Libanon	2 467	88(105)	3 557	127
Venterspost	4 102	147(126)	3 636	130
West Drie	1 188	42(36)	3 655	131
<b>JCI GROUP</b>				
Randfontein	1 130	40(36)	3 654	131
Western Areas	3 737	134(105)	3 645	130
<b>RAND MINES GROUP</b>				
Blyvoor	2 248	80(72)	3 673	131
Durban Deep	4 846	173(158)	3 667	131
ERPM	5 056	181(148)	3 678	132
Harmony	3 240	116(112)	3 649	131
<b>UNION CORP GROUP</b>				
Bracken	2 301	82(69)	3 785	135
Grootvlei	2 885	103(97)	3 655	131
Kinross	2 039	73(70)	3 777	135
Leslie	4 190	150(114)	3 799	136
Marievale	2 699	97(90)	3 667	131
St Helena	1 675	60(46)	3 659	131
Winkelhaak	1 650	59(53)	3 695	132

# Profits for all but five mines

RDM  
10/3/72

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By ADAM PAYNE

ALL but five of South Africa's gold mines should show a profit with a realised gold price of \$146.51 an ounce — the level of the last IMF auction and about the level of yesterday's second London fix of \$145.90.

The mines with costs an ounce higher than \$146 are Durban Deep (\$158), ERPM (\$147.72), FS Saaiplaas (\$189.70), South Roodepoort (\$160) and West Rand Consolidated (\$259.68)

The last is primarily a uranium producer, so the gold cost figure should not be taken as an overall performance indicator

Similarly, FS Saaiplaas is looking to future uranium profits, although these will take time to wipe out the present losses on gold production

South Roodepoort has given notice of closure and is battling to keep afloat, although I am told that it is at last making small profits because of a big economy drive

ERPM and Durban Deep are bigger mines fighting to keep going in the hopes of reward when the gold price rises further. Costs at ERPM are only just above the present gold price level. Both mines are State-assisted and will receive State loans

The industry and economists concerned with it have watched the sharp rise in the gold price with pleasure but also some apprehension. The sharper the rise, they say, the sharper a possible reaction

The general hope is for a steady rise

The rapidity of the recent rise is ascribed largely to the fact that investment and speculative demand has been added to a strong industrial market

With jewellers and industrial users absorbing all the gold coming on the market, only a slight increase in investment and speculative demand can send the gold price up

Factors in future price movements are the possibility of the Russians re-entering the market as sellers and the possibility of US Treasury sales if the price rises quickly to about \$155-\$160

Russian sales, it is considered, would not be a bearish factor. The market should absorb them

US Treasury sales would be bearish for psychological as well as practical reasons

Another market factor must be the level at which industrial consumer resistance will be encountered. Expert opinion is that the price can move to about \$170 before this happens, because there is a backlog of industrial orders for gold in both the US and Europe

# Anglo American

## The mining industry, and possibly our Group placed than most other sectors to enter a recovery so lead the recovery of the economy — MR H

The Corporation's consolidated profit for 1976 at R86.3 million, that is 65.5 cents an ordinary share, was 1.8 per cent higher than in 1975. Bearing in mind the generally depressed conditions during the year and in particular the substantially lower gold price, these results are satisfactory and illustrate the advantages of the Corporation's diversified investments and broadly based sources of earnings. The ordinary dividend was unchanged at 33 cents a share and was covered almost twice by earnings. If the Corporation's share of the undistributed profits from its investments were to be taken into account, total earnings would be about 132 cents a share and the dividend would be covered four times.

The merger of Anglo American Corporation with Rand Selection Corporation, which will be completed by May 9, will result in a company of great size and strength, better able than is Anglo American in its present form to obtain and finance new business both in South Africa and overseas. Ever since Anglo American was formed in 1917 it has been closely associated with Rand Selection which it administers and which has a contractual right to participate in its new business. In 1961 Rand Selection was enlarged through the absorption of De Beers Investment Trust and its share in Group business was increased. The effect of this transaction was to make De Beers Consolidated Mines (of which De Beers Investment Trust was a wholly owned subsidiary) the largest shareholder in Rand Selection, which was developed as a link between the Anglo American and De Beers groups to the great advantage of both. The merger now taking place carries this policy further. Anglo American's substantial interest principally through Anglo American Investment Trust in De Beers will be matched by a De Beers interest of 30 per cent or slightly more, in the enlarged Anglo American and the long-established connection between the two groups will become still closer and more effective. De Beers and the other shareholders in Rand Selection will improve the quality and long-term growth prospects of their investment and share in the overall advantages of size and the opportunities for simplification and rationalisation which Anglo American will obtain. The reasons which prevailed in the past for the separate existence of these two closely related companies have now disappeared and I have no doubt that the merger will greatly benefit the shareholders of all the companies concerned.

The South African economy has been going through an exceptionally difficult period and there are no immediate prospects for the resumption of growth on a satisfactory scale. A company as broadly based as Anglo American must inevitably reflect to a large extent in its results the overall state of the South African economy. Nevertheless, it is true to say that the mining industry as a whole — which remains by far the largest field of our activities — and possibly our Group in particular, is better placed than most other sectors to enter into a new phase of growth and in doing so to lead the recovery of the economy. It is through higher exports and in particular higher mineral exports that the way to recovery is to be found.

In the long run however we must face the fact that the growth of the economy at a rate sufficient to eliminate unemployment and provide rising standards of living for our rapidly growing population will be difficult or even impossible to achieve unless we can so order our affairs that investors abroad recover confidence in our social and political stability and are willing to participate on a substantial scale in our economic development. The rest of the world is recovering slowly from a very severe economic downturn and the fact that South Africa is not sharing as it should in this improvement is due principally to political rather than to economic circumstances both within our own boundaries and in southern and central Africa as a whole. The disturbances which erupted last June in Soweto and the continuance of social unrest thereafter have had an effect at least as detrimental to external confidence in our future as the tragedy of Sharpeville 17 years ago and on account of the structural changes in our economy over the last five or six years the maintenance of external confidence is even more important to our welfare now than it was then.

It is not appropriate for me to discuss in depth in this review the causes of the Soweto disturbances and their aftermath. Obviously the reasons went far deeper and extended more widely than the grievances in regard to the use of the Afrikaans language in the schools. What took place must be seen against the background of the political revolution in Mozambique and Angola and the general expectation that rapid political change is about to take place in Rhodesia and South West Africa. It must be thought of in relation to the bitter resentment aroused by the pass law system and the manner in which it is often administered to what is felt to be an inferior and inadequate system of education, to the acute housing shortage and the unwillingness of the authorities up till now to grant freehold tenure or at least long leases on secure terms so that people may build and own their houses. Added to all this the trains which carry the people from their homes to their places of work are grossly overcrowded and only too often the scene of robbery and violence.

It is no good pretending that problems such as these can be easily or quickly resolved, but at least the government must now be fully alive to the urgent need for improvement. Apparently however there has until recently been an inclination to suppose that a rapid implementation of the policy of separate development and the granting of sovereign independence in various tribal areas made it less urgent, perhaps indeed unnecessary, to tackle energetically the problems and grievances of black people in the urban areas. If the riots which started in Soweto have served to dissipate that notion they will not have been in vain. Quite clearly there is a vital need for planning, organisation, finance and hard work for the purpose of improving the whole quality of life in the black urban areas. The primary responsibility lies with the government but nothing worthwhile will be achieved unless the black people concerned are enabled to participate at every stage in what is being done. It is my belief that there is also a useful role for private South African citizens of good will, and particularly for members of the business community who may be in a position to help with the financial organisation and technical planning necessary to turn our black townships into places in which men may be able to live in comfort and with dignity. We have accordingly joined with other leading South African businesses in forming an organisation to be known as The Urban Foundation, controlled by a board on

which all our racial communities are represented with the object of co-operating with all others concerned in the attainment of these objectives. I am pleased to be able to say that our initiative has been welcomed by the government and I am confident that it will enjoy their support. A distinguished judge with great experience in social matters, Mr Justice J. H. Steyn, has been granted leave from the bench for three years to be executive director of the new foundation. In order to proceed with due urgency toward its objectives the foundation is raising initially a fund of R25 million to which the Anglo American and De Beers groups have undertaken to donate R2 million each over a period of five years. Another group of businessmen with which we are associated has drawn up a scheme to electrify Soweto completely in three to four years and with the government having agreed to guarantee repayment has raised from local sources the R60 million of loan finance that will be required.

The developments I have described mark a constructive reaction to events by both government and the public as a whole. However it is not going to be possible to eliminate the causes of unrest unless we are also able to tackle successfully the overall economic problems of the country. Social peace anywhere in the world calls in particular for the elimination of unemployment and the achievement of rising standards of living for the people. This is especially true of South Africa where the hardships associated with economic stagnation fall with special force on the black community. South Africa's ability to stimulate its lagging economy is strictly limited by the pressure on the balance of payments. For this there are a number of reasons. The increasing sophistication of industry has resulted in a much greater capital intensity and in consequence the investment needed to yield each additional rand of output is substantially higher than it was. This implies a proportionately greater impact on the volume of imports and while this impact may perhaps be relieved in the short or medium term by the benefits of the heavy investment in new export facilities and also by the cutbacks in government spending in the long term it is natural and inevitable as development proceeds that industry should become more capital intensive and less labour intensive. To an extent of course this trend is a consequence of rising levels of real wages but much more importantly it reflects a necessary change in the nature of industry itself. In most cases it simply is not possible to produce sophisticated products by labour-intensive methods and the problem will be solved not by low wages but by more rapid development. So long as the current anxiety about our political future persists, the capital from overseas necessary for that development will not become available.

Our immediate difficulties are further increased by the huge expenditure programmes of the government controlled corporations. While on the whole these projects, when completed, will no doubt be very valuable in increasing exports or replacing imports, some projects having been undertaken principally for strategic reasons, may never be fully justified from a strictly economic point of view. The mining industry too has launched a large number of new projects which when they come into production will do much to improve our situation and indeed will be a major factor in making our recovery possible in the long term. At present however they undoubtedly add to the pressure on the balance of

payments. Moreover inflation in the cost of new capital projects has been greater than in other fields and while this trend will no doubt eventually be reversed in the meantime it further increases the pressure of new capital intensive development on the balance of payments. Like the rest of the world we face a great problem in the high price of oil. Last but by no means least the high and rising defence expenditure which in its nature is economically sterile, results directly and indirectly in a greatly increased import bill. Added to these pressures there was last year a massive outflow of private short term capital and a greatly diminished inflow of long term capital which left the net position in the private sector extremely adverse. In the circumstances continued stringency in economic policy could not possibly be avoided, even though the current account deficit at 5.2 per cent of the gross domestic product was below the 1975 figure of 7.1 per cent and not out of line with the average of four per cent for the last decade. Clearly it is the shortage of foreign capital and not domestic overspending which is inhibiting an economic upturn.

In the present situation therefore real imports cannot be allowed to grow in 1977 and probably only minimally in 1978. This implies that real investment must decline again this year before any recovery can be contemplated and that to the extent that investment is essential for export oriented projects that will lead us out of the recession or for strategic or other priorities, the remaining sectors of the economy must be depressed further. The immediate outlook therefore gives reason for concern and in the circumstances a restrictive budget was inevitable and right. Normally the fact that such a budget had been accepted would help to restore the confidence of investors and no doubt to some extent it will do so. Nevertheless, since the basic reasons for the concern felt by foreign investors about South Africa are not financial or economic but political they can only be removed by action in the political field. Sound conservative budgeting remains essential but the doubt in the minds of overseas investors is a more fundamental one. It is a question of whether we in South Africa are going to be able to give proof of the ability and the will to eliminate the grievances and resentments which lie behind the rioting and unrest in the black areas of our major cities.

### DIAMONDS

The world market for rough diamonds firmly continued the recovery that began in 1975, and sales by the Central Selling Organisation set a new record. Receipts in rand were R1352 million, which was 70 per cent higher than in 1975 while the dollar value was 46 per cent higher at \$1555 million. The improvement was due in the main to a vigorous demand for small diamonds, especially in the United States which continues to account for half the world's sales of diamond jewellery. This demand is being

‘The question in the minds of overseas investors is whether we in South Africa are going to give proof of the ability and will to eliminate the grievances and resentments which lie behind the rioting and unrest in the black areas of our major cities’

maintained and there is evidence that in the larger sizes of stones sales of the better qualities are beginning to recover. In response to the firm market, prices of gem diamonds were raised in March this year by an average of 15 per cent, which is the largest single increase since 1951, ignoring adjustments caused by changes in exchange rates. The De Beers company reported an outstandingly successful year with the net attributable profit after tax rising from R220 million to R308 million and the dividend being increased by seven cents to thirty five cents a share.

### COAL

The development of our coal interests made considerable headway during the year. Our principal Group company, Amcoal, materially increased its production to 23.2 million tons and its taxed income to R40.5 million and announced plans to proceed in two stages with the development of a major new mine, Kleinkopje, at a total cost in 1976 money of R109 million. Kleinkopje's planned final output of 4.3 million sales tons in 1982 will provide low-wash coal for the South African Iron & Steel Industrial Corporation (Iscor) and steam coal for the domestic and export markets. The expansionary role that Amcoal intends to play in the years ahead is indicated by its capital programme in present day money of some R240 million which is to be spent largely on new productive capacity and partly on the mechanisation of existing capacity and modernisation of its infrastructure. The successful commissioning on time in April 1976 of the new coal export facility at Richards Bay was a milestone in the history of the South African industry. The rate of coal shipments is increasing in a most satisfactory way and South Africa has enhanced its reputation as a reliable supplier. Coal is now an important source of foreign exchange which will continue to grow as the capacity of the Richards Bay terminal is expanded by eight million tons a year to 20 million tons in 1979. On the domestic market the major increase in the controlled price of coal in July last year will make a significant contribution towards placing the industry in a position to generate the cash flow it needs to achieve its objectives of expansion and modernisation.

### INDUSTRY

Our industrial interests have continued to make progress in spite of increasingly difficult trading conditions at home and overseas. Highveld Steel and Vanadium Corporation once more achieved further growth in production and income and commissioned its plant extensions on schedule. The unaudited profit for the first half of the financial year ending June 30, 1977 amounted to R17.2 million before tax and is expected to be maintained in the second half. In July Highveld acquired from Group and

### GOLD AND URANIUM

Working profits of Group mines declined from R583 million to R383 million in 1976, reflecting the fall in the value and volume of gold produced and higher costs. Our gold and uranium division on hand a large number of capital projects, the total value of which after re-



# Corporation

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F. OPPENHEIMER

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS	1976 R000's	1975 R000's	1974 R000's
Issued ordinary capital and reserves	461 312	439 422	388 834
Listed investments			
Book value	411 009	353 857	293 978
Market value	934 221	997 842	1 057 818
Unlisted investments			
Book value	114 679	164 968	155 732
Directors' valuation	168 059	235 246	218 785
Investment income	87 181	81 194	73 298
Equity earnings	85 992	84 428	75 460
per share	65.3 cents	64.1 cents	57.4 cents
Dividends on ordinary shares	43 465	43 449	38 100
per share	33 cents	33 cents	29 cents
Number of issued ordinary shares	131 725 300	131 672 300	131 387 300

associated companies their 65 per cent interest in Transalloys, a major source of ferro-alloy and an exporter of manganese alloys to the same markets as Highveld's vanadium products. In face of the further downturn in world demand for steel Highveld has done well to maintain a very satisfactory level of exports. The integration of Transalloys as an operating subsidiary of Highveld has gone smoothly and with advantage to both. Unfortunately there seems little hope of any appreciable recovery in the overseas or local markets at least until much later in the year. Demand for vanadium so far this year has not been as firm as in 1976. Scaw Metals despite a sharp falling-off in orders in the second half of 1976 had another good year with its taxed profit rising by nearly 13 per cent to a record R14.5 million. Boart International did well to increase its group profit to R16.2 million after tax in the depressed state of world mining and prospecting. Both its tungsten carbide and diamond drilling divisions expect to increase their turnover this year and maintain the profit trend.

Mondi Paper Company had a successful year improving its attributable group profits from R8.4 million to R11.5 million. Last November only 15 months after construction began its third paper making machine was brought into production well within the original budget of R42 million. The machine incorporates the most modern technology, and will increase Mondi's output of newsprint and fine paper by 100 000 tons to 260 000 tons a year. In addition to the considerable savings arising from import replacement the extra capacity has enabled Mondi to negotiate export orders for newsprint in 1977 that will earn some \$30 million in foreign exchange. A significant development towards the end of 1976 was the formation of a major new motor group in South Africa Sigma Motor Corporation, through the merger of Chrysler South Africa and Illings. Our Group holds slightly more than 75 per cent of Sigma whose gross assets exceed R100 million. The company is fortunate in being entitled to draw on the expertise and model ranges of leading producers in North and South America Europe Australia and Japan.

#### INTERNATIONAL OPERATIONS

The international operations of the Group generally have fared as well as the recession in demand for basic metals and, in certain cases, the policies of governments would allow. Hudson Bay Mining and Smelting, which was the Group's first major investment overseas and in which Anglo American Corporation of Canada (Amcan) now owns 38 per cent provides an operating base through which we can benefit from the expansion of mining and associated activities in North America. Hudson Bay made substantial progress in developing its potash and agricultural fertiliser business and its base metal mining operations at Flin Flon Manitoba. However its performance in recent times has been conditioned naturally enough by the vagaries of the base metal market and less predictably by Canadian political developments. For instance the profitability of its highly successful potash mine in Saskatchewan was progressively eroded by taxation that finally became penal. In the event the Saskatchewan government has negotiated to purchase the mine for \$144 million in cash. While in a narrow financial sense this may be thought reasonable compensation, it pays no regard to the fact that Hudson Bay must now seek alternative investments in a climate which is far from encouraging for a mining finance company.

Minerals and Resources Corporation (Minorco) has as its principal investments the Group's interest in Engelhard Minerals & Chemicals Corporation (EMC) and in the Zambian copperbelt. EMC has shown consistent growth since 1971 based primarily on the outstanding performance of its Philipp Brothers worldwide marketing and trading division. This division has demonstrated remarkable flexibility in the difficult economic climate of recent years not only in earning very satisfactory profits but in carrying out its specific task which is to provide marketing channels for its customers in a wide variety of commodities in bad times as well as good. More recently the Minerals and Chemicals and Engelhard Industries divisions have improved their profitability and have shown their ability to compete very effectively in high technology areas. Minorco also holds a substantial investment in Anglo American Corporation Rhodesia (Amrho). Provided that a satisfactory political settlement can be reached in Rhodesia Amrho should be able to continue to play a leading role in the country's economic development. Amrho's interests, which cover ferrochrome, nickel, timber and other mining and industrial activities which in themselves profitable have not contributed at all to Minorco's profits in recent years because of sanctions. During the same period revenue from Zambia has been extremely limited owing to low copper prices and logistic difficulties. Nevertheless I believe that both these countries hold considerable promise for the future. For the reasons stated earlier Minorco also had to absorb a considerable loss on its Indonesian oil interest through Trend International.

Our United Kingdom associate Charter Consolidated increased its taxed profit to £11.2 million in the half year to September 30 1976 from £10.8 million in the corresponding period of 1975, and raised the interim dividend by 10 per cent to 2.75 pence a share. Charter's main industrial subsidiary Cape Industries made a considerable contribution to the improvement and for the full year 1976 its taxed profit increased by 39 per cent to the record figure of £14 million. Charter and other leading British and European mining companies have made a joint approach to the Commission of the European Community on raw materials policy. The flow of investment into overseas sources of raw materials available to Europe has declined considerably in recent years, and indeed may be falling

below the level needed to secure the community's long term requirements. A contributing factor is the mining companies' apprehension about the security of overseas investment particularly from political risk and they have proposed that the problem should be tackled on a European Community basis. Discussions are continuing and their outcome could have an important effect on the future availability of European capital for large overseas mining projects.

#### INDUSTRIAL RELATIONS

More than ever as a result of the events of the past year we see as two primary responsibilities of business leadership the development of healthy industrial relations and a proper concern for the quality of life available to our employees outside the job environment. We have pressed ahead with all our major programmes to these ends. We keep in close touch with the management of our mines and industrial companies to provide them with guidelines in regard to employment and industrial relations practices and to ensure that the ideas and experience of individual concerns become available to all. Naturally there is no uniform formula which can be applied in every industry and every part of South Africa but given intelligent adaptation the same major lines of approach can generally be used. The training of line management in the attitudes and techniques to be adopted is of crucial importance and accordingly our Central Training Unit has introduced a wide-ranging course in industrial relations designed particularly for top and middle management in all our operating companies. Considerable progress has been made in developing the communications machinery that is necessary to establish and maintain understanding between management and labour both as to the aspirations, grievances and suggestions of the workers and as to the aims, intentions and proposals of management. Experience has confirmed the belief that two separate committee structures are required one for upward communication through elected worker representatives and another for downward communication through the line of authority. The white officials and trade union members have always been represented through their own negotiating bodies. The black workers generally have had no such representation and while it is impossible to predict when a recognised trade union movement incorporating blacks will exist in South Africa we are satisfied that when it does the communication systems we have introduced will be a most valuable complement to it enabling management worker dialogue to take place at enterprise level as well as industry level. Job hierarchies and pay structures based upon the Paterson system of job evaluation are now in operation on all the mines and a number of industrial companies in the Group with what appear to be very satisfactory results. We are convinced that the establishment of continuous wage curves with remuneration based purely upon objective factors is essential and urgent if industrial peace is to be maintained and find it encouraging that the Paterson system has already been adopted throughout the gold coal and diamond mining industries of South Africa and the forestry industry as well.

I mentioned earlier that migrant workers on our gold mines are electing to work for shorter periods than in the past. This has indeed become the general pattern in the mining industry for migrants from South Africa and neighbouring states. It is of course an outcome of the very much higher wages that are now being paid, and represents a significant amelioration of the hardships of the migrant system. Another helpful consequence of higher earnings is the frequency with which migrants can afford to go home at weekends and this is a trend which can be expected to increase as employees move on to a shorter working week. We are continuing to improve conditions on the mines particularly in the design of housing, the provision of further accommodation for senior black personnel and their families and through the communication systems to which I have referred. To satisfy ourselves that we are giving full recognition to the views and perceptions of the migrants themselves in identifying what most needs to be done we conducted during the year an in-depth study on one of our gold mines and provided facilities to enable a church group from Lesotho to undertake a similar project at Welkom. As a result we have taken a fresh look at all our administrative and induction procedures and have improved on or dispensed so far as possible with those that are a source of irritation or dissatisfaction. One of the encouraging features to emerge from the research was the pride that many black mine workers take in their work. We are very conscious of the need to respond to this pride, through career advancement and proper representation.

*This is an abridgement of Mr Oppenheimer's statement. The full text, and the Corporation's annual report, are obtainable 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, May 18 1977, at 11h00.*

**Anglo American Corporation of South Africa**



FARM LABOUR IN THE EASTERN CAPE, 1950-1973

Outline:

- 1 Introduction : purpose
- 2 The Eastern Cape : t
- 3 The farm labour forc
- 4 Farm wages
- 5 Labour conditions
- 6 Labour problems
- 7 Conclusions
- 8 References

● Randfontein's capital expenditure in 1978 would be about half this year's R98-million and by 1979 it should be down to the normal level for a fully developed gold mine, the chairman, Mr B Smith said, at the annual meeting in Johannesburg yesterday.

He said the company intended repaying its consumer finance loans on a long-term basis. Consumer contracts for uranium delivery were also long-term, with a possibility of their becoming 'evergreen'.

The likely rate of tax and state's share of the profits would probably exceed 70 percent when the surcharge and loan levy were included.

August 19.5.77

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G.G. ANTROBUS  
Department of Economics,  
Rhodes University,  
GRAHAMSTOWN

August 1976

# Muller 'no' to Railway wage plea

Mercury Correspondent

PRETORIA — The Minister of Transport, Mr. Louvrens Muller, has flatly rejected a 15 percent wage claim from the 22 000-strong Artisan Staff Association.

And at a two-hour meeting in Cape Town on Monday the president of the ASA, Mr. Jimmy Zurich, told the minister that South Africa was facing a new upsurge of "poor Whitesism" because of the recession, a virtually frozen wage structure and escalating food prices.

He told Mr Muller that the plight of a large section of White railway workers earning R300 a month and less was alarming.

## Serious

For many the situation was more serious than in the dark days of the depression in the early 1930s he said.

Immediately after the meeting with Mr Muller the executive of the ASA had met in Cape Town.

"There was deep anger among the members at the wage claim rejection," said Mr Zurich.

"Some demanded that we go to arbitration. We have decided however, to postpone any further action until we meet again at the end of June."

NATAL MERCURY 1/6/77

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Semi-State		Numbers of workers employed	
00.80	The executive's anger was aggravated by the fact that Krugger, a semi State organisation had recently been granted a 10 percent wage increase.	1	1
60.7	"We believe if one semi State organisation is granted relief then all public sector workers must benefit," said Mr Zurich.	11	11
4.9	Mr Zurich said that since June, 1974, the consumer price index had risen by 38.1 percent. Last year's 10 percent rise in July had reduced this to 28.4 percent — "and this is what we were entitled to. In only 15 percent we took into account the parlous state of the country's finances."	10	10
5.6		4	4
8.2		1	1
8.8		1	1
8.8		1	1
8.8		1	1

214 Maffont 12.6.77

# Beleggers huil goue trane

Deur VIC DE KLERK

**DIE jongste dividendverklarings van die goudmyne het baie beleggers teleur gestel. En as hierdie dividende saamgelees word met Goldfields se verslag, Gold 1977, waarin voorsien word dat die goudprys vir 'n geruime tyd in die omgewing van 140 dollar per ons kan bly, bied goudaandele beslis nie baie beleggingsvreugde nie.**

Slegs enkele van die goudmyne kon vir die ses maande tot 30 Junie vanjaar 'n beter dividend verklaar as vir die onderskeie ses maande periodes tot 30 Junie 1976 en 31 Desember 1976. Nogtans was die goudprys vir die afgelope ses maande baie beter as vir die twee voorafgaande tydperke.

Vir die ses maande tot 30 Junie 1976 is 'n gemiddelde goudprys van 129,30 dollar behaal en vir die daaropvolgende ses maande het dit gedaal tot 120,40 dollar.

Die gemiddelde goudprys vir die ses maande tot 30 Junie vanjaar kan 142 dollar wees, terwyl die gemiddeld wat deur die myne ontvang is en waarop die

jongste dividende gegrond is, net onder 140 dollar kan wees.

Ná die pragstyging tot 90c per aandeel in die dividend van Buffels vergeleke by die vorige twee van 50c en 40c was daar 'n mate van optimisme dat van die ander ryker myne dit ook sou kon behaal. Uit die tabel hierby wat die laaste drie dividendverklarings van 'n klompie goudmyne toon, blyk die teenoorgesteelde

Van die ryker myne soos Vaal Reefs, Western Deep, Wes-Driefontein, Oos-Driefontein en Kloof kon nie eens dieselfde dividende handhaaf as wat verlede jaar teen 'n veel swakker

goudprys betaal is nie. Daar is moontlik twee redes vir hierdie teleurstellende dividende. Kostestygings het seker weer 'n groot deel van die goudprys opgevrete, maar dit kan ook wees dat veral die myne wat nou tussentydse dividende verklaar het, doelbewus konserwatief was.

Indien dit die geval is, behoort dit in Desember beter te gaan.

Uit die verslag van Goldfields is dit duidelik dat juweliersware nog by verre die belangrikste komponent is van die nywerheids- en handelsvraag na goud. Byna 950 ton van die totale nywerheids- en handelsvraag bestaan uit juweliersware.

Maar in 1974 het juweliersware se bydrae slegs 250 ton uitgemaak nadat dit die vorige paar jaar nog in die omgewing van 1 000 ton was. Hieruit is dit duidelik dat die vraag na goue juweliersware baie prysensitief is en dat enige skerp styging in die goudprys byvoorbeeld as gevolg van 'n spekulatiewe vraag daarna, hierdie belangrikste verbruiker van goud gou skrikmaak.

Die korttermyn-voordele van so 'n spekulatiewe prysstyging is dus hierom waarskynlik minder as die nadeel van die weghardloop van een van die be-

langrikste vraagkomponente van goud.

Uit die verslag is dit verder duidelik dat vraag en aanbod nou baie goed in ewewig is en dat die vooruitsigte vir 'n skerp prysstyging daarom skraal is. Vandeesweek se swak vertoning van die goudprys kan egter maklik voortgesit word.

Daar bestaan nog altyd die moontlikheid dat Amerika weer 'n goudveiling op eie houtjie kan hou, terwyl die potensiele aanbod van Rusland — omdat dié land goeie landbou-oeste gehad het — dalk onderskat word.

**Dividende van 'n paar goudmyne en die goudprys waarteen dit behaal is.**

MYN	SES MAANDE TOT.		
	Jun 1976 Gemiddelde goudprys \$129,30 Dividend	Desember 1976 Goudprys \$120,40 Dividend	Junie 1977 Goudprys \$142,50 Dividend
Doornfontein.....	25	5	10
Oos-Driefontein.....	35	40	35
Kloof.....	22	15	15
Libanon.....	40	5	40
Venterspos.....	5	0	5
Vlakfontein.....	7	5	10
Wes-Driefontein.....	145	135	145
Buffels.....	50	40	90
Stilfontein.....	11	11	11
W.R. CONS.....	5	5	3
Randfontein.....	100	100	150
Wes Areas.....	8	7	66
Vaal Reefs.....	50	60	55
Western Deep.....	45	45	35

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Affairs  
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tration began.  
S.A.I.R.R.  
y in South  
p. 168.

6/ It is important to note that in the Cape, where the overwhelming majority of the 'coloured' people reside, the churches were still providing schooling for nearly 94% of 'coloured' pupils as late as 1938. (A. Behr and R. Macmillan. Education in South Africa. Pretoria, Van Schaik, 1966. p. 362 et seq.)

AMGOLD FM 17/6/77  
**Normal discount** 2/4

On Amgold's interim figures to end-June, there has been little change in the discount to net asset value since publication of the annual report. The latest figure is 2 459c against a share price of 2 150c for a 12,6% discount

Since the year end, net asset value has dropped from 2 864c, reflecting the downturn in the gold market. And this is on a R15m (68c/share) increase in book value of investments, presumably representing calls for funding the 20% share in Ergo. By way of comparison, while Amgold shares have remained at a more or less fixed discount, Wall Street-quoted ASA is currently at a 18% premium to net asset value, largely because it is the best-known large US registered gold fund available in New York

Compared with the six months to end-December, dividend income increased 5,6% to R21,8m and the interim dividend cut to 80c (90c) seems to indicate both the need to retain funds for investment and some caution over likely trends in gold prices and dividend receipts for the rest of the year. In any event dividend cover has effectively been maintained at 1,16 times

Administration and prospecting costs are 33% down on the half year. But with no indications of a slow-down in prospecting activity the second half's figure should be higher and the year's total at least match that for 1976

For the moment there seems to be little likelihood of the final improving on the interim, putting the shares on a prospec-

and the  
 ~ in perspective  
 ultural Censuses  
 e for analysts.  
 re Eastern Cape  
 l  
 idividuals  
 of farm study  
 i Cape.  
 Labour survey  
 main source  
 the changes

The purpose of this paper is to survey the farm labour conditions in the Eastern Cape over approximately two decades and to note some of the

It is necessary, there  
 limitations mentioned  
 use is made where poss  
 for the years 1950 to

conditions of service  
 Jim Jones  
 which have occurred in  
 for the latter period,  
 conducted in conjuncti  
 The survey related entri  
 groups and Farmers' Asi  
 for its completion.  
 questionnaires which w  
 in June 1973, 303 were

tive yield of 7,4%. And until the gold price starts improving there seems little upside potential in the shares  
 For the medium-term, Ergo will be in full production next year and assuming at least an R45m premium on flotation (Fox, last week) Amgold's net asset value will gain R9m, or 40c per share  
 With anticipated higher gold prices, 1978 earnings and dividends should show a reasonable improvement. It is hard to see the shares moving much lower unless there is a major gold price downturn and at current levels they are cheap on a one year view

MINING - CLOUD

8/7/77 - 23/12/77

~~MINING~~ MINING - GOLD

8/7/77 - 23/12/77



SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

TELEPHONE 69-8511 (Ext

# Durban Deep calls off prospecting

RESEARCH DIVISION  
SCHOOL OF ECONOMICS  
BEATTIE BUILDING  
UNIVERSITY OF CAPE TOWN,  
RONDEBOSCH  
7700

By DON ROBERTSON

DURBAN DEEP will discontinue its prospecting programme for the present because of the company's financial position and the latest results of exploratory drilling.

The company, a member of the Rand Mines group, says its prospecting programme as part of the D4 series south-west of the existing mine has indicated gold values on the Kimberley Reef which are not significantly different from those being worked on the mine.

Borehole results in a series of three original and nine deflections in the area proved disappointing, with only one - the original on the lower horizon of the Kimberley Reef - showing anything worthwhile at 1 102 cm/g.

The decision to abandon prospecting must spell an early end to mining operations at the mine which is struggling to keep ahead with State aid and additional loans.

Development is progressing only slightly ahead of actual

mining  
In his report, the chairman, Mr. R. S. Lawrence, said that without State aid and a rise in the gold price, the company would have little but to withdraw from the area. In these circumstances, it might be in shareholder's interests to suspend operations and dispose of the company's assets, of which the freehold property formed an important part, he said.

th June 1977.

Dear (

RESEA

A copy find

We w cost

Than

is enclosed. We hope that you will

ould send us R1,00 to help cover the g this report.

ank you also for attending.

Yours sincerely,

*Francis Wilson*

FRANCIS WILSON

N.B. ! ||

# Ergo brings a golden rebirth to East Rand

By DON ROBERTSON  
Mining Editor

CULMINATING weeks of speculation will be the publication tomorrow of the prospectus of the ambitious Anglo American East Rand Gold and Uranium project.

The R140-million venture will involve the removal of 18 slimes dams around Brakpan and Springs and will slowly erase some evidence of the romantic history of the Witwatersrand

The slimes dams, nestling alongside the familiar sand dumps, are as much a part of the Rand as the famed Highveld climate and as they increased in number, so they spawned towns and cities

Boksburg, Brakpan and Springs to the east, Roodepoort, Krugersdorp and Randfontein to the west are some of them

As the dumps and dams grew in size so did the towns surrounding them, making a 140 km stretch which is today the heart of the South African economy and industry — the Rand

But South Africa is the proverbial land of opportunity and progress and under this banner the dams must go to make way for industrial and township expansion and, in doing so, will release their long-held fortunes

Under the acronym, Ergo — the East Rand Gold & Uranium Company — Anglo American has set in motion a huge scheme

which will win every year from slimes dams on the East Rand 7 000 kg of gold, 190 tons of uranium and 500 000 tons of sulphuric acid, worth almost R50-million

The project will earn about R1 000-million in foreign exchange

The Ergo project is not new in concept, but the scale on which it is being undertaken certainly is. It will, in effect, be the world's largest "non-mining" mining venture, costing almost R140-million

It warrants other superlatives as well. Over its planned 22-year life, Ergo will treat 400-million tons of material from slimes dams and various aspects of the treatment plant, which is now being built, rank among the largest in the world

In practice, the Ergo project calls for the pumping of 1 200 ha of slimes from 18 dams to the treatment plant at the old South African Lands property, where it will be separated into gold, uranium and sulphuric acid

The first step in the system is the pumping or monitoring of the slimes. This will be done by using high-pressure water jets which will wash the slime from the dams and get it moving to the pumping stations. From there it will be pumped through a network of 80 km of pipes to the treatment plant

In the initial stages, three

dams will be monitored at a time. Three streams will enter the flotation plant from as far away as 16 km. These streams will at all times be kept separate as the material from each dam has different characteristics which require special adjustments to the plant

The material will first be leached for uranium and then roasted to produce sulphuric acid. The residue will then be returned to the gold plant where the gold will be recovered by the standard cyanidation process

Conscious of its social responsibilities, Anglo has gone to great lengths to avoid building a "super dump" from the residues of the Ergo plant

In removing 1 200 ha of unsightly slimes dams from along the Reef, the Ergo planners envisage the creation of an attractive park-like area. For this purpose, a shallow valley 11 km south of Brakpan has been chosen and this will be gradually filled

The services of Professor John Phillips, professor of botany at the University of Natal, have been engaged and he will determine the most suitable vegetation for the dam walls

Test are under way at Anglo's Vaal Reefs mine in the Free State where the final effluent is being examined

The dam will be designed in cooperation with the Department of Water Affairs and assurances have been given that any run-off from the new slimes dam will be clean and non-acidic as the pyrite will have been removed in the flotation process

Ergo has become a fact for a number of reasons

Most of the dumps and slimes dams along the Reef were laid down 40 or 50 years ago when gold recovery processes were not as thorough as they are today. Consequently, much of the gold escaped and was dumped. A typical slimes dam anywhere along the Reef contains up to seven tons of gold, not to mention uranium which, in days gone by, was not recovered

Recovery processes have improved and although small percentages are still lost, metallurgists and engineers are able to win the small traces of gold and uranium left in the dams

But above all perhaps is the gold price which has risen in a few years to around \$140 an ounce. While by no means stable

at this level, the tenuous hope that it will not fall again below \$100 at least, has made possible the momentous decision to go ahead with the venture

And its success is virtually assured with those in the know suggesting that it could break even at a gold price as low as \$30 to \$40

It has other advantages over deep-level mining projects of similar size

Reserves and grades are already known to the Ergo planners — though not yet to the public — and they face none of the typical and costly mining problems, such as exploration, shaft sinking, faulting of the reef and the development of haulages and ore passes. Nor is there any possibility of rock falls, fires or flooding

More significant from a financial point of view is the fact that the project can be brought to a profit-earning stage in a short time. The project was mooted in June last year and should be in production by early next year

Another major cost-saving factor is the small staff required to run the operation. When in production 100 whites, mostly metallurgists and engineers and 400 blacks will see to the running of the plant

In terms of present plans, Ergo will have a life of 22 years. But it would be more realistic to regard its life as open ended

There are 130 dumps and dams in the immediate area and 240 on the Witwatersrand

Immediately south of Johannesburg's centre, Rand Mines owns four dying mines — CMR, Crown Mines, City Deep and Durban Deep — and has investigated the possibility of a mini-Ergo project involving the various dumps

Perhaps all its needs is another sustained spurt in the gold price for the Ergo enthusiasm to spread

But what of the large tracts of land left bare when the dams go? The surface rights to all are owned variously by municipalities and farmers. This land, which has in the past been worthless and even a burden in some cases, will soon take on a new aura as prime industrial and township property

As the surface rights were negotiated 50 years ago, it is likely that sons and daughters are now feverishly searching through fathers' effects for that elusive piece of paper that proclaims their right to ownership

FRANCIS WILSON

N. 3.



Hierdie dokument bevat besonderhede gelewer ooreenkomstig die regulasies van Die Johannesburgse Effektebeurs met die doel om inligting oor die Maatskappy, aan die publiek te verskaf

Hierdie dokument is belangrik: As u dit nie verstaan nie of enigszins twyfel wat u te doen staan, moet u u effektemakelaar, bankbestuurder, prokureur, rekenmeester, of ander beroepsadviseur raadpleeg.

## Prospektus

# EASTRAND GOLD AND

# URANIUM COMPANY LIMITED

(Ergo of die Maatskappy)

(In die Republiek van Suid-Afrika ingelyf)

Aanbod van 16 000 000 aandele van 50 sent elk teen

R3,50 per aandeel, ten volle betaalbaar op aansoek in die geld  
van die Republiek van Suid-Afrika

(sien 'Besonderhede van die Aanbod')

	Getal aandeel
(a) Die volgende maatskappye/in stellings	
African Eagle Life Assurance Society Limited	300 000
Anglo American Gold Investment Company Limited	3 317 600
Charter Consolidated Limited	200 000
The Common Fund Investment Society Limited	100 000
De Beers Consolidated Mines Limited	4 553 828
Guardian Liberty Investment Corporation Limited	100 000
South African Mutual Life Assurance Society	2 000 000
Suid-Afrikaanse Nasionale Lewensassuransie Maatskappy	250 000
Union Corporation Limited	1 428 572
	12 250 000
(b) Vir openbare inskrywing	3 750 000
	16 000 000

John Crus I dleston  
Cruden Bay-weg  
Greenside  
Johannesburg  
2193  
(n Afdelingsbestuurder van Anglo American Corporation)

Douglas Bam Hoffe  
"Carioca"  
Derde Laan  
Parktown  
Johannesburg  
2193  
(n Bestuurder van Anglo American Corporation)

Graham Mortimer Hollord  
Faraway Cottage  
Rivonia-weg 41  
Sandhurst  
2196  
(n Assistent-bestuurder van Anglo American Corporation)

**\*N AFSKRIF VAN HIERDIE PROSPEKTUS EN DIE AANSOEKVORM WAT HIERBY AANGEHEG IS, IS VERKRYGBAAR BY DIE MAATSKAPPY OF BY-**

**Die Onderskrywers**

Anglo American Corporation of South Africa Limited  
Mainstraat 44, Johannesburg, 2001

**Die Oordragsekretaris**

Consolidated Share Registrars Limited  
Marshallstraat 62, Johannesburg, 2001

**Die Borgmakelaars**

Max Pollak and Freemantle  
(Waarby Morris Lipschitz & Co., Allen, Hesselberger en Co. en  
L. Bowman & Michel ingelyf is)  
(Lede van Die Johannesburgse Effektebeurs)  
French House  
H/v Marshall- en Ferretrastraat  
Johannesburg  
2001  
en by  
5e Verdieping  
Colonial Mutual gebou  
Adderleystraat 106  
Kaapstad  
8001  
en by  
1e Verdieping  
Hill Samuel gebou  
Fieldstraat 17/23  
Durban  
4001

Davis Borkum, Hare & Co., Inc  
(Lede van Die Johannesburgse Effektebeurs)  
3e en 4e Verdiepings

Bank van Lisbon- en S A -gebou  
Sauerstraat 37  
Johannesburg  
2001

en by  
Walestraat 24  
Kaapstad  
8001

en alle ander makelaarslede van Die Johannesburgse Effektebeurs

William Rawdon Lawrie  
Carlskaan 38  
Hurlingham  
Johannesburg  
2196  
(n Konsultingeneur van Anglo American Corporation)

Nicholas Frank Oppenheimer  
Little Brenthurst  
Derde Laan 61  
Parktown  
Johannesburg  
2193  
(n Direkteur van Anglo American Corporation)

Guy Sinclair Young  
Springhillweg  
Moodie Hill  
Sandton  
2199  
(n Afdelingsbestuurder van Anglo American Corporation)

**Alternatiewe Direkteur**

Christopher Louis Sunter (Brits)  
Nogende Straat 89  
Parkmore  
Johannesburg  
2196

(n Assistent-afdelingsbestuurder van Anglo American Corporation)

Bchawe waar anders aangedui is al die bogenoemde direkteure Suid-Afrikaans

**ADMINISTRATIEWE EN TEGNIESE ADVISORS**

Anglo American Corporation of South Africa Limited  
Mainstraat 44  
Johannesburg  
2001

**GEREGISTREERDE KANTOOR**

Mainstraat 44  
Johannesburg  
2001

**SEKRETERISSE (5)**

Anglo American Corporation of South Africa Limited  
Mainstraat 44  
Johannesburg  
2001  
Suid-Afrika  
(Posbus 61587 Marshalltown 2107)

**VAANDELEOORDRAGSEKRETARISSE**

Consolidated Share Registrars Limited  
Marshallstraat 62  
Johannesburg  
2001  
(Posbus 61061 Marshalltown 2107)

**BANKKERS (4)**

Barclays Nasionale Bank Beperk  
New Courts-tak  
h/v Fox- en Weststraat  
Johannesburg  
2001  
(Posbus 131 Johannesburg 2000)

**BORGMAKELAARS (4)**

Max Pollak and Freemantle  
(Waarby Morris Lipschitz & Co. Allen, Hesselberger and Co. en L. Bowman & Michel ingelyf is)  
(Lede van Die Johannesburgse Effektebeurs)

French House  
h/v Marshall- en Ferretrastraat  
Johannesburg  
2001

en by  
5de Verdieping  
Colonial Mutual-gebou  
Adderleystraat 106  
Kaapstad  
8001

en by die  
1ste Verdieping  
Hill Samuel-gebou  
Fieldstraat 17/23  
Durban  
4001

Davis Borkum, Hare & Co., Inc  
(Lede van Die Johannesburgse Effektebeurs)  
3e en 4e Verdiepings  
Bank van Lisbon- en S A -gebou  
Sauerstraat 37  
Johannesburg  
2001

en by  
Walestraat 24  
Kaapstad  
8001

**PROSPEKTUS**

**REGISTRASIE VAN PROSPEKTUS EN STAWENDE DOKUMENTE**

n Afskrif van hierdie prospektus is geregistreer by die Registrateur van Maatskappye, Pretoria kragtens Artikel 155 van die Maatskappyywet, 1973 soos gewysig in die Republiek van Suid-Afrika (die Wet).

Die afskrif so geregistreer is vergesel van

(1) die geskrewe toestemming van die Maatskappye se ouditeur, prokureurs, bankiers en makelaars om in genoemde hoedanigheid op te tree en dat hulle name in hierdie prospektus genoem word

(2) Afskrifte van die materiele kontrakte soos veries deur Artikels 152 en 153 van die Wet

(3) die geskrewe toestemmings van beide die tegniese adviseurs en die ouditeur om hierdie prospektus uit te reik, sowel as hulle verslae in die vorm en verband waarin hulle hier ingesluit is

Die geskrewe toestemming van die tegniese adviseurs en die ouditeur vir die uitreiking van hierdie prospektus, sowel as hulle onderskeie verslae in die vorm en verband waarin hulle hierin versit is, is voor aflewering van hierdie prospektus vir registrasie verleen en nie teruggetrek nie.

**DIREKTUUR SE VERANTWOORDELIKHEID**

Die direkteur aanvaar gesamentlik en afsonderlik volle verantwoordelikheid vir die akkuraatheid van die inligting verskaf en sertifiseer dat daar na die beste van hulle kennis en oortuiging geen ander feite is waarvan die weglating enige verklaring hierin misleidend sou maak nie, en dat hulle alle redelike navrae gedoen het om hierdie feite te bevestig.

**VERKLARING OOR NOTERING OP EFFEKTEBEURS (23)**

Aansoek is by Die Johannesburgse Effektebeurs gedoen om n primêre notering van die 100 000 aandeel tans uitgereik die 23 900 000 aandeel op 4 Augustus 1977 toegewys staan te word (sien "Geskiedenis, Toestand en Vooruitsigte van die Maatskappy"), en die nuwe aandeel kragtens hierdie prospektus aangebied. Enige aansoek om aandeel kragtens hierdie prospektus aangebied is onderhevig aan die bestaan van die primêre notering van die bogenoemde aandeel deur Die Johannesburgse Effektebeurs nie later nie as 2 September 1977.

**VEREISTES VAN DIE WET**

Die volgende inligting word verskaf in verband met die aanbod in hierdie prospektus gemaak ooreenkomstig die vereistes van Artikel 148 van die Wet. Die nommers van die paragrafe van Blyk 3 van die Wet wat op die prospektus van toepassing is, word in hakies teenoor die betrokke opskrifte aangegee.

**DIREKTUUR EN BESTUUR (2(a))**

**Direkteur**

Harry Frederick Oppenheimer (Voorsitter)  
"Brenthurst"  
Federationweg  
Parktown  
Johannesburg  
2193

(Voorsitter van Anglo American Corporation of South Africa Limited)  
(Anglo American Corporation)

Dennis Arthur Etheridge, O B E (Brits) (Ondervoorsitter)  
Vierde Straat 15  
Abbotsford  
Johannesburg  
2192

(n Uitvoerende Direkteur van Anglo American Corporation)  
Michael Scott McCrum (Besturende Direkteur)  
Venusstraat 6  
McJirose-landgoed  
Johannesburg  
2196

(n Bestuurder van Anglo American Corporation)

**PROKURERS (4)**  
Webber Wentzel & Kie  
Standaard Bank-sentrum  
Tosstraat  
Johannesburg  
2001

**OU DIERE (3)**  
Alex Aiken & Carter  
Marshallstraat 66  
Johannesburg  
2001  
(Geokwalifiseerde rekenmeesters S.A.)

**ONDRSKRYWERS (4)**

Anglo American Corporation of South Africa Limited

**NAAM, ADRES EN INLYWING**

East Rand Gold and Uranium Company Limited (die Maatskappy of Ergo) is op 22 Junie 1971 ingelyf kragtens die Minsk-wet 1926 van die Republiek van Suid-Afrika. Die adres van sy geregistreerde kantoor is Mainstraat 44 Johannesburg 2001. Sy voordrag intoor is Consolidated Share Registrars Limited, Marshallstraat 62 Johannesburg 2001.

**BESKRYWING VAN BESIGHEID**

Die Maatskappy gaan sekere slykdamme aan die Oos-Rand behandel om goud-uranaan en swael in die vorm van swaelsuur en oleum te win.

**GESKIEDENIS, TOESTAND EN VOORUITSIGTE VAN DIE MAATSKAPPY (6(a)(b)(c)(e)(ii) en (i))**

Die Maatskappy is in 1971 ingelyf as Riorden Investments Limited met 'n gemagtigde kapitaal van R4 000, verdeel in 8 000 aandele van 50 sent elk, waarvan 7 aandele teen pari uitgereik is. Die Maatskappy is deur Anglo American Corporation opgeeng as 'n reserwemaatskappy vir gebruik wanneer en waar nodig. Die Maatskappy het rustend gebly totdat Anglo American en van sy verwante maatskappye besluit het om sekere gebiede te prospekter en om sekere slykdamme aan die Oos-Rand te evalueer, en daar is besluit om die maatskappy vir hierdie doel aan te wend. Die Maatskappy se kapitaal is verhoog deur die uitreiking van 'n verdere 993 aandele teen pari op 12 Junie 1973. Op daardie datum was die uitgereikte kapitaal voordelig besit voosvolg:

	Aandele
Anglo American Corporation	508
Anglo American Gold Investment Company Limited	200
Randsell Investments Limited	234
('n Volhul van Rand Selection Corporation Limited)	
South African Townships Mining and Finance Corporation Limited	20
('n Volhul van Rand Selection Corporation Limited)	
Spectrum Diamonds (Proprietars) Limited	38
('n Volhul van J. Oppenheimer & Son (Proprietars) Limited)	
	1 000

Op 11 Mei 1976 is die naam van die Maatskappy verander na East Rand Gold and Uranium Company Limited en die doelstellinge soos in sy akte van oprigting uiteengesit is is verander kragtens artikels 55(2) van die Maatskappiwet 1973 om 'n nader beskrywing van sy belangrikste besigheid te wees. Met die oog op administratiewe gerief word die boekjaarende van die Maatskappy verander van 31 Desember na 31 Maart. Die huidige boekjaar sal dus 'n tydperk van 15 maande wees van 1 Januarie 1977 tot 31 Maart 1978.

Op 13 Mei 1977 het die Maatskappy tydens 'n algemene vergadering die gemagtigde kapitaal tot R22 500 000 verhoog, verdeel in 45 000 000 aandele van 50 sent elk by wese van die skepping van 44 992 000 aandele van 50 sent elk. Hierdie aandele sal met uitreiking op gelyke voet staan met die Maatskappy se bestaande aandele. Kragtens 'n besluit tydens daardie vergadering aangeneem is die direkteure gemagtig om die onuitgereikte aandele uit te reik in sodanige persone en onder sodanige omstandighede wat die direkteure bepaal.

Union Corporation Limited en/of sy genommerdes het hulle verbind om vir die Maatskappy die vergunning te verkry van die reg om sekere slykdamme en mynhope te behandel in ruil vir 'n deelnemingsreg van 2,45 persent in die Maatskappy op dieselfde grondslag as die ander aandeelhouders. Derhalwe is die uitgereikte kapitaal op 17 Mei 1977 verhoog by wese van die uitreiking van 'n verdere 99 000 aandele teen pari tot altesam 100 000 aandele, waarvan 97,55 persent gehou word deur maatskappye in die Groep Anglo American Corporation en sy verwante maatskappye en 2,45 persent deur maatskappye in die Groep Union Corporation. Teen hierdie tyd was die maatskappy nie meer 'n filiaal van Anglo American Corporation nie.

Op hierdie tyd is die kapitaaluitgawes van die Maatskappy gefinansier deur rentevrye lenings, wat op 30 Junie 1977 R2 457 282 behoop het deur Anglo American Corporation voorgeskiet en R1 100 000 deur die Groep Union Corporation voorgeskiet. Om hierdie lenings terug te betaal en om die Maatskappy van permanente fondse te voorsien om 'n aansienlike gedeelte van sy aanvanklike kapitaaluitgawes te finansier, het die Maatskappy aan maatskappye en verwante maatskappye in die Groep Anglo American Corporation 'n totaal van 23 314 450 aandele teen 'n prys van R2,50 per aandel aangebied en aan maatskappye in die Groep Union Corporation 'n totaal van 585 550 aandele teen dieselfde prys. Die inskrywingsgeeld ten bedrae van R9 750 000 is op 30 Junie 1977 deur die maatskappy ontvang sodat die maatskappy in staat gestel is om bogenoemde lenings terug te betaal en die aandele sal op 4 Augustus 1977 toegewys word. Geen aandele is aan die publiek uitgereik voor die uitreiking van hierdie prospektus nie.

**Tegniese inligting**

Na die geologiese en metallurgiese ondersoek wat in 1973 begin is, het die Maatskappy se tegniese adviseurs mettertyd 'n skema aangebeveel vir volgens die Maatskappy sekere slykdamme aan die Oos-Rand sou behandel vir die winning van goud-uranaan en swael. Stappe is derhalwe gedoen om die regte te bekom om die slykdamme te behandel om die Maatskappy sodanige te voorsien van die nodige materiaalverserwes vir behandeling. Reëlings is ook getref om die bogrondse regte te bekom van 'n gebied in die omgewing van Brakpan vir die oprigting van 'n sentrale behandelingsaanleg, die eiendomsreg van 'n besonderlike gebied vir uitkots en verskeie perमितte vir bogrondse regte ten opsigte van pyplyne vir die pomp van slyk en uitkots. Die aard van die Maatskappy se bedrywighede word in die hieropvolgende verslag in besonderhede deur die tegniese adviseurs beskryf.

**VERSLAG VAN TEGNIESE ADVISEURS**

**ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED**

In die Republiek van Suid-Afrika ingelyf

**Mainstraat 44 Johannesburg 2001**

Direkteure: H. F. Oppenheimer (Voorsitter), Sir Keith Acutt, K. B. E. (Brits) (Ondervoorsitter), G. W. H. Rellly (Ondervoorsitter), W. G. Bousted, J. N. Clarke (Brits), Dr. Z. J. de Beer, D. A. Einarsson, G. B. E. (Brits), G. C. Fletcher, M. C. H. R. Fraser, C. J. L. Griffiths, E. P. Gush, M. B. Holmeyer, G. Langton, D. G. Nicholson (Brits), N. F. Oppenheimer, Sir Philip Oppenheimer (Brits), B. W. Pain (Brits), Sir Albert Robinson (Brits), L. G. Stoptford, Sackville (Brits), J. Ogilvie-Thompson, G. H. Waddell, L. V. W. D. Wilson.  
Aanbeveelende Direkteure: F. J. A. Howard, M. C. O. Dowd, B. Holfe, G. A. Carey-Smith (Brits), V. J. Webber (Brits), J. L. P. Mackenzie, O. P. Koevoet, Dr. H. B. Dyer, A. B. McKerron, C. O. M. Melville, Dr. M. G. M. Almore, H. K. Davies, A. Wilson, M. W. Stephenson (Brits), J. A. Holmes (Brits), D. E. MacIver, M. W. King, A. Johnstone, J. D. Johnson (Brits), P. J. R. Leyden (Brits), W. J. Héler.

Die Voorsitter en Direkteure  
East Rand Gold and Uranium Company Limited  
Mainstraat 44  
Johannesburg  
2001

23 Junie 1977

**Menere**

Ons verwys na die tegniese ondersoek wat ingestel is om die uitvoerbaarheid te bepaal van 'n projek vir die winning van goud-uranaan en swael uit slykdamme aan die Oos-Rand en na ons voortvloeiende aanbevelings, dit is so 'n projek ten uitvoer gebring word. U het ons aanbevelings aanvaar en nou te ons verslag oor die voortgang van die projek en ons gevolgtrekkings ten opsigte van sy uitvoerbaarheid voor.

**AGTERGROND**

Die slykdamme wat ontstaan het as gevolg van die bedrywighede van die goudmyne aan die Witwatersrand bevat lae konsentrasies goud en uranaan, soms geassosieer met 'n aansienlike aantal van die dummie van die Oos-Rand is bemonster ten einde die ekonomiese lewensvatbaarheid van goud- en uraanekstraksie en swaelsuurproduksie te ondersoek. Die bemonsteringsresultate was van genoegsame belang om 'n volskaalse toetsprogram te regverdig en stappe is toe gedoen om regte te verkry wat die maatskappy toelaat om die slyk in sekere van hierdie damme te behandel.

Deur 'n navorsingswerk by Anglo American se navorsingslaboratoriums is 'n verbeterde flotterietegniek ontwikkel waardeur dit moontlik was om uit die getoetsde slyk 'n konsentraat met 'n goudinhoud van 7 tot 15 gr. in goud per ton (afhangende van die graad van die behandelde slyk) 0,2 tot 0,5 kilogram uraanoksid per ton en 30 tot 35 persent swael te produseer. Uit hierdie konsentraat wil ongeveer drie persent van die massa van die oorspronklike slykdammaterial uitmaak is die winning van goud en uranaan en swaelsuurproduksie volgens konvensionele prosesse moontlik. Die onderwinning wat Anglo American in Corporation sedert 1953 in die behandeling van goudaankontskot opgedoen het - om uit 'n te win en om dit in 'n priet vir suurversuuring te win - deur Daggilfontein Mines Limited, Western Reefs Exploration and Development Company Limited en Vaal Reefs Exploration and Mining Company Limited het die navorsingsprogram aangegryp.







landseïremerreke nng oorgedra word nã afrekkng van die koste van die uitgiffe en 'de onderskrywingskommisse Die uitgiftes teen par van 'n totaal van 100 000 aandele waarna hertoe verwys word, is gedoen om billike deelnemers in die Maatskappy onder die promotors en/of hul genootskapslede en die Union Corporation-groep te bepaal, na gelang die presiese aard van die Maatskappy se bedrywingslede en die uitvoerbaarheid daarvan bewys is.

Die deelnemers het toe ooreengekom om op 23 900 000 aandele in die Maatskappy teen 'n premie van R2 per aandeel in te skryf ten einde die aanwysingskenningskapitaal wat voldoende was vir sy onmiddellike behoeftes aan die Maatskappy te verskaf. Die rede vir die differensie tussen hierdie premie en die premie van R3 per aandeel ten opsigte van die huidige aanbod bestaan daarin dat die premie van R3 op marktoewings gebaseer is.

#### VERKLARING AANGAANDE DIE TOEBEREKING EN DIE TOEKOMSTIGHEID VAN KAPITAAL (22)

Die Maatskappy se uiterlike kapitaal en aandelepremie (met inbegrip van die 23 900 000 aandele wat op 4 Augustus 1977 toegesly is) staan te word en die bedrag ingevolge hierdie aanbod verkry te word sal R115 800 000 beloop, min uitgawes van die uitgiffe en onderskrywingskoste en leningskapitaal wat vergoelike met getram word, wat 'n netto opbrengs van R114 500 000 uit die uitgiffe van ekwiteitskapitaal laat, vergoelike met die tegniese adviseurs se raamng van kapitaaluitgawes van R140 miljoen tot aan die einde van die eerste volle jaar van bedrywingslede. Die direkteur is van mening dat die netto bedrag wat so verkry word, tesame met 'n gedeelte van die aanwysingskenningskapitaal en korttermynlenings, voldoende sal wees vir die doeleindes van die Maatskappy se sake.

#### LENINGS (9)

Die volgende lenings is aan die Maatskappy toegestaan

- (i) Die Maatskappy het bogenoostskaplenings verkry ten opsigte van sekere residensie-eiendomme wat aangekoop is wat deur verbande gedek word soos in Opgawe II uiteengesit. Die verwysing is in elke geval na die itemnummer in Opgawe I.
- (ii) Die Maatskappy het vir leningsgetrewe by Barclays-Nasionale Bank Beperk vir 'n totale bedrag van V.S. \$13 500 000, gelyksaande aan ongeveer R11 800 000 gereel vir die finansiering van sekere invoere van toerusting van oorsse af. Op 30 Junie 1977 is bedrae met 'n totaal van R8 141 625 teen hierdie getrewe getrek. Sodanige lenings is ongedek en is elkeen een jaar vanaf die leningsdatum terugbetaalbaar. Die betaalbare rente (plus termynskynskoste op geleende bedrae) is gelyksaande aan 'n koers van ongeveer 9 persent per jaar.
- (iii) Leningsgetrewe tot R20 000 000 is vanaf 1 Julie 1977 tot 30 September 1977 deur die Maatskappy van Anglo American Corporation verkry vir die finansiering van bedrywingslede hangende die ontvangs van opbrengs van die aanbod van aandele ingevolge hierdie prospektus. Trekkings teen sodanige getrewe sal ongedek en rentevry wees.

Daarbenewens is verhandelings vir altesaam R730 000 aangegaan om die saldo van die koopprys van eiendomme wat deur die Maatskappy gekoop is, te verkry.

Afgesien van die wat hierbo uiteengesit word, bestaan daar geen lenings aan die Maatskappy toe en bestaan daar geen ooreenkoms om enige toekomstige lenings aan die Maatskappy toe te staan nie. Bovendien het die Maatskappy geen obligasies uitgereik of enige ander verbande, koste, huurkoopverdragte of waarborges of ander wesenlike verpligings behalwe die wat in die ouditeursverslag vermeld word) aangegaan nie, ook het hy nie enige bankooreenkomme, verpligings onder akseptie (behalwe normale handelswyses) of akseptasies of soortgelyke skuldverpligings hoegenaand nie. Die Maatskappy het geen regsagginge van eis van wesenlike belang teen hom hangende of dierigende nie.

#### EIENDOM WAT VERKRY IS OF VERKRY STAAN TE WORD (12)

Besonderheid, van die vaste eiendom wat deur die Maatskappy verkry is, verskyn in Opgawe I. Die vaste bates wat verkry is, bestaan uit aaning en toerusting onder konstruksie, waarvan besonderheid in die tegniese adviseurs se verslag vervat word.

#### KOMMISSIE BETAAL OF BETAALBAAR TEN OPSIGTE VAN ONDESKRYWERS (14)

Die uitgiffe van 3 750 000 aandele aan die publiek ingevolge hierdie prospektus word deur Anglo American Corporation onderskryf. Die Kommissie wat aan die onderskrywers betaalbaar is, beloop R328 125 synde 2,5 persent bereken op die bedrag wat deur die aanbod deur die publiek verkry staan te word. Daarbenewens sal Anglo American Corporation 'n leningskommissie van R428 750, synde 1 persent bereken op die 12 250 000 uitgiftesprys van die aandele waarna in paragraaf (14) van "Besonderheid van die Aanbod" verwys word, ten laste van die Maatskappy bring.

Besonderheid betreffende die onderskrywers is soos volg:

1 Anglo American Corporation of South Africa Limited is 'n mynfinansieringskorporasie en sy adres is Mainstraat 44, Johannesburg, 2001. Sy direkteur is	
<b>Direkteur</b>	<b>Alternatiewe direkteur</b>
H. F. Oppenheimer (Voorsitter)	F. J. A. Howard
Sir Keith Acutt, K. B. E. (Brits) (Ondervoorsitter)	M. C. O'Dowd
G. W. H. Reilly (Ondervoorsitter)	D. B. Hofte
W. G. Bousfield	G. A. Carey-Smith (Brits)
J. N. Clarke (Brits)	V. I. Webber (Brits)
Dr. Z. J. de Beer	O. P. Koerovot
D. A. Etheridge, O. B. E. (Brits)	Dr. H. B. Dyer
G. C. Fletcher, M. C.	A. B. McKerron
H. R. Fraser	Dr. M. G. M. Almore
C. J. L. Griffith	H. K. Davies
E. P. Gush	A. Wilson
M. B. Hofmeyr	M. W. Stephenson (Brits)
G. Langton	J. A. Holmes (Brits)
D. G. Nicholson (Brits)	D. E. Maciver
N. F. Oppenheimer	M. W. King
Sir Philip Oppenheimer (Brits)	A. Johnstone
B. W. Pain (Brits)	J. D. Johnson (Brits)
Sir Albert Robinson (Brits)	P. J. R. Leyden (Brits)
L. G. Sturford Sackville (Brits)	W. J. Helder
J. Osilive Thompson	
G. H. Waddell, L. V.	
W. D. Wilson	

Behalwe waar dit andersins aangedui word, is al bogenoemde direkteur, Suid-Afrikaans

2 Die Maatskappy se direkteur het die volgende voordelige belange in die onderskrywers	
<b>Naam</b>	<b>Aard van belang</b>
J. G. Edmeston	Opstalingsbestuurder (Gewone aandeel)
A. G. Edmeston	Opstalingsbestuurder (Gewone aandeel)
Onstehouer	5 000*
Lid	2 000*

J. W. Shilling\* Direkteur  
Opstalingsbestuurder  
9 000 gewone aandele, Indirekte belang in 1 000 gewone aandele

\*Direkteur van die Maatskappy ten ind. van 'n vyfjarige

(b) Besonderheid van die Maatskappy ten ind. van 'n vyfjarige. Die direkteur van die Maatskappy en/of die promotors wat hieronder gemaak word het die volgende belang gehad in Daggelofte Mines Limited en The South African Land & Exploration Company Limited (in elke Maatskappy se direkteur se verslag is die verkopers van sekere eiendomme aan die Maatskappy was) ten ind. van die transaksies wat in Opgawe I uiteengesit is.

#### Opgawe I Belange van direkteur/promotors in transaksie

- (1) Verknings van eiendom van The South African Land & Exploration Company, Limited
- Mire J. G. Edmeston, D. A. Etheridge, D. B. Hofte, W. R. Lawrie, M. S. McCrum, N. F. Oppenheimer en G. S. Young was op die datums van die transaksies direkteur van The South African Land & Exploration Company Limited en mire G. M. Halford en C. L. Sinter was alternatiewe direkteur op die datums van die transaksies. Met uitsondering van mire N. F. Oppenheimer wat in November 1976 'n indirek gedeeltelike belang in 13 047 aandele in die Maatskappy verkry het, het geen een van bogenoemde direkteur enige voordelige belang in die South African Land & Exploration Company Limited gehad nie.

Die gelid, aandele wat op die datums van die transaksies voordelig deur die promotors in The South African Land & Exploration Company Limited gehou is, is soos volg:

AAC en Filiale	24 Maart 1976	17 Augustus 1976	13 Februarie 1977	16 Junie 1977
AAC en Filiale	311 587	311 587	797 132	797 132
Ampold	—	—	1 058 496	1 058 496
RSC	71 177	71 177	229 333	229 333
Randval	85 836	85 836	171 672	171 672
SAT	26 400	26 400	52 800	52 800
EOKSON	—	—	—	—
Spekulum	—	—	13 047	13 047

#### Opgawe I Belange van direkteur/promotors in transaksie

- (1) Verknings van eiendom van Daggelofte Mines Limited
- Mire J. G. Edmeston, D. A. Etheridge, D. B. Hofte, W. R. Lawrie, M. S. McCrum en N. F. Oppenheimer was op 23 Junie 1976 direkteur en mire G. M. Halford en C. L. Sinter alternatiewe direkteur van Daggelofte Mines Limited. Geen een van bogenoemde het op daardie datum enige voordelige belange in Daggelofte Mines Limited gehad nie.
- Op 21 Junie 1976 het RSC 17 000 aandele in Daggelofte Mines Limited voordelig gehou.
- Geen een van die ander opregters het op daardie datum enige belang gehad nie.
- Geen direkteur of opregter het ooit enige belang in Harterson Vennootskap gehad nie wat 'n gedeelte van die voornede eiendom op 15 November 1976 van Enge gekoop het.

(c) Die direkteur van die Maatskappy hou ek een aandeel in die Maatskappy wat voordelig gehou word deur Anglo American Corporation. Die Maatskappy se statute bepaal nie dat direkteur kwalifiserende aandeel moet hou nie.

#### WESENLIKE KONTRAKTE (16)

- (a) Die volgende kontrakte (synde nie kontrakte in die gewone loop van die Maatskappy se sake nie) wat wesenlik of nie wesenlik mag wees nie is aangegaan:
  - (i) Onderkrywingsooreenkoms met Anglo American Corporation gedateer 6 Junie 1977 ingevolge waarvan Anglo American Corporation die aanbod van die 3 750 000 aandele na vermy in paragraaf (1b) van "Besonderheid van die Aanbod" onderskryf het.
  - (ii) Ooreenkoms met Anglo American Corporation gedateer 6 Junie 1977 ingevolge waarvan Anglo American Corporation ingestem het om uskriftings te kry vir die 12 250 000 aandele na vermy in paragraaf (14) van "Besonderheid van die Aanbod".

(b) Die volgende kontrakte is ter inste beskikbaar by die kantoor van die Maatskappy, Mainstraat 44, Johannesburg, gedurende die tydperk van 31 Desember 1976 tot 31 Desember 1977:

- (i) Afskrifte van hierdie kontrakte is ter inste beskikbaar by die kantoor van die Maatskappy, Mainstraat 44, Johannesburg gedurende die tydperk van 31 Desember 1976 tot 31 Desember 1977.
- (ii) Die volgende kontrakte word ingevolge die bepalings van paragraaf (16b) van die Derde Bylae van die Maatskappy wettigbaar gemaak:
  - (1) Ooreenkoms, gedateer 29 Maart 1976, met Anglo American Corporation betreffende daardie korporasie se aanstelling as sekretaris, administratiewe, finansiële, tegniese en ingenieursadviseurs en koop- en verkoopsagentskap van hierdie Maatskappy, met ingang van 1 Januarie 1976. Die aanstelling is vir 'n onbepaalde tydperk, kan deur enige van die partye met kennisgewing van nie minder nie as vyf jaar beëindig word, welke kennisgewing nie voor 31 Desember 1978 geges sal word. Die vergoeding betaalbaar aan daardie korporasie ingevolge bogenoemde ooreenkoms kan soos volg aangeval word:
    - (a) Ten opsigte van sekretariele, administratiewe, finansiële en tegniese advies en dienste, geldde gelyksaande aan 0,6 persent van die Maatskappy se jaarlikse onbekoste bedryfsyns van alle behandelingsbronne na berekening van bedryfskoste en die terugbetaling van alle koste deur hom in die lewening van hierdie dienste aangegaan (welke gelde nie minder nie as 100 persent van sodanige terugbetaalbare koste sal wees) en sodanige vergoeding soos waarop van tyd tot tyd onderling ooreengekome mag word ten opsigte van die Maatskappy se bates.
    - (b) Die direkteur sal nie verplig wees om enige kwalifiserende aandeel te hou nie.
  - (ii) Die direkteur sal teen die koers van R1 000,00 per jaar elk uit die Maatskappy se fondse by wyse van vergoeding vir hul dienste betaal word, en die voorsitter sal benewens sy vergoeding as 'n direkteur 'n subdiensbare betaalbaar is, sal van dag tot dag ooploop en sal kwalifiserende aandeel word.
  - (iii) Benewens die vergoeding wat ingevolge die voorgaande subdiensbare aan die direkteur betaalbaar is sal daar ten opsigte van elke boekjaar by wyse van verdere vergoeding en onderworppe aan die voorbehoudsopsalping hierna hierin vervat uit die fondse van die Maatskappy sodanige verdere bedrag betaal word aan en onder die direkteur betaalbaar wat, wanneer dit by die totale bedrag wat aan alle direkteur (met inbegrip van die voorsitter) betaal is, dit ingevolge die voorafgaande subdiensbare uitmaksal kan 50% van die bruto bedrag in dividende wat aan die direkteur betaalbaar is ten opsigte van daardie boekjaar, altyd met dien verstande dat die totale vergoeding betaalbaar ingevolge hierdie subdiensbare en die voorafgaande subdiensbare die bedrag van R33 000,00 nie in enige boekjaar te bowe sal gaan nie. Die betaalbare vergoeding ingevolge hierdie subdiensbare sal onder die persone verdel word wat die amp van direkteur behale het gedurende die boekjaar ten opsigte waarvan die vergoeding betaalbaar is, in verhouding met die lengte van die ampstermyn van elk van hulle met die voorbehoud agter dat die voorsitter se ampstermyn as die maal so lank as 'n soorgelyke termyn van enige van die ander direkteur beskou sal word, en die voorsitter sal dienorenskoning bykomende vergoeding vir sy ampstermyn as sodanig betaal word, ondanks die voorafgaande bepalinge, die totale bedrag van die termyn altyd met die voorbehoud dat, ondanks die voorafgaande bepalinge, die totale bedrag van die vergoeding betaalbaar aan enige direkteur (behalwe die voorsitter) vir geen boekjaar R1 000,00 (drie duisend rand) sal oorskry nie, en dat die totale bedrag van vergoeding aan die voorsitter betaalbaar vir geen boekjaar R9 000,00 (nege duisend rand) sal oorskry nie.

Slykarme  
Die stottingspermitkoste sal teen inkomste gedebiteer word soos wat die betrokke dunnie behandel word.

Voorprodukte-uitgawes en inkomste

Voor die aanvang van produksie sal uitgawes gekapitaliseer word en sal inkomste wat verdien word, na afrekkng van enige belasting wat daarop betaalbaar is, aan mynuites gefreiteer word.

#### B

Laste wat deur verbande gedek word, sluit sekere langtermynverpliginge in. Die item

bestaan uit -

Bogenoostskaplenings vir behuising, terugbetaalbaar oor 20 jaar en wat rente dra

teen 11½ persent tot 12 persent

Die saldo van die koopprijs van 'n eiendom terugbetaalbaar in paaiemente wat op

1 Julie 1979 ten einde loop en wat rente dra teen 8½ persent

Die koopprijs van 'n eiendom waarvan feitlik altesreweery op 31 Augustus 1979

terugbetaalbaar is

R 91620

R 10000

R 40000

R 831620

R 21 500 000

R 21 500 000

R 50 000

R 50 000

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VEREISTES VIR PROSEKTUS VAN MYNBOUWMAATSKAPPY (24) (en (b))  
Sodanige inligting wat deur paragraaf 24 (a) en 24 (b) van die Derde Bylae van die Wet soos van toepassing verens word, word in die tegniese adviseurs se verslag vervat.

#### DIREKTORE EN BESTUUR (2) (b) (en (c))

Die volgende artikels word in die Maatskappy se statute vervat:

68 Die direkteur sal te eniger tyd en van tyd tot tyd bevoegtheid hê om enige persoon as 'n direkteur aan te stel om, in toevallige vakature te vul of as 'n toewynging tot die direkteur, maar so dat die totale getal direkteure op enige gegewe tydperk nie die vastgestelde maksimum getal sal oorskry nie. Enige persoon wat aangestel word om 'n toevallige vakature te vul, of as 'n toewynging tot die direkteur, sal sy amp slegs tot die volgende algemene jaarvergadering van die Maatskappy behou, en sal dan uittree en vir herkoning benoembaar wees.

69 Die direkteur sal nie verplig wees om enige kwalifiserende aandeel te hou nie.

70 (a) Die direkteur sal teen die koers van R1 000,00 per jaar elk uit die Maatskappy se fondse by wyse van vergoeding vir hul dienste betaal word, en die voorsitter sal benewens sy vergoeding as 'n direkteur 'n subdiensbare betaalbaar is, sal van dag tot dag ooploop en sal kwalifiserende aandeel word.

(b) Benewens die vergoeding wat ingevolge die voorgaande subdiensbare aan die direkteur betaalbaar is sal daar ten opsigte van elke boekjaar by wyse van verdere vergoeding en onderworppe aan die voorbehoudsopsalping hierna hierin vervat uit die fondse van die Maatskappy sodanige verdere bedrag betaal word aan en onder die direkteur betaalbaar wat, wanneer dit by die totale bedrag wat aan alle direkteur (met inbegrip van die voorsitter) betaal is, dit ingevolge die voorafgaande subdiensbare uitmaksal kan 50% van die bruto bedrag in dividende wat aan die direkteur betaalbaar is ten opsigte van daardie boekjaar, altyd met dien verstande dat die totale vergoeding betaalbaar ingevolge hierdie subdiensbare en die voorafgaande subdiensbare die bedrag van R33 000,00 nie in enige boekjaar te bowe sal gaan nie. Die betaalbare vergoeding ingevolge hierdie subdiensbare sal onder die persone verdel word wat die amp van direkteur behale het gedurende die boekjaar ten opsigte waarvan die vergoeding betaalbaar is, in verhouding met die lengte van die ampstermyn van elk van hulle met die voorbehoud agter dat die voorsitter se ampstermyn as die maal so lank as 'n soorgelyke termyn van enige van die ander direkteur beskou sal word, en die voorsitter sal dienorenskoning bykomende vergoeding vir sy ampstermyn as sodanig betaal word, ondanks die voorafgaande bepalinge, die totale bedrag van die termyn altyd met die voorbehoud dat, ondanks die voorafgaande bepalinge, die totale bedrag van die vergoeding betaalbaar aan enige direkteur (behalwe die voorsitter) vir geen boekjaar R1 000,00 (drie duisend rand) sal oorskry nie, en dat die totale bedrag van vergoeding aan die voorsitter betaalbaar vir geen boekjaar R9 000,00 (nege duisend rand) sal oorskry nie.

R 21 500 000

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39 Die direkteur kan sodanige geld op so, n wyse en volgens sodanige voorwaardes en bepalinge in alle opsigte volgens die goewordende, en in die besonder deur verbande of deur die uitreiking van ophelings van die Maatskappy of verskureur of gedeelte van die Maatskappy, se eiendom (huidige woorde as toekomstige), verkry of die betaling of terugbetaling daarvan verkry.

**DOKUMENTERINGS**

Aktrifte van die volgende dokumente sal te eniger tyd gedurende kantoorure tot met die sluiting van die maand d 1 om 12h00 op Vrydag 29 Julie 1977 in die geregtelike kantoor van die Maatskappy, (Mamstrat 44 Johannesburg) ter insig beskikbaar wees -

- (i) Akte en statute van die Maatskappy
- (ii) Direkteursverklaring en geoutditeerde finansiële state vir die jare geëindig 1972, 1973, 1974, 1975 en 1976
- (iii) Weselike kontrakte met Anglo American Corporation gedateer 6 Julie 1977
- (iv) Ondertekende verlag gedateer 23 Junie 1977 van Anglo American Corporation administratiewe en tegniese administrasie van die Maatskappy wat by hierdie prospekus ingesluit word
- (v) Skriflike toetsing van Anglo American Corporation vir die publikasie van 'n verlag gedateer 23 Junie 1977 in die vorm en verband waarin dit by hierdie prospekus ingesluit word
- (vi) Ondertekende verlag gedateer 24 Junie 1977 van Alex Aiken & Carter die Maatskappy se outditeur wat by hierdie prospekus ingesluit word
- (vii) Skriflike toetsing van Alex Aiken & Carter vir die publikasie van hul verlag gedateer 24 Junie 1977 in die vorm en verband waarin dit by hierdie prospekus ingesluit word

**PARAGRAF VAN BYLAE 3 WAT NIE VAN TOEPASSING IS NIE** (30)  
 Paragraf 1 (b) 2 (d) 6 (d) 6 (e) 6 (f) 6 (g) 6 (h) 10 11 24 (c) 25 (f) 26 27 28 30 en 32 tot en met 48 van Bylae 3 is nie op hierdie prospekus van toepassing nie.

ONDERTREKKE: JOHANNI SBUGURU, direkteur van die Maatskappy op die dag van Julie 1977

- G. M. Hlohl
- P. P. H. F. Oppenheimer
- M. S. Mackinnon
- P. P. D. V. Thibodeau
- M. S. Mackinnon
- J. C. E. Johnson
- D. B. Hlohl
- G. M. Hlohl
- W. R. Lurie
- N. I. Oppenheimer
- G. S. Young

**LYS VAN VASTE EIENDOM**

Let wel: Alle eiendomme is geleë in Registrasie afdeling 1 R, Transvaal

Datum	Naam van Eienaar	Bewonderde hede van Eiendom	Aard van Besitting of Verhouding	Naam en Adres van Verkoper	Koopprijs of Betalings Bedrag
1 Mei 1975	Erf nr 700, Selcourt Springs	(2 203 vk. meter)	Eiendoms- (Oordrag- datum 19/6/75)	Daniel Hendrik Cilliers Phoenixweg 5, Selcourt Springs	R46 500,00
20 Augustus 1975	Hoewe nr 577 Witbok-landgoed, Distrik Brakpan (164-467 0 hektaar)		Eiendoms- grond (Oordrag- datum 9/12/76)	Christiaan Arnoldus van den Berg, Poshus 1241, Dalview	R165 000,00
3 September 1975	Grond-eis 14 en 15 van die plusse vlakfontein nr 161 Distrik Ngele, gesamentlike grootte 329 ha 0 hektaar (Verband geregtelike teen gunste van die Verkoper vir R150 000,00)		Eiendoms- grond (Oordrag- datum 25/10/75)	Hermanus Johannes Meyer van Aardweg 55 Selectionpark Springs	R300 000,00
6 Oktober 1975	Hoewe nr 207 en nr 208 Wipoor Estates Distrik Brakpan elk groot 4 047 1 hektaar		Eiendoms- grond (Oordrag- datum 18/3/76)	Bachhorst Broers (Eiendoms) Bpkp, Poshus 160 Brakpan	R22 000,00
4 Februarie 1976	Hoewe nr 575 Witbok Estates 1 1497 1497 hektaar en Hoewe nr 576 Witbok Estates (63 060 7 hektaar) Distrik Brakpan (Verband teen gunste van die Verkoper vir R580 000,00)		Eiendoms- grond (Oordrag- datum 6/12/76)	H. B. Farming Estate (Proprietars) Limited P. K. Brakpan	R590 000,00
9 Maart 1976	Gedeelte 13 van die plusse vlakfontein nr 161, Distrik Ngele (111,727 8 hektaar)		Eiendoms- grond (Oordrag- datum 10/1/77)	Hermanus Johannes Roodt, Poshus 121, Rand Collern, Dalview	R120 000,00

1977  
 (2 006 vk meter)

Datum	Naam van Eienaar	Bewonderde hede van Eiendom	Aard van Besitting of Verhouding	Naam en Adres van Verkoper	Koopprijs of Betalings Bedrag
21 Februarie 1977	Gedeelte van die Oorblywende Deel van die Gedeelte 12 van die plusse vlakfontein nr 161 Distrik Ngele (nagemoeg 12 7 hektaar)		Eiendoms- grond (Oordrag- datum 20/5/77)	Hermanus Johannes Meyer, Van Aardweg 55, Selectionpark Springs	R1 000 000 per hektaar
22 Februarie 1977	Erf nr 6205		Eiendoms- grond (Oordrag- datum 20/5/77)	The South African Land & Exploration Company Limited, Mamstrat 44 Johannesburg	R39 000,00
9 Maart 1977	Erf nr 784, Selcourt Springs		Eiendoms- grond (Oordrag- datum 20/5/77)	Lucille Short, Kenanweg 16 Selcourt Springs	R42 500,00
5 Mei 1977	Erf nr 156 Dalpark-omgeweide Brakpan		Eiendoms- grond (Oordrag- datum 20/5/77)	Gerrald Vincent Kallenberg, P/a Poshus 110 Brakpan	R27 700,00
16 Junie 1977	Gedeelte van die oorblywende deel van Gedeelte 10 van die plusse Wipoor nr 117, distrik Brakpan (nagemoeg 16 hektaar)		Eiendoms- grond (Oordrag- datum 20/5/77)	The South African Land & Exploration Company Limited, Mamstrat 44 Johannesburg	R19 500,00
16 Junie 1977	Privaat Stylis nr 1270 en 1272		Oordrag van eiendoms- grondeenheid (nagemoeg 16 hektaar)	The South African Land & Exploration Company Limited, Mamstrat 44, Johannesburg	R80 000,00
16 Junie 1977	Erf nr 215 Mlorehill Uitbreiding 1, Benoni		Eiendoms- grond (Oordrag- datum 20/5/77)	Levi Andrew Skirvad, Levdsstraat 3 Mlorehill Uitbreiding 1 Benoni	R44 000,00
16 Junie 1977	Erf nr 6216 Furrantere Uitbreiding 20 Benoni		Eiendoms- grond (Oordrag- datum 20/5/77)	Gillian Mary Belton, Brookstraat 12 Furrantere Uitbreiding 20, Benoni	R37 500,00

**A LYS VAN BOUVERENIGINGSLIENINGS (OP 31 MEI 1977)**

Item Nr	Gesekureer	Naam van Gekliedde	Bedrag Bedinge Voorwaardes van Teruggelating	Reïskope, Sekuriteit
13	Gesekureer	Natalse Bouvereniging (Permanent)	R20 000,00 Teruggelating van maandelikse paaiemente van R217,00 oor twintig jaar beginnende 1 Februarie 1977	Erf nr 1422, Selcourt Springs
14	Gesekureer	Allied Bouvereniging	R33 750,00 Teruggelating van maandelikse paaiemente van R372,00 oor twintig jaar beginnende 1 April 1977	Erf nr 977 Selcourt Springs
20	Gesekureer	United Bouvereniging	R40 000,00 Teruggelating van maandelikse paaiemente van R441,00 oor twintig jaar beginnende 1 Junie 1977	Erf nr 263, Lakerfield Uitbreiding 17 Benoni

**B LYS VAN BOUVERENIGINGSLIENINGS GOEDGELIËR MAAR YFRANDE NOG NIE GEREGETREER OP 31 MEI 1977 NIE**

Item Nr	Gesekureer	Naam van Gekliedde	Bedrag Bedinge Voorwaardes van Teruggelating	Reïskope, Sekuriteit
15	Gesekureer	United Bouvereniging	R34 400,00 Teruggelating van maandelikse paaiemente van R379,00 oor twintig jaar beginnende op die eerste dag van die maand in die registrasie van die verbint	Erf nr 325, Morschill Uitbreiding 2 Benoni
16	Gesekureer	United Bouvereniging	R34 400,00 Teruggelating van maandelikse paaiemente van R379,00 oor twintig jaar beginnende op die eerste dag van die maand in die registrasie van die verbint	Erf nr 220, Lakerfield Benoni
17	Gesekureer	United Bouvereniging	R18 000,00 Teruggelating van maandelikse paaiemente van R183,00 oor twintig jaar	Erf nr 99, Lakerfield Benoni

**GETAL AANDELE WAAROM AANSOEK GEDOEN WORD (MINIMUM 100)**

Bedrag van Betaling ten Opsigte van Aandeel	Waarde van Aandeel	Waarde van Aandeel	Waarde van Aandeel
100 tot en met 2 000 aandeel	100	100	100
meer as 2 000 aandeel	500	500	500

**ANTTEKENINGE**

- 1 Alle veranderinge op hierdie aansoekvorm, die skraping van alternatiewe uingesonderd, moet deur 'n volledige handtekening bekragtig word
- 2 'n Prokurasie of ander volmag waaronder hierdie aansoekvorm onderteken word, moet hierdie aansoek te vergesel nie Die Maatskappy behou hom egter die reg voor om te eniger tyd sodanige prokurasie of ander volmag op te eis vir aantekening in sy rekords
- 3 Daar mag nie in die naam van 'n minderjarige, bestuurde boedel, vennootskap of trust om die aandeel aansoek gedoen word nie, en 'n getroude vrou moet deur haar egeenoot bygestaan word, tensy sy welk sonder sy bystand kan handel
- 4 Geen ontvangsbewyse sal vir aansoek uitgereik word nie Dokumente wat aansoekers terugbesorg word
- 5 Betaling ten opsigte van aandeel waarom aansoek gedoen en wat toegewys word, moet by aansoek ten volle verleen word en moet hierdie aansoekvorm vergesel ingevolge die wisselkoersbeheerregulasies van die Republiek van Suid-Afrika mag effekterand of geblokkeerde rand NIE gebruik word om vir die aandeel te betaal nie

**AANSOEKE DEUR GENOMINERDES.**

Die getal aandeel waarom namens elke prinsipaal aansoek gedoen word, moet hieronder getoon word

Item	1	2	3	4	5	6	7	8	9	10	11	12	13
	14	15	16	17	18	19	20	21	22	23	24	25	26
	27	28	29	30	31	32	33	34	35	36	37	38	39
	40	41	42	43	44	45	46	47	48	49	50		

**Stempel vir makelary**

Aansoek Nr	Residensiekode	Makelaarskode	Uitgestel

(Slegs vir kantoorgebruik)

Elizabeth van Heyningen from the History Department is working on a history

financing or ability to do things doing basis four rare and

**Personeel**

Die Ergo-projek sal R140 miljoen kos en hiervan is reeds sowat R70 miljoen bestee Die grootste deel van die res sal oor die volgende twaalf tot 18 maande bestee word. Soos gebruiklik by goudmyne word die grootste deel van die uitgawes deur aandeelkapitaal gefinansier

In die prospektus word 16 000 000 aandele aangebied teen 350c stuk wat 'n inkomste van R56 miljoen sal gee Met inagneming van die 24 miljoen aandele wat reeds uitgereik is, sal die maatskappy se eie kapitaal n a kostes op R114 500 000 staan. Die verskil tussen hierdie bedrag en die geraamde koste sal deur korttermyn-lenjings en die terugploeg van winste gefinansier word

Ergo beplan om maandeliks sowat 1,5 miljoen ton van die verskillende sikkdamme te verwerk. Die verwagte gemiddelde graad van die goud is 0,53 gram per ton, uraan 0,04 kilogram per ton, terwyl die sikklik 1,04 persent swaël bevat

Hierdie graad is natuurlik baie laer as dié van 'n goeie goudmyne soos Vaal

Volgens die prospektus is die direkteure van mening dat 'n eerste dividend van 25c per aandeel betaal kan word vir die jaar tot 31 Maart 1979 en dat dit verhoog sal word tot 50c per aandeel ten opsigte van die daaropvolgende boekjaar

Teen die uitgruiferys van 350c per aandeel beteken die dividend van 50c 'n opbrengs van net meer as 14 persent Al word aangeneem dat die hele projek ná twintig jaar afgeleë is en dat 'n dividend van 50c per jaar vanaf die tweede jaar gehandhaaf word, gee dit teen 'n verdiskonteringskoers van 12 persent 'n teenwoordige waarde van 313c per aandeel

Dit is op 'n huidige goudprys van 120 dollar per ons. Dit lyk dus nie of beleggers verkeerd kan gaan deur vir die aandele aansoek te doen nie.

gemaak, sou ton uraan en 530 000 ton swaelsuur Die maatskappy het reeds kontrakte aangegaan vir die verkoop van die swaelsuur en die uraan. Die goudproduksie sal in latere jare afneem en die gemiddelde jaarlikse goudproduksie oor die eerste twintig jaar word op 5 400 kilogram geraam en dié van uraan op 150 ton.

# ERGOSTE GOU

## Anglo mark

### Hand oop

Deur VIC DE KLERK

**VIR die gewone belegger is daar van more af weer 'n kans om aansoek te doen om 'n uitgifte van nuwe aandele en in die proses 'n lekker kapitaalwinst te maak. Dit is baie jare dat daar laas só 'n kans op die Beurs was.**

*East Rand Gold and Uranium Company (Ergo) bied volgens 'n prospektus wat vandag uitgestel is, 16 000 000 nuwe aandele teen 350c stuk aan en die publiek kan aansoek doen om 3 750 000 van hierdie aandele Beleggingsontleeders is dit eens dat hierdie aandele wanneer dit op 4 Augustus genoteer word, 500c stuk kan haal*

Ergo is 'n maatskappy wat deur Anglo American gevorm is om ou sikkdamme aan die Oos-Rand oor te

wek om die goud, uraan en swaël daaruit te herwin Daar is al lank gespekuleer oor die wenslikheid om die sikkdamme van die land se ouer goudmyne — die meeste van hulle het al gesluit — oor te werk omdat die ou proses van goudherwinning nie baie goed was nie.

Volgens die tegniese verslag wat by die prospektus ingesluit is, kan die goud uit die eerste negentien damme wat Ergo oor die volgende twintig jaar wil verwerk, herwin word teen 'n goudprys van so laag as 30 dollar per ons In die eerste kwartaal vanjaar was Oos-Driefontein die goudmyne wat die beste kon

Reefs Die gemiddelde goudwaardes by Vaal Reefs is 8,9 gram per ton en uraan ongeveer 0,6 kilogram per ton Maar die gemiddelde produksiekoste per ton by Vaal Reefs is R25,67, terwyl Ergo 'n beplande koste van slegs R1,4 per ton het Ergo sal dan ook hierdie geweldig groot produksie kan behaal met 'n personeel van slegs 475, terwyl Vaal Reefs byvoorbeeld meer as 30 000 swartes in diens het vir sy maandelikse produksie van 580 000 ton erts

Die jaarlikse produksie van Ergo, ná 'n opbou tydperk van 'n paar maande, word op 7 000 kg goud

careers. He is an advisor to the Science Education Project operating out of Fort Hare which is developing science curricula for Standards VI and VII in the Black schools. He is also interested in the history of science, particularly Newton.

Harwood Advertising 6819A

Deke - Rapport

SONDAG, 10 Julie 1977

RDM 13/7/77

# Degussa predicts gold dip, then firm trend

214

FRANKFURT. — The gold price could fall for seasonal reasons, but firm again on the present \$142 in the autumn, says Mr Werner Knies, head of trading at the Degussa precious metals trading and processing group.

A summer slowdown in industrial demand, except perhaps from Italy and Spain, which produce gold jewellery and souvenirs for tourists, coupled with investor profit taking, is the chief reason for gold's easier trend, he says.

Generally, industry finds current prices acceptable and demand from processors will lift the price once the factory holiday season ends.

In spite of a firmer tone in the market from around September, investor and speculative interest will remain restrained

This will halt a runaway 1977-78 upward price spiral

Last August, the gold price dropped to \$103.05, but recovered within seven months to \$153.60 before dropping back to \$145 by the end of May and then easing gradually

Gold will be effectively demonetised when International Monetary Fund statutes are ratified this autumn, allowing for central bank free market buying in addition to the current right to sell

The market has no idea how much gold the central banks will buy when the official price is ended, or how they will value their gold reserves. It could be that the central banks will undertake market regulation to protect the value of their reserves, he says

Speculators and investors

need an indication that the 1977-78 price will rise noticeably before entering the market, but too many uncertainties are in the way of bullish forecasting

It is impossible to say whether the United States Treasury will sell gold from its stocks should the price reach any particular level, or if it will sell to defend the dollar against a speculative run. At any rate, it is not slowing the dollar's fall now

Falling prices indicate South Africa's 709-ton gold production last year could rise in 1977 as mining companies will be forced by rising costs to work high-grade ore to improve operating profits

However, the supply of South African gold can be manipulated by Reserve Bank swops under which the bank sells gold to Swiss banks on a spot basis and rebuys it forward.

Such gold becomes in effect collateral for credits, and does not reach the market for some time

Soviet gold sales should be around last year's 300 tons, but if prices fall, the Soviet Union could prefer to seek bridging credits for project and import finance rather than offload gold

— Reuter

# Tax bolsters Harmony in poor quarter

RDM  
19/7/77  
214

By DON ROBERTSON

TAX credit of R3 513 000 saved Harmony from what would have been a dismal June quarter, with production barely changed and working profits down.

The tax credit for this Rand Mines group mine resulted from an overprovision made in the year and helped to push the pre-taxed profit from R3 548 000 (R13 091 000) to an attributable figure of R7 061 000 (R8 017 000).

Profits from uranium and sulphuric acid sales amounted to only R156 000 compared with the previous quarter's unusual profit of R8 965 000.

Tonnage milled rose slightly to 1 533 000 tons (1 526 000 tons), but was affected by a fire which resulted in lost production of about 30 000 tons. The real effects of this will become apparent in the current quarter.

The recovery grade was reduced to 5,24 g/t (5,37 g/t) and gold output was lower at 8 079 kg (8 189 kg). Revenue showed only a small increase over the previous quarter and with costs up to R18,82 a ton (R17,38), the working profit was lower at R2 680 000 (R3 360 000).

Development results continue to show low values and of 1 126-m sampled on the Basal and Leader reefs, gold values of 653 cm/g and uranium values of 18,49 cm/kg were proven.

Reserves, calculated at a price of \$140 and oz were 13 195 000 tons, at 1 197 cm/g gold and 24,62 cm/kg uranium.

BLYVOORUITZICHT fared a little better and increased taxed profits to R7 160 000

(R6 862 000)

Tonnage milled rose to 441 000 (412 000) and with the grade increased to 12,3 g/t (12,1 g/t) gold output was higher at 5 423,6 kg (4 984,5 kg).

However, costs rose to R27,38 a ton (R27,20) which left a working profit of R9 213 000 (R7 105 000). In the March quarter, the mine earned R1 060 000 from clean-up operations, which was not repeated in the June period.

Uranium production in the quarter was 33 851 kg (30 411 kg) and building of the uranium recovery complex for slimes at No. 1 and 6 dams has been completed. It is being commissioned.

ERPM contained costs but because of its high costs nature — R31,28 a ton it suffered a working loss. This rose to R3 051 000 (R2 710 000 loss) and only an increase in State aid reduced the overall loss to R754 000 (R807 000 loss).

DURBAN DEEP suffered a working loss of R2 281 000 (R2 151 000 loss), but State assistance reduced this to a loss of R155 000 (R304 000 loss).

Tonnage milled was 529 000 (480 000) at a grade of 3,57 g/t (3,80 g/t) to produce 1 889,1 kg (1 823,5 kg) of gold. Costs were barely changed at R18,40 a ton.

# GfSA output and profits rise

RDM  
19/7/77  
214

By DON ROBERTSON  
Mining Editor

THE expected improvement in gold quarterly results is shown in the figures produced by Gold Fields, the first to report for the June quarter.

Overall tonnage milled at group mines was up 18% from 2 354 000 tons in the March quarter to 2 788 000 tons largely as a result of the improved black labour supply and the fact that recruits taken in at the beginning of the year are now productive.

However, production could have been higher, accordingly to Mr R. A. Plumbridge, head of the gold division, had it not been for the introduction of the 11 shift fortnight in April.

Because of the higher tonnage milled, gold output rose to 39 785 kg from 33 860 kg in spite of a slight dip in grade. This, together with the higher average price received — \$143 an oz against \$131 — pushed pre-tax profits up by 35% to R97 100 000 compared with R72 000 000.

WEST DRIEFONTEIN raised tonnage milled to 560 000 tons (501 000 tons). Grade was marginally lower at 23,0 g/t (23,5 g/t) and gold production rose to 12 879 kg (11 764 kg). Along with most other mines in the group, it trimmed unit costs to 27,34 a ton (R27,89).

Gold revenue rose to R53 844 000 (R42 997 000) and costs were R15 313 000 (R13 975 000). Sundry revenue added R1 757 000 (R2 132 000), but pyrite and uranium operations resulted in a loss of R86 000 (profit of R3 166 000). A spot uranium sale concluded just after the end of the quarter should boost this figure in the September quarter.

Tax took R22 835 000 (R18 832 000) leaving net profits at R17 367 000 (R15 488 000).

Results for the year to June should be taxed profits at R63 767 000 from gold production of 52 773 kg at a grade of 23,7 g/t.

Development results on the Carbon Leader and Main Reef were in line with expectations, but results from the VCR showed up the erratic nature of the reef.

Sinking of the No 6 shaft was completed. The equipping of the No 6 sub-vertical shaft was completed at the end of June.

EAST DRIEFONTEIN increased mill throughput to 537 000 tons (432 000 tons) and in spite of a cut in grade to 21,9 g/t

(22,7 g/t), gold production was higher at 11 767,1 kg (9 789,4 kg).

The cut in unit costs to R23,96 a ton (R24,72) produced a proportionately lower rise in the overall cost figure, leaving pre-tax profits at R33 234 000 (R25 489 000).

After tax of R18 965 000 (R14 630 000), profit was R15 540 000 (R12 216 000).

Development results remain encouraging, and 118 m was sampled in an area held under a prospecting permit. It yielded 26,1 g/t over 249 cm for a value of 6 499 cm/g.

DOORNFONTEIN was the star of the batch with taxed profits rising to R3 384 000 (R487 000).

This resulted from an increase in the tonnage milled to 335 000 (R298 000) which produce 3 031 kg (2 501 kg) of gold from an average grade of 9,0 g/t (8,4 g/t).

A further significant factor in Doornfontein's performance was the drop in unit costs to R27,60 a ton (R29,97) which meant that the overall deduction for costs was only slightly higher at R9 245 000 (R8 930 000).

Results for the year show taxed profits at R7 485 000 from gold production of 11 494 kg at a grade of 8,8 g/t.

Reserves, calculated at \$125 an oz, are 2 142 000 tons at a grade of 13,6 g/t over 106 cm.

LIBANON was another good performer, but part of its improvement was offset by a sharp rise in tax, which in the June quarter was almost the same as that for the full year.

Tonnage was up to 393 000 tons (320 000 tons) which, with the higher recovery grade of 9,5 g/t (9,0 g/t) produced 3 733,7 kg (2 882,0 kg) of gold. Costs were lower at R21,14 a ton (R22,22).

Pre-tax profits were R7 015 000 (R3 352 000), but tax took R2 139 000 (R561 000) to leave attributable profits at R4 876 000 (R2 791 000). Profit for the year was R11 464 000.

Results in the ELF I borehole were disappointing, but the LB I borehole intersected the VCR and Eisburg reefs at similar depths, showing values of 1 575 cm/g and 1 064 c/g respectively.

KLOOF pushed up mill throughput to near peak levels at 478 000 tons (R346 000 tons) to produce 5 902,7 kg (4 365,6 kg) of gold from a recovery grade of 12,3 g/t (12,6 g/t).

In spite of receiving the lowest average gold price in the group — \$136 an oz (\$131) —

working revenue rose substantially and with costs well down, the working profit was R10 255 000 (R5 838 000). However, tax rose to R4 393 000 (R813 000), to leave attributable profits at R5 862 000 (R5 025 000).

The No 2 sub-vertical shaft has been completed. Ore reserves are calculated at 3 438 000 tons at 2 573 cm/g.

VENTERSPOST improved its loss position by pushing up tonnage to 307 000 tons (281 000) and raising grade to 6,0 g/t (5,9 g/t).

Unit costs were cut, but a working loss of R157 000 (R769 000 loss) was recorded. State assistance was almost halved but taxed profits were R642 000 (R371 000).

VLAKFONTEIN, almost at the end of the road, increased production from surface dumps, with the result that the recovery grade fell to 3,6 g/t (5,2 g/t).

This resulted in a lower gold production of 635 kg (907 kg) and although costs were down, profits fell to R287 000 (R413 000).

# 11-Shift fortnight leads to lower output, higher costs

RDM 216 19/7/77

Mining Editor

THE INTRODUCTION of the 11-shift working fortnight in April resulted in an estimated 6% cut in production and a rise in costs at a number of gold mines in the quarter to June.

Mr R A Plumbridge, head of the gold division of Gold Fields, says that while production was up at all but one mine in the group because of the improved black labour supply, it would have been higher had it not been for the 11-shift fortnight.

Efforts to reduce this production decline through the increased use of overtime have resulted in higher costs for individual mines.

A spokesman for Rand Mines estimates the production loss at 6% "despite every effort to improve productivity".

The 11-shift fortnight, introduced for a trial of a year, has been a bone of contention between the white trade unions and the Chamber of Mines.

The trade union leader, Mr P J Arrie Paulus, has insisted that it will not lead to a drop in production, and the chamber has remained quiet on its effects.

However, Mr Plumbridge is not prepared to concede that the new working hours are ineffective.

"It will take a year before we can form any sort of possible

judgment"

He expects difficulty in maintaining production in the early stages of the new working system.

Without the overtime, it would not have been possible for his group to have produced the improved June results.

In addition, it was necessary to increase the work force in an effort to counter lost production.

As an example, Mr Plumbridge says that in the June quarter of 1974, when the labour force was as plentiful as it is now, each black worker accounted for the removal of 30 tons a week. This figure is now down to 27 tons.

# Uranium yields rise at Cooke No 2 Shaft

By DON ROBERTSON  
Mining Editor

**INCREASED** production from Randfontein Estates' Cooke No 2 shaft area resulted in a further sharp fall in recovery grade in the quarter to June.

But although the fall in grade is perhaps bigger than was expected, it is in line with the planned introduction of larger tonnages of lower-grade ore from Cooke No 2. While gold grades from this area are lower, uranium values are higher.

The gold yield in the June quarter was 15,2 g/t compared with 17,4 g/t in the March quarter and 18,5 g/t in the last quarter of 1976.

This resulted in slightly lower gold production of 4 226 kg (4 246 kg in the March quarter) in spite of an increase in the mill throughput to 278 000 tons (244 000 tons).

The higher price received —

\$138,20 an oz — and the fact that costs were held at R20,79 a ton (R20,33) resulted in a slightly improved working profit of R10 621 000 (R10 554 000).

Tribute and sundry revenue were barely changed, but the lower interest received — R279 000 against R453 000 — reversed the improved trend and net profits were marginally lower at R11 019 000 compared with R11 150 000.

Development continued apace, but sampling was reduced as operations are being concentrated on reef development. A total of 801 m (1 182 m) was sampled in the Cooke No 1 and No 2 shaft areas showing gold values of 15,5 g/t (17,3 g/t) and uranium values of 0,244 kg/t (0,269 kg/t). As expected, results from the Cooke No 2 area show a fall in gold values, but a good improvement in uranium values to a rich 0,36 kg/t compared with 0,232 kg/t in the March quarter.

Capital expenditure continued to increase, reaching R28 796 000 (R13 739 000) and reflecting the increased tempo of construction work at the Cooke plant. The Millsite plant, which will eventually treat accumulated slimes mainly for uranium, is operating at its designed capacity of 100 000 tons a month. Production of uranium oxide is expected to start before the end of the next quarter.

While the latest results do not match up to Randfontein's high-flying image, it must be remembered that it is in effect a developing mine and that its potential will soon be realised.

Profits for the six months of the current financial year are R22 169 000 and capital expenditure has risen to R42 535 000.

Western Areas, the other gold mine in the Johnnies group, had a fairly successful quarter, but like Randfontein and other mines which have reported for the June quarter, it felt the adverse effects of the 11-shift fortnight.

Tonnage milled rose substantially to 879 000 tons (687 000) and would have been 37 000 tons higher but for problems at the South Plant. This amount was stockpiled on surface and consequently affected gold recovery, revenue and unit costs. However, being richer ore from the southern area, it will help results in the next quarter.

Grade was down slightly to 6,0 g/t (6,3 g/t) mainly because a fire, which began in the first quarter, forced the deployment of labour into lower-grade stopes.

Because of the higher tonnage milled, gold output rose to R5 274 kg (4 328 kg). Together with the higher gold price, this resulted in an increased revenue. Costs were reduced to R21,50 a ton (R24,34) which helped to turn the March quarter's working loss of R950 000 into a working profit of R1 776 000.

Sundry revenue was R778 000 compared with R2 597 000 in the March period, the discrepancy resulting from fire insurance claims, a factor which also affected tax.

Development results on the Elsburg Reefs were much the same as in the previous quarter, but on the VCR the gold value fell to 7,3 g/t from 18,6 g/t although this was on a significantly smaller sampled length of 12 m against 81 m.

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# General Mining Group

## GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1977



All companies mentioned are incorporated in the Republic of South Africa

### STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 13 062 920 shares of 50 cents each

Operating results	Quarter ended		6 months ended
	30 Jun 1977	31 Mar 1977	30 Jun 1977
Stilfontein Ore milled (t)	469 000	450 000	919 000
Gold produced —			
Stilfontein ore (kg)	3 905,888	4 049,124	7 955,012
Yield — Stilfontein ore (g/t)	8,33	9,00	8,66
Working revenue per ton milled (R)	32,99	34,24	33,60
Working cost per ton milled (R)	34,27	34,23	34,25
Income/(loss) per ton milled (R)	(1,28)	0,01	(0,65)

Financial (R'000)			
Working revenue (gold)	15 472	15 409	30 881
Working costs (gold)	16 073	15 403	31 476
Income/(loss) (gold)	(601)	6	(595)
State aid	1 854	942	2 796
Income on sale of acid	11	16	27
Income at mine	1 264	964	2 228
Net additional revenue	151	135	286
Less interest	39	33	72
Income before taxation and State's share of income	1 376	1 066	2 442
Taxation and State's share of income	61	57	118
Income after taxation and State's share of income	1 315	1 009	2 324
Capital expenditure	397	442	839
Trade investments	(18)	(1)	(19)
Dividends declared	1 437	—	1 437
cents per share	11	—	11
Loan repayments	103	—	103
Loan balance outstanding	1 112	1 215	1 112
Loan levies	9	8	17
Capital Expenditure Commitments	—	—	82 000
Capital Expenditure for remainder of year	—	—	2 353 000

Development			
Advanced (m)	5 202	5 013	10 215
Sampling results Sampled (m)	810	1 242	2 052
Channel width (cm)	25	25	25

Average value gold (cm g/t)	1 187	1 141	1 159
Uranium (cm kg/t)	17,39	17,06	17,19
Payable*			
Metres (m)	432	612	1 044
Percentage	53,3	49,3	50,9
Channel width (cm)	18	20	19
Value gold (g/t)	105,1	92,3	97,2
Uranium (kg/t)	1 881	1 856	1 866
(cm kg/t)	22,81	23,96	23,49

#### Development Summary for the three months ended 30 June 1977

Reef	Metres advanced	Metres sampled	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	767	678	17	82,1	1 387	1 058	17,99
Ventersdorp Contact	—	—	—	—	—	—	—
Commonage	137	126	68	2,4	163	0 198	13,45
Livingstone	5	6	83	0,0	0	0 384	31,80
<b>Total</b>	<b>909</b>	<b>810</b>	<b>25</b>	<b>46,7</b>	<b>1 187</b>	<b>0 698</b>	<b>17,39</b>

Reef	Payable metres	Percentage payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	432	63,7	18	105,1	1 881	1 274	22,81
V C R	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
<b>All Reefs</b>	<b>432</b>	<b>63,3</b>	<b>18</b>	<b>105,1</b>	<b>1 881</b>	<b>1 274</b>	<b>22,81</b>

**PRODUCTION**  
The lower average recovery grade for the quarter resulted in a decline of 143 kilograms in gold production as compared with that of the previous quarter, but the higher gold price realised raised the working revenue by R63 000. This in turn, was reduced by higher working costs due mainly to an increase in Black labour strength and costs involved in the 11-day fortnight.

**CAPITAL EXPENDITURE**  
The main capital expenditure was in respect of underground refrigeration, development into the eastern zone of the mine and pumping arrangements.

On behalf of the board,  
J C FRITZ }  
D G MALAN } Directors



## BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 11 000 000 shares of R1 each

### Operating results

	Quarter ended		12 months ended
	30 June 1977	31 March 1977	30 June 1977
<b>Gold</b>			
Ore milled (t)	782 000	763 000	3 101 000
Ore milled by Stilfontein (t)	9 000	16 000	98 000
Ore milled — Total (t)	791 000	779 000	3 199 000
Gold produced (kg)	7 270,137	7 041,232	28 374,821
Gold produced by Stilfontein (kg)	79,672	158,753	902,046
Gold produced — Total (kg)	7 349,809	7 199,985	29 276,867
Yield (g/t)	9,30	9,23	9,15
Yield by Stilfontein (g/t)	8,85	9,92	9,20
Yield — Total (g/t)	9,29	9,24	9,15
Working revenue per ton milled (R)	35,87	33,83	31,87
Working cost per ton milled (R)	26,40	25,39	24,20
Income per ton milled (R)	9,47	8,44	7,67
<b>Uranium</b>			
Pulp treated (t)	774 000	763 000	43 084 000
Oxide produced (kg)	163 700	164 900	657 600
Yield per ton (kg/t)	0,211	0,216	0,213
<b>Financial (R'000)</b>			
Working revenue (gold)	28 371	26 357	101 951
Working costs (gold)	20 880	19 776	77 419
	7 491	6 581	24 532
Tribute agreement - Vaal Reef (Nett)	245	374	619
Income (gold)	7 736	6 955	25 151
Income on uranium production	6 043	1 851	10 266
Tribute agreement Vaal Reefs nett	11	—	11
Income on sale of pyrite	138	99	382
Income on sale of acid	22	23	86
Income at mine	13 950	8 928	35 896
Net additional revenue	433	316	1 315
Less interest	1	1	6
Income before taxation and State's share of Income	14 382	9 243	37 205
Taxation and State's share of Income	7 524	4 239	15 893
Income after taxation and State's share of Income	6 858	5 004	21 312
Capital expenditure Gold	1 871	1 107	6 665
Uranium and acid	72	39	468
Trade investments	5	(5)	8
Dividends declared	9 900	—	14 300
cents per share	90	—	130
Loan repayments	—	—	—
Loan balance outstanding	29	29	29
Loan levies	797	30	1 693
Capital Expenditure Commitments	—	—	2 536 000
Capital Expenditure for remainder of year	—	—	—
<b>Development</b>			
Advanced (m)	16 541	14 995	65 618
Sampling results Sampled (m)	1 476	1 503	5 925
Channel width (cm)	113	118	114

Average value		1 818	1 513	1 640
Gold (cm g/t)				
Uranium (cm kg/t)		59,43	54,26	54,24
<b>Payable:</b>				
Metres (m)		888	774	3 210
Percentages		60,2	51,5	54,2
Channel width (cm)		102	108	104
Value gold (g/t)		23,25	19,24	21,91
Value uranium (kg/t)		0,678	0,615	0,633
(cm kg/t)		69,11	66,21	65,64

### Development Summary

for the three months ended 30 June 1977

Area	Payable metres	Per-centage Payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Pioneer Secondary	87	43,3	102	33,78	3 395	0,735	74,98
Lucas Block	132	80,0	73	43,54	3 190	1,223	89,31
Southern Shaft	351	72,0	84	21,54	1 812	0,597	50,14
Orangia Shaft	150	50,0	125	19,47	2 436	0,564	70,56
South Vaal	168	51,9	141	16,33	2 305	0,627	88,54
<b>Totals</b>	<b>888</b>	<b>60,2</b>	<b>102</b>	<b>23,25</b>	<b>2 370</b>	<b>0,678</b>	<b>69,11</b>

### Ore Reserves 30 June 1977

	Available	Unavailable	Total Mine
Tons	4 709 638	1 731 785	6 441 423
Stope width — cm	147	147	147
Value gold — g/t	13,00	16,86	14,04
cm g/t	1 913	2 476	2 065
uranium — kg/t	0,402	0,363	0,392
cm kg/t	59,20	53,30	57,61

Pay limit is related to a gold price of R3 914/Kg (\$140/oz)

### PRODUCTION (GOLD)

Gold production was 150 kilograms higher than in the previous quarter following an increase of 12 000 tons milled and an improvement in recovery grade

The higher production coupled with a better gold price resulted in an increase of R2 014 000 in revenue from gold

### PRODUCTION (URANIUM)

Although uranium production remained steady, the income derived from sales increased by R4,20 million due to higher prices being obtained from sales during the quarter as well as back payments on previous deliveries

### WORKING COSTS

Working costs increased by R1 104 000 mainly as a result of an increase in Black labour complements, additional payments related to the new 11-day fortnight introduced during the quarter and higher cost of stores and electric power.

### CAPITAL EXPENDITURE

The main items were related to ancillary work at the site of the new Strathmore sub-vertical shaft, refrigeration installations and metallurgical plant

On behalf of the board,  
J C FRITZ }  
D J THERON } Directors

General Mining Group Gold Mining Companies' Reports (continued)

# WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital 4 250 000 shares of R1 each  
25 000 deferred shares of R2 each

**Operating results**

	Quarter ended		6 months ended
	30 Jun 1977	31 Mar 1977	30 Jun 1977
<b>Gold Section</b>			
Ore milled ex underground (t)	168 500	186 286	354 786
Ore milled ex surface dumps (t)	—	37 714	37 714
<b>Total ore milled (t)</b>	<b>168 500</b>	<b>224 000</b>	<b>392 500</b>
<b>Gold produced (kg)</b>	<b>1 056,210</b>	<b>882,217</b>	<b>1 938,427</b>
ex underground sources	—	29,000	29,000
ex surface dump	—	—	—
<b>Total gold</b>	<b>1 056,210</b>	<b>911,217</b>	<b>1 967,427</b>
<b>Yield g/t</b>	<b>6,27</b>	<b>4,74</b>	<b>5,46</b>
ex underground sources	—	0,77	0,77
ex surface dump	—	—	—
<b>Uranium Section</b>			
Ore to Stockpile (t)	—	—	—
<b>Gold</b>			
Ore milled ex underground (t)	214 000	199 000	413 000
Ore milled ex stockpile (t)	—	—	—
<b>Total ore milled (t)</b>	<b>214 000</b>	<b>199 000</b>	<b>413 000</b>
<b>Gold produced (kg)</b>	<b>135,790</b>	<b>147,783</b>	<b>283,573</b>
<b>Yield (g/t)</b>	<b>0,63</b>	<b>0,74</b>	<b>0,69</b>
<b>Uranium</b>			
Tons treated (t)	211 400	200 800	412 200
<b>Uranium produced (kg)</b>	<b>60 764</b>	<b>58 528</b>	<b>119 292</b>
<b>Yield (kg/t)</b>	<b>0,287</b>	<b>0,291</b>	<b>0,289</b>
<b>Financial (R'000)</b>			
Working revenue (gold)	4 753	4 024	8 777
Net revenue (uranium)	5 603	2 720	8 323
Net revenue (acid and pyrite)	1	1	2
<b>Total revenue</b>	<b>10 357</b>	<b>6 745</b>	<b>17 102</b>
<b>*Working Costs</b>			
Underground operations	8 910	7 978	16 888
Per ton milled (R/ton)	23 29	20,71	22,00
Surface	—	284	284
Per ton milled (R/ton)	—	7,53	7,53
<b>Total Working Costs</b>	<b>8 910</b>	<b>8 262</b>	<b>17 172</b>
<b>Total per ton milled (R/ton)</b>	<b>23,29</b>	<b>19,53</b>	<b>21,32</b>
<b>Income/(Loss)</b>	<b>1 447</b>	<b>(1 517)</b>	<b>(70)</b>
State aid	129	1 273	1 402
State aid 1976 adjustment	463	—	463
Net additional revenue	103	123	226
<b>Income/(Loss) before taxation</b>	<b>2 142</b>	<b>(121)</b>	<b>2 021</b>
Taxation	Cr 23	—	Cr 23
<b>Income/(Loss) after taxation</b>	<b>2 165</b>	<b>(121)</b>	<b>2 044</b>
<b>*Excludes uranium treatment costs</b>			
Capital expenditure	391	347	738
Unlisted investments	(50)	—	(50)
Dividends declared	128	—	128
Ordinary amount	3	—	3
Cents per share	42	—	42
Deferred Amount	1,70	—	1,70
Rand per share	—	—	79 000
Capital Expenditure Commitments	—	—	638 000
Capital Expenditure for remainder of year	—	—	—
<b>Development</b>			
Advanced (m)	3 352	3 358	6 710
<b>Gold Section</b>			
Advanced (m)	1 160	1 325	2 485
Sampling results Sampled (m)	393	231	624
Channel width (cm)	87	68	80
Average value (cm g/t)	1 851	1 373	1 754

<b>Payable</b>				
Metres (m)	152	111	263	
Percentage	38,5	48,1	42,1	
Channel width (cm)	91	78	86	
Value (g/t)	32,31	27,34	30,36	
Value (cm g/t)	2 937	2 131	2 596	
<b>Uranium Section</b>				
Advanced (m)	2 191	2 033	4 224	
Sampling results Sampled (m)	718	663	1 381	
Channel width (cm)	44	48	46	
Average value uranium (cm kg/t)	55,75	71,02	63,08	
gold (cm g/t)	134	152	143	
<b>Payable</b>				
Metres (m)	376	422	798	
Percentage	52,4	63,6	57,8	
Channel width (cm)	45	46	46	
Value Uranium (kg/t)	1,822	2,074	1,953	
Value Uranium (cm kg/t)	81,22	95,77	88,91	
gold (g/t)	4,49	3,38	3,88	
gold (cm g/t)	200	156	177	

**Development Summary**  
for the three months ended 30 June 1977

Reef	Payable metres	Per-centage payable	Channel width cm	Value			
				g/t	cm g/t		
Main Reef	48	66,7	81	27,11	2 203		
South Reef	—	—	—	—	—		
Livingstone Reef	—	—	—	—	—		
Kimberley Reef	104	32,2	95	34,37	3 277		
Ventersdorp Contact Reef	—	—	—	—	—		
<b>Totals</b>	<b>152</b>	<b>38,5</b>	<b>91</b>	<b>32,31</b>	<b>2 937</b>		
Reef	Payable metres	Per-centage payable	Channel width cm	Uranium		Gold	
				kg/t	cm kg/t	g/t	cm g/t
White Reef	16	31,4	96	0,574	55,41	14,68	1 416
Monarch Reef	194	62,0	24	3,272	78 38	5 00	120
Upper Monarch Reef Zone 2	129	45,7	59	1,470	86,84	2,09	123
Upper Monarch Reef Zone 4	37	52,1	78	1,124	87,94	4,38	342
Other Reefs	—	—	—	—	—	—	—
<b>Totals</b>	<b>376</b>	<b>52,4</b>	<b>45</b>	<b>1,822</b>	<b>81,22</b>	<b>4,49</b>	<b>200</b>

**PRODUCTION — (GOLD SECTION)**

The tonnage milled ex underground sources declined by 17 800 tons and the supply of ore from the low-grade surface dumps was discontinued. The gold sales increased by 145 kilograms, as it was possible to be more selective in the areas mined

**PRODUCTION — (URANIUM SECTION)**

The increase of 2 236 kilograms of uranium oxide produced was due to the increase of 10 600 tons of ore treated

**WORKING INCOME**

The increase of R729 000 in gold revenue was due to a higher gold price and increased gold sales. The increase in uranium revenue of R2 883 000 reflects spot sales in addition to commitments. Revenue derived from current spot sales of uranium oxide should not be seen in an over-optimistic light as these sales have been made from the existing stockpile. The increase in working costs of R648 000 was due mainly to the higher black labour complements, electric power costs, extra cost of pumping extraneous water flowing into the mine and additional payments related to the 11-day fortnight

**CAPITAL EXPENDITURE**

The main capital expenditure was in respect of the recommissioning of the lower levels of the Monarch Shaft for exploitation of the Bird Reefs

On behalf of the board,  
A W S SCHUMANN } Directors  
J C FRITZ }

# SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital — 1 420 663 shares of 56 cents each

## Operating Results

	Quarter ended		12 months ended
	30 Jun 1977	31 Mar 1977	30 Jun 1977
Ore milled (t)	55 000	48 500	234 000
Gold produced (kg)	281,154	284,467	1 228,081
Yield (g/t)	5.11	5.87	5.25
Working revenue per ton milled (R)	19.93	21.50	17.88
Working cost per ton milled (R)	22.04	23.34	22.96
Loss per ton milled (R)	2.11	1.84	5.08

## Financial (R'000)

Working revenue	1 096	1 042	4 183
Working costs	1 212	1 132	5 372
Loss	116	90	1 189
State aid	271	236	1 042
Net additional expenditure	27	20	90
Income/(Loss) before taxation	128	126	(237)
Taxation	—	—	—
Income/(Loss) after taxation	128	126	(237)
Capital expenditure	23	4	31
Dividends declared per share (cents)	—	—	—
Capital Expenditure Commitments	—	—	1000
Capital Expenditure for remainder of year	—	—	—

## Development

Advanced (m)	589	85	1 596
Sampling results Sampled (m)	273	72	626
Channel width (cm)	159	99	121
Average value (cm g/t)	757	675	669
Payable:			
Metres (m)	40	17	82
Percentage	14.8	22.9	13.2
Channel width (cm)	166	109	122
Value (g/t)	10.75	13.65	12.02
(cm g/t)	1 790	1 481	1 469

## Development Summary

for the three months ended 30 June 1977

### Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	g/t	Value cm g/t
Ventersdorp Contact Reef	53	46	116	7.00	815
Kimberley Reef	536	227	168	4.45	745
<b>Totals</b>	<b>589</b>	<b>273</b>	<b>159</b>	<b>4.76</b>	<b>757</b>

### Payable Development

Reef	Payable metres	Per centage payable	Channel width cm	g/t	Value cm g/t
Ventersdorp Contact Reef	12	25.8	37	30.55	1 142
Kimberley Reef	28	12.6	221	9.34	2 063
<b>Totals</b>	<b>40</b>	<b>14.8</b>	<b>166</b>	<b>10.75</b>	<b>1790</b>

## Ore Reserves at 30 June 1977

	Ventersdorp Contact Reef	Kimberley Reef	Total Mine
<b>Lease Area</b>			
Tons	87 600	23 600	111 200
Stope width — cm	105	151	112
Value g/t	11.23	8.08	10.56
cm g/t	1 182	1 220	1 188
<b>Prospecting Area</b>			
Tons	—	110 800	110 800
Stope width — cm	—	184	184
Value g/t	—	7.99	7.99
cm g/t	—	1 470	1 470
<b>Total Mine</b>			
Tons	87 600	134 400	222 000
Stope width — cm	105	177	140
Value g/t	11.23	8.01	9.28
cm g/t	1 182	1 418	1 295

Pay limit is related to a gold price of R3 914/Kg (\$ 140/oz)

A total of 37 000 tons at a value of 12.8 g/t classified as unavailable is included in the mine total

## PRODUCTION

It was possible during the quarter, by increased productivity, to raise the mill throughput by 6 500 tons to 55 000 tons. The kilograms of gold recovered, however, decreased slightly although a higher gold price enhanced the revenue. The increase in working costs must be viewed in conjunction with the increased mill throughput and the significant increase in development.

## DEVELOPMENT

Development increased seven fold from 85 metres for the previous quarter to 589 metres this quarter. Although the payability of the Kimberley horizon is low, it is expected to improve. The increase in development rate is necessary to maintain adequate ore reserves.

## CAPITAL EXPENDITURE

The capital expenditure was for the mechanisation of the Kimberley horizon in the Gauff shaft area.

On behalf of the board,

A W S SCHUMANN }  
J C FRITZ } Directors

## NOTES

(a) Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.

(b) All financial figures are subject to audit.

## Secretaries

General Mining and Finance Corporation Limited  
6 Holland Street, Johannesburg

## Registered office

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21 July 1977

# Higher tax takes a bite at Vaal Reefs

DI

By DON ROBERTSON  
Mining Editor

VAAL REEFS, the world's largest gold mining operation, had a reasonable June quarter's results upset by a substantially higher tax bill.

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Part of Anglo American's Transvaal gold mining group, it performed competently in the three months. But against the general trend, it recorded an increase in unit costs.

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In common with the other mining houses, Anglo reports that the 11-shift fortnight "may have caused productivity at some mines to be affected adversely."

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VAAL REEFS pushed up tonnage milled slightly to 1 770 000 (1 740 000), but by lowering the grade to 8.79 g/t (8.87 g/t) it recovered 15 612 kg (15 428 kg) of gold.

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Costs rose to R28.10 a ton (R25.67) which partly offset the higher gold price received. However, working profit from gold was still well up at R15 658 000 (R11 583 000).

Vaal Reefs was one of the few

vis-à-vis Faculty Boards.

The S.R.C. will be asked to whom it will be suggested his staff who wish to comment

These four submissions together with the comment Steering Committee which by Senate and Council.

mines to do well in uranium sales in the quarter. Sales brought in R3 442 000 (R2 057 000). The potential from this source is growing as the joint venture with South Vaal to increase production by 700 tons a year to 1 860 tons comes on stream.

On the debit side, however, the royalty paid to South Vaal rose to R1 651 000 (R638 000), a figure which is based on actual results to date but can be determined only at the year-end.

The other large provision was for tax which jumped to R4 234 000 (R1 131 000) and represented a proportionately larger rise than the profit improvement in spite of an increase in capital expenditure.

Taxed profits were trimmed, although still better at R13 087 000 (R12 023 000).

In development, a total of 3 669 m was advanced of which 3 574 m was sampled (3 422 m) showing gold values of 1 872 cmg/t gold and 42.89 cmkg/t (47.25 cmkg/t) uranium.

WESTERN DEEP LEVELS was also hit by the higher tax bill in spite of a reasonable production performance.

Tonnage milled was raised to 792 000 (680 000) which allowed for a lower recovery grade of 14.36 g/t (14.99 g/t) yet produced an improved gold output of 11 876 kg (10 194 kg).

The higher revenue a ton milled because of the higher gold price was helped by the lower unit costs of R26.95 a ton (R29.49) which resulted in a much higher working profit from gold of R23 383 000 (R17 344 000).

Uranium oxide production rose to 39 061 kg (43 028 kg) and sales brought in R757 000 (R281 000).

Tax was substantially higher at R11 888 000 (R7 883 000) leaving attributable profits of R19 013 000 (R10 618 000).

In development operations 102 m (112 m) was sampled showing values of 779 cmg/t (1 081 cmg/t) gold and 12.51 cmkg/t (25.80 cmkg/t) uranium.

SA LANDS earned R2 188 000 (R3 180 000) from gold revenue.

the salvage of equipment  
sale of capital items  
sundry revenue.

After operating expenses  
R1 615 000 (R2 305 000)  
of 159 000 (R317 000)  
were R412 000 (R417 000)

Tonnage milled  
(215 000) and was  
the waste rock due  
Nigel's Betty and

EAST DAGGA  
produced a surplus  
R48 000 (R638 000)  
coming from clean-up  
operations, the salvage  
and from the sale of  
items.

Negotiations are  
with a private company  
sale of the gold-recovery

and for that company to  
continue with underground and surface  
face clean-up operations.

Apart from the purchase price  
of the plant, East Dagga will  
share revenue from gold  
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D.O. 22/7/77

# Overseas interest in gold shares cools

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**JOHANNESBURG** — Hollard Street was quiet yesterday on lack of background stimulation

Overseas interest in gold shares has cooled off because of the lower gold price. Basically the gold sector remains sound and the declines for heavies were in the 25c range. A few counters were off the bottom in the afternoon.

A feature among the metal counters was the bull-bear tussle in asbestos with the bulls winning yesterday's round. De Beers opened fractionally higher and then slid a few cents on lack of interest.

Coppers and platinum were weaker, but coals were on the uptrend again, although gains were mostly small.

Gains predominated in the mining finance sector, but advances were minor, because of thin trading.

A feature in lethargic industrials was a 15c gain in Triomf to 120c on news of its Japanese contract. De Beers opened at 473c and then slid 4c to 468c, down 4c on Wednesday.

Mangula, Messina and Minorco were off in the 5c to 9c range in coppers.

Randfontein came off the bottom to close un-

changed. Durban Deep, Marlevale, South Roodepoort and WR Cons were up to 10c easier among the Witwatersrand counters. Vaal Reefs came off the bottom to close a marginal 5c easier, while Buffels, Harties and Southvaal were off in the 10c to 15c range.

In Salisbury, there were few price changes of note.

Unchanged were Schweppes at 240, Rhodesia Cement at 83, Hippo Valley at 48, Edgars at 108, Tedco at 14, Clotex at 40 and CIH at 21. However, Repcor were traded at 23 cents, 12 cents lower than the last record-

ed sale.

And in London, government bonds closed with net gains ranging to  $\frac{1}{4}$  point having scored rises of up to  $\frac{1}{2}$  point earlier.

Equities ended slightly easier on the day. Light new time buying was reported initially, but this gave way to small selling and at 15h00 the FT Index was down 5.5 at 433.6.

Gold prices drifted lower with the bullion price. Australians were mixed. US dollar stocks tended mixed with IBM up  $\frac{1}{4}$  and General Motors down a  $\frac{1}{4}$ . Canadian stocks were also mixed to lower. — DDC-SAPA-RNS

# Anglo's Transvaal gold mines outperform Free Staters

214 ROM 22/1/77

By ADAM PAYNE

WHILE the big Transvaal mines of the Anglo American Corporation, Vaal Reefs and Western Deep Levels, raised tonnages and output in the June quarter, the Free State mines performed disappointingly, with the exception of Free State Geduld.

Tonnages and output were down at President Steyn, President Brand, Welkom and Freddie's Consolidated. This performance is ascribed to the 11-shift fortnight and to fires at the two President mines.

At President Brand, fires at No 1 and No 2 shafts and ground movement at No 3 shaft area contributed to the shortfall. The No 1 shaft fire has been extinguished.

At President Steyn, a fire at No 4 shaft caused a loss in production. It has also been extinguished.

Build-up of production at the No 4 shaft is slower than planned.

Welkom's tonnage milled was marginally down at 547 000 (552 000). It can be assumed that the introduction of the 11-day fortnight played a part.

Directors Douglas Hoffe and George Nisbet comment cautiously that the introduction of the 11-shift fortnight may have caused productivity at some mines to drop, but it is too early yet to evaluate its full implications.

Free State Geduld was the star performer, staging recovery after its poor March quarter when tonnage and grade were down and working profit fell by 21%.

In the past quarter tonnage was raised to 592 000 (564 000) and grade was up to 17.50 g/t (15.27 g/t).

Gold production increased and unit costs were marginally lower at R21.48 (R21.75) resulting, with a higher gold price received, in taxed profit of R14 111 000 (R12 172 000).

Because of the higher profit, tax jumped from R3 166 000 to R13 880 000.

The target grade for the year to September 30 next has been

should be remembered that overall Free State Geduld is heading for lower grades.

This will apply particularly when No 5 shaft comes to production. The pre-sink at this shaft will begin this month. It is in the northern area which has lower-grade ore.

Free State Geduld also has heavy capital spending, estimated at R22-million, for the year ending September 30 next of which R14 611 000 has been spent. This excludes R10 800 000 to be spent on the joint metallurgical complex.

Gold revenue received by Anglo's seven Free State mines in the quarter increased 15% to R156 647 000.

Gold production was slightly lower than in the March quarter at 39 481 kg (39 639 kg), but the average price received from gold sales rose to \$141 an oz (\$122).

**FREDDIE'S CONSOLIDATED:** Tonnage milled was 253 000 (285 000) at a higher grade of 5.66 g/t (5.51 g/t) and gold produced was 1 433 kg (1 587 kg).

Unit costs rose sharply by R3.09. The higher gold price enabled a working profit of R81 000 to be made compared with a loss of R48 000 in the March quarter. Net profit was R165 000 (R63 000).

**FREE STATE SAAIPLAAS:** Tonnage milled was unchanged. Grade improved marginally to 3.69 g/t resulting in higher production. Costs increased slightly to R18.90 a ton. There was a loss a ton milled of R4.02 compared with R6.42.

In the March quarter, R4 677 000 was received from a spot sale of uranium in the December, 1976, quarter, which after adding in sundry revenue of R1 752 000, absorbed the working loss from gold of R1 985 000 and resulted in taxed profit of R4 444 000.

In the June quarter, profit on sales of uranium oxide was R205 000 and sundry revenue was R754 000. Working loss on gold was R1 245 000 and a net loss of R287 000 resulted for the

quarter. The uranium oxide sale was a late payment relating to a previous transaction.

A total of 273 000 tons (152 000

tons) of slime was floated and/or treated in the joint metallurgical scheme.

About 1 500 000 tons (previously 1 800 000 tons) of high-grade uranium slimes will be treated in the year to September 30 next.

**PRESIDENT BRAND:** Tonnage milled was 764 000 (779 000). Yield was 10.61 g/t (11.06 g/t) and gold produced was down at 8 107 kg. Working profit was higher, but with lower capital spending on the metallurgical complex taxation at R2 858 000 reduced after-tax profit slightly to R11 568 000 (R12 182 000).

**WELKOM:** Tonnage milled was 546 000 (552 000) with yield at 6.30 g/t (6.42 g/t). Costs rose R1 a ton. After-tax profit was R2 773 000 (R2 548 000).

**WESTERN HOLDINGS:** Tonnage milled was unchanged

but yield dropped to 11.71 g/t (12.37 g/t) and unit costs rose nearly R1 to R20.41. After-tax profit totalled R7 752 000 (R8 105 000).

**PRESIDENT STEYN:** Tonnage milled was 751 000 (787 000) and yield was 8.05 g/t (8.57 g/t). Unit costs rose to R25.56 a ton (R22.86). Net profit at R4 406 000 compared with R5 496 000.

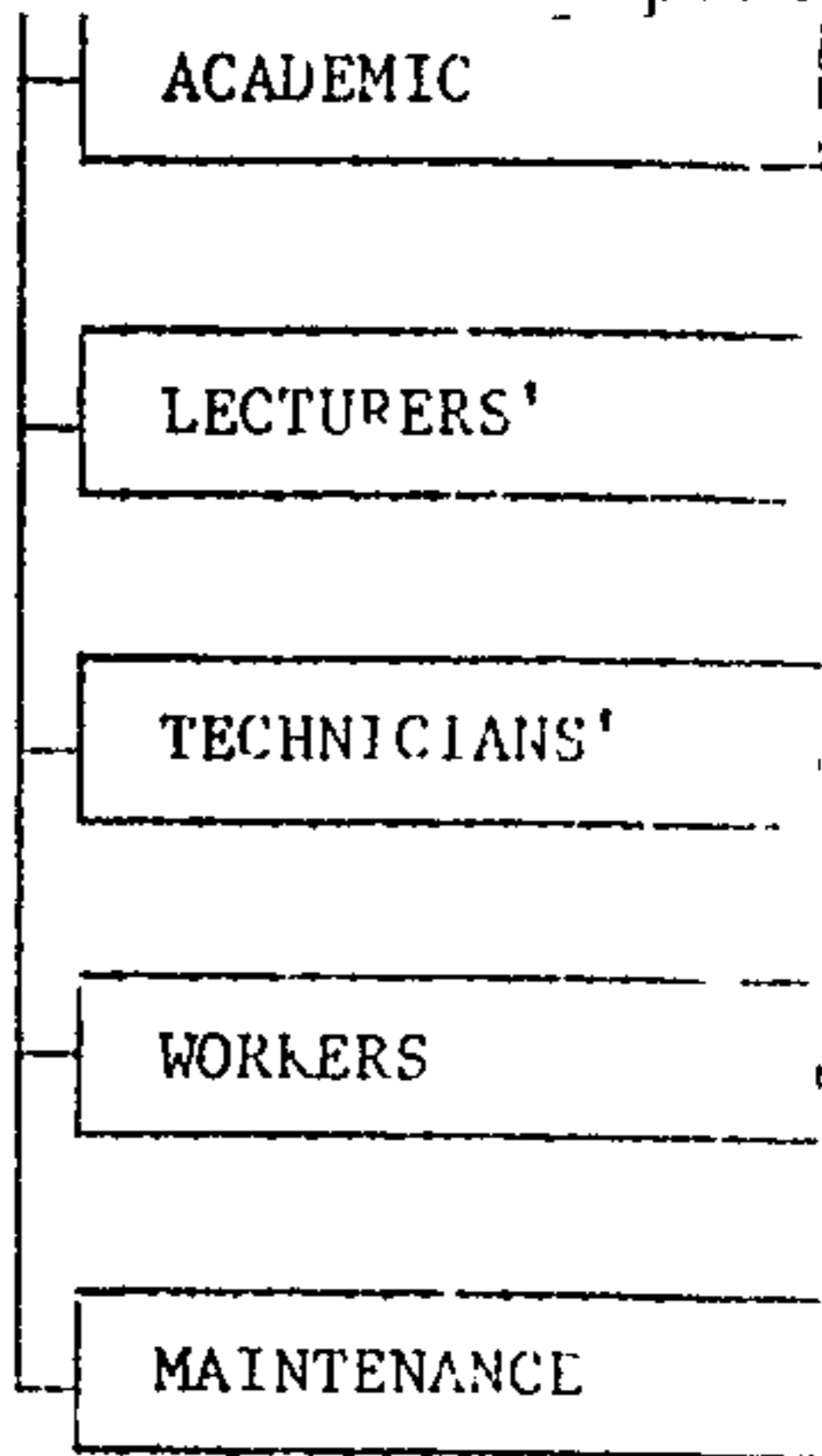
Capital expenditure for the year to September 30 is estimated at R20-million of which R16-million has been spent. A further R12-million will be spent on the metallurgical complex.

**COMMENT:** President Steyn has had a bad patch which has affected shareholder confidence. However, it should perform well in the long-term because of its potential in the No 4 shaft area.

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Sake-Rapport 24/7/77

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# PRODUKTIEWITEIT STYF BY MYNE

Deur VIC DE KLERK

Die land se voorste goudmyne kon in die afgelope kwartaal 'n merkwaardige produktiwiteitstyging toon. Volgens onderstaande tabel wat deur 'n Afrikaanse makelaarsfirma opgestel is, het hierdie groep myne in dié kwartaal 6,3 persent meer ton erts vermaal.

Die aansienlik beter goudprys wat die myne in die kwartaal ontvang het, het ook hul winste baie gehelp. Die meeste myne kon derhalwe 'n klein verbetering in verliese per aandeel toon.

Dit kan ook gedeeltelik toegeskryf word aan kapitaalinvesterings by die myne

So byvoorbeeld het investering by Anglo se sewe goudmyne in die Vrystaat gedaal van R35,8 miljoen

tot R24,6 miljoen

Al die mynhuise is van mening dat die instel van 'n 11 skof vir elke twee weke produktiwiteit nadelig sal raak. Uit die styging in ton erts vermaal, lyk dit nog nie so nie.

Kostestygings by die

myne was maar weer baie algemeen en die grootste deel van die beter vertoning van die goudprys is al klaar weer uitgewis

Die gemiddelde geweege produksiekoste in dollar per ons van die verskillende mynhuise vir die kwartaal tot Junie was soos volg (Maart in hakies)

Anglo 82,4 (81,4)  
Union Corp 83,2 (75,7)  
Goudveld 61,7 (63,7)  
Gen. Mining 135,2 (130)  
Anglo Vaal 99,5 (103,2)  
Rand Mines 128,2 (120,2)

## Nie so goed

Die lysie grensmyne wat staats hulp moet ontvang, het gelukkig nie weer langer geword nie. Party van hierdie ou myne kon met 'n verbetering in graad hul posisie 'n bietjie makliker maak. Western Areas se produksiekoste het byvoorbeeld gedaal van 138 dollar per ons tot 130, Leslie van 150 tot 141,5 en Kloof van 87 tot 76

Maar daar was ook 'n paar wat nie so goed gevaar het nie. Harmony se produksiekoste is op van 116 dollar per ons tot 128, terwyl Durban Deep nóg dieper in die rooi is met 'n styging van 173 tot 184 dollar per ons. Vlakfontein, Loraine, Stilfontein en Grootvlei tel ook onder die

groepie wat nie te goed gevaar het nie

'n Ander aspek wat opgeval het, is die onreëlmatigheid van die goudmyne se inkomste uit uraan. Ons het die inkomste uit uraan deurgaans uitgedruk in sent per aandeel en al die kostes toegedeel aan die goudafdeling

Buffels het in die vorige kwartaal slegs 16,8c per aandeel uit uraan verdien maar in die jongste kwartaal was dit 54,9c. W.R. Cons se uraaninkomste het gestyg van 63,6 tot 131c. Maar vanweë 'n baie groot verlies op die myn se goudbedrywigheid is die netto verdienste per aandeel slegs 50c per aandeel

Free State Saaiplaas se verdienste uit uraan het weer gedaal van 16,6c per aandeel tot byna niks. Die myn se goudbedrywigheid toon ook 'n verlies, sodat dit glad nie goed gaan met die myn as geheel nie

	Goud gram per ton		Koste per ton gemaal (R)		Koste per ons \$		Verdienste per aandeel		Ton gemaal	
	Maart	Jun	Maart	Jun	Maart	Jun	Maart	Jun	Maart	Jun
Blyvoor	12,10	12,30	27,2	27,3	80,4	78,6	28,5	29,8	412	441
Harmony	5,3	5,2	17,3	18,8	115,8	128,3	29,8	26,2	1526	1533
ERPM	6,2	5,9	31,7	31,2	180,8	189,3	-20,3	-22,0	313	384
Durban Deep	3,8	3,5	18,4	18,4	173,3	184,2	-13,0	-5,6	480	529
<b>RANDMINES</b>										
Goldfields	23,5	23,0	27,8	27,3	42,4	42,5	109,9	123,3	501	560
Wea-Drie	22,7	21,9	24,7	23,9	39,0	39,1	22,4	28,5	432	537
Oos-Drie	5,2	3,6	13,7	10,4	95,2	104,8	6,8	4,7	176	178
Vlakfontein	12,6	12,3	30,7	26,4	87,1	78,6	16,6	19,3	346	478
Kloof	9,0	9,5	22,2	21,1	88,2	79,5	34,2	61,4	320	393
Libanon	5,9	6,0	24,1	23,9	148,7	143,2	7,3	12,7	281	307
Venters	8,4	9,0	29,9	27,6	111,0	109,0	4,9	34,4	298	335
Doorns					122,9	111,4				
JCI	17,4	15,2	20,3	20,7	41,7	49,9	205,9	203,5	244	278
Randfontein	6,3	6,0	24,3	21,8	138,2	129,9	2,5	8,1	687	879
West. Areas										
Anglo Vaal	11,3	11,0	29,0	26,1	91,9	84,8	38,9	62,6	632	719
Harties	7,0	6,8	28,1	29,0	143,8	153,9	5,4	3,9	277	305
Loraine	6,7	6,7	16,5	16,5	88,8	88,7	10,0	13,8	82	85
LT Cons.										
<b>GENERAL MINING</b>										
Buffels	9,2	9,2	25,3	26,4	100,4	102,7	45,4	62,3	783	791
Stilfontein	9,0	8,3	34,2	34,2	136,0	147,1	7,7	10,0	450	469
South Rand	5,8	5,1	23,3	22,0	142,3	154,1	10,5	9,0	48	55
W.R. Cons	4,7	6,2	20,7	23,2	324,3	303,7	-2,8	+50,6	224	168
<b>UNION CORP.</b>										
Bracken	6,9	6,6	15,8	16,8	82,2	91,1	7,1	-6,5	216	210
Kinross	7,6	7,6	15,5	15,5	72,9	73,0	13,0	14,0	360	390
Leslie	4,5	4,8	18,8	19,0	149,8	141,5	-1,2	0,08	210	217
St. Helena	10,0	9,6	16,7	20,0	59,9	74,8	70,7	82,3	530	490
Winkelpark	7,8	7,8	12,8	13,2	59,0	60,8	27,0	29,7	500	510
Marivale	3,2	3,2	8,8	8,9	96,5	99,9	10,8	7,6	266	270
Grootwater	4,4	4,4	12,7	-12,7	103,2	118,7	5,3	7,1	345	360
<b>ANGLO AMERICAN</b>										
Freguls	15,2	17,5	21,7	21,4	50,9	43,8	121,7	141,1	564	592
F. S. Saal	3,5	3,6	18,4	18,9	184,4	183,0	15,8	-0,01	308	310
Pres Brand	11,0	10,8	21,6	22,9	70,1	77,3	86,7	82,3	779	764
Pres. Steyn	8,5	8,0	22,8	25,5	95,4	113,5	39,2	3,14	787	751
Welkom	6,4	6,3	19,5	20,4	108,8	116,3	20,8	22,6	552	548
Western Holdings	12,3	11,7	19,5	20,4	56,4	62,3	108,1	102,0	784	764
Vaal Reefs	8,8	8,7	25,6	26,1	103,5	108,2	63,2	68,9	1740	1777
Western Deep	14,9	14,3	29,4	26,3	70,3	67,0	42,4	52,0	680	792

BOUR IN THE CITRUSDAL VALLEY

29/7/77

(21)

Gold shares have strengthened in line with expectations but as I said last week, investment strategy should be to concentrate on mines best able to control costs

Several mines have deferred capex and development until the gold price improves. Those that have, will now start increasing spending and dividend capability could well be restrained in the near-term

**Bracken:** Reserves are mainly in pillars with short faces and a steady decline in mill throughput and grade looks inevitable. A 13c final seems likely to include a further 10c capital repayment.

**Kinross:** Milling is at full capacity. Output could be increased by using Bracken's mill as output declines at that mine. Development sampling payability is down to 61% (71%) grading 41.1 g/t (55.1 g/t) over 33cm (31cm) so there could be a further decline in recovery in the final quarter. With \$150 gold, a 20c final seems likely.

**Leslie:** Policy appears to be to mine as selectively and at as high a grade as possible until State aid is received. But even at \$150 gold, there seems little likelihood of a final after the passed interim. Development sampling payability is up at 74% (31%) and it should be possible to

## GOLD QUARTERLIES

### Prospects brightening

With bullion showing every sign of continuing strength (see *Markets*) it looks as though an average of \$150 is attainable this quarter. And \$165 gold is being looked for by end September.

## HOW THEY FARED

	Costs		Revenue	
	R/kg	\$/oz	R/kg	\$/oz
<b>ANGLO AMERICAN</b>				
Free State Geduld	1 227	44	3 917	140
Free State Saai	5 118	183	4 030	144
President Brand	2 163	77	3 979	142
President Steyn	3 175	114	3 885	139
Vaal Reefs	2 971	106	3 968	142
Welkom	3 253	116	4 018	144
Western Deeps	1 875	67	3 930	141
Western Holdings	1 743	62	4 019	144
<b>ANGLOVAAL</b>				
Hartebeestfontein	2 372	85	3 858	138
Lorraine	4 304	154	4 084	146
<b>GENERAL MINING</b>				
Buffelsfontein	2 841	102	3 860	138
South Roads	4 311	154	3 898	139
Stilfontein	4 115	147	3 961	142
<b>GFSA</b>				
Doornfontein	3 050	109	4 118	147
E Drie	1 093	39	3 918	140
Kloof	2 142	77	3 818	137
Libanon	2 224	80	4 023	144
Venterspost	4 006	143	3 920	140
Vlakfontein	2 931	105	4 054	145
West Drie	1 189	43	4 181	150
<b>JCI</b>				
Randfontein	1 368	49	3 881	139
Western Areas	3 633	130	3 970	142
<b>RAND MINES</b>				
Blyvoor	2 226	80	3 925	140
Durban Deep	5 152	184	3 945	141
ERPM	5 293	189	3 949	141
Harmony	3 589	128	3 923	140
<b>UNION CORP</b>				
Bracken	2 549	91	4 030	144
Grootvlei	2 900	104	3 931	141
Kinross	2 043	73	3 909	140
Leslie	3 958	142	4 037	144
Manevale	2 795	99	3 943	141
St Helena	2 087	75	3 885	139
Winkelhaak	1 700	61	3 944	141

FM 29/7/77

(214)



## JUNE QUARTER

### ANGLO AMERICAN

Free State Geduld  
Free State Saarlpaas  
President Brand  
President Steyn  
Vaal Reefs  
Welkom  
Western Deeps  
Western Holdings

### GENERAL MINING

Buffelsfontein  
South Roodepoort  
Stilfontein

### UNION CORP

Bracken  
Grootvlei  
Kinross  
Leslie  
Marievale  
St Helena  
Winkelhaak

\* Ignore effects of consumer loans

EPS  
after capex  
and loan levy

Tons  
milled  
(000)

Recovery  
g/t

Company	EPS after capex and loan levy	Tons milled (000)	Recovery g/t
Free State Geduld	*58,2	592 (564)	17,5 (15,3)
Free State Saarlpaas	*12,3 loss	310 (309)	3,7 (3,8)
President Brand	*39,4	764 (779)	10,6 (11,1)
President Steyn	*17,8 loss	751 (787)	8,1 (8,6)
Vaal Reefs	30,4	1 777 (1 740)	8,8 (8,9)
Welkom	*17,1	546 (552)	6,3 (6,4)
Western Deeps	25,6	792 (680)	14,4 (15,0)
Western Holdings	*77,0	764 (764)	11,7 (12,4)
Buffelsfontein	37,4	791 (779)	9,3 (9,2)
South Roodepoort	7,4	55 (49)	5,1 (5,9)
Stilfontein	7,0	469 (450)	8,3 (9,0)
Bracken	5,5	210 (216)	6,6 (6,9)
Grootvlei	6,1	360 (345)	4,4 (4,4)
Kinross	10,5	390 (360)	7,6 (7,6)
Leslie	0,1	217 (210)	4,8 (4,5)
Marievale	5,8	270 (266)	3,2 (3,2)
St Helena	24,5	490 (530)	9,6 (10,0)
Winkelhaak	24,5	510 (500)	7,8 (7,8)

maintain grade for the next few quarters

**Winkelhaak:** Milling is now at full capacity but there is scope for an eventual increase if Bracken's mill can be used. A 50c final is possible if the gold price holds up.

**St Helena:** Recovery is declining fairly steadily as emphasis shifts to the No 8 shaft area. Mill throughput slumped and there now seems to be some doubt whether the final can be maintained. A 50c payment, even if gold averages \$150 for the quarter, looks likely. Thereafter much depends on grade and costs, though profits will be helped by fees from Unisel.

**Grootvlei, Marievale:** Costs and grade are being well maintained and both should be popular if the gold price takes off. Major extensions to life are only possible at substantially higher gold prices.

**Stilfontein:** Grade is slipping. Though unit costs have fallen to R32,99/t (R34,23/t) with higher mill throughput, gold at around \$165 will be necessary if the mine is to be profitable and finance capex without State aid. There is some speculative appeal on gold price considerations. Any benefit from treatment of uranium-bearing slimes is at least a couple of years off. Most likely final is a repeat of the 11c interim.

**Buffelsfontein:** Renegotiation of old uranium contracts and back payments on previous deliveries lifted uranium profit to R6m compared to working profit on gold of R7,7m. Mill throughput and recovery should be maintained this year and a total payout of 150c is possible after last year's 130c total.

**South Roodepoort:** Despite the drop in grade, with higher mill throughput, a R128 000 (R150 000) profit was

recorded after State aid. Cash is being retained to repay short-term facilities advanced by General Mining. Increased development rate points to continuing operations at around current levels and there should be a resumption of dividends this year. There are attractions on break up considerations.

**West Rand Cons:** Milling is now entirely from underground ore with improved gold recovery. Spot uranium sales from stockpile boosted earnings. R1,9m remains to be spent on capex this year which will have a retarding effect on dividends. But a 7c final is possible after the 3c interim.

**Western Deeps:** Mill throughput estimate for the year has been cut following the June fire. The 35c interim took a conservative view of the first half's profits and with R11,9m capex remaining for the year, and prospects for grade improving, there seems scope for a 45c final.

**Vaal Reefs:** A marked improvement in yield is needed if the revised 9,3g/t planned average for the year is to be met. Mill throughput is just short of capacity. Profits were hit by higher tax of R4,2m (R1,1m) and royalties to Southvaal of R1,7m (R638 000) leaving profit after tax and loan levy only R542 000 higher at R13,1m. This despite 34% higher gold working profit at R15,6m and 67% higher uranium profit at R3,4m. A 65c final looks likely after the 55c interim.

**Free State Saarlpaas:** Higher gold prices cut the operating loss on gold to R1,2m (R2m). But with only R205 000 (R4,7m) uranium profit a loss of R287 000 (R4,4m profit) was recorded. Uranium slimes treatment is scheduled to increase substantially this quarter but there is little likelihood of a start to dividends.

**Free State Geduld:** Tonnage, grade

and operating profit were all substantially higher but the savage tax increase meant taxed profit increased only R1,1m to R13m. Grade will probably drop in the final quarter but working costs should be held to a fairly small increase and a final of 110c seems likely after the 90c interim.

**Western Holdings:** Gold production fell with lower grade. The increased working profit from higher gold price was more than wiped out by higher tax. A 150c final should be possible after the 140c interim.

**President Brand:** Grade continues to drop with increased milling of uranium-rich Leader reef. Increased tax came hammering in as capex slowed down and operating profit rose. A final of 80c (interim 70c) could be conservative and more is possible.

**President Steyn:** The effects of the March fire continued to be felt with lower mill throughput and shortage of ore from the higher grade No 4 shaft area. Unit costs shot up to R25,56/t (R22,86/t) but should come down as production recovers. R6,6m capex remains for the final quarter. A 10c final to match the interim looks on the cards.

**Welkom:** Capex is slowing down. With lower development rates a substantially improved final could be paid after the 7,5c interim and 15c is manageable. If the gold price advances however, development should increase to open up lower grade areas.

Developing mines, **Elandsrand** and **Unisel**, had nothing to report as far as sampling or reef intersections were concerned. So whoever started the buying that has pushed Elandsrand from 170c to 215c over the past three weeks must think he has an inside track on the likely grades.

Jim Jones

Financial Mail July 29 1977



Pouring it out let's hope the price goes on rising

# Sunday Times

# BUSINESS TALK

JULY 31, 1977.

## RESPONSIBILITY?

Companies stand  
subsidiaries?  
week's issue  
see now

# Gold: Arabs on the move <sup>(214)</sup> satisfy Swiss

**OIL RICH Arabs are hastily moving their millions out of dollar investments and buying gold, according to leading Zurich bullion dealers.**

This is a move long awaited by gold producers for it could place a firmer floor under recent price levels. Better still, it could send the price moving steadily higher.

A top bullion dealer in one of the major Swiss banks told me that recent stepped-up private Arab purchases were a major reason why the gold price has been so firm at a time of seasonal weakness.

The gold price is traditionally weak at this time of year as European industrial users of gold are on holiday.

Yet in the last few weeks gold has been bought solidly for \$138 up to \$146, before slipping a little this week to \$144 an ounce on Friday.

The major factor behind the Arab buying of gold is the slide of the dollar in terms of other major trading currencies.

"The Arabs started coming into gold in a small way when the price dropped down to \$100 an ounce towards the end of last year. More recently the physical off-take by Middle

## BY JEREMY WOODS

Eastern private investors has become a dominant force in the market," a Swiss dealer said.

But, more important for South Africa than the private buying, are reports that at a meeting two weeks ago of the Saudi Arabian Monetary Agency a decision was taken to invest government funds in gold bullion.

"Arab governments have been urged to buy bullion several times in the past. Although there has been no evidence of government buying as yet, I would not be surprised if the Arab governments enter the market before the end of the year," another Swiss bullion expert told me.

The fact that individual Arabs are buying gold is an encouraging pointer to possible government participation in the near future," he said.

Last year Arab workers were energetic buyers of gold jewellery. Both Arabs and migrant workers from India and Turkey regard gold as an important store of value, it has for them important social and religious significance.

The latest 'Gold' report from Consolidated Gold Fields estimates that some 500 tons of gold was bought by Middle

Eastern countries last year, "or almost one third of all gold coming on to the market."

JIM SRODES writes from Washington. The old adage is that gold traders usually buy on rumours and sell on news. This week added another bit of proof that old adages are often accurate.

Earlier this week, while the dollar was taking a battering and rumours flew that the US trade deficit in June would be double the May level, bullion futures buyers on most American exchanges were bidding the price up steadily. By Tuesday, gold futures were up \$2 an ounce on near date deliveries and only slightly lower for deferred delivery contracts.

On Wednesday the expected bad trade news came out in public. By Thursday gold had lost as much as \$1.50 of the ground it had gained.

Closing prices on the New York Commodities Exchange showed all delivery dates off by \$1.30. The International Monetary Market in Chicago had losses of \$1.20 — \$1.50 on December deliveries while platinum futures were off 70c on the New York Mercantile Exchange.

See also Holland Street Page 2, and the back Page

# Gold <sup>Sully Finis</sup> (Bismarck Times) pundits

24/7/77

agree

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to differ

GOLD EXPERTS have expressed differing views as to the future of bullion.

Chamber of Mines chief economist, Tom Main, is optimistic, for four reasons: the problem of inflation, continuing strong industrial demand, the fact that at a traditionally bad time for the metal the price has performed above expectations, and the fall of the dollar.

Barclay's chief economist, Dr Johan Cloete, takes the opposite view. He feels the price will stick to the \$140-\$150 range. Industrial demand until the end of the year, he predicts, will be weak, while uncertainty over the dollar will hold the price above \$140.

Standard Bank's Mr Andre Hammersma agrees. He points out that gold traditionally follows other commodity markets — which are at present weak — and that nobody expects a sudden commodities boom.

Anglo's Guy Young discounts the possibility of a major currency crisis.

A major factor in the present gold market, he says, is the Far Eastern market which has largely been out of the picture since bullion touched \$130. At levels above \$150, gold would start flowing from the Far East to Europe. At such levels it was also likely that the Americans would react.

D.D. 26/1/77

## Gold shares firmer in quiet trading 214

JOHANNESBURG — Gold shares were firmer across the board in Hollard Street yesterday as the gold price turned healthier on the dollar's ill-

Trading was quiet —

probably dampened locally by the Ergo issue overhanging the market — but the London afternoon fix of \$146.40 could bring in United States buyers.

Sharply higher United States futures certainly

were flashing buying signals for New York Comex prices were \$1.70 to \$3.10 higher at the opening in active trading

Mining financials were mostly firmer in line with producers, but other metals continued in the doldrums

Barlows was a feature among industrial leaders and it was one of the top five highest traded counters. Otherwise industrials were neglected because of funds being withheld for the Ergo issue.

The firm but quiet undertone of the market was reflected in a 3c rise in De Beers to 470c.

Messina and Palamin came off on the depressing prospects for copper.

Platinums moved a couple of cents either way. Roofberg responded to the tin price leap and its good quarterly results with a 50c advance to 850c. Union shed 1c to 60c on its static profits.

Coals were dull with Trans-Natal and Wit Cols going against a gentle downdrift.

Gefco and Msauli were active on weekend press comment. Gefco closed unchanged at 390c after a high of 395c, but Msauli maintained a 10c gain.

Randfontein led the gold advance with a 50c gain. The Witwatersrand marginals were all firmer with Durban Deep putting on 20c.

Among the heavies, Buffels, East Drie and West Drie were up in the 25c to 30c range. Libanon advanced 35c on reassessment of its quarterly report, while Kloof gained 20c.

In London, equities were firm all day and were up to 6p higher. Gold shares firmed in line with the higher bullion price.

In Salisbury, only eight counters changed hands in quiet trading — three at unchanged levels, three higher and two lower. — SAPA-DDC.

N. Meramy 27/7/77

# Trade hesitant

## JOHANNESBURG

Gold shares were basically steady in hesitant trade, following lower bullion indications, dealers said

The Reuter's S.A. golds average was 165,7 (165,2), and of 36 trades on the gold board shortly before

214

### Hollard Street report

the close nine were marked firmer with 14 easier

Randfontein continued upward, gaining 25 cents to 4725. E. Dries and Libanon each lost 15 cents to 890 and 545 respectively

Financial minings were very quiet, reflecting slight losses where traded. GFSA was five cents off at 1775. Elsewhere, De Beers firmed on U.K. buying interest and traded seven cents up at 477.

Coppers tended easier, with Palamin 25 cents off at 875 and Messina three cents down at 202. Platinums were unchanged. Coal counters were mostly unchanged to sometimes firmed, with Wit Cols 35 cents up at 1375

Asbestos shares drifted lower and Msauli lost 10 cents to 355. Tin counters moved firmer on increased demand for the metal, dealers said. Zaaplatt was five cents firmer at 335 — (Sapa.)

A.D. 28/7/77

# Gold outlook bright 214 despite dollar plunge

**JOHANNESBURG** — Hollard Street put up a solid performance yesterday against a wildly gyrating dollar which plunged on news of the

massive United States trade deficit.

The market had calculated that if the deficit was in the region of \$1 000-million the dollar

would stabilise and if it rose to over \$2 000-million it would work in favour of gold.

In the event, the dollar's fluctuations made fixed markets opened uncertainly in New York and Chicago.

Some brokers predict a state of chaos today with no one able to foresee which way the gold bullion market will go. The result could be hesitancy in the gold share market.

Nevertheless, gold looks good in current circumstances and some local funds could find their way into gold shares once the Ergo issue is out of the way.

Gold shares were steady to marginally easier in Hollard Street yesterday in the absence of overseas interest. London was pushing its own shares on strong sterling and New York was preoccupied with its problems as the sharp declines in the Dow Jones index has shown over the past two days.

Features in Hollard Street yesterday were a revival in coal shares, which moved up almost across the board. Brokers could not account for the renewed interest.

Randfontein kept going with another 25c advance but other favourites such as Buffels, Vaal Reefs, Kloof and East Drie managed gains of between 5c and 10c.

West Drie came off 25c and more profit taking in Af Lease brought the price down 5c to 635c.

In London, stock prices advanced, with Government bonds leading the way following sterling's sharp rise.

At 1500 the financial times industrial index was 3,1 points higher at 433,2 after being down 3,7 at mid-day.

Gold shares held steady after some American interest and with the higher bullion price.

In Salisbury, turnover was maintained at Tuesday's levels with 12 counters changing hands. Six prices were up two down and the balance unchanged.

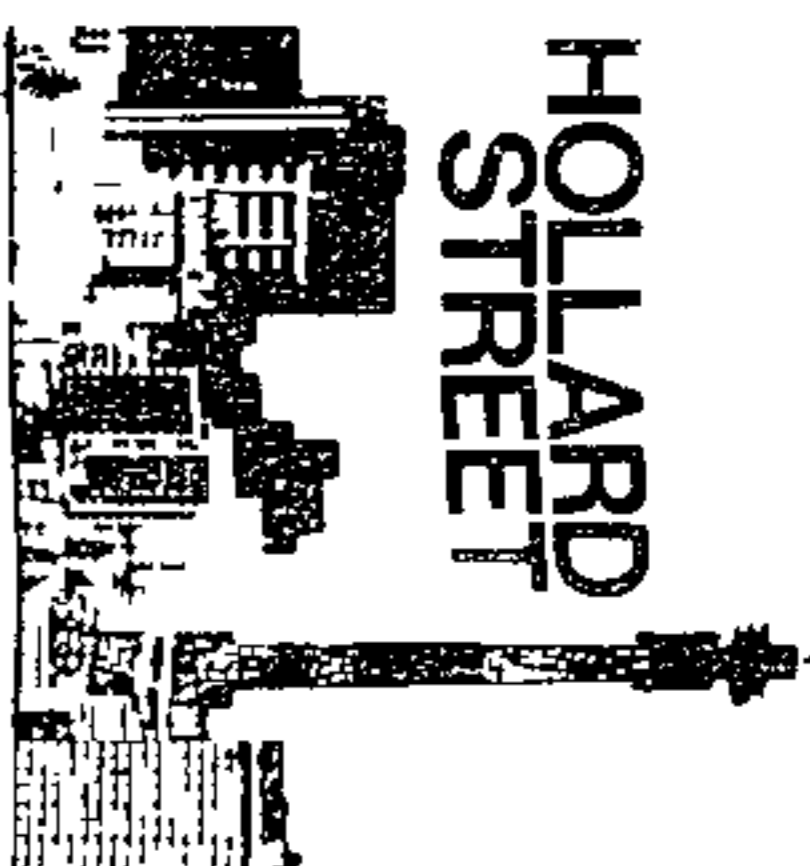
The most noticeable movement was in Rho Abercom which was 20c off at a new low for the year of 70c. — DDC-SAPARNS







# Gold analysts optimistic



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## Grootvlei is marginal but still good buy

ONE of the more interesting results among the latest batch of quarterlies were those from Union Corporation's Grootvlei mine

For the last quarter Grootvlei milled 360 000 tons of ore compared with 345 000 tons in the first quarter of the year, held costs down to R12,76c a ton (R12,70) and improved net profits from R615 000 to R813 000

But what has attracted analysts to the share is that with a break-even price of \$107 an ounce, Grootvlei looks well capable of earning 23c a share for the current year at a gold price of around \$140. This moves up to 30c a share at a price of \$150 and 36c a share at \$160 an ounce

Grade at Grootvlei should be maintained for the rest of the year at 4.4 grams, or close to it, and one analyst estimates the life of the mine to be between 6-8 years. Union Corporation points out that should they be unable to control the level of water at the neighbouring Sallies mine, ore reserves may be reduced to about four years. However, there are no pumping problems at present, and a rising gold price could provide the cash to sort out a water problem

Grootvlei looks one of the most attractive marginal mines in the market and, bearing in mind the effect a rising gold price has on earnings, the share looks a good buy if you think the gold price is going up

### WHAT IS good for gold is good for South Africa, say the international pundits.

After the gains of the recent weeks, the gold price looks set for an upward run. It could well top \$160 an ounce by the end of this year and perhaps go much higher.

The most encouraging pointer is its firmness in the face of continuing South African and Russian selling patterns the bullion market has in fact been absorbing gold at the time of the year when most European jewellery manufacturers are on holiday.

Industrial buying has, it seems, been replaced by investment buying. The big international fund managers have been scurrying out of dollar investments, in view of that currency's weakness, and into gold. There are those, too, who fear that worldwide inflationary pressures are not yet under control, and others who fear the

vagrancies of world monetary order.

But there can be only one answer to the question of what happens to the gold price when the industrial buyers return at the end of August.

For almost a year now the gold price has been climbing steadily higher since it was fixed in London just above \$100 an ounce towards the end of August. And there were few gold analysts I spoke to this week who did not think this trend would continue.

Not only were they optimistic about the bullion price, but many have witnessed the first flush of overseas investors returning to the gold shares they were selling so hectically some two years ago. Shares like Kloof, Vaal Reefs, Harmony and Buffelsfontein are suddenly attracting interest from US and London buyers once again.

## Ergo-maniacs cast their nets wider

IN A blaze of restored glory, Rand Mine Properties has risen from 145c to 220c over the past few weeks.

Much of the buying has been stimulated by suggestions that the company is next in line for an Ergo-type project.

There have even been suggestions that when Ergo makes its debut on the market next month, Rand Mines' share price might in consequence also benefit by association. That is real Ergo-mania. Though RMP owns some

If RMP decides to go ahead, another two-years might be needed before a plant is built and profits generated. And even that may be on the optimistic side.

At 220c with a dividend yield of 6.4 per cent, RMP has obviously already discounted some of its Ergo-type potentialities. At that price, with the project uncertain and far off, it's not worth hanging on unless you're intrigued for some reason with the property market.



Edited by  
**Jeremy Woods**

for industrial users to buy gold.

Green's says "it is our belief that within the next nine months the price of gold will exceed this year's peak of \$153.60 and could go as high as the \$160 - \$165 level." After giving a list of reasons not dissimilar from those already mentioned, this authoritative commentator on commodity prices concludes "Therefore it is our opinion that gold users should think in terms of adjusting to their inventories at current levels or on any weakness."

Furthermore, Wall Street gold gurus James Dines (of Dines newsletter fame) and Dr Harry Schultz, are also turning bullish about South Africa.

And the much respected and conservative Green's, the market letter for commodity users, actually cites "increasing unrest in Africa" as a bullish reason

Of course, it is also true to say that there are those who still have their doubts about the future course of the gold market.

But it is not without interest that at least one mutual fund has doubled its holdings in gold during the past year. And where the professional fund managers moved yesterday, the rest of

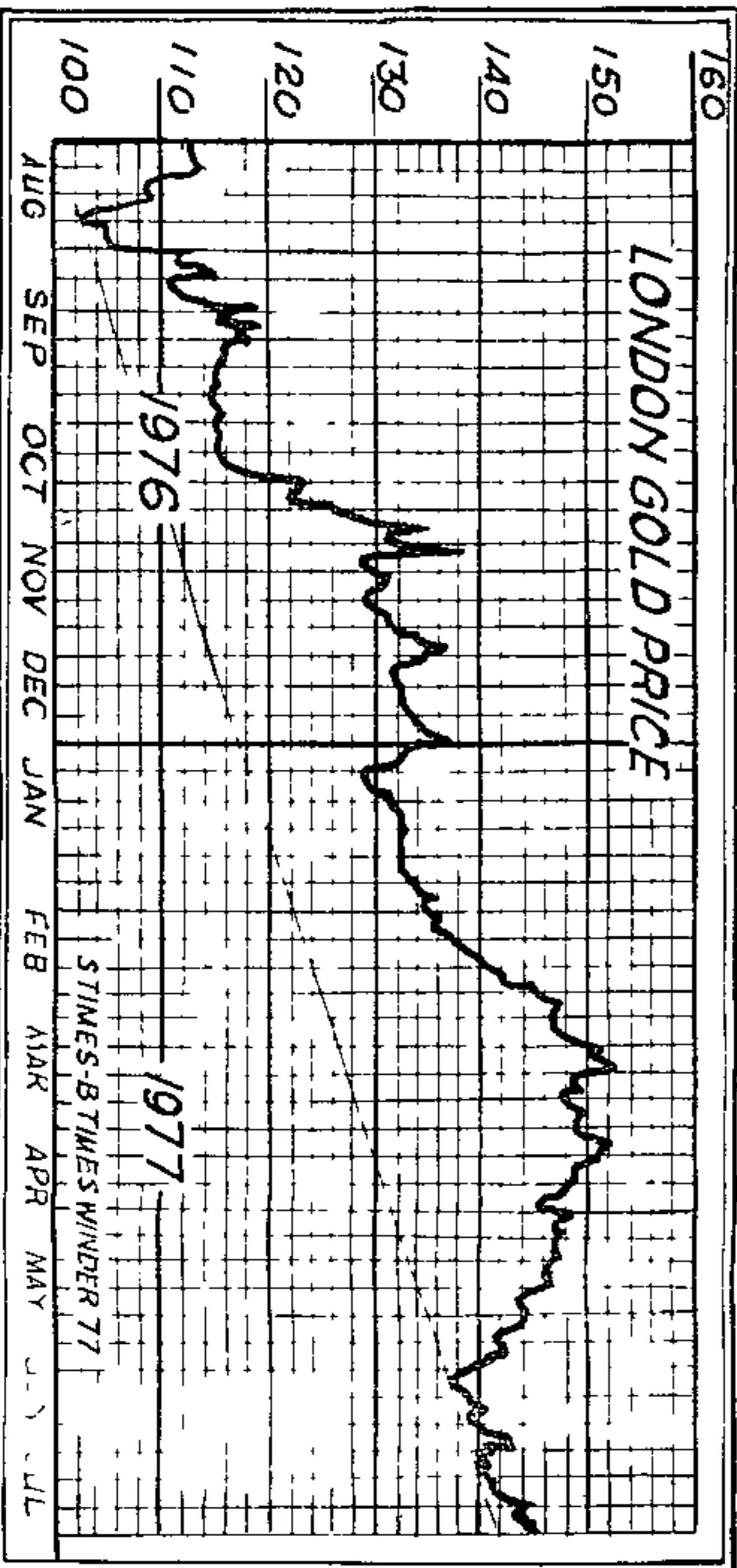
the herd (or what is left of it) will move tomorrow. The attitude of central banks to gold, which is far from suggesting imminent demonetisation, is another pointer towards a gradual firming of the bullion price.

On the other side of the coin, there is a danger that with slower economic growth worldwide, jewellery manufacturers might find that demand for their products dictates a gold purchase price at a more modest level than in the past, hence upward bids could be restricted.

Nor do we know what moves will be made to stabilise currency markets and, more particularly, halt the dollar's slide and stabilise prices.

But if past experience is anything to go by, then on balance it's worth sticking to gold and, by the same inference, sticking to South Africa.

## HOW GOLD HAS MOVED



Ever since its recent low point of \$104 an ounce almost a year ago, the gold price has been steadily rising. How much further will it go this year?

attractive asset with net worth per share substantially higher than the current 220c share price, its Ergo prospects at the present time are little more than wishful thinking.

I am told by the company that some work has taken place testing the content of slimes dams.

But this work is scheduled to continue for another 18 months after which results will still have to be reviewed.



D.D. 2/8/77

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## Gold shares brighten up Hollard Street

JOHANNESBURG — An advance in gold shares brightened Hollard Street's mood yesterday, although overall trade remained quiet.

Brokers find this encouraging as the rise in the gold price provided some impetus as there was little overseas interest with America taking its summer holiday break.

It means that the gold sector is basically firm while London and Continental centres are taking a bullish view of the metals prospects with some quarters predicting a price of \$160 by the year end.

It looks as if EEC countries remain distrustful of the dollar. Wall Street is certainly reflecting a pessimistic view of

economic prospects.

Hollard Street can only hope that this will turn attention to overseas markets where quick profits can be made preferably to South African golds.

Ergo could also be a bullish factor for gold shares. Besides acting as a spur on the board, some of the funds which have been held back for the almost 19 times oversubscribed issue will come into market.

Gold heavies such as Western Holdings and West Drie were up to 50c firmer yesterday with dealers noting a shortage of stock in the favourites.

Randfontein put on 25c and Southvaal Harties, Vaal Reefs, Freguls, President Brand and Blyvoor

were up in the 20c to 40c range.

Other gold gains were in the 10c to 15c range for middleweights where Cons was a feature in the Witwatersrand sector, gaining 15c to 245c. It looks as if some quarters are giving this counter a run. Yesterday's gain was 5c to 655c after a high of 660c.

De Beers put on 2c to 465c after a high of 468c in the morning. Anamint came off 25c.

Platinums edged up a cent or two and tins were firm on the metals price.

Coals were dull, the sole feature being a 30c fall in Tavistock probably on profit taking after last week's run. Cons Murch remained on the skids, shedding 15c to 580c. Gefco was unchanged but Msauli came off 15c. Anglo firmed 5c to 435 in quiet mining financials.

In London, gold producers closed firm with heavyweights adding up to 25 cents. Lower price issues rose as much as 20c, while trading was thin.

Financials showed little change from morning steady levels apart from Middle Wits and Selection Trust which eased 5p and 4p respectively. De Beers finished up a penny on balance.

Bishops Gate eased 2p but other platinums held steady. Coppers fluctuated narrowly and industrials were harder. — SAPA-RNS

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Company announcement

# East Rand Gold and Uranium Company Limited

Incorporated in the Republic of South Africa

## RESULT OF OFFER AND BASIS OF ALLOTMENT: OFFER OF 16 000 000 SHARES OF 50 CENTS EACH AT R3,50 PER SHARE

The board of directors announces that in respect of the offer made in terms of the company's prospectus dated July 6 1977 and which closed at 12 noon on July 29 1977

- (a) the companies/institutions listed in the prospectus as having indicated their intention of subscribing (or procuring subscriptions) in full for the shares offered to them have subscribed or procured subscriptions for 12 250 000 shares,
- (b) in relation to the 3 750 000 shares offered for public subscription applications were received for 69 325 400 shares. The board has decided that these applications will be dealt with as follows

Applications for	Allocation	Applications for	Allocation
100 shares	1 in 10 will receive 100	67 500 — 69 500	3 300
200 shares	2 in 10 will receive 100	70 000 — 71 500	3 400
300 shares	3 in 10 will receive 100	72 000 — 73 500	3 500
400 shares	4 in 10 will receive 100	74 000 — 75 500	3 600
500 shares	5 in 10 will receive 100	76 000 — 77 500	3 700
600 shares	6 in 10 will receive 100	78 000 — 79 500	3 800
700 shares	7 in 10 will receive 100	80 000 — 81 500	3 900
800 shares	8 in 10 will receive 100	82 000 — 84 000	4 000
900 shares	9 in 10 will receive 100	84 500 — 86 000	4 100
1 000 — 3 000	100	86 500 — 88 000	4 200
3 500 — 5 000	200	88 500 — 90 000	4 300
5 500 — 7 000	300	90 500 — 92 000	4 400
7 500 — 9 000	400	92 500 — 94 000	4 500
9 500 — 11 000	500	94 500 — 96 000	4 600
11 500 — 13 000	600	96 500 — 98 500	4 700
13 500 — 15 000	700	99 000 — 100 000	4 800
15 500 — 17 000	800	101 000	4 900
17 500 — 19 500	900	104 000	5 000
20 000 — 21 500	1 000	105 000	5 100
22 000 — 23 500	1 100	110 000	5 300
24 000 — 25 500	1 200	115 000	5 500
26 000 — 27 500	1 300	120 000	5 800
28 000 — 30 000	1 400	125 000	6 000
30 500 — 32 000	1 500	130 000	6 300
32 500 — 34 000	1 600	140 000	6 700
34 500 — 36 000	1 700	142 000	6 800
36 500 — 38 000	1 800	142 500	6 900
38 500 — 40 000	1 900	150 000	7 200
40 500 — 42 000	2 000	190 000	9 200
42 500 — 44 500	2 100	200 000	9 600
45 000 — 46 500	2 200	215 000	10 400
47 000 — 48 500	2 300	230 000	11 100
49 000 — 50 500	2 400	240 000	11 600
51 000 — 52 500	2 500	250 000	12 100
53 000 — 54 500	2 600	255 000	12 300
55 000 — 56 500	2 700	260 000	12 300
57 000 — 59 000	2 800	260 000	12 500
59 500 — 61 000	2 900	285 000	13 700
61 500 — 63 000	3 000	300 000	14 500
63 500 — 65 000	3 100	400 000	19 300
65 500 — 67 000	3 200	500 000	24 100
		1 000 000	48 200

The company found it necessary to adjust downwards the number of shares applied for in certain applications to take cognisance of the terms of the offer which required that applications must be in multiples of 100 shares up to and including 2 000 shares, and in multiples of 500 shares for applications in excess of 2 000 shares, and furthermore, that in the case of multiple applications (other than applications by recognised nominee companies), the total number of shares applied for in the same name would be regarded as a single application

The allocation of shares in respect of applications subject to ballot will be processed by computer programmed to ensure random selection. The operation will provide complete impartiality and will be carried out in the presence of the company's auditors.

Allotment advices, and refunds of application monies where applicable will be posted on or about August 8 1977. Refund cheques will be payable at par at any branch of any bank within the South African monetary area.

The allotment will be conditional upon a listing for the company's shares being granted by the Committee of The Johannesburg Stock Exchange. It is expected that the listing will commence on August 10 1977 and in such event the relevant share certificates will be posted on that date.

Johannesburg  
August 3 1977



DD. 5/1/77 (2.14)

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# Gold shares volatile

JOHANNESBURG — Gold shares were volatile in Holland Street yesterday, reflecting ambivalent attitudes towards the successful gold auction.

There were signs of profit taking in some favourites, such as Randfontein, but the general trend remained upwards.

A broker reported that some overseas dealers went short at the opening and then swiftly reversed their positions.

The market had anticipated a good auction price so a correction followed. However, Holland Street remains highly optimistic about gold prospects.

Apparently, large block orders are still in the background but are difficult to execute because of their size. The stock is just not available.

The source of the buying has now been traced to Paris and the buyers are apparently Arab.

The sought-for Evander stock became available and Kinross and Winkels both advanced 25c. Buffels and President

Brand firmed 40c while Western Holdings was bid up 30c. Other advances were smaller with West Lrie up 20c and Kloof 20c firmer.

Randfontein was off 25c and Al Lease shed 20c to 700c on profit taking. St Helena showed the heaviest fall of 30c.

Anglo Amgold, GFS and Unicoip showed minor gains while Amcoal, Anglovaal, Duiker Metamin and New Wits were marginally easier.

De Beers remained out of the picture gaining 1c to 469c and Anamint rose 25c.

Rusplat came off 3c in otherwise unchanged platinum. Rooberg put on 20c to 920c and Union gained 2c to 65c.

Other metals were steady with the asbestos shares barely changed. Industrials were neglected but generally firm. A feature was a 35c fall in Alpha FS to 110c.

London, Government bonds met renewed demand and firmed by up to 1-1/8 in light trading. Dealers said Market sentiment was helped by the news of the good response to the new Sort Tap issue and the expectation of a reduction in MLR.

Equities showed a continuing firm trend with leading industrials gaining up to 6p in sympathy with the strength of the gilt market.

Leaders to score between 4p and 6p were Thorn, Beechams, Tube Investments, Metal Box and Unilever while amongst the second rankers Decca gained 10p. Hoover showed a gain of 25p and Reed recovered an initial 6p fall following company results.

Lucas was 3p down because of a conflict in labour dispute.

ECONOMY

11

Cape Town

June 1977



*Atter. 5/8/77.*

# Anglo guarantee on employment

(214)

**Labour Reporter**  
 The largest employer in gold mining, Anglo American, has issued a document guaranteeing its white employees their jobs and rates of pay while undertaking to press on with job improvements for blacks. The "brief" to all of Anglo American's white employees on goldmines, has come under fire from the Mine Workers' Union which has warned whites to stand together or face the threat of losing their jobs.

The controversy has arisen over the review of the job reservation for samplers, ventilation officials and surveyors by the Industrial Tribunal which sits in Johannesburg on Monday. In its brief Anglo American says it has recom-

mended to the tribunal to cancel or suspend the job reservation on the grounds of the Government's policy to eliminate race discrimination and for reasons of sound economics and industrial relations. "Today no company in the Republic can escape its

responsibility for improving the job opportunities available to its black employees" the brief said. It offered an open discussion to any employee worried about the situation and stressed that there had been no change in company policy.

OCCUPATION: .....

\*Je joins ma cotisation de R7,50 valable pour l'année civile 197....

\*Je suis étudiant inscrit à l'Université de ..... en vue du diplôme de ..... et joins ma cotisation de R2,50 valable pour l'année civile 197... (Il est à noter que seuls les étudiants n'ayant pas encore dépassé le niveau du B.A. Honours pourront bénéficier de cette réduction.)

\*Rayer la mention inutile.

PRIERE D'AJOUTER AU DOS DU CHEQUE OU DU MANDAT POSTAL LA MENTION "COTISATION AFSSA" SUIVIE DU NUMERO DE L'ANNEE POUR LAQUELLE EST EFFECTUE LE VERSEMENT (PAR EXEMPLE: "COTISATION AFSSA 1977").  
 MERCI.

DATE: ..... SIGNATURE: .....

D.D 6/8/77

# Gold shares mixed 214

**JOHANNESBURG** — Gold shares were mixed on the stock exchange yesterday with selected issues reversing earlier losses.

The Reuters SA golds average was up at 170,8 (170,2), and of 37 trades on the board shortly before the close, eight were marked firmer and 15 easier.

A feature on the gold board was Randfontein, up 35 cents at 470 Doorns gained 15 to 365.

Financial minings were off the bottom in very quiet trade. Anglo was 2c off at 437 after 435 earlier De Beers moved up on US interest, to trade 3c higher at 472.

Coppers and platinumums were basically steady. Asbestos shares were unchanged to steady. Tins were firmer, with Uni Tin 5c up at 70 and Rooibrg 5c higher at 925 Coal counters were weaker. Tavistock shed 50 to 2 150 and Trns Ntl lost five to 240.

The industrial market was narrowly mixed, and of 147 trades on the board, 39 were marked firmer and 36 easier The Reuters SA industrial average was 265,2 (264,9).

In leading stocks,

Barlows shed 2c to 288 and Abercom gained three to 205 Sam Steel in furniture lost 6c to 15. There were 239 trades across the board, of which 64 were marked firmer, 61 easier and 114 unchanged.

In London, the market closed firm in moderately active trading with the expected reduction in the government minimum lending rate confirmed. The rate was cut to 7½ per cent from 8 per cent

Government bonds showed net rises of up to ¼ point among short and medium term issues while long showed little change having been higher.

Equities firmed afresh, but gains among leaders were limited to a few pence gold shares weakened with the bullion price. US issues firmed and Canadians turned narrowly mixed

ICI, Fisons, Glaxo, GEC, Metal Box and Unilever gained between 2p and 4p. In stores, Gus added 9p while Marks and Spencer and Boots were each 4p up Oils had Shell 11p higher and BP advanced 14p Bank leaders averaged 5p rises.

Decca added 30p to yesterday's 10p gain.

Dealers attributed the advance to bid speculation which resulted in a stock shortage

Gold shares eased in line with the lower bullion price in dull trading.

Net falls among heavyweights ranged to 25 cents, but isolated former exceptions were provided by Randfontein, West Holdings and Libanon.

Financials eased with Anglos and Union Corp losing 6p and 4p respectively Rio Tinto zinc rose 3p against the trend.

De Beers finished 2p easier Elsewhere movements were insignificant.

In Salisbury, trading conditions in the industrial section on the Rhodesian market were more active with the current level of turnover maintained.

Rhodesia cements were well supported at the unchanged level of 100. and Rhodesia sugar improved 4 cents to 67 with Repcor also moving better at 30 cents

Holding at previous levels were Tanganda at 75 cents, Edgars at 108 cents, David Whitehead at 60 cents and Gatooma Textiles at 100 cents. — SAPA-RNS.

# Weak dollar helps to firm gold price 214

**IT WILL be the weakness of the dollar more than anything else that could lead to a revival in gold.**

In its recently released mid-year commodity outlook, major commodities broker Shearson Hayden Stone says that the weakened dollar of this past month is directly responsible for the firmness that has developed in gold.

This situation, says Shearson, "encourages those who hold all or part of their assets in dollars to switch to gold in order to protect their financial positions."

This trend is already in full force. Shearson predicts that during 1977, fractionally more than one million ounces of gold will have been purchased by private

**BY JIM SRODES:  
WASHINGTON**

individuals. Despite the accumulation of a substantial balance of trade deficit, the US Government has publicly stated that it will not intervene in order to prevent further erosion in the dollar's value. Should this policy change, however, it could "temper investor enthusiasm" about owning gold, the Shearson Report said.

On the other hand, "as long as this support is lacking, the dollar could continue to lose ground with gold prices remaining strong," said Shearson.

The accompanying table shows the supply-demand balance for

willingness of our government to continue its current fiscal policies."

	1976	1977 (projected)
SUPPLY		
Western world mine output	31.1	31.0
Net trade with Communist Bloc	13.2	10.0
Official sales (purchases) (includes IMF disposals)	2.3	6.0
Total supply	46.6	47.0
DEMAND		
Fabrication in developed countries	26.5	28.0
Fabrication in developing countries	17.2	15.0
Net private purchases (sales)	2.9	4.0
Total demand	46.6	47.0

gold for 1976 and Shearson's projections for 1977.

Shearson estimates that "mine output will be about in line with last year" at 31-million ounces. According to latest data, the report indicates, South African production is little changed from a year ago.

With generally better economic conditions in 1977, Shearson predicts that consumption of gold in the developed countries should increase, while in the developing countries, a decline from 1976 levels is anticipated.

Since the immediate threat of inflation seems to have abated somewhat, Shearson Hayden Stone projects "steady to firm gold prices based on present weakness of the dollar and the apparent



# Gold's brighter future

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By NEIL BEHRMANN

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

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

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

Both Zurich and London agree that gold is behaving well, considering that July and

August are seasonally quiet months when industrial demand slackens.

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

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

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

Sunday Times (Business Times)

7/8/77

214 RDM 10/8/77

# Randfontein plant commissioned

**RANDFONTEIN'S** Millsite Uranium Recovery facility was commissioned this week, marking the completion of the first phase of the mine's R180-million expansion programme.

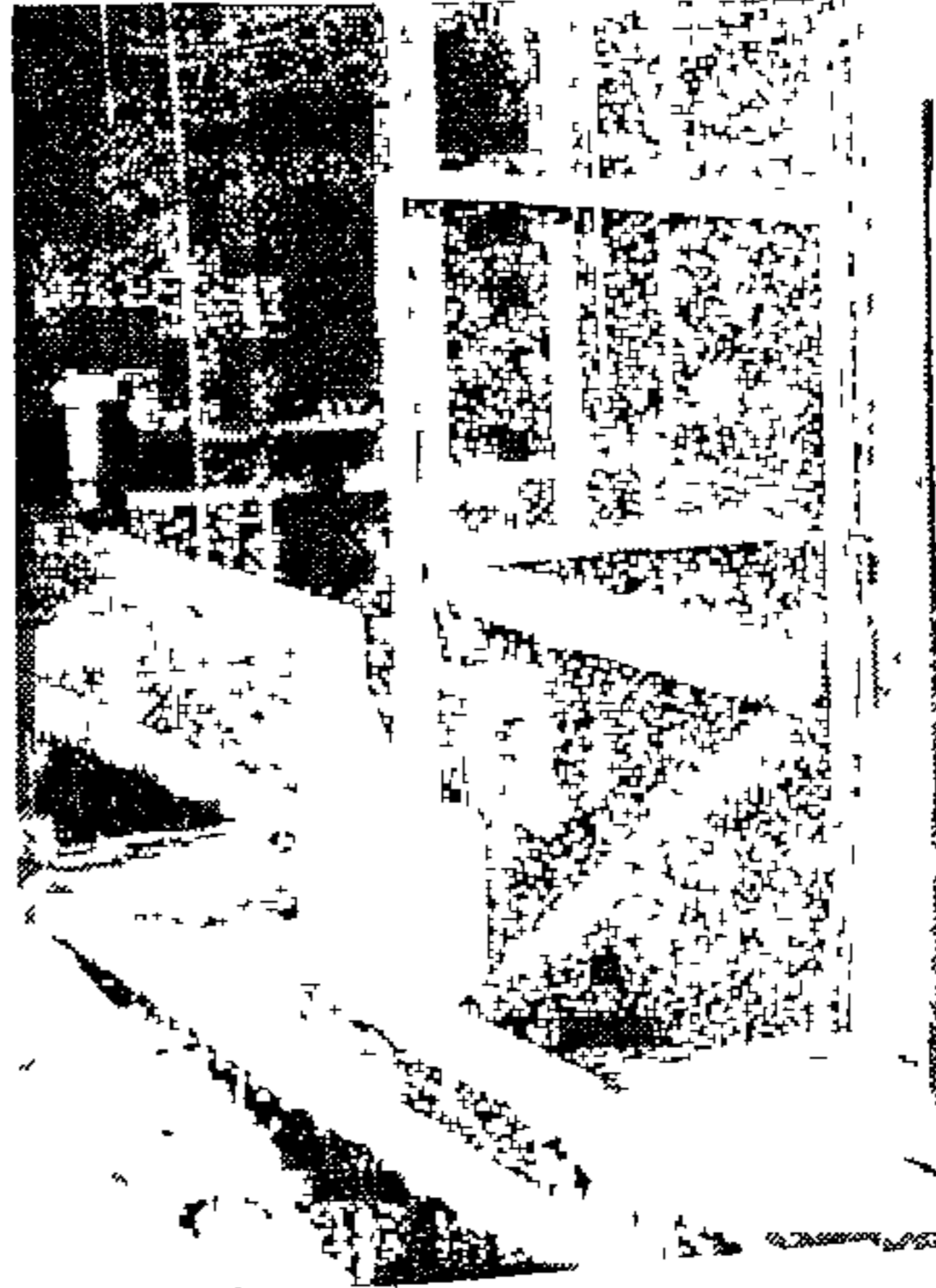
Millsite, with a rated capacity of 100 000 tonnes a month, will be used initially to treat ore from the Cooke No 1 and 2 shafts

After commissioning of the Cooke recovery plant, Millsite will treat uranium bearing slimes previously processed for gold content only.

The recovery process is based on the advanced method of continuous ion exchange in a vertical loading column, followed by fixed bed elution

Solvent extraction and precipitation are carried out in the normal way, while filtration is through a 120 square metre horizontal belt filter — the largest single filter in the world — with two smaller belt filters being used for dewatering

Engineering management services for the Millsite project were provided by a team of technical staff from Johnnes and International Bechtel Incorporated, Bechtel Corporation's South African operation.



# 21pc costs rise on gold mines

214. EDM 11/8/77

By ADAM PAYNE

**GOLD** mining costs per ton milled rose 21% in the six months to June compared with average costs for the same period last year

This is disclosed in Chamber of Mines returns showing that average costs, at R18,79 a ton in the six months to June 1976, rose to R22,68 a ton this year

By comparison, costs at the end of June 1975 were R16,03 a ton

Other points from the returns are

- Dividend were down R30-million at R159-million

- Capital spending was little changed at R192-million (R175-million) and taxation was much the same at R212-million (R218-million)

- Total profit was down R20-million at R541-million

- State assistance was slightly lower at R17-million

- Uranium profit showed the most cheering improvement at R43-million, up R18-million on last year. This was an improvement at 72%

- There was an increase in uranium oxide production to 1 689 tons (1 417 tons)

- Working profit on gold mining was down R28-million at R490-million, but revenue was up because of the higher gold price at R1 266-million (R1 182-million)

- Gold production was slightly lower at 341 tons compared with 348 tons

# Kinross into richer reefs

214

HOLLARD STREET



WAY back in October, 1975, when investors around the world were selling gold shares and the bullion price was in the middle of a long, slippery slide from over \$190 an ounce down to \$104 an ounce (last September), a most important announcement was made by the directors of Kinross Mines.

The announcement said: "No 2 Shaft was sunk 159,7 metres to a total depth of 1 698,3 metres and 528,3 metres of station cutting was completed on 14, 15 and 16 levels. During the quarter, the Kimberley Reef

was intersected some 1 628 metres below the collar. Sampling of the reef exposed gave values of 67,3 grams of gold per ton over a channel width of 61,2 centimetres equivalent to 4 119 centimetre-grams. It is anticipated that the total cost of the shaft plus ancillary buildings, plant and equipment, etc will be of the order of R18-million of which R13 359 000 has been spent"

At the time of the announcement, the Kinross share price, along with most other gold shares, was busy falling from 850c in the middle of 1975 down to 240c in the middle of 1976, before rallying with the higher gold price in the past year back up to the 465c level.

**Edited by**  
**Jeremy**  
**Woods**



During this almost two-year time lag, Kinross's new No 2 shaft has been completed and development work has now started on the rich reefs down at the 14 and 15 levels

Thus it seems clear that Kinross is one of the few mines that can look forward to several years of rising grades and profits, assuming costs can be kept under control and given a fair bullion price. Fortunately, Union Corporation, which runs the mine, has a reputation for being one of the best cost controllers in the business.

What does all this mean to Kinross shareholders?

First of all, it means that their mine has some of the most encouraging gold values of any mine in the country. As far as is currently known, they rank with the high values to be found at a mine like Klouf. Of course, the Kimberley Reef can

have erratic values. But I would be prepared to bet that if Union Corporation sinks a R20-million shaft in a relatively new area of a mine, it has a pretty good idea of the payability of the underlying ore. It is encouraging that these high borehole values have been confirmed, for other borehole results (including the high grade reserves in the graph) indicate that a rich central ore shoot runs the length of the Kinross property

There are only a few weeks left in the current financial year and judging by the three quarterly reports so far, profits for the current year should be a little better than the R21,5-million pre-tax that the mine earned last year, higher working costs and the much higher gold price almost cancelling each other out.

On this basis, I would expect Kinross to pay an unchanged final dividend of 20c from earnings of about 71c (same as last year) making a total dividend payment of 32c (also unchanged). There is scope for a higher final dividend as the R20-million capital expenditure on No 2 shaft is now completed and, therefore part of the 39c odd that was kept back last year (total R6,2-million) for capital expenditure may also be distributed

However, next financial year, starting on October 1,

the earnings prospects of Kinross could change quite significantly

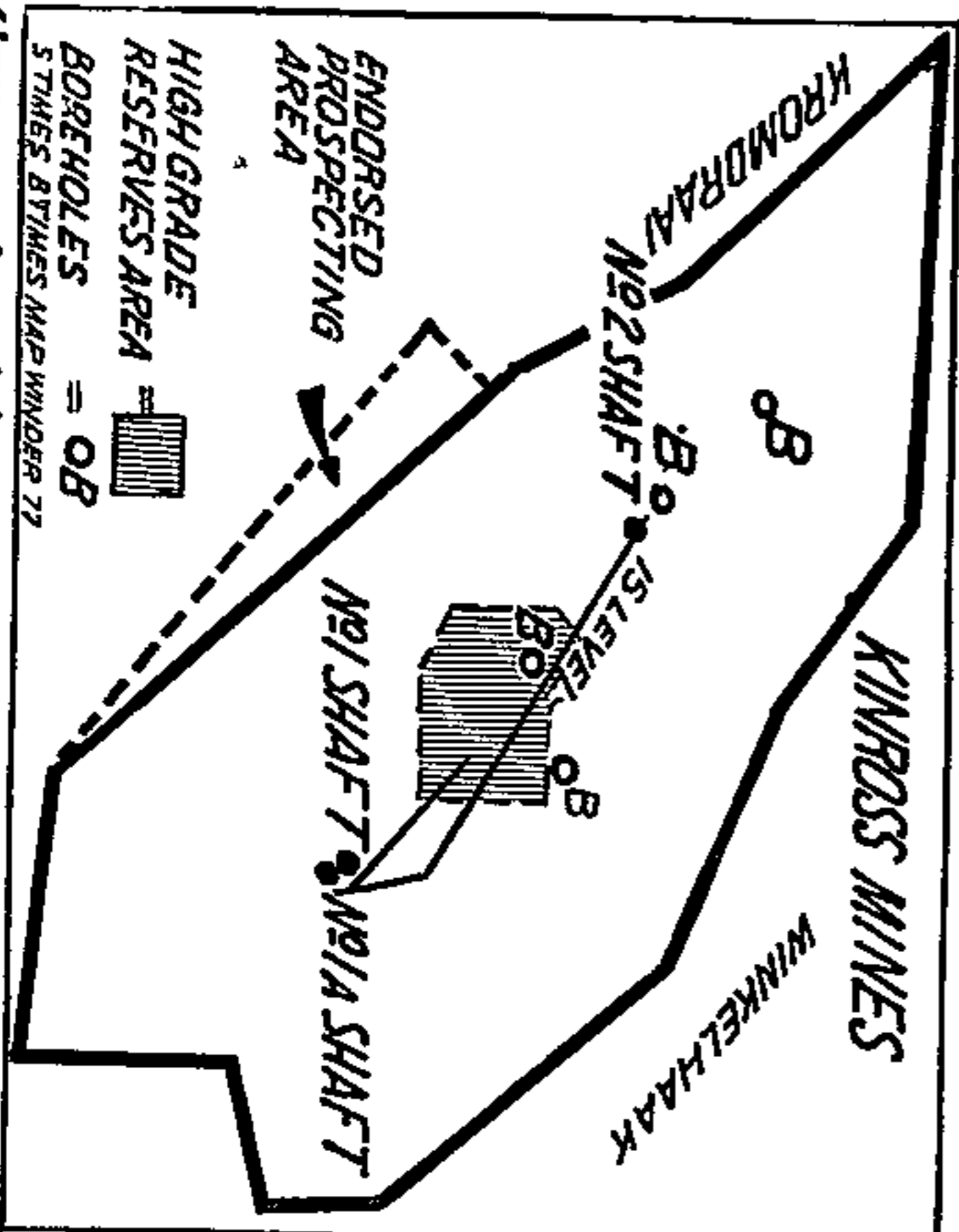
• With a saving of R20-million in capital expenditure, and on same-again profits of R21-million and earnings of 71c, the dividend could be increased substantially above 32c. This assumes gold stays above \$140 an ounce and costs remain constant

• The rich ore from No 2 shaft will be mined which, according to the last accounts, should produce "higher development values" and "add considerably to the life of the mine"

• There is a good chance the gold price will be significantly higher. As Kinross only needs a gold price of around \$74 to break even, higher grade and a higher bullion price must obviously benefit earnings.

Taking a conservative view, Kinross stands a very reasonable chance of paying between 50c and 60c next year with bullion at \$140. Should the gold price take off during the next year, it could obviously be much more

But what the market appears to have overlooked is that Kinross has now become a high grade mine from which the benefits will start to flow almost immediately. At 465c, the shares are worthy of further investigation



# Gold-hungry America <sup>13</sup> <sup>214</sup> doubles its demand

**MORE gold bullion was imported into the United States in the first six months of this year than in all of 1976.**

Moreover, this doubling of demand has been under intense selling pressure from foreign government accounts and now that that is easing, industry and government forecasters predict 10-million ounces of imports — roughly 25 per cent of the world's output — will be consumed in the US this year. Summer time is usually slack in the American gold markets.

Traditionally, the New York and Chicago jewellery manufacturers are closed during July and August and most bullion inventories are worked down to zero. Yet official Treasury gold import data for June shows 1 206 000 ounces were imported into the United States, a level exceeded only

By Jim Strodes, Washington

by the 1 704 000 ounces imported the month before.

The monthly inflow brings the six-month import totals close to 5-million ounces of bullion and another 734 000 ounces of gold coins which have been selling in the US at a rate of about 100 000 a month for the past two years.

While gold demand has equalled its 1976 totals so far this year, so also has the sell-off of gold from official accounts. This pressure has not just been from the poorer nations which have cashed in the gold obtained from the restitutions in January by the International Monetary Fund.

Thomas Wolfe, a Washington-based precious metals consultant, told the Sunday Times that the national banks of Switzerland and Austria had been two major movers of

bullion out of their accounts at the New York Federal Reserve and into the world markets.

In all, foreign account sales have moved 1 985 000 ounces out of the Fed this year, almost equalling the 2.1 million ounces sold in 1976.

"The June sales included 133 000 ounces from the Swiss account and 32 000 ounces from the Austrian account. This is the smallest amount in more than a year and we believe that the pressure from these two countries will have to diminish. One reason is that their supply of 0.999-fineness bullion at the Fed is running out and we can look for a drop in sales," Mr Wolfe noted.

Moreover, observers at the yearly jewellers convention in New York reported record advance orders for jewellery were likely to keep industrial demand for bullion strong

# Uranium output on increase

214  
RDM 18/8/77

Financial Reporter  
SOUTH Africa's uranium production totalled 3 111 tons last year. Output is expected to be greater this year with expansion programmes under way on many mines.

The decision by the Australian Government to go ahead with uranium production and exporting, which has been received with relief by the Australian mining industry, brings another competitor into the world market, in which South Africa has been taking an increasingly important part.

Mr Tony Grey, chairman of Australia's Pan-Continental Mines, in a paper delivered to the Uranium Institute's second international symposium

recently in London, said that because of the protracted delays in Australia, none of the major discoveries of recent years can now be brought into production before 1980.

He envisaged a three-year development programme which would enable Australia to produce initially 3 000 tons a year of uranium oxide in the early 1980's — equalling South Africa's present rate of production.

Mr Grey believed it possible to increase this production to 12 000 tons by the mid-1980's.

At the same symposium, Mr Harold Merlin, of the Canadian Department of Energy, said existing Canadian producers are expanding output, a number of new projects are being developed and exploration activity continues at a vigorous rate.

Mr Merlin said the Canadian industry faced a number of problems relating to the uncertainty over the growth of nuclear power programmes, doubts over provincial inquiries into the environmental impact of uranium mining and the growing issue of mineral rights.

Nevertheless, he said that Canadian uranium production should more than double to 12 500 tons a year by 1984, and could increase beyond official estimates from the 1990's if current exploration programmes proved successful.

Dr Klaus-Peter Messer, a West German delegate, said that after making some conservative assumptions, he estimated that the Western world's cumulative natural uranium needs would amount to 1 000-million tons by 1990.

He maintained that the recycling of uranium and the use of plutonium would not drastically affect uranium needs before the last decade of the century.

# Elandsrand shaft intersects reef <sup>(214)</sup>

By DON ROBERTSON

RDM 25/8/77

ENCOURAGING news from Elandsrand is that the rock shaft has intersected the Ventersdorp Contact Reef at a depth of 2 044 m, although gold and uranium values from the area are rather poor

Sampling of the reef disclosed values of 10,42 g/t gold and 0,06 kg/t uranium over a width of 12 cm, equivalent to 125 cmg/t and 0,71 cmkg/t respectively

While these results might appear to be on the low side, they comply with the expressed policy of sinking the twin-shaft system in a low-grade area so as not to tie up large tonnages of payable ore in the shaft pillar

The viability of the mine has been based on reserves in the

VCR which, according to the prospectus, amount to 66 000 000 tons at an average grade of 11,8 g/t

According to borehole results, the width of the reef fluctuates widely, but is not wider than 100 cm

The rock shaft is now nearing its final depth of 2 178 m and should be completed later this year. The men and material shaft will be completed to its final depth of 2 370 m early next year

The company expects to come into production in 1980 helped by development from Western Deep Levels.

A positive cash flow is expected about a year after mining starts, and should continue for the life of the mine, which is estimated at 34 years

into 5 separate sections. Sections 1, 4 men living singly. Sections 4 and 5 are ons 1 and 2 respectively, so that effectively ite sections.

ypes of accommodation for men living singly. as are found in Langa and Nyanga, in which and there are Employer built dormitories

## IN GUGULETU: SECTION 2.

	<u>No. of Beds.</u>
Board Hostels	2 752
Employer Dormitories	<u>872</u>
<u>Total Single Men</u>	<u>3 624</u>
<u>Total Population</u>	22 148

In Section 3 there are strictly speaking only the employers' dormitories for men living singly. However at the time of writing employers are busy building new accommodation, with a multi-storey building by Murray and Stewart virtually complete. Then again the Board has made 50 h o u s e s available for single men on a temporary basis.

TABLE 4.

## ACCOMMODATION FOR SINGLE MEN IN GUGULETU: SECTION 3.

<u>Type of Accommodation</u>	<u>No. of Beds</u>
Employer dormitories	846
Family Units	<u>350</u>
<u>Total Single men</u>	<u>1 196</u>
<u>Total Population</u>	16 320

# IMF told: back stock with gold

Sunday Times (Business Times)

4/9/77

214

Adlai Stevenson Jr ...  
IMF could raise billions.

WASHINGTON — Do you remember when gold was being driven out of the world monetary system? It seems like only yesterday

But today an influential US senator has proposed that the international monetary fund replenish its resources

by selling its own securities backed by the 100-million ounces of bullion it still has in its reserves

The senator is Adlai Stevenson Jr, a member of the senate panel of financial institutions such as the IMF. He made his remarks during a hearing on whether

Congress should ratify Carter administration support for the so-called Witteveen Fund, a \$10 000-million supplemental credit facility for the 100-or-so poorer IMF member nations which suffer severe balance of payments problems

While Carter administration officials have reacted negatively, Senate sources report that the Stevenson suggestion is "being considered very seriously" by legislators who are tired of appropriating billions of dollars for IMF support

In an interview with the Sunday Times, Senator Stevenson suggested his idea be given a test period during which a limited issue of IMF gold-backed bonds might be issued on the private markets

Stevenson conceded that the IMF probably won't ever get a majority of its money from the private markets, nor should it. But the amount it could raise with gold-backed securities could be in the billions

## Opposition

"Remember the Witteveen Fund was supposed to be nearly \$20-billion when it was first proposed. And there is still a need for similar credit facilities for the industrial nations. You would not need to pledge the entire \$14-billion gold hoard to raise six or seven billion," he added

Needless to say there is still stiff opposition to any proposal that would move gold back into the centre of such a global monetary institution as the IMF

The US centre of that opposition remains the Treasury staff which has waged a relatively successful war to rid the IMF of its bullion holdings and to drive bullion out of the exchange rate system as a store of value

Interestingly however, the treasury has been forced by tactical considerations to

approve recent legislative proposals that would give more control over US gold policy back to the Congress

And just as interesting was Treasury's response to the Stevenson proposal this week

Instead of blasting the idea as a re-emphasis of gold in the world system, a top Treasury gold strategist told the Sunday Times that the only danger he could see was the IMF's lack of experience in marketing securities



# Gold price rise is forecast

Sun.  
Exp.  
4/9/77

By NELSON ROGALY

"GOLD is for the mistress, silver for the maid, copper for the craftsman cunning at his trade", wrote Rudyard Kipling

The mistress's metal is back in favour according to London gold experts. At London's top bullion dealing house, N M Rothschild, a spokesman said that he sees a short-term improvement for the world gold price

He also believes the outlook for gold price rises in the long-term are good. At Consolidated Goldfields the experts say that they see the trend towards increased gold investments, which has taken place over the past two years, growing

They cautiously describe the economic outlook as 'fair'

It is not only gold that is good news in London at present. August will be

remembered as the month the Financial Times index crashed the 500 point barrier. It is the first time that the share index has penetrated the 500 level in four years

The improvement in the London stock market can largely be ascribed to falling interest rates and the imminent benefits of North Sea oil

August was also the month Britain's reserves rose although further drawings

from the IMF and the Eurocurrency market are in the offing

It is the constant instability of the Eurocurrency market, highlighted once again by Sweden's devaluation and its desertion of the currency 'snake', that prompts London brokers to look to gold again

They expect gold to play an increasing part as a hedge against the ups and downs of major currencies,

D.D. 7/9/77

# Overseas markets make gold shares firm 214

**JOHANNESBURG**—Gold shares were firm again on Hollard Street yesterday as sentiment underlying the bullion market remains strong in London and Zurich.

United States gold features opened lower, however, in moderate trading on the New York Commodity Exchange and the Chicago international monetary market.

The demand for gold shares in Johannesburg came from both domestic and overseas investors, dealers reported.

De Beers was narrowly higher.

In copper, Messina put on 15c to 235c. Platinum counters were quiet. Rooberg dropped back 50c to 1 050c in tin.

Tavistock and Trans Natal were both higher in coal where Zuingin eased 5c to 200c.

Consolidated Murchison was marginally down in other metals. Virtually every gold share was higher. The only exception was South Roodepoort which shed 5c to 165c.

Among the heavyweights, Randfontein added 100c, as did Pres Brand Freguls rose by 75c and Buffels by 60c.

Vaal Reefs and West Driefontein rose by 50c each while Western Holdings was bid up 40c.

Mining financials followed gold, although not quite as strong with general mining the odd one out with a fall of 15c.

Gainers included Anglo Vaal, Amgold GFSA, Mid Wits and Union Corp ahead of results.

Industrial financials were dull with a 6c improvement by Smiths, the largest absolute change.

Investment Trust was quiet and Liberty added 15c on a bid in insurance.

Volkskas added 5c in banks.

Changes were limited to a 5c maximum in building with modest gains shown by Anglo, Alpha Grinaker and Johnston. AECI was offered 5c lower in chemicals.

Clothing shares were calm while the only feature in food was a 10c rise to 130c by Becketts Marine product put on 10c.

Among counters to show commencing rises in furniture were Beares, Ellerine and Russel.

In London, stock prices advanced, but gains were clipped by late profit-taking, dealers said. Trading interest was active.

The prevailing optimism was helped by the public sector borrowing statistics which were well within the limits set by the IMF, dealers said.

Equity leaders gained as much as 12p. — DDC-SAPA

# Golds drop and wipe out Wednesday's gains

JOHANNESBURG — Golds moved down quite decidedly on the Johannesburg Stock Exchange yesterday, effectively wiping out most of the gains achieved on Wednesday

In contrast, industrials continued to move ahead, recording a further steady improvement, although business was small.

The lower morning gold

price fixing set the trading pattern among gold shares for the day with the position further aggravated by another small decline in the price at the afternoon fixing

The losses were led by Randfontein which shed 100c on two sales.

Klerksdorp and West Wits issues were the hardest hit on the gold board which boasted only two advances in Bracken and Loraine

Elsewhere among minings, De Beers lost a hefty 8c on some concerted American selling. This is the first reversal in the share price since it took off from just under 500c following the substantially improved interim results

Coppers were surprisingly firm with gains in Palamin, Messina and Minorco, the latter ahead of the interim figures. Platinums managed modest improvements while Gefco recouped part of its recent fall.

Coals were mixed and quiet

Mining financials declined in sympathy with the rest of the mining board with Amcoal the only exception

In London, stock prices closed lower as leading equities fell back after a brief mid-session rally following results from ICI and BP.

Government stocks were around 1/16 easier on the day. At 15h00 the FT index was down 1,3 at 499,6.

In Salisbury, industrial prices were mixed.

Caps rose 5c to 215 and Rothmans were 3c better at 113. Murray and Roberts at 87 and Mash Holdings at 40 were both up 2c. Rhobank at 255 and Rho Brews at 275 were both down 5c and Nat Foods lost 1c to 44 — SAPA-RNS-DDC.

London University Press, London, New

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# Gold move just a book entry <sup>(214)</sup>

11/9/77  
Special Finance Correspondent

THE IMPENDING revaluation of South Africa's gold reserves will not result in any dramatic improvement in the country's credit standing abroad.

Although domestically the move will provide the state with a bonus, in terms of foreign purchasing power the revaluation is merely a book entry.

The true value of the gold in the Reserve Bank has long since been taken account of by our creditors.

But this aside, the move is of less significance than it would have been had it been a few years ago. The physical volume of gold held in the vaults of the central bank has fallen considerably since 1974. The weight of gold coin and bullion held at that time amounted to 18,2 million fine ounces.

The depletion in the gold reserve during the past three years occurred chiefly as a result of the two gold swap arrangements, whereby gold was surrendered as collateral for foreign currency loans.

The first of these took place in March 1976 when the weight of gold held in reserve was reduced to 12,9 million fine ounces. The second swap took place in April of this year when the gold reserve was considerably further reduced to 9,7 million fine ounces.

That these measures were possible illustrates very well the insignificance of the impending revaluation of our gold stocks. It has always been possible to effect such a revaluation of our gold reserves by the sale of reserve gold at market prices.

The replacement of such gold by the foreign exchange accruing from the sale has the effect of boosting the country's net reserves in the same way as a revaluation will do. The swap arrangements resulted in gold valued at R29,55 per fine ounce being replaced by foreign exchange at market related prices.

holdings. The foreign exchange reserves of the central bank rose from a level of R859 million at the end of February, 1976, to R1 205 million at the end of March as a result of the first swap.

And despite a massive repayment of loans that accompanied the second swap, the foreign exchange reserves rose from R649 million to R757 million.

But these were mere paper profits. The world knew very well what the market value of our gold holdings were even before these effective revaluations of the gold stock illustrated the true state of affairs.

What bothered the world then and what bothers the world now is that even with the gold stock revalued at, say R130 per fine ounce, the total foreign reserves are barely sufficient to cover the value of three months imports.

The retiring Secretary of Finance, Mr Gerald Browne, predicted recently that the revaluation of the gold stock would double the value of the foreign exchange reserves to between R1 600 million and R1 800 million. During the second quarter of 1977 merchandise imports totalled R1 663 million.

The revaluation of the gold reserves will provide the authorities with an opportunity to indulge in a timeous exercise in morale boosting, but materially the move will not alter the fortunes of the economy.

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Another indication of the steady decline in our gold reserves is found in the declining gold reserve ratio. This figure measures the ratio of the Reserve Bank's gold holdings to its liabilities to the public, less foreign exchange reserves.

The ratio has declined from 74,6 percent at the end of 1972 to 45,0 percent at the end of 1974 and to 20,8 percent on July 31 this year. Indeed, the Minister of Finance, Senator Horwood, was forced to suspend the previous legal minimum gold reserve requirement of 25 percent, just prior to the second gold swap in April of this year.

However, the net effect of the running down of the country's gold reserve was a simultaneous increase in the foreign exchange

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# MINES WILL NOT GET A SHARE OF THE PROFIT

By ALAN PEAT

THE SOUTH African gold mining industry will not share in the expected R1400 million profit bonanza when the nation's gold reserves are revalued, probably later this year.

Instead, says finance secretary Gerald Browne, the book profit will be lodged on reserve in a special stabilisation fund account, which will be "sterilised" for the time being.

Chamber of Mines president Robin Plumbridge, said that the mines had argued for a share of the profits, but the Government decision had gone against them.

"Our argument was a moral one," he said, "but the Government stood on the law, which states that all profit or losses accruing to the gold reserves are for the account of the State."

Currently the mines are paid on delivery of gold to the Reserve Bank the official price of R29.55 an ounce, and monthly payments are made thereafter as the gold is sold at market prices.

After revaluation (which Browne estimates will lift the Reserve from its July total — at the official price — of R286.6 million to between R1600 and R1800 million, mines will be immediately paid the market price on delivery.

"This," says Plumbridge, "will have little effect on the liquidity of the mines. All that will happen is that our payment for the gold we sell to the Reserve Bank will be brought forward."

Profits and turnover, he says, will not be enhanced in the long term by the revaluation, or the new method of payment.

Browne counters the mines' argument that they should share in the State's profits, saying "Apart from the legal aspect which incontrovertibly states that the profit is due to the account of the Government there is another argument."

"The gold reserves have actually decreased since 1968 when the world market price diverged from the official price. The effect of this decrease has been that the mines, if anything, have actually received more than their share since then. I don't think they have any argument."

According to Browne the profits will not be spent, as that would be inflationary.

"However," he added, "there could be circumstances in the future when the fund will be used." One instance of this, he said, could be the need to counteract a depressed world gold price.

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THE SUSTAINED firmness of gold in recent weeks has brought about a better climate for gold shares. This received further encouragement with the outcome of the IMF gold auction. In consequence, the feeling is growing that working revenue of the mines is set to rise in the months ahead.

Gold's performance in August was much on the pedestrian side, drifting backwards and forwards between 140 and 145 dollars. This was to be expected for August is the holiday season in Europe.

The tradition of it being a non-business season remains firmly entrenched — reminiscent, say old Holland St hands, of times gone by when everyone who mattered took off for the Durban July and stayed away for a month.

What happens there is not only that the bullion markets are on a care-and-maintenance basis, but jewellery fabricators take time off before the busy period ahead of the Christmas trade. In consequence, offtake has been low.

For practical purposes the second half of the year for gold starts in September and there is no doubt that it is getting off to a better start than 12 months ago.

Then, it needs little

## Profitable times ahead for the mining industry

Sun. Trib

11/9/77

(214)

recalling, it had slumped to 103 dollars and the Jeremiahs were forecasting — some almost gleefully — that it could slide through 100 dollars and not likely to be checked before 80 dollars.

Three main reasons can be demarcated. Firstly, in late 1975 the price had shot up too fast and too high so as to inhibit industrial demand and massive speculative positions built up.

Secondly, when the price failed to go through the widely anticipated 200-dollar mark, this gambling bubble was pricked and stale bulls offloaded on to weak markets.

Thirdly, the IMF auctions started up in this unfavourable climate and in the European holiday season.

Putting all these factors together, the prospect seemed one of the entire gold market being flooded with metal that nobody wanted.

The picture has altered radically. Stock taking and studies of the

pattern of demand undertaken by the mining industry at the half-year paint a brighter picture.

On the supply side, the maximum amount available for 1977 is put at 1500 tons, made up of 1000 tons of mine production, 300 tons of Soviet sales, and 200 tons of net sales from official monetary stocks — mainly through the IMF auctions.

Against this, demand is put at 1300 tons made up of jewellery 900 tons, official coins — Krugers in the main industrial applications, 250 tons.

This leaves the very modest balance of 200 tons for private investment — very much lower than that absorbed in past years.

In 1976, 69 percent of gold sold went into jewellery, the percentage for this year works out at 60 percent — and some authorities feel strongly that this will prove too low.

They base their argument on the existence of two different types of customers for gold ornaments.

In developed and industrialised countries, the magnitude of people's disposable incomes exerts a large influence, for retail prices of gold jewellery exceed the value of gold content by large margins.

In less developed ones, the price sensitivity of jewellery fabrication, because it is not so sophisticated, is much more closely related to bullion quotations. It thus tends to be more an investment than a status symbol. This showed up when the bullion price ran away and a fair number of owners turned sellers.

However, the demand for this type of jewellery is growing — not only in traditional markets of the Near and Middle East but new ones are coming into being in the Far East.

In the first named, there is a growing tendency of local inhabitants and the large number of migrant workers to convert savings into gold for a deep-seated distrust of currencies and financial institutions persists.

In addition, the massive infusion of post 1973 wealth into oil-producing states is filtering downwards through the population and a lot of this is going into gold.

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68/ When starting operations, the Acting Manager of Wenela (Mr. N.D. Nicolle) conducted an on the spot review of unemployment in and around Salisbury. From this cursory investigation, he was well-satisfied as to the extensive evidence of urban unemployment in Salisbury. It is also worth reporting the comment of the President of the South African Chamber of Mines that an off-take of 20 000 contractees 'would not make a dent in the local labour market'.

69/ See Business Herald, 6 February 1976; and Financial Mail, 9 May 1975.

70/ I am grateful to Ian Phimister for pointing this out to me.

71/ It is an interesting point to be recorded that, according to the General Manager of Wenela in Rhodesia, the publication of political news indicating heightening of the local political crisis and/or possibility of change has brought about immediate fall-off in recruitment intake levels.

72/ .....

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*Companies in the*

**GOLD FIELDS GROUP**

*CAPE TIMES  
16/9/77*

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**MINING COMPANIES' CHAIRMEN'S REVIEWS FOR THE YEAR ENDED 30 JUNE 1977**

(All Companies are Incorporated in the Republic of South Africa)

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## WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

For the third successive year periodic shortages of labour in the industry have had an adverse effect on production. The labour shortage in the second and third quarters of the year ended 30 June 1977 was more acute and prolonged than previously experienced and, although there was a large influx of labour into the industry in February 1977, this new labour, after induction and training, only became productive during the last quarter. However, from the beginning of that quarter an eleven-shift fortnight was introduced on the mines and, so far as your company's mine was concerned, this retarded the restoration of the milling rate to a level that could otherwise have been expected with a full, albeit partly novice, labour force. Voluntary overtime work on the twelfth shift has to some extent compensated for the loss of production brought about by the shorter working fortnight, but this has added to the labour costs of the mine.

The results of operations for the year are described in detail in the technical advisers' report and the financial statements, to which members' attention is directed. These show that the tonnage mined was 247 000 tons less than in the financial year ended June 1976. No low grade ore was drawn from the surface dump during the year as this is being withheld for upgrading in due course by photometric sorters. A smaller quantity of waste was sorted on surface, and total tonnage milled was 2 223 000 tons, or 423 000 tons less than in 1976. The average gold yield per ton increased by 2,2 grams to 23,7 grams as a result of the policy of concentrating available labour in the richer western remnant area of the mine and the elimination of low grade surface dump tonnage, but this did not compensate for the lower tonnage milled and the total gold output fell by 4 229 kilograms to 52 773 kilograms.

Because of the lower output, and because the average price received, of R3 537 per kilogram, was only fractionally higher than the average price received in the previous year, working revenue from gold was lower by R14,9 million. Working expenditure, on the other hand, rose by R6,4 million as a result of substantial increases in the cost of stores and in labour charges, and because of administered price increases, particularly in the case of electric power which cost the mine 50 per cent more than it did in 1976. On the credit side, net revenue from uranium and sulphuric acid sales rose from R0,6 million to R3,9 million, mainly as a result of a favourable spot sale of uranium held in stock, which was surplus to contractual commitments. The total working profit was, therefore, R135,2 million, compared with R153,2 million in 1976. After taking into account reductions of R0,3 million in net sundry revenue, and of R13,5 million in the amount payable to the State by way of lease consideration and taxation, the net taxed profit was R64,2 million as against R68,9 million in 1976. Expenditure on fixed and other assets, including a net increase of R8,1 million in the compulsory loan levy paid to the State, amounted to R25,2 million and, after utilising R0,2 million of the balance of R1,0 million set aside in previous years for future capital expenditure, an amount of R25,0 million was transferred to non-distributable reserve. The dividend of 280 cents per share absorbed R39,4 million, compared with the previous year's 335 cents per share which absorbed R47,2 million. After these appropriations, there was a small reduction in the unappropriated profit to R3,3 million.

Good progress continued throughout the year on the establishment of the No 6 Shaft complex and on the surface installations at this complex. No 6 Shaft itself was sunk to its final depth of 1 458 metres below collar and is in the process of being equipped, while No 6 Sub-Vertical Shaft was sunk to its final depth of 740 metres below collar and by the year end equipping of this shaft had been completed. Steady progress was also made on the improvements to the hostel accommodation on the mine and other capital projects.

### Outlook

During the current year ore from the No 6 Sub-Vertical Shaft area of the mine will become available to supplement the declining tonnage from the high grade lower levels in the western section. This will cause a small decline in average yield, but given a continued adequate supply of labour – and I have no reason to believe that the acute shortage experienced last year will be repeated even though normal seasonal fluctuations can be expected – a greater tonnage of ore will be sent to the mill and there should in consequence be an increase in gold production. Since the commencement of this financial year the average gold price received has been appreciably higher than the average price received last year, and if the present price level is maintained or bettered, revenue should be substantially increased. However, the future gold price does remain unpredictable, and because the rate at which working costs will increase cannot be gauged, no realistic profit forecast can be made at this stage. The technical advisers estimate that capital expenditure this year will be only slightly less than the expenditure incurred last year. With further spot sales of uranium at enhanced prices having already been negotiated, revenue from this source should also increase. The early indications are, therefore, that the dividend this year should at least equal the dividend paid last year.

### General

Once again it gives me much pleasure to express, on behalf of the board, our appreciation of the services rendered during the year by Mr D Savile Davis, the consulting engineer, by Mr N M Hayne, the general manager, and by the staff at the mine and at head office. It is particularly pleasing to report that on 26 July 1977 the mine recorded, for the sixth time in its history, a million fatality-free shifts. All concerned in contributing to this commendable safety performance are to be warmly congratulated.

A Louw  
Chairman

Johannesburg  
25 August 1977

## LIBANON GOLD MINING COMPANY LIMITED

At this time last year I informed members that, provided the mine could achieve a reasonable level of stability in the work-force, a higher level of production could be expected during the year now under review. While the tonnage and recovery grade of ore milled, and hence gold production, were in fact a little higher than in the 1976 financial year, these improvements fell short of the targets set but were nevertheless admirable achievements in the light of the serious set-backs encountered at the mine during the year. In the first place, at the beginning of September an extensive underground fire in the high grade Ventersdorp Contact Reef area at the Harvie-Watt Shaft necessitated the sealing off of the whole of this area until the fire was extinguished and this not only affected the tonnage milled for some months but also had an adverse effect on recovery grade with stopping having to be concentrated in the unaffected lower grade areas of the mine. In the second place, a shortage of labour was again experienced in the second and third quarters of the year which was even more acute and prolonged than the shortages experienced during the previous two years. It was not until the final quarter that the mine once again had a full, but partly inexperienced, complement of labour which enabled much of the leeway in lost production to be made up. But for the introduction of an eleven-shift fortnight from April 1977, that resulted in some loss of production – but which was largely offset by overtime work at increased cost to the mine – the recovery would have been even greater.

The results of operations for the year are described in detail in the technical advisers' report and the financial statements, to which members' attention is directed. Gold production rose by 500 kilograms to 11 484 kilograms and, because the average price received for this gold was slightly increased, total working revenue was R2,4 million higher than in the previous year. The working profit of R12,5 million was, however, R2,3 million lower because of the substantial increase of R4,6 million, or 19 per cent, in working expenditure as a result of the effects of the continued high rate of inflation on all items comprised in costs. An amount of R0,7 million was recovered from the company's insurers under a claim for loss of profits arising from the underground fire, and, after taking into account net sundry revenue of R1,0 million, and taxation and State's share of profit of R2,7 million, the after-tax profit was R11,5 million compared with R13,0 million in 1976. An amount of R7,5 million, representing expenditure on fixed and other assets, was transferred to non-distributable reserve, the dividend absorbed R3,6 million, as against R6,4 million, and the unappropriated profit at the year end was R0,4 million higher at R1,3 million.

Development during the year was concentrated in the areas north and south of the Harvie-Watt Shaft. Values disclosed on the Main Reef were generally low, but high values were again disclosed in the limited amount of development done on the

Ventersdorp Contact Reef. The ore reserve at the year end was 171 000 tons lower than it was at the end of the previous year because it has again become necessary to exclude from the reserve some ore which has become marginal as a result of the raising of the pay limit to take account of the rise in unit costs. Because of this, the value of the ore reserve has become disproportionately high in relation to the indicated average value of the remaining ore in the mine which has still to be opened up by development. The imbalance in the ore reserve should be gradually corrected as more ore of lower grade is brought into the reserve as a result of the development programme now being carried out in the known lower grade areas of the mine. Exploration has continued in the areas contiguous to the south-western and eastern areas of the mining lease area, which are either under option to or are owned by the company. Intersections in one of the two surface boreholes being drilled in the eastern prospecting area have so far disclosed low values on the Ventersdorp Contact Reef over a wide band, while in the other hole good values have so far been disclosed in single intersections of the Ventersdorp Contact Reef and below it, the Elsburg Reef.

Capital expenditure during the current year is expected to be nearly halved to about R3,6 million and will be incurred mainly on and in connection with No 2 Sub-vertical Shaft where work is continuing preparatory to the commencement of full-scale sinking.

It is planned to mine an increased tonnage of lower grade ore this year, but although this will entail a decline in average yield, total gold output should increase if the milling rate can be maintained at near plant-capacity. This will depend on a continuing adequate supply of underground labour, which appears likely even though a normal seasonal decline is to be expected, and on an improvement in the productivity of such labour to the higher levels attained in previous years. Because the revenue to be received for the mine's gold output remains uncertain, and the extent of the expected further increase in working expenditure cannot be measured, it is not possible in this early part of the year to make any meaningful forecasts of profits and dividend.

It once again gives me much pleasure to express, on behalf of the board, our appreciation of the loyal and efficient services rendered during the year by Mr C T Fenton, the consulting engineer, by Mr D L Starkey, the mine manager who has since the end of the year been transferred to another position in the Gold Fields Group, and by the staff at the mine and at head office.

B A Plumbridge  
Chairman

Johannesburg  
25 August 1977

## VENTERSPOST GOLD MINING COMPANY LIMITED

In my Review last year I stated that, because of the declining level of gold production, the lower price received for gold and the rapid rise in working costs, all of which contributed to working losses being incurred monthly from June 1976, an application was to be submitted to the State for financial assistance under the Gold Mines Assistance Act in view of the large quantity of marginal ore in the mine that could be mined profitably in the event of the price received for gold staging a sufficient recovery. In an announcement published on 16 February 1977, members were informed that this application had been successful and that the company's mine had been classified as an assisted gold mine with effect from 1 July 1976. The amount of State aid claimed for the year ended 30 June 1977 was R3,8 million, of which R3,0 million had been received by that date, and was sufficient to cover working losses and capital expenditure.

The results of operations for the year are described in detail in the technical advisers' report and the financial statements. Although a concerted effort was made to increase the gold output by concentrating stopping operations in the higher grade areas of the mine and by reducing the quantity of low grade fines sent to the mill from surface dumps, the total tonnage mined for the year was 252 000 tons less than in the previous year, while 198 000 tons less were milled. The average gold yield of 5,7 grams per ton was 0,5 gram per ton higher, but total gold output fell from 7 405,5 kilograms to 6 908 kilograms as a result of the lower tonnage milled, caused mainly by an acute shortage of underground labour during the summer months and also by the disruption of operations experienced while transferring stopping contractors to the scattered higher grade areas, and by the effect on production of the 11-shift fortnight introduced on the mine from April 1977.

As a result of the lower gold production, coupled with a decline in the price received for this output, working revenue fell by R3,8 million while working expenditure rose by R2,7 million, or 11 per cent, in spite of the austerity measures introduced in an effort to combat the adverse effects of inflation. In this connection it should be mentioned that the cost of electric power alone, which constitutes a substantial element of working expenditure, rose by 54 per cent over the year. The end result was that a working loss of R2,4 million was incurred, compared with a working profit of R4,2 million in the 1976 financial year. After taking into account

State aid, interest and net sundry revenue, the profit after taxation was R1,9 million as against R4,5 million in 1976. Capital expenditure, which has been restricted to the essential needs of the mine, was pruned from R3,3 million in 1976 down to R1,3 million. The dividend was reduced from R1,3 million to R0,3 million, and the unappropriated profit increased by R0,3 million to R1,8 million.

The adverse effect on working costs of the high rate of inflation continues to give cause for concern and is reflected in the large fall of 2,8 million tons in the ore reserve because of the necessity to raise the pay limit of the mine in line with rising costs. The tonnage of ore in reserve is likely to decline still further unless the gold price rises at a rate that will more than compensate for the eroding effects of inflation on the cost structure of the mine. Moreover, the average grade of the ore reserve is also expected to decline gradually as the higher grade blocks become depleted. Because of the disappointing results in the Middelvier area, development was stopped early in the year.

The receipt of State aid has tided the company over a very difficult period. Provided the gold price is maintained at least at its present level, that working costs can be contained within reasonable bounds, and the currently adequate labour supply position continues, the results for the current year should be much improved on those of last year, and reliance on State aid – which should in any event only be regarded as a temporary measure – will diminish. It is not possible at this stage to forecast the results for this year because of the factors I have mentioned, and the future dividend position remains uncertain.

In conclusion I wish to express, on behalf of the board, our appreciation of the services rendered during another difficult year by Mr C T Fenton, the consulting engineer, by Mr A J H Pole, the mine manager who retired at the end of the year, and by the staff at the mine and at head office.

P W J van Rensburg  
Chairman

Johannesburg  
25 August 1977



## KLOOF GOLD MINING COMPANY LIMITED

The results of operations for the year ended 30 June 1977 are described in detail in the technical advisers' report and the financial statements to which members' attention is directed

As expected, there was a substantial improvement in total production for the year, with tonnage milled increasing by 136 000 tons, the average yield by 1,2 grams to 12,4 grams per ton, and the total gold output by 3 302 kilograms to 18 947 kilograms, equivalent to a 21 per cent increase on the output for the 1976 financial year. This improvement was achieved in spite of a large slump in production during the second and third quarters of the year as a result of an acute shortage of underground labour, common to all mines in the industry. There was a large influx of untrained labour to the mine from February 1977 and as this new labour became productive after a period of training and the rate of mining in the initial pair of longwalls served by No 1 Sub-Vertical Shaft was increased, production during the fourth quarter staged a rapid recovery, so much so that a milling rate of 160 000 tons per month was achieved from April onwards. This compares with a monthly milling rate of 135 000 tons which I indicated in my last Review was likely to be attained during the second half of the year. There was, however, some loss of production during the fourth quarter as a result of the introduction of an 11-shift fortnight from the commencement of that quarter, which was only partly offset by overtime worked on the 12th shift, albeit at increased cost to the mine.

The company received a slightly lower price for its gold than the price received in the 1976 financial year but, because of the larger output, working revenue increased by R11,1 million to R67,0 million. Most of this increased revenue was, however, absorbed by a steep increase of R10,3 million in working expenditure arising not only from the increase in the scale of operations but also, and particularly, by the effects of the continued high rate of inflation on all items comprised in unit costs per ton mined which rose by 26 per cent. The working profit of R25,1 million was, in consequence, only R0,8 million higher than in 1976. After adding net sundry revenue of R1,6 million, and deducting R6,3 million in respect of the State's share of profit and taxation the net taxed profit was R20,4 million compared with the previous year's R21,4 million.

Capital expenditure, the greater part of which was incurred on the shafts, ventilation services and underground equipment, amounted to R13,1 million and, after taking into account a net increase of R0,9 million in the loan portion of taxation and other current assets, and utilising R3,0 million of the balance of R4,7 million set aside in previous years for future capital expenditure, an amount of R11,0 million was transferred to non-distributable reserve. The dividend was reduced from 47 cents to 30 cents per share and absorbed R9,1 million, and there was a small increase of R0,4 million to R1,7 million in the unappropriated profit.

The sinking of No 3 Shaft continued to be retarded by the intersection of water-bearing fissures and by bad ground conditions but these conditions improved during the final quarter and the shaft had reached a depth of 1 769 metres below collar at the year end. After passing through the troublesome water-bearing zone and a dyke during the early part of the year, the haulages being developed, on 23 Level to the site of this shaft made good progress. Ancillary work at No 2 Sub-Vertical Shaft continued throughout the year and cross-cutting to reef on all levels was commenced.

Capital expenditure in the current year is expected to be about R1 million more than it was last year and will again be mainly incurred on the shafts, the refrigeration plants to improve the environmental conditions in the workings off the sub-vertical shafts, pumping facilities, additional underground equipment and the provision of electric power services. During the course of the year initial expenditure will be incurred on No 3 Sub-Vertical Shaft which will serve the northern area of the mine down to 43 level.

With the enormous technical difficulties experienced at the mine for a number of years having been largely overcome or circumvented, the future prospects of the mine have been greatly improved. Provided the presently adequate labour supply position remains reasonably stable, and labour productivity can be restored to former levels, milling at the rate of 160 000 tons per month is expected to continue throughout the current year, and to increase to 180 000 tons per month during the succeeding year. The average yield should also improve this year in line with the improvement in the value of the ore reserve which has been brought about mainly by the higher values in the block extensions of the initial longwalls, and by the elimination of some low grade blocks, mainly in the southern section of the mine, which have become unpayable as a result of the rise in unit working costs. Gold output this year should therefore show a further improvement, but working revenue will be dependent on the average price received for this output. The extent of the continuing increase in working expenditure is also not predictable and it is therefore not possible at this point in time to forecast the working profit and dividend prospects for this year.

In conclusion, it once again gives me pleasure to express, on behalf of the board, our appreciation of the services rendered during the year by Mr J D Pollard, the consulting engineer, by Mr B C Oberholzer, the mine manager, and by the staff at the mine and at head office.

R A Plumbridge  
Chairman

Johannesburg  
25 August 1977

## DOORNFONTEIN GOLD MINING COMPANY LIMITED

The disappointing results for the year ended 30 June 1977, which are described in detail in the technical advisers' report and the financial statements, to which members' attention is directed, reflect in the main the serious problems that were encountered during the year by the gold mining industry as a whole in South Africa. These were, firstly, an acute shortage of underground labour during the second and third quarters which resulted in a severe cut-back in production and in development during that period, and, secondly, a continuing high rate of inflation in the economy of the country which raised working expenditure and expenditure on capital items to an alarming extent. The introduction of an 11-shift fortnight from April 1977 also had an adverse effect on production although this was alleviated to some extent by voluntary overtime work on the 12th shift, albeit at higher but justified cost. An additional important factor affecting the results was a slightly lower average price received for gold than that received in the previous year. At Doornfontein these problems were aggravated by a number of isolated occurrences, which together had a material adverse effect on production, such as breakdowns of electrical equipment, a fire in a surface substation which disrupted the power supply to underground compressors, a severe pressure burst which obstructed the tramming of ore, and the scaling of main ore passes at the sub-vertical shafts.

The total tonnage milled for the year fell by 95 000 tons to 1 309 000 tons, and although a lesser quantity of low grade dump material was milled, the average yield declined by 0,4 gram to 8,8 grams per ton. As a result, gold output at 11 494 kilograms was 1 373 kilograms less than in the 1976 financial year. Working revenue was R5,9 million lower while working expenditure increased by R5,8 million, so that the working profit of R6,9 million was R11,7 million less than in 1976. The company's taxable income from mining operations was not sufficient to attract State's share of profit and formula tax, which in 1976 together amounted to R7,7 million. After taking into account net sundry revenue of R0,9 million and non-mining tax of R0,3 million, the net taxed profit was R7,5 million compared with R11,8 million in the previous year. An amount of R5,4 million, being expenditure on fixed and other assets, was transferred to non-distributable reserve, and the dividend of 15 cents per share absorbed R1,5 million, compared with the previous year's 55 cents per share and R5,4 million. The unappropriated profit was R0,6 million higher at R2,2 million.

In my Review last year I mentioned that it had been decided to resume exploration of the south-west sector of the mine by development on 15 and 23 Levels in order to demarcate the extent of the Carbon Leader zone. Initial development has disclosed that the eastern flank of the previously suspected erosion channel in this zone is further east than had been projected, and development is now continuing on 15 Level in order to ascertain the position of the western flank of this channel before an assessment can be made of the potential of the Carbon Leader in this sector of the mine. At the same time development is proceeding on 23 Level west of No 2 Shaft to explore the Main Reef in this area.

Following the period of acute labour shortage, there was a large influx of new recruits to the mine during the third quarter of the year and, after induction and training, the contribution made to production by these recruits became evident during the final quarter of the year even though productivity remained at a relatively low level in comparison with previous years. Seasonal fluctuations in the supply of labour are bound to continue but it is not expected that the shortages, and particularly the acute shortage experienced over a long period last year, will recur. If this should be the case, and with an improvement in labour productivity, the tonnage of ore sent to the mill from underground and the gold output should be greater this year. It is estimated that necessary capital expenditure will be slightly higher than it was last year. The financial results will, in addition, depend on the price received for gold and on the rate at which working expenditure continues to escalate. Should the current gold price be maintained or improve, and if cost increases can be kept within reasonable limits the indications are that this year's dividend will be higher than that paid last year.

In conclusion I wish to express, on behalf of the board, our appreciation of the services rendered during the year by Messrs C T Fenton and J D Pollard, the consulting engineers, by Mr R C Bertram and by Mr R P MacNaughton who succeeded Mr Bertram as mine manager, and by the staff at the mine and at head office.

P W J van Rensburg  
Chairman

Johannesburg  
25 August 1977



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INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA

## CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 1977

Summary	Six months ended 30 June		Year ended 31 Dec
	1977	1976	1976
Earnings per share	48,1c	49 2c	84,1c
Dividend per share	15,0c	12,5c	32,5c
Net asset value per share	891c	812c	863c
Total number of shares	29 200 000	29 200 000	29 200 000
<b>Income statement</b>			
	R 000	R 000	R 000
Group income before taxation	55 006	37 991	109 347
Taxation	14 140	4 711	29 316
Group income after taxation	40 920	33 280	80 033
Outside shareholders' interest and preference dividend	26 879	18 902	65 477
<b>Income attributable to ordinary shareholders</b>	14 041	14 378	24 556
Dividends	4 380	3 650	9 490
Income retained	9 661	10 728	15 066
<b>Balance sheet</b>			
	R 000	R 000	R 000
Equity shareholders' interest	170 112	152 943	160 427
Outside shareholders' interest	371 636	231 143	360 019
<b>Group equity</b>	541 748	384 086	520 476
Loan capital	177 003	122 262	175 289
Preference share capital -- 7%	397	397	397
Deferred taxation	25 735	8 076	33 176
<b>Capital employed</b>	754 883	514 821	729 338
<b>Employment of capital</b>			
Investments -- listed	180 857	235 357	192 634
-- (market value)	(347 139)	(402 599)	(364 926)
-- unlisted	13 215	43 485	52 001
-- (directors' valuation)	(117 671)	(142 166)	(135 241)
Fixed and mining assets	234 172	278 842	244 635
Current assets	367 810	122 898	351 328
	446 771	294 095	439 415
Current liabilities	1 048 753	695 825	1 035 408
	293 870	181 014	306 070
<b>Net assets</b>	754 883	514 821	729 338

### Notes

1. No provision has been made against investment as this is considered at the year-end.
2. An interim dividend of 15 cents per share amounting to R4 38m (1976 12,5 cents per share -- R3,65m) in respect of the 1977 financial year was declared on 2 June 1977 and paid on 12 August 1977.
3. The half-yearly results are unaudited.

On behalf of the board

W. B. COETZER  
W. J. DE VILLIERS | Directors

Registered Office  
6 Holland Street,  
Johannesburg 2001  
(P.O. Box 61820, Marshalltown 2107)

Johannesburg  
8 September 1977



# General Mining & Finance Corporation Limited

## CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 1977

	Six months ended 30 June		Year ended 31 Dec 1976
	1977	1976	
<b>Summary</b>			
Earnings per share	257c	230c	415c
Dividend per share	90c	90c	210c
Net asset value per share	4 627c	4 350c	4 553c
Total number of shares	8 319 236	8 316 736	8 319 236
<b>Income statement</b>	R 000	R 000	R 000
Group income before taxation	54 788	35 616	106 789
Taxation	14 052	4 127	28 793
Group income after taxation	40 736	31 489	77 996
Outside shareholders' interest and preference dividends	19 336	12 391	43 463
<b>Income attributable to ordinary shareholders</b>	21 400	19 098	34 533
Dividends	7 404	7 389	17 241
Income retained	13 996	11 709	17 292
<b>Balance sheet</b>	R'000	R 000	R'000
Equity shareholders' interest	247 429	224 657	233 458
Outside shareholders' interest	279 504	146 261	271 560
<b>Group equity</b>	526 933	370 918	505 018
Loan capital	177 003	122 262	175 289
Preference share capital — 6%	500	500	500
Deferred taxation	35 735	8 076	33 176
<b>Capital employed</b>	740 171	501 756	713 983
<b>Employment of capital</b>			
Investments — listed	179 089	234 207	190 866
— (market value)	(344 782)	(401 176)	(362 832)
— unlisted	53 068	43 399	51 767
— (directors' valuation)	(117 367)	(142 022)	(134 942)
Fixed and mining assets	232 157	277 606	242 633
Current assets	367 810	122 898	351 327
	436 564	285 617	429 712
<b>Current liabilities</b>	1 036 531	686 121	1 023 672
	296 360	184 365	309 689
<b>Net assets</b>	740 171	501 756	713 983

### Notes

- 1 African Coaster Holdings, Carlton Paper Corporation, Darling & Hodgson, Evelyn Haddon & Company, Geduld Investments, Kohler Brothers and Sappi became subsidiaries of Union Corporation during October 1976, and have been consolidated as from 1 July 1976
- 2 The outside interests in Chrome Mines of S.A. Limited were acquired with effect from 1 January 1977 as part of the rationalisation of the mineral interests of General Mining

- 3 No provision has been made against investments as this is considered at the year-end
- 4 The amount of a foreign loan of \$85 million was reduced to \$62 560 000 at 30 June 1977, after further pre payments of \$15.64 million. As a result of the increase in the securities-rand price and the sale of certain investments abroad since 31 December 1976 the necessary provision for deficits or reduced surpluses on the possible sale of South African assets abroad, decreased from R8 331 000 to R5 932 000. The surplus of R2 399 000 at 30 June 1977 has not been written back to profit. At 30 June 1976 a comparable deficit of R2 037 000 was, however, provided against profit
- 5 The half yearly results are unaudited

On behalf of the board  
 W J DE VILLIERS | Directors  
 J L VAN DEN BERG |  
 Johannesburg  
 8 September 1977

### DECLARATION OF DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend No 103 (Coupon No 105) of 90 cents per share in respect of the year ending 31 December 1977 has been declared payable to members registered at the close of business on 23 September 1977 and to holders of share warrants to bearer surrendering coupon No 105. The register of ordinary shareholders will be closed from 24 September to 7 October 1977, both days inclusive. No instructions involving a change of the office of payment will be accepted after 23 September 1977. The dividend is declared in the currency of the Republic of South Africa. Payments to the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 24 October 1977, or on the first day thereafter on which a rate of exchange is available. Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa. Dividend warrants will be posted by the transfer secretaries mentioned below on or about 3 November 1977. The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By order of the board  
 R A Wilson  
 Secretary

Head Office  
 6 Holland Street  
 Johannesburg 2001  
 (P O Box 61820  
 Marshalltown 2107)

London Office  
 Princes House  
 95 Gresham Street  
 London EC2V 7BS

8 September 1977

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

United Kingdom  
 Charter Consolidated Limited  
 P O Box 102  
 Charter House  
 Park Street  
 Ashford  
 Kent TN24 8EQ

# Kloof and West Drie expect better days

RDM 16/9/77

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By ADAM PAYNE

THE chairmen of Kloof and West Driefontein mines describe better prospects for the year to June 1978 in their annual reports with West Driefontein, expecting to "at least" maintain its dividends

Kloof's chairman, Mr Robin Plumbridge, declines to forecast profits or dividends, but he expects the mine to maintain milling at a higher level than in the year to June 30 last, and with a higher yield

Profits must therefore be raised and with them dividend payments, unless the gold price flops and costs accelerate

Reviewing the past year, Mr Plumbridge says costs rose 26%, the working profit was little changed and net profit was lower

Capital spending for the current year is expected to be about R1-million more than last year

He says "With the enormous technical difficulties experienced at the mine for a number of years having been largely overcome or circumvented, the future prospects of the mine have been greatly improved

"Provided the presently adequate labour supply position remains reasonably stable, and labour productivity can be restored to former levels, milling at the rate of 160 000 tons a month is expected to continue throughout the current year, and to increase to 180 000 tons a

month during the succeeding year

"The average yield should also improve this year in line with the improvement in the value of the ore reserve, which has been brought about mainly by the higher values in the block extensions of the initial long-walls"

Added to this some low-grade blocks have been eliminated, mainly in the southern section of the mine. These have become unpayable because of the rise in unit working costs

"Gold output this year should therefore show a further improvement, but working revenue will be dependent on the average price received"

He declines to forecast profit or dividend because the extent of the continuing increase in working expenditure is not predictable

The chairman of West Driefontein, Mr Adriaan Louw, reports that in the year to June 30 last tonnage mined and milled was down. No low-grade ore was drawn from surface as this is being withheld for upgrading in future by photometric sorters

Yield rose by 2,2 g/t to 23,7 g/t as a result of concentrating on the richer remnant area of the mine, but this did not compensate for the lower tonnage milled and output fell by 4 229 kg to 52 773 kg

Working revenue was down and working expenditure was up

The gold price received was only fractionally higher than in the previous year and net profit was down at R64 200 000 (R68 900 000)

However, the outlook is not unpromising, although a small decline in grade is expected because of lower tonnage from the higher-grade lower levels of the western section

Assuming an adequate labour supply, more tonnage will be milled and there should be an increase in gold production

Provided the gold price level is maintained or improved, revenue should be substantially increased, says Mr Louw

Like Mr Plumbridge, he cannot predict the increase in working costs and therefore will not hazard a realistic profit forecast, on early indications but he says the dividend should be at least equal to that paid last year.

He says that further spot sales of uranium have been negotiated and revenue from this source will increase

Uranium profit last year was R3 898 000 or 3% of gold working profit, so it is not as important to this mine as it is to some others

## UK stock

LONDON — The Bank of England says the issue of £1-billion 12% Treasury stock 1995 — £800-million of which was offered for sale to the public — was oversubscribed — Reuter



# WITWATERSRAND DEEP LIMITED

(Incorporated in the Republic of South Africa)

CAPR TIMES 16/9/77

## CHAIRMAN'S REVIEW

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The following is Mr R A Plumbridge's review for the year ended 30 June 1977

The profit after taxation for the year ended 30 June 1977 was R327 000 compared with R693 000 for the previous year. The lower profit earned was mainly attributable to a reduction of R33 000 in dividend income received from the company's investment in East Driefontein Gold Mining Company Limited to the writing down to year-end market value, of the company's investment in Elandsrand Gold Mining Company Limited by an amount of R161 000, and because, in the previous year, a non-recurring amount of R230 000 was received by way of vendor consideration from the Elandsrand company. Taxation of R7 000 was, however, R59 000 less than in the previous year.

As foreshadowed in my Review last year an offer of new shares was made by the Elandsrand company to its members in February 1977. By virtue of its holding of 308 205 shares in Elandsrand at that time your company was offered, and duly subscribed for 385 256 of the new shares at a price of 220 cents per share, for a total consideration of R847 563.

I also mentioned in my last Review that, in order to conserve its funds to enable your company to follow its rights in the Elandsrand company no cash dividend was likely to be declared for the year. In the event it was necessary to borrow an amount of R78 000 from Gold Fields Mining and Development Limited, your company's holding company, to meet the shortfall in available cash for the purpose of subscribing for the full entitlement of new Elandsrand shares and for normal operating expenses and interest payments. This temporary loan has been repaid since the end of the financial year. As funds were not available for payment of a dividend, and in order to avoid liability for payment of undistributed profits tax, a bonus issue of 139 987 shares was made to members registered in

the books of the company at the close of business on 29 October 1976 in the proportion of one share for every ten shares then held, at a price deemed to be 265 cents per share. An amount of R370 966, representing the total value of the bonus share issue, was debited to general reserve and, at the year end a like amount was appropriated from profits and credited to general reserve thereby reinstating this reserve in the amount of R1 200 000. After this appropriation the unappropriated profit was R6 000 compared with R50 000 at the end of the previous year.

Until such time as the Elandsrand company reaches the dividend paying stage in about four years time, your company's main source of income will continue to be from dividends on its investment in the East Driefontein company. For the current year it is expected that this dividend income will be much the same as it was last year. Provided the large decline in gold share prices experienced last year is not repeated at the end of this year, it should not again be necessary to write off depreciation on your company's investments and therefore the profit after taxation should exceed that of the past year. In order to bring the Elandsrand company's mine to the production stage, it is expected that additional finance will be raised by that company in the not too distant future. In view of the current depressed state of the stock market it is deemed prudent for your company to continue to conserve its funds to enable it to meet any calls which may be made upon it by Elandsrand. Accordingly no dividend distribution is envisaged this year but consideration will be given to a distribution to members of a further issue of bonus shares before 31 December 1977, in order to avoid liability for the payment of undistributed profits tax.

Johannesburg  
25 August 1977

*A Member of the Gold Fields Group*

# Orange Free State Gold Mining Companies

## Final Dividends — Financial Years ending 30th September 1977

On 15th September 1977 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on 30th September 1977, and to persons presenting the relevant coupons marked "South Africa", detached from share/stock warrants to bearer

The transfer registers and registers of members will be closed in each case from 1st to 14th October 1977, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 3rd November 1977. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on 25th October 1977, of the rand value of their dividends (less appropriate taxes). Any such members 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 or in the United Kingdom on or before 30th September 1977.

Holders of share/stock warrants to bearer are notified that the dividends are payable on or after 4th November 1977, upon presentation of the respective coupons (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, corner Main and Sauer Streets, Johannesburg, South Africa, Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Switzerland, Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France, and Banque Bruxelles Lambert, 2 Rue de la Regence, 1000 Bruxelles, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa", may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No	Coupons marked "South Africa" No	Rate of dividend per share/unit of stock
Free State Geduld Mines Limited	41	42	150 cents
President Brand Gold Mining Company Limited	45	47	60 cents
President Steyn Gold Mining Company Limited	45	46	10 cents
Welkom Gold Mining Company Limited	41	—	27,5 cents
Western Holdings Limited	45	—	140 cents

### FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

The directors of Free State Saaipplaas have decided that no dividend will be paid by this company for the financial year ending 30th September, 1977.

Results since the prospectus was issued in 1975 have been lower than estimated, not only as a result of lower gold prices, but also because gold production has fallen below targets in each year.

By order of the boards  
Anglo American Corporation of South Africa Limited  
Secretaries

per J E TOWNSEND  
Senior Divisional Secretary

Head Office  
44 Main Street  
Johannesburg 2001  
(P O Box 61587 Marshalltown 2107)

Transfer Secretaries  
Consolidated Share Registrars Limited  
62 Marshall Street  
Johannesburg 2001  
(P O Box 61051 Marshalltown 2107)

Charter Consolidated Limited  
P O Box 102  
Charter House  
Park Street Ashford  
Kent TN24 8EQ England

Johannesburg  
16th September 1977





# Soaring Escom rate— mines under the whip

Bus. Sun. Exp. 18/9/77

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THE sauna-loving Escom management team (saunas are a feature of the spanking new Escom headquarters north of Johannesburg) could find themselves subject to the searching scrutiny and questioning of a commission of inquiry

That's the half-promise given by Economic Affairs Minister Chris Heunis to the Transvaal National Party Congress, a congress obviously concerned about the unprecedented rate of tariff increases in the past 18 months

In its effort to garner more funds for its vast expansion programme (three 3 000 Mw-plus stations in the Eastern Transvaal costing at least R2 000-m) a financially-strapped Escom

has announced another 15% average increase for January

Since April last year, the compounded tariff hike is almost 100%

Escom's best customer, the mining industry is blanching at the thought because it consumes two-thirds of the power produced

Of that one-third, 22% is used by the gold mines alone.

Power consumption at the moment accounts for 10% of a gold mine's working costs and about 4% of coal mine costs. Over the past 18 months with costs leapfrogging and profit margins shrinking, Escom tariffs for the mining industry have escalated some 70%

And the tale of woe does

not stop there. Industry is also suffering as can be seen from Highveld and Vanadium's higher operating costs. They rose 28% in the year to June 30 and included a 58% jump in power costs, and a 50% hike in coal charges. Since 1973 Highveld's power bill has risen by 117%



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Subang (with) (Brouwer Times) . 13/9/77

# Gold Fields uranium report

Mr A Gnodde looking at the prospects

**CONFIDENTIAL** report on Gold Fields property's uranium potential by a leading Johannesburg stockbroker has led to a high level inquiry at Gold Fields, one of South Africa's top mining houses. Estimates made by the broker bear a very close resemblance to figures currently being worked on by the mining house.

The broker's confidential report which was circulated to a handful of clients, has been cited as a major reason for the hectic trading seen in Gold Fields Property shares last week. More than 450 000 shares have been traded and the price rose from 115c to 140c at one time this week before profit-takers stepped in on Friday and brought the price back to 135c. But at this level the shares were actively bid.

In the latest Gold Fields Prop's accounts out on Friday, chairman A Gnodde lists shareholders that at a price of \$30 a pound, the Luipaards Vlei mine, a wholly-owned subsidiary of

## BY JEREMY WOODS

gives a much more detailed picture of Luipaards Vlei's potential

The broker, a highly informed source on uranium, whose name may not be published under Johannesburg Stock Exchange rules, says "Luipaards Vlei, which was the richest uranium mine in South Africa before its uranium operations were closed down in the late sixties because of depressed world uranium prices, treated 4.5-million tons of ore at an average grade of 0.779 kilograms per ton

"Immediately prior to ceasing uranium mining on the Monarch reef, a big improvement in both development results and uranium recovery grade was recorded. Approximately 25 per cent of the uranium-

bearing Monarch reef has been mined out," says the report

"A team of surveyors, samplers and technical experts have been evaluating Luipaards Vlei for eight months now, to indicate the importance that GFSa put on the potential of the mine they have been doing a considerable amount of bulk sampling — comprehensive — testing several tons of ore for its metallurgical characteristics

"Luipaards Vlei has one operations shaft which has a hoisting capacity around 65 000 tons per month — this shaft is currently being used by the neighbouring WR Cons mine to mine the gold bearing Kimberley Reef under tribute from Luipaards Vlei"

A key point the report makes is that "in addition to having an operational shaft and a considerable amount of infrastructure already present, the mine also has already completed (many years ago) much of the underground development needed to start up mining operations almost immediately"

But it is the figures and financial estimates that have surprised Gold Fields executives and sources at West Rand Consolidated who have been closely linked to the investigations since they started

The broker's estimated plant capacity at 38 000 tons a month I am told is a little high, while recovery grade at 0.45 kilograms per ton is too low. Likewise, approximate working costs of R24 are a little on the low side. However, one plan that

Gold Fields is examining to build a small uranium plant of its own, is said by a WR Cons source to be estimated at R19-million. The broker's estimate is R18-R20-million

Asked if he suspected a security leak on Luipaards Vlei's potential, Mr Peter Jamsch, a Gold Fields executive in charge of the project said "I don't think so. Information such as grade and the depth of the mine have been published in old accounts and it is easy to make earnings projections depending on the uranium price you use and the amount of working costs"

Mr Jamsch said that, to the best of his knowledge, none of the Gold Fields Prop's directors had seen the broker's circular before the accounts were posted to shareholders

Asked if a supplementary statement would be made as to the earnings potential and

much larger ore reserves at a higher uranium price. Mr Jamsch said "We have told shareholders all the factual information we have at present. The chairman has said we are investigating ways of turning these reserves to account and that is what our investment department is currently involved in

However, Mr Jamsch confirmed that Luipaards Vlei had substantially higher ore reserves than 2-million tons on a uranium price above the \$30 level

The mining analyst who wrote the report told me on Friday "There is no question of any leakage so far as I am concerned. Most of the crucial information was published in past accounts. For the rest, I did my homework from old maps at the Chamber of Mines and made reasonable estimates that any mining analyst would make"

# ERPM tonnage rise signals better days

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RDM  
19/9/77

Partout où  
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Ecoutez ce que dit la foudre d

C'est Dieu qui remplit tout.  
Oeuvre vivante, où tout l'écou  
Tout lui parle et le chante.  
Dans sa création tout est joie  
L'étoile qui regarde et la fle  
Tout est flamm

Enivrez-vous de tout! enivrez  
Des gazons, des ruisseaux, des  
Du voyageur de nuit dont on en  
De ces premières fleurs dont f  
Des eaux, de l'air, des prés,  
Que font les chariots qui pass

Frères de l'aigle! aimez la n  
Surtout à ces moments où vient  
Un vent sonore et lourd qui gr  
Emplit l'espace au loin de nu  
Et penche sur le bord des préc  
Les arbres effar

Contemplez du matin la pureté  
Quand la brume en flocons inor  
Quand le soleil, que cache à demi la forêt,  
Montrant sur l'horizon sa rondeur échanrée,  
Grandit, comme ferait la coupole dorée  
D'un palais d'Orient dont on approcherait!

Enivrez-vous du soir! à cette heure où, dans l'ombre,  
Le paysage obscur, plein de formes sans nombre,  
S'efface, de chemins et de fleuves rayé;  
Quand le mont, dont la tête à l'horizon s'élève,  
Semble un géant couché qui regarde et qui rêve,  
Sur son coude appuyé!

By DON ROBERTSON  
Mining Editor

EAST RAND Proprietary Mines is gradually moving back into the low-grade areas and at the same time is increasing production as black labour becomes more available and more productive

With effect from October last year, the mine cut production by 25% as a result of the three-way squeeze of rising costs, the lower gold price and the shortage of labour. This meant that monthly tonnage milled dropped from 180 000 tons to about 145 000 tons.

In sympathy with this produc-

tion cut, mining was concentrated in the higher-grade areas and the average yield increased from 5,8g/t to just over 7,0g/t

The first indication of the return to "normality" was given in the quarterly report for the June period when it was revealed that the tonnage had increased to 384 000 from the 313 000 milled in the previous quarter

Mr R J J Fourie, managing director of ERPM, confirmed last week that operations were being moved back into the lower-grade areas and that milled tonnage was being slowly increased in line with the higher gold price and improved labour productivity and availability

Mr Fourie said that because of the increased labour complement in recent months there had been a substantial rise in the concentration of this labour in the higher-grade areas. It had been decided to redeploy this labour and reopen a number of the sub-incline shafts

This development is significant for the mine which at one stage was a high-flyer among the speculative counters

However, it is unlikely that operations have yet returned to last year's levels. The next quarterly report, due in mid-October, is likely to show a moderate rise in tonnage milled although grade should not reflect much change, bearing in mind the irregular nature of the area.

It must be assumed that mine management will be watching the position closely with regard to the gold price and the uncontrollable costs rises. But the obviously improved fortunes existing at present, which must pertain for other mines in the same category, are welcomed.

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EAS

# Unions 'a bar to job opportunities'

Star 20/9/77  
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The following volumes are background to the region and portions before the exams in material that you have covered

Shorter, A. : East Afr.  
Mair, L. : Primitive  
" " : African  
Oberg, Wagner, Evans Prit

Richards, A.I.: East Afr  
Middleton & Tait: Tribes  
Huntingford, G.W.B.: The  
Middleton & Winter: Wit

Company policy to create equal opportunities for mineworkers of all races is being hampered by trade union barriers, says the chairman of a Carletonville gold mine in his annual statement

Mr A C Petersen, chairman of the Blyvooruitzicht Gold Mining Company said "The mine is pursuing a policy of continually training and thereby raising the skills of black workers

"The more highly skilled men obviously earn far more than the less skilled ones. The mine's policy is to try to persuade the former to become permanent workers on the mine."

He said during the past few years, the percentage of South Africans (including Transkeians) working on the mine had risen from 25,6 percent to 48,1 percent. The mine was planning schemes to provide family housing for

these, either at the mine these, either at the mine

Mr Petersen added: "Trade union practice and certain legislation present barriers to advancement beyond a certain point"

The company's policy was continually to press for the lowering of these barriers with the ultimate aim of ensuring equality of opportunity for all its employees"

In African Political and in African Systems p and Marriage

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# Bullion price in limelight

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Financial Editor N. Mercury 22/9/77

**THE PRICE** of bullion was of more interest on the Johannesburg Stock Exchange yesterday than the Prime Minister's surprise decision to hold a snap election in November.

The gold price broke through the 150 dollar-an-ounce barrier. Gold shares responded to this news by developing a firm trend and finished the day showing appreciable price improvements.

On the other hand, the coming election was not expected to have any material effect on the market. Stockbrokers do not expect the National Party to be defeated as the opposition parties, which have seats in Parliament, are now split into four groups.

The cause of the strong bullion price has been given as the increasing unstable situation that has developed in the Middle East.

Israel has taken steps to strengthen its northern and southern frontiers. There is also renewed anxiety about the security of the oilfields.

In addition, the Arabs have huge sums, invested on a short term basis with banks of the West.

## Money owed

At the same time money owed by countries of the Third World has increased to such an extent that it is doubtful whether these countries can pay the interest, let alone repay the capital.

These factors have placed the international banking system under strain.

Another element of uncertainty is the weakness of Wall Street. This is a reflection of the fact that all is not well with the American economy.

Meanwhile, the recent devaluations of currencies in Scandinavian countries have caused new fears in Europe's money markets.

The reaction of investors in such circumstances has been typical — they have turned to gold for safety.

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GOLD MINES REPORT

Prospects at \$160

214

FIN MAIL  
23/9/77

The strength of gold during the long Northern hemisphere vacation season when inventories are run down and work is traditionally at low ebb has been widely taken to herald a bullish final quarter of 1977 for the metal. Right on cue the price has started to move ahead sharply, closing at \$151.30 on Wednesday and we seem to be heading for a period when industrial, monetary and possibly some exceptional items are combining to push gold better.

Taking the monetary front first, though there will no doubt be attempts to play the gold issue down at next week's IMF meeting, the gold orientated European central banks will be seeking clarity on the rules for their gold dealings once the meeting is over.

For the past two years the interim agreement has been that all central banks may only buy gold to the extent that other central banks, or the IMF, sell. The object of this ruling was that there should be no net additions to gold in monetary reserves.

Perhaps, surprisingly, the ruling seems to have been observed, at least in terms of the central banks' official returns to the IMF. But the current phase of dollar weakness, the US trade deficit and the unresolved problems of third world debt levels will no doubt encourage pro-gold banks to take a strong line on central bank gold dealings in order to protect their reserves.

There is some evidence of Arab funds being withdrawn from the US money market, but no direct connection as yet between this possible development and the recent strength of gold. All that can be said is that if Arab funds are reinvested in gold, it will be enormously bullish for the price.

Strong jewellery sector demand is a seasonal factor at the present time and has probably been supplemented by an above-average level of hoarding, which reflects this year's generally good grain harvests. This latter factor could also

reduce pressure from USSR disposals.

The only obvious bear point is that the high level of US gold imports, expected to reach a net 7m oz this year, will cost over \$1 000m and therefore account for a significant part of this year's \$25 000m R30 000m trade deficit. Pressure will grow to hold an auction from the US Treasury's stock, but with the market in its present mood, any setback should only be temporary, if that.

The eight mines which reported this week, whose prospects are reviewed here, had a number of common problems in their year to June 30. Most suffered labour shortages in mid-financial year and though complements were built up to satisfactory levels, benefits in the form of higher productivity took time to work through.

But seasonal disruption should be reduced in the current year. Complements are still at 101%, a high level for so late in the year, and economic depression has created reluctance to abandon jobs.

Advent of the 11 shift fortnight in April meant that overtime payments had to be made to achieve full production. But the impact is now thought to be fully built into working costs.

Table II, however, shows the extremely adverse effects of current levels of cost inflation when there is a decline in grade or tonnage as well. In some cases, such as Kloof and West Drie, the reverse occurs and a sharp rise in costs per ton mined has been reduced on the cost-per-kg-produced side by higher grade or tonnage.

Taking the individual mines, Kloof's seems the best of the bunch by far, with the usually uncommunicative GFSA management waxing lyrical about prospects. The chairman says "With the enormous technical difficulties experienced at the mine for a number of years having been largely overcome or circumvented, the future prospects of the mine have been greatly improved."



Mining slimes at Blyvoor

Grade is forecast to rise, probably to 13-14 g/t, "in line with the improvement in the value of the ore reserve which has been brought about mainly by higher values in the block extensions of the initial longwalls, and by the elimination of some low grade blocks, mainly in the southern section of the mine."

Ore reserve, all on VCR, is shown as 3.4 Mt at 17.8 g/t (3.3 Mt at 9.1 g/t) but development was increasingly favourable quarter by quarter and the trend is believed to be continuing. Kloof will be one of the few mines to continue to rise in grade over the medium-term.

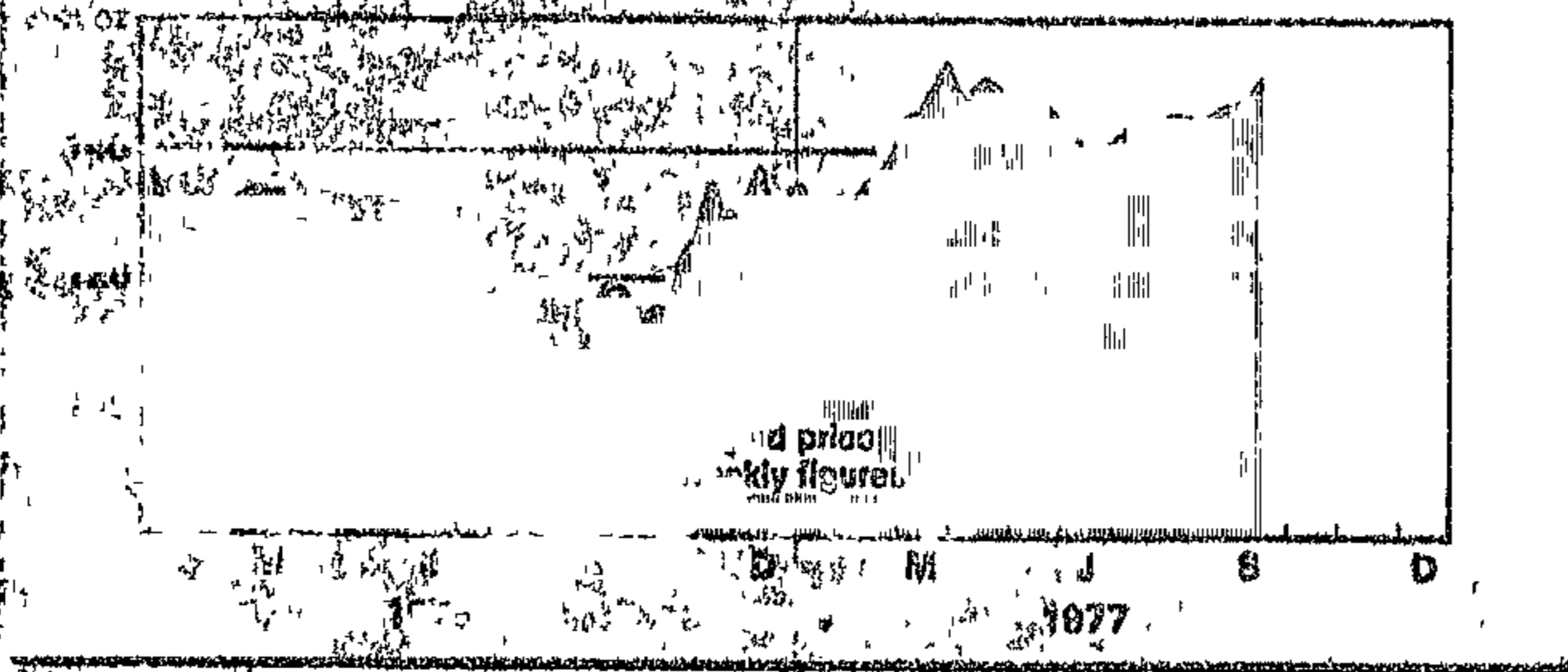
Venterspost remains highly geared to rising gold price and so has done well for its fans in recent weeks. Grade is rising at Venters as well, but there are limits on how much further this can go. At \$150 it makes a loss on the June quarter parameters, but the distributable profit at \$160, as Table I shows, is 35-40c.

Libanon: production is recovering rapidly from the underground fires and labour shortages last year and operations near full capacity of 140 000 t/month are planned for the current year. There will be a small decline in recovery, as a greater proportion of ore is drawn from the lower grade Main reef. Overall gold

I: GOLD MINES' PERFORMANCE

Mine	Average t/month mined	Recovery grade g/t	Gold produced kg	Cost R/t	Revenue Rm	Net current assets Rm	Total profit Rm	Capex Rm	Net EPS c	1976-77 dividend c	1977-78 production at \$160	Price c	Prospective yield %
Blyvoor	144	12.5	21 943	25.53	76.9	2.0	25.8	14.1	48.6	46	70	530	13.2
Doomfontein	109	8.8	11 494	26.40	41.5	6.4	7.5	5.4	21.4	15	50	410	12.2
Harten	236	11.3	31 974	25.91	111.0	(2.3)	37.7	7.4	140.8	135	190	1 800	10.6
Kloof	127	12.4	18 947	27.40	70.0	7.2	25.1	13.1	28.6	30	50	760	6.3
Libanon	115	8.3	11 484	21.05	41.5	6.3	11.5	6.9	58.5	45	120	710	16.9
Venterspost	107	5.7	7 406	22.74	24.4	7.1	*2.1	1.3	15.8	5	35	315	11.1
West Drie	185	23.7	52 713	25.25	187.5	18.3	64.2	17.2	333.6	280	370	3 000	12.3
West Nigel	20	5.7	1 331	24.81	4.7	—	*0.2	0.9	(9.0)	nil	nil	41	nil

## SHOWING STRENGTH



production is planned to increase.

VCR ore reserves increased to 1,44 Mt (1,23 Mt), grading 23,2 g/t (20,8 g/t). On the Main reef, higher unit costs led to an increase in pay limits resulting in a drop in reserves to 0,74 Mt (1,12 Mt) at 8,0 g/t (7,8 g/t). Current development is aimed at opening up lower grade areas to restore the ore reserve balance.

Limited development was carried out on the adjacent prospecting permit area south of the mine with inconclusive results. East of the mine, drilling is at an early stage. Borehole LB 1 intersected VCR over 67 cm, grading 23,4 g/t.

No 2 sub-vertical shaft is nearing completion and this year's capital expenditure is put at R3,6m. With increased milling, unit cost increases should be well controlled.

The major imponderable with Doornfontein is the size of the Carbon Leader reef erosion channel in the western part lease area. Development has now confirmed the limit as being much further east than previously estimated. And while development has yet to determine the western limit a reduction of potential ore reserves is likely.

Carbon Leader has been proved by drilling west of the mine. But to work this will require a new shaft system within at most the next five years. In the meantime 176 000 t of Main reef have been included in reserves at 13,5 g/t compared with 1,97 Mt of Carbon Leader at 13,6 g/t. But Main reef is generally of lower grade than Carbon Leader and any extensive mining of it, to replace declining Carbon Leader tonnage, can be expected to result in a decline in recovery grade.

Provided there are none of the technical problems which disrupted production last year mill throughput should increase during the current year. Capital expenditure is expected to be high and there seems to be little possibility of a reduction for some years. Also the mine will revert to paying formula tax and lease this year.

Doornfontein is going to remain highly geared to the gold price, with any major

extensions to life being at the expense of lower recoveries.

Recovery at West Drie increased as available labour was concentrated in the mine's high grade western sector. With completion of the No 6 sub-vertical shaft system, and full labour complements, mill throughput should rise to around 215 000 t/month and yield drop marginally.

But this does not detract from the mine's medium-term problem of declining high grade ore reserves, and it seems likely that yield will be below 20 g/t within 3 years.

Remaining ore reserves are adequately served by existing shafts and capex should decline steadily over the next few years.

Uranium spot sales have been negotiated and will result in higher profit from this source during the current year. But uranium only has a marginal effect on earnings and the major consideration in evaluating the mine remains the rate of decline of gold yield.

Wit Nigel needs \$167 gold to cover costs and capex during the current year, according to company estimates. So unless there is a major gold price surge within the next month or two there seems to be little prospect of a resumption of dividends even with State Aid.

The problem is that its reserves simply do not warrant a production increase beyond the current 20 000 t/month. This reduces the scope for controlling unit cost increases.

Capital expenditure this year will be

about R0,8m, mainly to complete existing projects. Thereafter it should drop to a nominal amount. Depending on the gold price, dividends might just resume in a couple of years. But as a gold price speculation the shares are not the most attractive around.

With planned higher mill throughput and better control of unit costs Blyvoor should raise profits during the current year. If gold only averages \$145, the R10,5m capex planned for the current year will mean that distributable earnings only increase marginally.

But all necessary capital works are almost completed and after this year, capex should be sharply lower, while increased revenue from the expanded uranium facilities will boost earnings.

The medium-term problem facing the mine is that operations will be increasingly concentrated in the western part of the lease area where, ground is more highly fractured than elsewhere. Under these conditions working costs are likely to advance more rapidly than the industry average.

Hartes: With a two-year uranium contract to be financed via R3m consumer loan, and other contracts under negotiation to tie up uranium production for 10 years, uranium is going to play an even greater part in earnings than last year's 10,5%.

But for the current year, dividends will be inhibited to an extent by the increase in planned capex from R9m to R16m, including the acid plant. Once the current programme is completed only one or two small sub-vertical shafts will be needed and capex will slow down.

For the first time, uranium has been taken into account in calculating ore reserves and will make a significant difference to the mine's life, especially in the lower gold grade No 6 shaft area.

Near-term, much depends on the old Zandpan mine, with something like 4 Mt of uranium-bearing slimes available for reprocessing at a grade of 0,65 kg/t, and uranium plant capacity is being increased by 25% to 300 000 t/year.

For the current year milling is planned at 2,9 Mt to yield 11 g/t gold and over the next five years or so, yield will probably fall to just below 10 g/t.

Jim Jones

## II: RISING COSTS

Mine	Cost/t milled			Cost/kg produced		
	Year to June 30 1976	1977	% rise	Year to June 30 1976	1977	% rise
Blyvoor	19,60	25,53	30,2	1 533	2 048	33,6
Doornfontein	23,45	28,40	20,9	2 235	3 006	34,5
Hartes	22,03	28,91	17,6	1 932	2 293	18,7
Kloof	22,70	27,40	20,7	2 018	2 209	9,5
Libanon	17,77	21,05	18,5	2 227	2 533	13,7
Vonterspost	17,08	22,04	29,0	3 272	3 898	19,1
West Drie	18,81	25,25	34,2	873	1 064	21,9
Wit Nigel	21,39	24,81	16,0	3 488	3 548	0,6

# Business Mail

## Buffels expects to pay its own capital way

(214) RDM 24/9/77

By DON ROBERTSON  
Mining Editor

ESTIMATED capital expenditure at Buffelsfontein in the current financial year should reach R18 300 000, but the chairman, Mr J C Fritz, is confident that it can be met from internal sources.

In his review for the year to June, Mr Fritz says that this expenditure will be required for shafts, modifications to the metallurgical plant, exploratory development and underground equipment

Work has started in the River Bulge area tributed from Vaal Reefs and which is accessible from the Orangia shaft system. This will enable the mine to maintain production at a satisfactory level while exploratory development is advanced into the complex eastern section.

Initial development in the Orangia tertiary shaft advanced 157 m in the year and equipping for sinking is in progress.

Mr Fritz says that the mine's future lies to the east of the lease area where a new shaft system will be required. Airways are being developed from the eastern shaft system towards the site of the proposed

Strathmore sub-vertical shaft which will allow the exploitation of the deeper levels.

Fully developed ore reserves have been recalculated at 6 441 000 tons based on a gold price of \$140, which takes into account also the estimated rise in working costs.

Current uranium production is required to meet firm commitments negotiated during the time when uranium prices were well below current levels. However, Mr Fritz says that Nufcor has had some success in negotiating higher prices on old contracts and this helped to boost profits.

In the year to June, taxed profits were R20 903 000 compared with R22 582 000 in 1976 and dividends totalled 130c against 125c. Total tonnage milled during the year was 3 199 000 tons (3 172 000 tons) at an average recovery grade of 9,15 g/t (9,31 g/t) producing 29 277 kg (29 544 kg) of gold.

Uranium production rose to 657 600 kg compared with 558 200 kg.

In development work, a total of 5 925 m. were sampled of which 3 210 m proved payable at 2 272 cmg/t gold and 65,64 cmkg/t

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Standard surveying rods were used to demarcate the survey plot and mark

the track on which the wheel was to be pushed.

A general review of the impact of established trade and investment patterns on less developed countries.

Habitat features such as angles of slope were measured with a 'Sunto'

hypsoneter and a prismatic compass was used to measure aspect.

for soil series identifications were taken with a Munsell color chart.

was determined with a Munsell Color Chart.

References: (1) Cohen: Chapter 5, part 6 (NB)

Review (not so important)

Articles of with a Munsell color chart

pertaining to these issues, including

Bauer (on the "Right"), etc.

- (4) On the impact of investment on LDC's of 19th Century, for additional reading refer to Nurkse's chapter in Cooper: International Finance

(For the full title and publication details of sources referred to above, consult the back of the original course outline.)

# Charts predict <sup>S Times</sup> <sub>(Business Times)</sub> Leslie will reach 65-70 cents level <sup>25/9/77</sup>

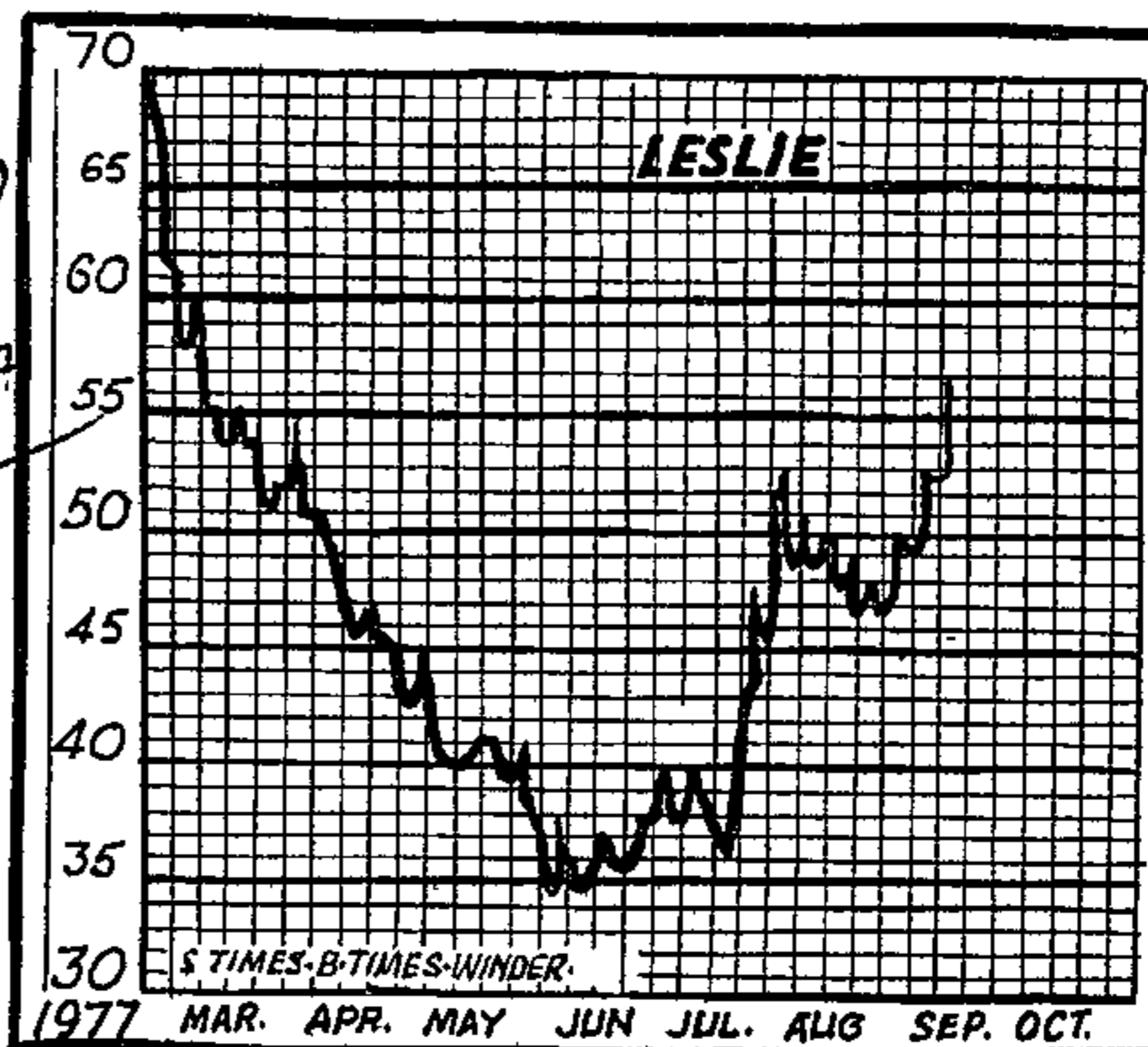
A CRITICISM of this column is that it contains little information for chartists, particularly on the gold market which reacts quickly to the views of chartists in the US. So, from time to time, there will be comments on charts of interesting gold shares

One chart that has started to show promise, in the last few days behind the rise in the bullion price is Leslie Gold Mining

The share has been attracting substantial buying and call option orders from the US, while local investors have been using it as a vehicle for taking a 'punt' on the local bullion price

Leslie broke out into a "flagpole" formation at 36c which topped out at 53c. From this level the share fell back to consolidate at the 47c level. From here it took off again and one chartist I spoke to expects another flagpole formation to take the share price up to the 65-70c level where it is expected to consolidate. If the current run in the bullion price continues, there must be some chance of this

Anyway, there's nothing like putting these theories to the test. I will come back to Leslie in a couple of months, or earlier if there is a reason, and see how the share has in fact performed





# Now... good news about gold

25/9/77  
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**By NELSON ROGALY**  
LONDON stockbrokers Strauss Turnbull were working overtime selling gold shares this week when I called to see them, but they did manage to comment that the five annual gold mine reports issued by Goldfields have all been encouraging. However, the brokers do note that they highlight the problems of higher costs. The quarterly reports, due in a month's time, will probably stress the continued recovery of Libanon. After its difficult period last year with underground fires, this mine could well be in a position (in the financial year to June 1978) to pay a dividend of 100c a share, at a gold price which should exceed \$150. This must make Libanon one of the market favourites, according to Strauss Turnbull. Another mine which is popular with the brokers and promises sparkling results is East Driefontein. With grade and tonnage markedly higher in the past quarter, East Drie is now the biggest gold producer with the highest gold profits in the country. It is expected that East Drie will pay out 100c on the current gold price. Grass Venterspost, according to these London experts, is likely to remain on State aid until the bullion price hits \$175 but profits from the aid could produce an attractive dividend. In its latest report, Kloof shows a strong recovery and Strauss anticipates that the mine could have a good year. The brokers also like the look of Doornfontein which they believe should show better results this year, but the cut-off of the reef in the west sector of the mine will probably reduce its life to just over 10 years, they comment.

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D.O. 27/10/77

# Gold shares retreat

214

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**JOHANNESBURG** — Gold shares retreated yesterday to reverse many of Tuesday's gains. The weakness of gold producers in the face of a higher morning gold fixing lent weight to the belief that Tuesday's firmness has reflected short covering rather than investment buying.

The London jobbing firm, Smith Brothers, which deals in South African golds was reputed to be the main culprit and it is believed that the firm had covered most of its substantial open positions by Tuesday night. There were signs yesterday of the drift which had been predicted on Tuesday

There were also some ominous signs from traditional gold supporters. One inveterate American gold bull told his South African agents that he would in future concentrate his attention on Krugerrands

I bought a big parcel of Vaal Reefs, and suddenly, for no reasons connected with the future of gold, I find myself down a bundle

I'm getting into Kruger Rands which are immune

from political incidents which affect gold shares

If that view gains ground in the United States, gold shares could come under a lot of pressure

As it is, caution is the watchword for the moment

Diamonds were quiet and lower De Beers shed 2c to 478c

Coppers were all but neglected and in manganese, Samancor dropped 10c to 730c. Platimums, too, were quiet and a shade lower and in tins, Zaaiplaats was 5c higher at 435c

Collieries, which missed out on Tuesday's rally, came into their own yesterday through gains by At Colls, Clydesdale and Rand London Nat Ants and Trans Natal lost narrowly

President Steyn was the feature of the Free Staters with a 70c fall to 1 010c and Harmony and President Brand both dropped 40c to 670c and 1 500c respectively

In London, gold mining shares turned easier as the bullion price reacted. Trading was slow

In Salisbury, the Rhodesian market was quiet and mixed — SAPA-RNS



# GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

## Review by the Chairman, Mr. A. Louw – 1977

The year under review reflected a continuation of the generally depressed economic conditions which prevailed during the previous year. A high level of inflation persisted and the restriction of Government expenditure, in an endeavour to reduce the rate, contributed to a troublesome unemployment situation. The country's foreign trade position improved substantially during the first six months of 1977 as a result of lower imports and higher exports, mainly minerals, and, in view of the lack of long-term foreign capital availability as a result of current political uncertainties in Southern Africa as a whole, it is vital for that trend to continue. In this connection it is to be hoped that the major world economies will continue to grow with a minimum of inflation and not revert to recessionary conditions, which latter prospect is, regrettably, being viewed with increasing concern.

There was a gradual improvement in the gold price during the year but the non-availability of suitable black underground labour and increased working costs had an adverse effect on the profits earned by the gold mines. The position began to improve early in 1977 when there was a turn-around in the supply of black underground labour and as this became more experienced and productive the working profits earned by the gold mines during the quarter ended June 1977 showed a welcome improvement.

### FINANCIAL RESULTS

As reflected on page 4 of the Annual Report, 87,4 per cent of the Group's income from investments is derived from its holdings in gold and uranium producers. Consolidated income from investments declined by 18 per cent to R30,8 million. The adverse conditions prevailing on the Stock Exchange were not conducive to the profitable realisation of investments and only R1 million accrued from this source. Amounts written off investments, loans and assets increased from R6,4 million to R10,5 million whilst prospecting expenditure increased from R3,3 million to R4,1 million. Overall the consolidated profit after tax and minority interests at R21,7 million, equivalent to 133 cents per share, was 26,8 per cent lower. Dividends were reduced from 155 cents per share to 110 cents per share. The net asset value per share at 2 477 cents was 498 cents lower. Since the end of the financial year there has been an improvement in the ruling Stock Exchange prices so that at 7 September 1977 the net asset value had risen to 2 869 cents per share.

### OPERATING RESULTS OF GROUP MINES

As already mentioned, a shortage of underground black labour was again experienced by the gold mining industry as a whole during the second and third quarters of the year under review. As this was even more acute and prolonged than that experienced in the previous two years, it resulted in a severe shortfall in production and a cutback in ancillary work required to maintain normal production levels. Despite these adverse factors, the total tonnage milled by Group gold mines, at 10,3 million tons, was only 0,2 million tons less than in the 1976 financial year as more stope face became available at the Kloof mine and operations were further expanded at East Driefontein. The average gold yield was, however, 1,1 grams per ton higher as a result of an increase in the grade of ore mined and because less low grade material from surface dumps was milled. Total gold production rose from 138 556 kilograms to 145 555 kilograms, again mainly as a result of the increased contributions made by the East Driefontein and Kloof mines.

A slightly lower average gold price was received by Group mines but, because of the greater output, total working revenue increased by 5 per cent. The effects of the continuing high rate of inflation in general costs and the large increases in labour costs in the industry caused unit working expenditure on Group mines to rise by 23 per cent with the result that the total working profits of these mines fell from R294 million in the 1976 year to R278 million in 1977, and the after-tax profits from R191 million to R161 million. Profits retained for expenditure on fixed and other assets totalled R69 million, and the total distributions were reduced from R119 million to R96 million.

### LABOUR

The interim report of the Commission of Enquiry appointed by the Government to enquire into the implications of a five-day week for underground workers in the mining industry was tabled in Parliament in March 1977. The Chamber of Mines had indicated that there was no objection in principle to a five-day week for employees if means could be found to maintain production without additional cost. In the Chamber's view this would involve restructuring of work practices to enable all employees to improve their productive efficiency.

The Commission supported the principle of a five-day man-week but found the consequences of a Monday to Friday week demanded by the Mine Workers' Union too costly to the country. They recommended that the compromise eleven-shift fortnight arrangement which had, in the meantime, been negotiated with the Mine Workers' Union, be given a trial for at least twelve months. This arrangement, whereby members of the Mine Workers' Union who do not work shifts are entitled to have alternate Saturdays off, but may volunteer to work an overtime shift, was introduced with effect from April 1977. Similar arrangements were introduced for most officials and black employees.

The Commission highlighted many of the problems of the mining industry. They spelt out the capital intensive nature of mining with the comment that the country simply could not afford to let this vast capital investment stand idle. It was suggested that six and even seven days per week operations in conjunction with a five-day rostered man-week should be investigated.

The introduction of the eleven-shift fortnight arrangements coincided with the substantial inflow of black labour to the mines and the effects of the new arrangements have therefore been masked. In spite of the increased labour complements and the working of voluntary overtime on Saturdays at most mines, with a resultant increase in working expenditure, target milling rates were not achieved in the first quarter under the new arrangements.

Because of the economic situation in the country, the industry did not make changes in basic wages and conditions of employment of the employees of the industry at mid-year as in the past, but, on a review of all the factors, a small increase in basic wages for all employees was agreed to with effect from the beginning of August, with no changes being made in fringe benefits.

The prevailing substantially higher cash earnings of black workers on the mines, together with the advantages of being largely insulated from the effects of inflation on travelling, board and lodging, has made mining work more attractive to the unskilled worker when compared with his opportunities in other industries. The recession experienced by the general economy during the year coupled with a concerted recruiting effort on the part of the industry has resulted in the proportion of labour from South Africa and Transkei increasing to 53 per cent as compared with only 22 per cent some four years ago.

Whilst there are obvious advantages in having more labour from within the borders of South Africa and Transkei, this changed pattern may also contain certain disadvantages. This labour has in the past elected to work for shorter periods than the contract periods of labour from other countries, leading to a larger labour turnover and thus more novice labour requiring initial training and acclimatisation.

Nevertheless, indications are emerging that many of the men who came forward to work earlier this year will be staying on the mines for a longer period than in previous years, and it may be that this will be the start of a trend towards making mining work more popular amongst South African blacks. There is at present a substantial reservoir of labour available in most of the areas where the industry recruits. As a result it is hoped that most of the mines' labour requirements will continue to be met even in the traditional valley period in the last quarter of the calendar year.

Continuing attention is being paid to important factors such as improved training and better utilisation of labour, hostel facilities and communication with employees. This is reflected in the fact that labour relations throughout the Group remained good throughout the year.

### NEW INVESTMENT, EXPLORATION AND DEVELOPMENT

During May 1977, Phelps Dodge Corporation announced that agreement in principle had been reached whereby this company and its associates will take up a 51 per cent interest in Black Mountain Mineral Development Company Limited, at a subscription price of R15 million. This company will be responsible for the management of Black Mountain. In addition to a proven economic reserve of 38 million tons at one deposit, diamond drilling on Black Mountain's extensive property has indicated geological reserves of lead, zinc and copper in the order of 200 million tons. Negotiation of a substantive agreement is nearing completion.

September 28, 1977

Merany

In addition to total equity of R30 million, it is estimated that R155 million in loan funds will be required to bring Black Mountain to the self-supporting stage. This company and its associates will provide R35 million of these loan funds, *pro rata* to their equity interests by way of subordinate but interest-bearing shareholders' loans. The company has financed this obligation by securing loan commitments both in South Africa and abroad.

The Government has indicated that timeous provision of road, water, power, rail and harbour facilities will be made.

The search for further extensions to existing gold mines on the West Wits Line has continued. The coal exploration programme has been directed towards locating deposits of coal suitable for metallurgical use and for export. This company entered into a joint venture to explore for uranium with Union Carbide in South Africa. It was decided not to proceed with the erection of a ferrochrome plant in view of the unfavourable market situation.

Exploration in South West Africa has concentrated on the Trekkopje uranium deposit where ore reserves are now being assessed.

The outlook for the investment in Brazil has improved as the State-owned iron ore producer, The Companhia Vale do Rio Doce, has acquired the controlling interest in the small iron ore producer, Minas d'El Rey Dom Pedro, in which this company now has a 30 per cent interest.

#### OUTLOOK

The uncertainty engendered in the bullion market a year ago by the continuing I M F sales eased during the December quarter of the 1976 calendar year. Nevertheless it has been estimated that some 86 tons of private investment holdings were sold during that year, despite a reversal of that trend in the last quarter. Total supplies of gold to the free market during 1976, at 1 448 tons, reached near record levels, when I M F and increased Soviet sales are included. These were surprisingly well absorbed, mainly as a result of a large increase in imports into the Middle East, amounting to one-third of all bullion supplies to the market. It was encouraging that a large proportion of these purchases was in the form of jewellery and coins rather than bullion. It would appear that the purchasing power of the oil producing countries is now spreading downwards to consumers, including migrant workers in those countries, not previously able to purchase non-essential goods such as gold jewellery.

It is probable that the supply of gold to the free market from all sources during the first half of 1977 exceeded that supplied during the same period in 1976. It has been of comfort to producers that demand has been sufficient to sustain a price per ounce, throughout 1977, which has fallen mainly within the range of \$140-\$150, and with an average price to date about \$20 above that of the previous year.

Fabrication demand remains buoyant but perhaps the most important factor in price determination in the foreseeable future will be related to the actions of central banks. If sales are matched by purchases in this area the price could continue to move slowly upwards. A sobering feature, however, is that few people doubt that should the price move rapidly higher, combined with significant American private investor interest, the U.S. Authorities will authorise Treasury sales.

It is an apparent paradox that the gold price tends to be strong when the industrial demand for gold is weak. The explanation lies in the contra cyclical nature of the industrial and investment markets for gold. Stable economic growth and individual prosperity encourages jewellery purchases and reduces the need for investors to seek a safe haven for their funds. On the other hand an environment of economic uncertainty compounded by inflation breeds anxiety in investors and reasserts the allure of gold as a refuge from the instability of paper. Investor demand is evidently less price sensitive than normal commercial demand, and may even be stimulated by price rises. The likely trend in the gold price is that it will increase at a rate equal to or in excess of the average rate of inflation experienced by the major trading nations. In these circumstances it is vital to the economic well-being of the Republic of South Africa itself, and for the gold mining industry in particular, to restrain cost increases to a level less than that of our own trading partners. The gold mining industry was successful throughout the sixties in restraining unit cost increases to an annual rate which was on average in line with the rate of inflation for the country as a whole. During the past seven years cost increases have regrettably run at a level almost double the inflation rate. In the main this can be attributed to increases in wage rates at a rate far in excess of the percentage increase in the cost of living. In the case of the industry's black employees, major changes were required to correct the past gradual reduction in the purchasing power of their earnings. The adjustments were made possible by the increasing price of gold, which allowed higher wages to be paid without endangering the viability of the lower grade mines and thereby also the employment opportunities of employees. These increases in wages paid to black employees continued up to 1976 on an annual basis at a rate considerably in excess of the rate of inflation.

The situation has now been created where the discretionary portion of monthly disposable income earned by intermittently employed migrant mine workers is greater than that of permanently urbanised unskilled men in continuous industrial employment. The country is already facing a situation where wages paid to unskilled employees, black or white, in all sectors of the economy (agriculture, mining, commerce and industry) are so high in relation to output that employers are forced to close down operations, or move towards mechanisation rather than maintaining labour intensive operations.

The following quotation from the latest annual economic report of the South African Reserve Bank has particular relevance in this regard:

"Mainly because of social considerations, real wages of Black workers were raised significantly during the past years, notwithstanding increasing rates of unemployment and decreasing productivity caused by the decline in the level of economic activity. From a business point of view, this had a detrimental effect on production costs and did not promote the creation of employment opportunities but rather a greater degree of mechanisation and a higher capital-output ratio or a lower labour-output ratio."

A country with a population growth rate which for many years to come will call for some 200 000 new work opportunities to be provided each year requires the promotion of labour intensive activities in all sectors of the economy. It is generally recognised that, for the foreseeable future, mechanisation of many of the activities in our gold mines is neither practical nor in the longer term to the advantage of employer or employee. These comments in no way detract from those which I made last year with respect to providing equal opportunities in employment, training and education for all the peoples of the Republic.

Quite clearly the rapid dismantling of economic and social discrimination in the Republic must be undertaken as soon as it is practical to do so. It is essential that it be done under conditions of stable government and with the maintenance of law and order. Failure to include protection of the interests of minorities and the freedom of choice for the preservation of differing ethnic groupings will be inimical to the interests of all the people involved.

Although there is room for debate about the pace of change in Southern Africa there can be no denying the fact that changes have already been made, or are imminent. The granting of independence to Transkei, the setting of a date for the independence of Bophuthatswana, the Turnhalle proposals for South West Africa, and the proposals for responsible participation by Coloureds and Asians in the Government of the Republic are examples of changes under discussion or in progress. During this period of change the most positive assistance which the outside world can contribute will be directly related to promoting a real economic growth rate in excess of the rate of increase of the population. Whenever this economic and social condition pertains, many restraints are removed and opportunities for advancement are created. Cessation or reduction of investment has the opposite effect.

I believe the people of this country can co-operate jointly to resolve our short-term political and social problems. In this event, irrespective of external influence, they could enjoy economic growth and a rising standard of living comparable to that of Japan in the post-war years.

#### STAFF

In conclusion I would like to place on record the appreciation of my colleagues and myself of the sterling efforts of all the staff not only in Head Office but also at all the administered companies during what has proved to be a difficult and exacting year.

A LOUW  
Chairman

14 September 1977

## **Gold will rise with inflation, says Louw**

JOHANNESBURG — The gold price is likely to increase at a rate equal to or in excess of the average rate of inflation experienced by the major trading nations, says the chairman of Gold Fields of South Africa, Mr. Adriaan Louw, in his annual report.

Mr Louw said it had been of comfort to producers that demand for gold was sufficient to sustain a price per ounce, throughout 1977, which had fallen mainly within the range of 140-150 dollars, and with an average price to date about 20 dollars above that of the previous year.

### **Fabrication**

Fabrication demand remained buoyant, he said, but perhaps the most important factor in price determination in the foreseeable future would be related to the actions of central banks.

"If sales are matched by purchases in this area, the price could continue to move slowly upwards.

"A sobering feature, however, is that few people doubt that should the price move rapidly higher, combined with significant American private investor interest, the U.S. authorities will authorise treasury sales."

In the year ended June 30 GfSA's consolidated profit after tax and minority interests fell by 26,8 percent to R21,7-million, with distribution down from 155c to 110c.  
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D. Disp. 29/9/77 (214)

## Golds shift to top gear after slowdown

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JOHANNESBURG — The gold sector shifted into top gear in Hollard Street after its one day slowdown as the metal indicated that it was going for the next magical level of \$155.

The New York Comex Futures market which serves as an indicator for American gold share investors, was flashing the go-ahead signal for the metal at the opening yesterday.

De Beers came off a high of 505c in the morning to close unchanged at 498c. Anamint recovered 25c of its ex-dividend decline.

Coppers were steady, but platinum reacted to Rustenburg's dismal results and passing of the dividend. Bisplat shed 3c to 80c, Lydenburg came off 7c to 84c and Rusplat lost 5c to 107c.

Rooiberg gained 251c,

but lack of stock kept the other counters virtually unchanged

Grootvlei and Blyvoor were in demand from London and recorded gains of 14c and 55c respectively to close at 182c and 615c.

Heavyweights Harties and Freguls chalked up the best absolute gains of 75c for the day.

In London, Government bonds were higher in relatively moderate turnover. Net gains among longer maturities ranged to  $\frac{3}{4}$  point, while shorts ended up to  $\frac{1}{2}$  point higher on balance.

Equities continued mixed in light trading. At 15h00 the FT index was up 1.1.

Gold shares rallied with the bullion price, with heavyweights gaining up to 50cents. United States

issues and Canadian dollar stocks eased.

Banks were among the biggest gainers with Miland closing 24p higher at 372. Among leading industrials, Bats rose 4p to 293 and Unilever put on a net 2p at 268.

In Salisbury, share prices were virtually unchanged.

Unchanged were Clan at 35 cents, David Whitehead at 70 cents and TA Holdings at 103 cents. RAL added 8 cents to close at 223 cents with Cairns gaining 5 cents to 100 cents, Art Printers 2 cents to 77 cents, and Edgars 1 cent to 98 cents.

In minings, Rho Nickel and Wankie were unchanged at 70 cents and 78 cents respectively and MTD Mangula shed 5c to 133 cents reflecting the lower copper price. — DDC-SAPA.

African le... generally subscribed to the maintenance of institutions with parliamentary representation for all in an integrated society. The American Negro precedent set an example to African leaders, demonstrating that change could be brought about within the democratic framework in an evolutionary way. ( 6 ) But ANC leaders found themselves being pushed further and further away from such a standpoint as discriminatory legislation increased. At first ANC leaders showed a willingness to work with white liberal institutions such as the SAIRR and the Joint Councils. They were even prepared to express African political aspirations through the government instituted Native Representative Council. As government discrimination increased, the ANC moved away from white liberals, finding their efforts ineffectual. In 1941 Xuma refused the invitation to become president of the SAIRR. Many ANC leaders were members of the Native Representative Council but abandoned it in disgust when they realised its powerlessness. Gradually African leaders became less and less anxious about alienating liberal whites. ( 7 ) Once consultation within the parliamentary system had failed, African political action moved into extra-parliamentary channels.

( 5 ) P. Walshe : The Rise of African Nationalism in South Africa  
pp. 340 - 345.

( 6 ) Ibid, p. 341. ( 7 ) Ibid, p. 347.

# HARMONY GOLD MINING COMPANY LIMITED

Incorporated in the Republic of South Africa

## CHAIRMAN'S STATEMENT

Mercury  
29/9/77

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The year that has just passed was noteworthy for the wide fluctuations in the price of gold, the profitable spot sales of uranium, the continuing expenditure of capital to bring our milling rate up to the 7 million tons per annum target and the industrial peace that existed on the mine in common with peaceful conditions in the industry as a whole

The customary summary of results is given and the main points of interest are the increase of 651 000 tons milled over the figure for last year and the almost equivalent increase in gold produced from 28 992 kilograms in 1975/76 to 32 351 kilograms in 1976/77. The same percentage increase in gold revenue was not achieved as the average gold price realised dropped from R3 538 per kilogram (US \$126 per oz) in the previous year to R3 491 per kilogram (US \$125 per oz).

The working expenditure per ton milled unfortunately continued its upward trend of the past year and the average cost per ton milled, at R17,02, was 13 per cent higher than the figure for the previous year. This continued rise is most disturbing but the company at least has the satisfaction of knowing that its percentage increase in working costs per ton milled is considerably lower than the industry average.

In my statement last year I mentioned that the mine must be considered as having two primary products, namely gold and uranium, and that the accounting presentation should be altered to show the total costs against total revenue and a combined profit figure. This has not been done in the accounts presented with this year's report and therefore the gold and uranium profits as set out in the Financial Statements are misleading. Gold has borne the total costs of mining and milling plus its own extraction costs whilst uranium has been shown as bearing only the extraction costs after the slime has been delivered to the uranium plant. The working profit from gold of R8 454 000 and that from uranium, acid and pyrite of R23 968 000 should therefore be ignored and the total working profit of R32 422 000 considered as the correct working profit for all products combined. The presentation of the results in future will not separate working profit in this way but will only give the total figure and this practice will be introduced in the report for the quarter ending 30th September, 1977.

Until the present time, ore reserve calculations have been based on the value of only the gold content of the orebodies being exploited. In future, ore reserve calculations will take account of the value of both the gold and uranium content of the various orebodies. It is essential that this change be made if the various orebodies are to be exploited to the fullest extent economically possible. It is foreseen that in some areas of the mine the value of the gold content of the orebody alone will be insufficient to justify mining. However, when the value of both the gold and the uranium content is aggregated, exploitation may be profitable. The valuation of the ore reserves in terms of the joint contribution made by both the gold and uranium content becomes of increasing importance as the gold grade of the ore decreases and the uranium contribution increases in accordance with higher uranium selling prices.

In terms of the mining plan for the next two to three years, and because of the limited uranium plant capacity presently available, the new method of ore reserve calculation is not expected to have a significant influence on either the magnitude or the grade of the ore reserves. However, as mining operations progress into areas where the gold grade is known to be low, and when the proposed new uranium plant comes into operation, the new method of valuation will have a significant effect on the calculated ore reserves.

Exploration to the west of the company's lease area was completed during the year. The results obtained do not justify mining or the further exploration of the area at this stage. The directors in their report give the full details. Some preliminary exploration within the Harmony lease area between the De Bron and Lava faults will be done by drilling at least two holes from existing underground workings.

Capital expenditure for the year at R19 million was less than the R23 million forecast in my last statement but it is hoped that the backlog in capital work will be made up during the coming year. Consequently it is now estimated that, excluding the new uranium plant at Merriespruit, capital expenditure of approximately R15,5 million will be incurred in 1977/78. The wide fluctuations in the price received for gold during the past year when for example in one month the mines received only R2 841 per kilogram (US \$102 per oz) had a most unsettling effect on the industry as a whole and caused the postponement of many of the capital works designed to expand or improve production on mines.

The proposed amendments to the Articles of Agreement of the International Monetary Fund are in the process of ratification by members of the Fund and are expected to be approved towards the end of this year. The President of the Chamber of

SUMMARY OF RESULTS		
	Year ended 30th June	
	1977	1976
Development — Total metres	22 409	24 201
— Sampled metres	4 178	2 584
Total ore reserves — tons	13 195 000	13 779 000
Gold value — grams per ton	9,0	9,9
Uranium value — kilograms per ton	0,185	0,201
Slope width — centimetres	133	132
<b>Operating results</b>		
Tons milled	6 163 000	5 512 000
Gold — Yield, kilograms	32 351	28 992
— Yield, grams per ton	5,25	5,26
Uranium — Pulp treated, tons	4 543 000	3 645 000
— Oxide produced, kilograms	536 392	453 553
— Yield, kilograms per ton pulp treated	0,118	0,124
Pyrite — concentrates recovered, tons	92 173	91 761
Sulphuric acid — tons produced	133 281	147 925
<b>Financial results R000's</b>		
Gold		
Revenue	R113 362	R102 928
Revenue per ton milled	R18,39	R18,67
Working profit	8 454	19 913
Working profit per ton milled	R1,37	R3,61
Uranium, pyrite and sulphuric acid		
Working profit	23 968	14 818
Total working profit	32 422	34 731
Other income, net (see note)	2 317	1 775
<b>Profit before taxation and State's share of profits</b>	<b>R34 739</b>	<b>R36 506</b>
Taxation and State's share of profits (see note)	3 440	3 462
<b>Profit after taxation and State's share of profits</b>	<b>R31 299</b>	<b>R33 044</b>
<b>Profit appropriations</b>		
Mining assets, net (see note)	R19 214	R23 028
Dividends — No 41 of 25 cents per share	R6 721	—
— No 39 of 35 cents per share and	—	R17 475
— No 40 of 30 cents per share	—	R12 746
<b>Retained surplus at 30th June</b>	<b>R18 115</b>	<b>R12 746</b>
<b>Note</b>	During the 1975 and 1976 financial years all the assets of the wholly-owned subsidiaries were acquired by the parent company. Accordingly, it has not been necessary to prepare consolidated annual financial statements for the 1977 financial year. However, in order to obtain a true comparison of results the above financial summary compares the parent company's results for 1977 with the consolidated results for 1976.	

Mines of South Africa in his recent annual address, stressed the importance of the effect of the amendments and of the announcement made in February, 1977 by the South African Minister of Finance that following ratification of the amendments, the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

The proposed amendments to the Articles of Agreement of the International Monetary Fund, will by eliminating the statutory monetary functions of gold, have the effect of remobilising official holdings by allowing central banks to buy and sell gold freely. If the existing agreement between the International Monetary Fund and the Group of Ten countries not to increase their net aggregate gold holdings is not renewed in January, 1978, the gold market should enter a new and buoyant phase shortly thereafter.

Gold will therefore become a proportionately more important component of world reserves and it is possible that it will once again be used as a medium for settling international transactions. This should stimulate world interest in gold and the extreme fluctuations of the past should not recur. In my opinion, fluctuations will be relatively minor and a steady overall increase in the price of the metal can be anticipated.

The outlook for uranium has been complicated by a number of developments which occurred during the year. The anti-nuclear lobby, mainly comprised of environmentalists, is still very active and has probably been partly responsible for the action taken by certain Governments to delay the further installation of such facilities for the time being. The allegation that nuclear power generation may present an opportunity for unauthorised persons to gain access to materials from which nuclear weapons could be fabricated has undoubtedly assisted the anti-nuclear groups in their activities. In April 1977, the President of the United States of America announced a new energy policy. This policy has received wide publicity and I do not propose to discuss it in any detail. While it is considered, in some quarters, to be hazy regarding nuclear power it does not appear to be inflexible. It does indicate a fairly firm resolve to develop a nuclear fuel cycle which will reduce or eliminate the risk of proliferation of nuclear weapons. If this can be achieved (and it will almost certainly entail abandonment, in whole or in part, of the plutonium cycle in the short term), it should partly appease the anti-nuclear groups and substantially improve the demand for uranium. Finally any overview however brief, would not be complete without reference to the dilemma confronting the Australian Government

For some time the potential impact on the market of substantial additional production capacity in Australia has been a source of concern to other producers. The Commission appointed by the Australian Government has published reports which provoked much discussion in various quarters. The Government of Australia has recently announced its policy regarding the exploitation of the rich orebodies in that country and the development of mines will now commence. Taking all factors into account, I do not expect that this policy will result in any serious long term dislocation of the market. While there may be periods of uncertainty, and a reduced growth rate in selling prices, I am still confident that the middle to long term prospects for uranium producers are sound. In the light of this belief it is my view that the company must now be prepared to commit itself to the erection of such facilities as will permit full exploitation of the uranium content of the orebodies to be mined in future.

The price for spot sales of uranium increased by a moderate amount during the year. The demand for such spot quantities of uranium was sufficiently strong to enable the company to dispose of all uncommitted current production and some stock-piled material. Three spot sales were executed during the year contributing a substantial proportion towards the total overall profit of R32,4 million from all operations during the year. As a result of these spot sales the stockpile has now been significantly depleted and it will therefore not be possible to make further sales of the same magnitude in the coming financial year.

Preliminary estimates reveal that the erection of the proposed new uranium plant will probably involve a capital expenditure of approximately R30 million in escalated terms. There would appear to be a reasonable prospect of obtaining consumer finance to fund this capital expenditure. Negotiations with various uranium consumers likely to be interested in a consumer finance/sales agreement of the nature contemplated have already commenced.

The mining industry has been criticised both in South African and overseas publications for the employment conditions of its Black workers. The information contained in these articles is often incorrect and photographs are produced of various phases of life on a mine which are completely out of date and sometimes even show portions of housing facilities on mines that have already closed down. In common with other modern mines in South Africa, Harmony Gold Mining Company Limited has improved the working and living conditions of its Black employees considerably over the past ten years. The modern Black mineworker is still in the main a migrant labourer. He alternates between periods of small

farming activities in his home country and cash earning periods on the mines.

Due to the substantially increased wage levels during the past 5 years (the average wage on Harmony has increased five-fold) the worker can obtain his target earnings much more rapidly than he did before. The period spent on the mine therefore tends to be shorter than it was some years ago, but the worker has maintained the tradition of returning to the mine for a number of periods before finally settling down to permanent farming or other activity at his home.

The mine is pursuing a policy of continually training and thereby raising the skills of Black workers. The more highly skilled men obviously earn far more than the less skilled ones and the mine's policy is to encourage the former to become permanent workers on the mine. During the last few years the percentage of South Africans (including Transkeians) working on the mine has risen from 25,2 per cent to 48,7 per cent. The difficulties of providing full family housing for these men are not as great as in the case of foreign workers and the company has a number of schemes whereby it can provide married housing on the mine or assist the employee to build his own home in the area from which he comes. Where the distance involved is too great for daily commuting, the intention of the mine would be to provide single accommodation for the worker during the week, but to make arrangements for him to travel home for the weekends. No matter how large a mine is, it must always be remembered that it has a finite life and home ownership in the immediate vicinity of the mine might not be in the long term interests of the employee.

The uncontrolled raising of wages, particularly of unskilled workers, must lead to continued inflation. The increased wage levels mentioned above provide the unskilled young novice with ample funds for his own immediate needs. His ambition and desire for higher pay must be met by the opportunity given to him to develop into a skilled worker or supervisor. The training programmes offered by the mine provide the means for self-betterment and it is up to the individual concerned to advance through the various grades available to him on the mine. However, it is recognised that trade union practice and certain legislation present barriers to advancement beyond a certain point. The policy of your company is continually to press for the lowering of these barriers with the ultimate aim of ensuring equality of opportunity for all its employees.

During his stay on the mine, the migrant worker is housed, fed and provided with full medical care. Harmony Gold Mining Company Limited has always been extremely proud of the standard of its hostels and the quality of the balanced meals it provided for its workers in its existing hostels. However, in terms of its expansion programme the company has had to build additional accommodation and the new Merriespruit No 3 hostel has been built to standards far higher than the previous hostels. In addition, the cooking facilities have been completely modernised, cooks have been trained by fully qualified chefs and smaller dining rooms provided where meals are available at all hours. Recreation facilities in the form of sport, general education, TV, film and radio shows are continually being expanded.

The very uncertain price of gold at the beginning of the company's financial year plus the high capital programme to which the company was committed caused your directors not to declare a dividend in September, 1976. However, the good uranium sales later in the year improved the company's cash position and enabled a dividend of 25 cents per share to be declared in March, 1977. The additional revenue from these sales also improved the retained surplus which stood at R18 million as at 30th June, 1977.

During the coming year the tonnage milled will be higher but the grade lower than last year. Uranium sales will be considerably less than in the year just ended. The profit is therefore expected to be much lower while capital expenditure will remain high at about R15,5 million. Portion of the retained surplus mentioned above will be used to meet this capital expenditure. Since the year end a dividend of 25 cents per share was declared on 19th September, 1977. Provided the gold price remains above R4 056 per kilogram (US \$145 per oz) and inflation is kept within reasonable limits I anticipate that the second dividend for the year 1977/78 should approximate this figure.

In conclusion I have pleasure in recording the Board's appreciation of the services rendered during the past year by the Managing Director, Mr D T Watt, by the General Manager, Mr G L H Diering, and the staff and employees at the mine, by the technical and administrative staff at Head Office, and by the secretaries in the United Kingdom.

A C Petersen, Chairman

Johannesburg  
20th September, 1977



# GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

## Review by the Chairman, Mr. A. Louw – 1977

The year under review reflected a continuation of the generally depressed economic conditions which prevailed during the previous year. A high level of inflation persisted and the restriction of Government expenditure, in an endeavour to reduce the rate, contributed to a troublesome unemployment situation. The country's foreign trade position improved substantially during the first six months of 1977 as a result of lower imports and higher exports, mainly minerals, and, in view of the lack of long-term foreign capital availability as a result of current political uncertainties in Southern Africa as a whole, it is vital for that trend to continue. In this connection it is to be hoped that the major world economies will continue to grow with a minimum of inflation and not revert to recessionary conditions, which latter prospect is, regrettably, being viewed with increasing concern.

There was a gradual improvement in the gold price during the year but the non-availability of suitable black underground labour and increased working costs had an adverse effect on the profits earned by the gold mines. The position began to improve early in 1977 when there was a turn-around in the supply of black underground labour and as this became more experienced and productive the working profits earned by the gold mines during the quarter ended June 1977 showed a welcome improvement.

### FINANCIAL RESULTS

As reflected on page 4 of the Annual Report, 87,4 per cent of the Group's income from investments is derived from its holdings in gold and uranium producers. Consolidated income from investments declined by 18 per cent to R30,8 million. The adverse conditions prevailing on the Stock Exchange were not conducive to the profitable realisation of investments and only R1 million accrued from this source. Amounts written off investments, loans and assets increased from R6,4 million to R10,5 million whilst prospecting expenditure increased from R3,3 million to R4,1 million. Overall the consolidated profit after tax and minority interests at R21,7 million, equivalent to 133 cents per share, was 26,8 per cent lower. Dividends were reduced from 155 cents per share to 110 cents per share. The net asset value per share at 2 477 cents was 498 cents lower. Since the end of the financial year there has been an improvement in the ruling Stock Exchange prices so that at 7 September 1977 the net asset value had risen to 2 869 cents per share.

### OPERATING RESULTS OF GROUP MINES

As already mentioned, a shortage of underground black labour was again experienced by the gold mining industry as a whole during the second and third quarters of the year under review. As this was even more acute and prolonged than that experienced in the previous two years, it resulted in a severe shortfall in production and a cutback in ancillary work required to maintain normal production levels. Despite these adverse factors, the total tonnage milled by Group gold mines at 10,3 million tons, was only 0,2 million tons less than in the 1976 financial year as more stope face became available at the Kloof mine and operations were further expanded at East Driefontein. The average gold yield was, however, 1,1 grams per ton higher as a result of an increase in the grade of ore mined and because less low grade material from surface dumps was milled. Total gold production rose from 138 556 kilograms to 145 555 kilograms, again mainly as a result of the increased contributions made by the East Driefontein and Kloof mines.

A slightly lower average gold price was received by Group mines but, because of the greater output, total working revenue increased by 5 per cent. The effects of the continuing high rate of inflation in general costs and the large increases in labour costs in the industry caused unit working expenditure on Group mines to rise by 23 per cent with the result that the total working profits of these mines fell from R294 million in the 1976 year to R278 million in 1977, and the after-tax profits from R191 million to R161 million. Profits retained for expenditure on fixed and other assets totalled R69 million and the total distributions were reduced from R119 million to R96 million.



## **GOLD FIELDS** Chairman's Review — *continued*

**LABOUR** The interim report of the Commission of Enquiry appointed by the Government to enquire into the implications of a five-day week for underground workers in the mining industry was tabled in Parliament in March 1977. The Chamber of Mines had indicated that there was no objection in principle to a five-day week for employees if means could be found to maintain production without additional cost. In the Chamber's view this would involve restructuring of work practices to enable all employees to improve their productive efficiency.

The Commission supported the principle of a five-day man-week but found the consequences of a Monday to Friday week demanded by the Mine Workers' Union too costly to the country. They recommended that the compromise eleven-shift fortnight arrangement which had, in the meantime, been negotiated with the Mine Workers' Union, be given a trial for at least twelve months. This arrangement, whereby members of the Mine Workers' Union who do not work shifts are entitled to have alternate Saturdays off, but may volunteer to work an overtime shift, was introduced with effect from April 1977. Similar arrangements were introduced for most officials and black employees.

The Commission highlighted many of the problems of the mining industry. They spelt out the capital intensive nature of mining with the comment that the country simply could not afford to let this vast capital investment stand idle. It was suggested that six and even seven days per week operations in conjunction with a five-day rostered man-week should be investigated.

The introduction of the eleven-shift fortnight arrangements coincided with the substantial inflow of black labour to the mines and the effects of the new arrangements have therefore been masked. In spite of the increased labour complements and the working of voluntary overtime on Saturdays at most mines, with a resultant increase in working expenditure, target milling rates were not achieved in the first quarter under the new arrangements.

Because of the economic situation in the country, the industry did not make changes in basic wages and conditions of employment of the employees of the industry at mid-year as in the past, but, on a review of all the factors, a small increase in basic wages for all employees was agreed to with effect from the beginning of August, with no changes being made in fringe benefits.

The prevailing substantially higher cash earnings of black workers on the mines, together with the advantages of being largely insulated from the effects of inflation on travelling, board and lodging, has made mining work more attractive to the unskilled worker when compared with his opportunities in other industries. The recession experienced by the general economy during the year coupled with a concerted recruiting effort on the part of the industry has resulted in the proportion of labour from South Africa and Transkei increasing to 53 per cent as compared with only 22 per cent some four years ago.

Whilst there are obvious advantages in having more labour from within the borders of South Africa and Transkei, this changed pattern may also contain certain disadvantages. This labour has in the past elected to work for shorter periods than the contract periods of labour from other countries, leading to a larger labour turnover and thus more novice labour requiring initial training and acclimatisation.

Nevertheless, indications are emerging that many of the men who came forward to work earlier this year will be staying on the mines for a longer period than in previous years, and it may be that this will be the start of a trend towards making mining work more popular amongst South African blacks. There is at present a substantial reservoir of labour available in most of the areas where the industry recruits. As a result it is hoped that most of the mines' labour requirements will continue to be met even in the traditional valley period in the last quarter of the calendar year.

Continuing attention is being paid to important factors such as improved training and better utilisation of labour, hostel facilities and communication with employees. This is reflected in the fact that labour relations throughout the Group remained good throughout the year.

### **NEW INVESTMENT, EXPLORATION AND DEVELOPMENT**

During May 1977, Phelps Dodge Corporation announced that agreement in principle had been reached whereby this company and its associates will take up a 51 per cent interest in Black Mountain Mineral Development Company Limited, at a subscription price of R15 million. This company will be responsible for the management of Black Mountain. In addition to a proven economic reserve of 38 million tons at one deposit, diamond drilling on Black Mountain's extensive property has indicated geological reserves of lead, zinc and copper in the order of 200 million tons. Negotiation of a substantive agreement is nearing completion.

in addition to total equity of R30 million, it is estimated that R155 million in loan funds will be required to bring Black Mountain to the self-supporting stage. This company and its associates will provide R35 million of these loan funds, *pro rata* to their equity interests by way of subordinate but interest-bearing shareholders' loans. The company has financed this obligation by securing loan commitments both in South Africa and abroad.

The Government has indicated that timeous provision of road, water, power, rail and harbour facilities will be made.

The search for further extensions to existing gold mines on the West Wits Line has continued. The coal exploration programme has been directed towards locating deposits of coal suitable for metallurgical use and for export. This company entered into a joint venture to explore for uranium with Union Carbide in South Africa. It was decided not to proceed with the erection of a ferrochrome plant in view of the unfavourable market situation.

Exploration in South West Africa has concentrated on the Trekkopje uranium deposit where ore reserves are now being assessed.

The outlook for the investment in Brazil has improved as the State-owned iron ore producer, The Companhia Vale do Rio Doce, has acquired the controlling interest in the small iron ore producer, Minas d'El Rey Dom Pedro, in which this company now has a 30 per cent interest.

**OUTLOOK**

The uncertainty engendered in the bullion market a year ago by the continuing I M F sales eased during the December quarter of the 1976 calendar year. Nevertheless it has been estimated that some 86 tons of private investment holdings were sold during that year, despite a reversal of that trend in the last quarter. Total supplies of gold to the free market during 1976, at 1 448 tons, reached near record levels, when I M F and increased Soviet sales are included. These were surprisingly well absorbed, mainly as a result of a large increase in imports into the Middle East, amounting to one-third of all bullion supplies to the market. It was encouraging that a large proportion of these purchases was in the form of jewellery and coins rather than bullion. It would appear that the purchasing power of the oil producing countries is now spreading downwards to consumers, including migrant workers in those countries, not previously able to purchase non-essential goods such as gold jewellery.

It is probable that the supply of gold to the free market from all sources during the first half of 1977 exceeded that supplied during the same period in 1976. It has been of comfort to producers that demand has been sufficient to sustain a price per ounce, throughout 1977, which has fallen mainly within the range of \$140-\$150, and with an average price to date about \$20 above that of the previous year.

Fabrication demand remains buoyant but perhaps the most important factor in price determination in the foreseeable future will be related to the actions of central banks. If sales are matched by purchases in this area the price could continue to move slowly upwards. A sobering feature, however, is that few people doubt that should the price move rapidly higher, combined with significant American private investor interest, the U.S. Authorities will authorise Treasury sales.

It is an apparent paradox that the gold price tends to be strong when the industrial demand for gold is weak. The explanation lies in the contra cyclical nature of the industrial and investment markets for gold. Stable economic growth and individual prosperity encourages jewellery purchases and reduces the need for investors to seek a safe haven for their funds. On the other hand an environment of economic uncertainty compounded by inflation breeds anxiety in investors and reasserts the allure of gold as a refuge from the instability of paper. Investor demand is evidently less price sensitive than normal commercial demand, and may even be stimulated by price rises. The likely trend in the gold price is that it will increase at a rate equal to or in excess of the average rate of inflation experienced by the major trading nations. In these circumstances it is vital to the economic well-being of the Republic of South Africa itself, and for the gold mining industry in particular, to restrain cost increases to a level less than that of our own trading partners. The gold mining industry was successful throughout the sixties in restraining unit cost increases to an annual rate which was on average in line with the rate of inflation for the country as a whole. During the past seven years cost increases have regrettably run at a level almost double the inflation rate. In the main this can be attributed to increases in wage rates at a rate far in excess of the percentage increase in the cost of living. In the case of the industry's black employees, major changes were required to correct the past gradual reduction in the purchasing power of their earnings. The adjustments were made possible by the increasing price of gold, which allowed higher wages to be

## GOLD FIELDS Chairmans Review — continued

paid without endangering the viability of the lower grade mines and thereby also the employment opportunities of employees. These increases in wages paid to black employees continued up to 1976 on an annual basis at a rate considerably in excess of the rate of inflation.

The situation has now been created where the discretionary portion of monthly disposable income earned by intermittently employed migrant mine workers is greater than that of permanently urbanised unskilled men in continuous industrial employment. The country is already facing a situation where wages paid to unskilled employees, black or white, in all sectors of the economy (agriculture, mining, commerce and industry) are so high in relation to output that employers are forced to close down operations, or move towards mechanisation rather than maintaining labour intensive operations.

The following quotation from the latest annual economic report of the South African Reserve Bank has particular relevance in this regard:

"Mainly because of social considerations, real wages of Black workers were raised significantly during the past years, notwithstanding increasing rates of unemployment and decreasing productivity caused by the decline in the level of economic activity. From a business point of view, this had a detrimental effect on production costs and did not promote the creation of employment opportunities but rather a greater degree of mechanisation and a higher capital-output ratio or a lower labour-output ratio."

A country with a population growth rate which for many years to come will call for some 200 000 new work opportunities to be provided each year requires the promotion of labour intensive activities in all sectors of the economy. It is generally recognised that, for the foreseeable future, mechanisation of many of the activities in our gold mines is neither practical nor in the longer term to the advantage of employer or employee. These comments in no way detract from those which I made last year with respect to providing equal opportunities in employment, training and education for all the peoples of the Republic.

Quite clearly the rapid dismantling of economic and social discrimination in the Republic must be undertaken as soon as it is practical to do so. It is essential that it be done under conditions of stable government and with the maintenance of law and order. Failure to include protection of the interests of minorities and the freedom of choice for the preservation of differing ethnic groupings will be inimical to the interests of all the people involved.

Although there is room for debate about the pace of change in Southern Africa there can be no denying the fact that changes have already been made, or are imminent. The granting of independence to Transkei, the setting of a date for the independence of Bophuthatswana, the Turnhalle proposals for South West Africa, and the proposals for responsible participation by Coloureds and Asians in the Government of the Republic are examples of changes under discussion or in progress. During this period of change the most positive assistance which the outside world can contribute will be directly related to promoting a real economic growth rate in excess of the rate of increase of the population. Whenever this economic and social condition pertains, many restraints are removed and opportunities for advancement are created. Cessation or reduction of investment has the opposite effect.

I believe the people of this country can co-operate jointly to resolve our short-term political and social problems. In this event, irrespective of external influence, they could enjoy economic growth and a rising standard of living comparable to that of Japan in the post-war years.

**STAFF:** In conclusion I would like to place on record the appreciation of my colleagues and myself of the sterling efforts of all the staff not only in Head Office but also at all the administered companies during what has proved to be a difficult and exacting year.

A LOUW  
Chairman

14 September 1977



# HARMONY GOLD MINING COMPANY LIMITED

Incorporated in the Republic of South Africa

## CHAIRMAN'S STATEMENT

The year that has just passed was noteworthy for the wide fluctuations in the price of gold, the profitable spot sales of uranium, the continuing expenditure of capital to bring our milling rate up to the 7 million tons per annum target and the industrial peace that existed on the mine in common with peaceful conditions in the industry as a whole.

The customary summary of results is given and the main points of interest are the increase of 651 000 tons milled over the figure for last year and the almost equivalent increase in gold produced from 28 992 kilograms in 1975/76 to 32 351 kilograms in 1976/77. The same percentage increase in gold revenue was not achieved as the average gold price realised dropped from R3 538 per kilogram (US \$126 per oz) in the previous year to R2 491 per kilogram (US \$125 per oz).

The working expenditure per ton milled unfortunately continued its upward trend of the past year and the average cost per ton milled at R17,02, was 13 per cent higher than the figure for the previous year. This continued rise is most disturbing but the company at least has the satisfaction of knowing that its percentage increase in working costs per ton milled is considerably lower than the industry average.

In my statement last year I mentioned that the mine must be considered as having two primary products, namely gold and uranium, and that the accounting presentation should be altered to show the total costs against total revenue and a combined profit figure. This has not been done in the accounts presented with this year's report and therefore the gold and uranium profits as set out in the Financial Statements are misleading. Gold has borne the total costs of mining and milling plus its own extraction costs whilst uranium has been shown as bearing only the extraction costs after the slime has been delivered to the uranium plant. The working profit from gold of R8 454 000 and that from uranium, acid and pyrite of R23 968 000 should therefore be ignored and the total working profit of R32 422 000 considered as the correct working profit for all products combined. The presentation of the results in future will not separate working profit in this way but will only give the total figure and this practice will be introduced in the report for the quarter ending 30th September, 1977.

Until the present time, ore reserve calculations have been based on the value of only the gold content of the orebodies being exploited. In future, ore reserve calculations will take account of the value of both the gold and uranium content of the various orebodies. It is essential that this change be made if the various orebodies are to be exploited to the fullest extent economically possible. It is foreseen that in some areas of the mine the value of the gold content of the orebody alone will be insufficient to justify mining. However,

when the value of both the gold and the uranium content is aggregated, exploitation may be profitable. The valuation of the ore reserves in terms of the joint contribution made by both the gold and uranium content becomes of increasing importance as the gold grade of the ore decreases and the uranium contribution increases in accordance with higher uranium selling prices.

In terms of the mining plan for the next two to three years, and because of the limited uranium plant capacity presently available, the new method of ore reserve calculation is not expected to have a significant influence on either the magnitude or the grade of the ore reserves. However, as mining operations progress into areas where the gold grade is known to be low, and when the proposed new uranium plant comes into operation, the new method of valuation will have a significant effect on the calculated ore reserves.

Exploration to the west of the company's lease area was completed during the year. The results obtained do not justify mining or the further exploration of the area at this stage. The directors in their report give the full details. Some preliminary exploration within the Harmony lease area between the De Bron and Lava faults will be done by drilling at least two holes from existing underground workings.

Capital expenditure for the year at R19 million was less than the R23 million forecast in my last statement, but it is hoped that the backlog in capital work will be made up during the coming year. Consequently it is now estimated that, excluding the new uranium plant at Merriespruit, capital expenditure of approximately R15.5 million will be incurred in 1977/78. The wide fluctuations in the price received for gold during the past year when for example in one month the mines received only R2 841 per kilogram (US \$102 per oz) had a most unsettling effect on the industry as a whole and caused the postponement of many of the capital works designed to expand or improve production on mines.

The proposed amendments to the Articles of Agreement of the International Monetary Fund are in the process of ratification by members of the Fund and are expected to be approved towards the end of this year. The President of the Chamber of Mines of South Africa in his recent annual address, stressed the importance of the effect of the amendments and of the announcement made in February 1977 by the South African Minister of Finance that following ratification of the amendments, the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

The proposed amendments to the Articles of Agreement of the International Monetary Fund, will by eliminating the statutory monetary functions of gold, have the effect of remobilising official holdings by asking central banks to buy

and sell gold freely. If the existing agreement between the International Monetary Fund and the Group of Ten countries not to increase their net aggregate gold holdings is not renewed in January 1978, the gold market should enter a new and buoyant phase shortly thereafter.

Gold will therefore become a proportionately more important component of world reserves and it is possible that it will once again be used as a medium for settling international transactions. This should stimulate world interest in gold and the extreme fluctuations of the past should not recur. In my opinion, fluctuations will be relatively minor and a steady overall increase in the price of the metal can be anticipated.

The outlook for uranium has been complicated by a number of developments which occurred during the year. The anti nuclear lobby, mainly comprised of environmentalists, is still very active and has probably been partly responsible for the action taken by certain Governments to delay the further installation of such facilities for the time being. The allegation that nuclear power generation may present an opportunity for unauthorised persons to gain access to materials from which nuclear weapons could be fabricated has undoubtedly assisted the anti-nuclear groups in their activities. In April 1977, the President of the United States of America announced a new energy policy. This policy has received wide publicity and I do not propose to discuss it in any detail. While it is considered, in some quarters, to be hazy regarding nuclear power it does not appear to be inflexible. It does indicate a fairly firm resolve to develop a nuclear fuel cycle which will reduce or eliminate the risk of proliferation of nuclear weapons. If this can be achieved (and it will almost certainly entail abandonment, in whole or in part of the plutonium cycle in the short term) it should partly appease the anti-nuclear groups and substantially improve the demand for uranium. Finally any overview however brief would not be complete without reference to the dilemma confronting the Australian Government. For some time the potential impact on the market of substantial additional production capacity in Australia has been a source of concern to other producers. The Commission appointed by the Australian Government has published reports which provoked much discussion in various quarters. The Government of Australia has recently announced its policy regarding the exploitation of the rich orebodies in that country and the development of mines will now commence. Taking all factors into account, I do not expect that this policy will result in any serious long term dislocation of the market. While there may be periods of uncertainty, and a reduced growth rate in selling prices, I am still confident that the middle to long term prospects for uranium producers are sound. In the light of this belief it is my view that the company must now be prepared to commit

## SUMMARY OF RESULTS

	Year ended 30th June	
	1977	1976
Development — Total metres	22 409	24 201
— Sampled metres	4 178	2 584
Total ore reserves — tons	13 195 000	13 779 000
Gold value — grams per ton	9,0	9,9
Uranium value — kilograms per ton	0,185	0,201
Stope width — centimetres	133	132
<b>Operating results.</b>		
Tons milled	6 163 000	5 512 000
Gold — Yield, kilograms	32 351	28 992
— Yield, grams per ton	5,25	5,26
Uranium — Pulp treated, tons	4 543 000	3 645 000
— Oxide produced, kilograms	536 392	453 553
— Yield, kilograms per ton pulp treated	0,118	0,124
Pyrite — concentrates recovered, tons	92 173	91 761
Sulphuric acid — tons produced	133 281	147 925
<b>Financial results: R000's</b>		
Gold		
Revenue	R113 362	R102 928
Revenue per ton milled	R18,39	R18,67
Working profit	8 454	19 913
Working profit per ton milled	R1,37	R3,61
Uranium, pyrite and sulphuric acid		
Working profit	23 968	14 818
Total working profit	32 422	34 731
Other income, net (see note)	2 317	1 775
Profit before taxation and State's share of profits	R34 739	R36 506
Taxation and State's share of profits (see note)	3 440	3 462
Profit after taxation and State's share of profits	R31 299	R33 044
<b>Profit appropriations:</b>		
Mining assets, net (see note)	R19 214	R23 028
Dividends — No 41 of 25 cents per share	R6 721	—
— No 39 of 35 cents per share and	—	R17 475
No 40 of 30 cents per share	—	R12 746
Retained surplus at 30th June	R18 115	R12 746

**Note:** During the 1975 and 1976 financial years all the assets of the wholly owned subsidiaries were acquired by the parent company. Accordingly, it has not been necessary to prepare consolidated annual financial statements for the 1977 financial year. However, in order to obtain a true comparison of results the above financial summary compares the parent company's results for 1977 with the consolidated results for 1976.

itself to the erection of such facilities as will permit full exploitation of the uranium content of the areabodies to be mined in future.

The price for spot sales of uranium increased by a moderate amount during the year. The demand for such spot quantities of uranium was sufficiently strong to enable the company to dispose of all uncommitted current production and some stockpiled material. Three spot sales were executed during the year contributing a substantial proportion towards the total overall profit of R32,4 million from all operations during the year. As a result of these spot sales the stockpile has now been significantly depleted and it will therefore not be possible to make further sales of the same magnitude in the coming financial year.

Preliminary estimates reveal that the erection of the proposed new uranium plant will probably involve a capital expenditure of approximately R30 million in escalated terms. There would appear to be a reasonable prospect of obtaining consumer finance to fund this capital expenditure. Negotiations with various uranium consumers likely to be interested in a consumer finance/sales agreement of the nature contemplated have already commenced.

The mining industry has been criticised both in South African and overseas publications for the employment conditions of its Black workers. The information contained in these articles is often incorrect and photographs are produced of various phases of life on a mine which are completely out of date and sometimes even show portions of

housing facilities on mines that have already closed down. In common with other modern mines in South Africa, Harmony Gold Mining Company Limited has improved the working and living conditions of its Black employees considerably over the past ten years. The modern Black mineworker is still in the main a migrant labourer. He alternates between periods of small farming activities in his home country and cash earning periods on the mines.

Due to the substantially increased wage levels during the past 5 years (the average wage on Harmony has increased five-fold) the worker can obtain his target earnings much more rapidly than he did before. The period spent on the mine therefore tends to be shorter than it was some years ago, but the worker has maintained the tradition of returning to the mine for a number of periods before finally settling down to permanent farming or other activity at his home.

The mine is pursuing a policy of continually training and thereby raising the skills of Black workers. The more highly skilled men obviously earn far more than the less skilled ones and the mine's policy is to encourage the former to become permanent workers on the mine. During the last few years the percentage of South Africans (including Transkeians) working on the mine has risen from 25,2 per cent to 48,7 per cent. The difficulties of providing full family housing for these men are not as great as in the case of foreign workers and the company has a number of schemes whereby it can provide married housing

on the mine or assist the employee to build his own home in the area from which he comes. Where the distance involved is too great for daily commuting, the intention of the mine would be to provide single accommodation for the worker during the week, but to make arrangements for him to travel home for the weekends. No matter how large a mine is, it must always be remembered that it has a finite life and home ownership in the immediate vicinity of the mine might not be in the long term interests of the employee.

The uncontrolled raising of wages, particularly of unskilled workers, must lead to continued inflation. The increased wage levels mentioned above provide the unskilled young novice with ample funds for his own immediate needs. His ambition and desire for higher pay must be met by the opportunity given to him to develop into a skilled worker or supervisor. The training programmes offered by the mine provide the means for self-betterment and it is up to the individual concerned to advance through the various grades available to him on the mine. However, it is recognised that trade union practice and certain legislation present barriers to advancement beyond a certain point. The policy of your company is continually to press for the lowering of these barriers with the ultimate aim of ensuring equality of opportunity for all its employees.

During his stay on the mine, the migrant worker is housed, fed and provided with full medical care. Harmony Gold Mining Company Limited has always been extremely proud of the standard of its hostels and the quality of the balanced meals it provided for its workers in its existing hostels. However, in terms of its expansion programme the company has had to build additional accommodation and the new Mermespruit No 3 hostel has been built to standards far higher than the previous hostels. In addition, the cooking facilities have been completely modernised, cooks have been trained by fully qualified chefs and smaller dining rooms provided where meals are available at all hours. Recreation facilities in the form of sport, general education, T.V., film and radio shows are continually being expanded.

The very uncertain price of gold at the beginning of the company's financial year plus the high capital programme to which the company was committed caused your directors not to declare a dividend in September, 1976. However, the good uranium sales later in the year improved the company's cash position and enabled a dividend of 25 cents per share to be declared in March, 1977. The additional revenue from these sales also improved the retained surplus which stood at R18 million as at 30th June, 1977.

During the coming year the tonnage milled will be higher but the grade lower than last year. Uranium sales will be considerably less than in the year just ended. The profit is therefore expected to be much lower while capital expenditure will remain high at about R15,5 million. Portion of the retained surplus mentioned above will be used to meet this capital expenditure. Since the year end a dividend of 25 cents per share was declared on 19th September, 1977. Provided the gold price remains above R4 056 per kilogram (US \$145 per oz) and inflation is kept within reasonable limits I anticipate that the second dividend for the year 1977/78 should approximate this figure.

In conclusion I have pleasure in recording the Board's appreciation of the services rendered during the past year by the Managing Director, Mr D T Watt, by the General Manager, Mr G L H Diering, and the staff and employees at the mine, by the technical and administrative staff at Head Office, and by the secretaries in the United Kingdom.

A C Petersen, Chairman

Johannesburg  
20th September, 1977

# U.S. may resume gold sales

Mercury Correspondent

WASHINGTON — There is a growing possibility that the United States Treasury will resume gold sales if the bullion price continues to firm strongly, according to some well-informed sources in Washington. It is stressed, however, that the U.S. faces a difficult decision and will certainly not yet have made up its mind.

There is, however, no major concern either way by the South African delegation at the IMF

"The one thing we do not want is that the gold price should rise too much too quickly. That would risk a sharp correction" says Dr J de Loor, South Africa's ambassador to the IMF.

"People are noting the relationary and inflationary approach at the IMF and this must be a main reason for the present gold upsurge," says Dr. Gerhard de Kock, senior deputy governor of the Reserve Bank.

## In Washington

Informed sources in Washington say the US will not be able to try to push the gold price down sharply.

The point out that the developing countries are likely to get about 2 000-million dollars on present indications out of the IMF gold sales programme and would be bitterly critical of any action that hit the gold price and lowered this amount

But in spite of the apparent public indifference to gold by the U.S. it is understood that the Treasury is still acutely sensitive to any threat to the dollar's new supremacy by gold.

Under the IMF gold programme 25-million ounces is being restored to members over four years as well as 25-million ounces he

Under the programme the US receives more than 1 200 000 ounces a year. It has already had the first installment and the second is scheduled for January

This means that the stock

of U.S official gold is rising while the U.S preaches the case for demonetising gold. At the same time U.S. industrial and other gold imports are believed to have totalled over 5-million ounces over the past few years

Gander, n, gansi e tona  
Gang, n, sehlopha, sehm batho

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

Gasp, v, ho ahlanisa  
haholo, phefumoloha

**Fulal-Gasp**  
Fulal, v, ho phetha, qetella  
Full, adj, e tletseng, za, be full, ho phasa tala, penama  
Fully, adv, haholo, ka ho tala.  
Fulminate, v, ho qhema ka ma-tla a maholo, ho luma  
Furne, n, mosi, mouane, v, ho itseta, ho halefa  
dapali, mososaso, le-  
Furlough, n, tumello ea ho lokoloha mosebetsing ka sebaka se itseng  
Furnace, n, lefo, sebopi, onto.  
Furniture, n, phahlo ea ntle (e kang tafole, litulo, etc)  
Furrow, n, moeh oa metsi, moeli o etsang ka pluu, foro  
Further, adv, ka pejana, hape,

**Gate-Glitter**  
Gate, n, monyako, ihoro, sekoalo sa lerako, leman  
Gather, v, ho phutha, boikella, koelleisa, thonaka, bokanya, putla, to gather wood, ho roalla, to be gathered together, ho phuthana, phuthaha, bokana, teana.  
Gathering, n, phutheliso, matlotlotsoa, morebe-rebe  
Gaunt, adj, e otleng, e sekoko-tona  
Gay, adj, e thablang, nyakaletseng.  
Gaze, v, ho bona, taima  
Gazelle, n, tsephè  
Gazette, n, koranta.  
Gelding, n, pere e faetseng  
Gem, n, lehlakoe la bohlokoa, ntho efe le efe e ntle haholo  
Gender, n, botona kapa botsehalo ba ntho  
Genealogy, n, lejoko, lesika  
General, adj, ea bohle, ea tsobhe; n, molao e moholo  
Generally, adv, ka tsa bohle, ka ho akaretsa; this is generally known, ke taba e tsejoang ke

se ke tla rua; I have got a nice horse, ke rule perè e ntle, I am getting on, ke nise ke tsola pele; get up quickly, tsola u eme ka-pele get out of my way, toha moo, sutla  
Ghastly, adj, e tsabehang  
Ghost, n, serru, sethutsela  
Giant, n, seqhobane, sefotoane, seqhengha.  
Gibe, v, ho soma, nyekethetsa, nyekoletsa.  
Giddy, adj, ea ebang mahlo, ea tseroeng ke molloka-likoane  
Giddiness, n, molloka-likoane, selia-liane, mali-lli.  
Gift, n, mpho, neo, tsetso, phano, lephoso  
Giraffe, n, thuhlo  
Gird, v, ho tlama, khahlola, shama.  
Girdle, n, senyepa, leqhama.  
Gurl, n, ngoanana, moroetsana, mosetsana, montsana, kharebe.  
Girtnood, n, borroetsana  
Girth, n, horoto.

I asked the US Treasury Secretary, Mr Michael Blumenthal, whether the fact that gold had reached a two-year high would lead to U.S sales even while the International Monetary Fund auctions were continuing

His reply was brief and, to some observers, evasive. The U.S had an established gold policy, Mr Blumenthal said, and was following it.

The informed sources say this strengthened their expectation about the possibility of resumed U.S.

gentleman, n, mosesa, bonolo  
gentleness, n, mosesa, bonolo  
gentlewoman, n, mosali ea mekhoa e melle  
Gently, adv, hantle, butle  
Genuine, adv, ea sebele.  
Germ, n, lefi, monoko, motho, qalo  
Germine, v, ho mela, hlomela.  
Gestulate, v, ho etsa likhoba ka matsoho ha ho buua  
Get, v, ho fihla, rua; tsola pele, to get at, ho fihlela; I shall get there tomorrow, ke tla fihla teng hoasane; I am getting rich, ke

Glenn, n, lehlisel, v, ho khanya hasesane  
Glean, v, ho thonaka, qolotsa, khoahlapisa.  
Glee, n, pina ea thabo.  
Glen, n, khohlo e tsesane  
Glide, v, ho lelemela.  
Glimmer, v, ho khanya, hasesane.  
Glimpse, v, ho tsoelana, nyemotisa, habanya.  
Glisten, v, ho khanya ha metsi, bekanya, halma  
Glitter, n, khanya, v, ho khanya, phatsama, tsekema, bekanya, benya, halma.

Glenn, n, lehlisel, v, ho khanya hasesane  
Glean, v, ho thonaka, qolotsa, khoahlapisa.  
Glee, n, pina ea thabo.  
Glen, n, khohlo e tsesane  
Glide, v, ho lelemela.  
Glimmer, v, ho khanya, hasesane.  
Glimpse, v, ho tsoelana, nyemotisa, habanya.  
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Glimmer, v, ho khanya, hasesane.  
Glimpse, v, ho tsoelana, nyemotisa, habanya.  
Glisten, v, ho khanya ha metsi, bekanya, halma  
Glitter, n, khanya, v, ho khanya, phatsama, tsekema, bekanya, benya, halma.

# Gold shares take off

JOHANNESBURG — Gold shares took off again in Hollard Street yesterday and action on the floor was reminiscent of the old gold boom days

The high level of activity was attributable partly to the gold price moving to the \$155 level and partly to the weakness of securities rands

It appears that London has now laid in a large

enough stock of rands for contemplated investment in South African equities or loan stock

Large deals in Fugit are also pending. There are an estimated two million Fugit shares coming from London, worth R1 600 000 and it looks as if Mr Donald Gordon of Liberty is tying up the company

Gold bugs have done nicely, thank you, es-

pecially on the marginal producers this week. Little Salties shot up 37c to 117c and Grootylei, a great favourite with small dealers, put on 34c to 189c.

The big leaders were up to 175c higher having been comparatively neglected in the rush for smaller counters. Mining financials were going great guns as well yesterday with Samgold leading the bunch with a 150c gain. Unicorp shot up 25c yesterday, making the week's gain 42c.

Diamonds regained their sparkle as the rand creation dried up and De Beers closed 8c up on the week at 505c.

In London, government bonds extended gains to finish as much as 3½ points higher in active trading. Increases were accentuated by stock shortage, and the strength of sterling attracted substantial foreign interest

Gold shares firmed with the higher bullion price. US dollar and Canadian dollar issues moved harder

In Salisbury, Coronation Syndicate and Falcon mines provided the features of the day's dealings with the former adding 20 cents to 95 cents and the latter adding 5 cents to 335 cents in fairly high turnover

MTD lost 3 cents to close at 130 cents. Other mining counters closed at previous levels. In an active industrial sector both Caps and Rhobank shed 10 cents to 180 cents and 240 cents respectively — SAPA-RNS

# Since was golden

Sun. Trib.

Finance

2/10/77

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## HORWOOD AVOIDS MENTION OF THE METAL AT IMF MEETING

Michael Blumenthal

GOLD HAS been almost conspicuous by its absence at this year's International Monetary Fund meeting. For the first time in the 33-year history of the IMF a South African minister addressing the annual meeting made no mention of gold.

The Americans have maintained a lofty, dismissive indifference to any questions about the metal. Indeed, according to

United States Treasury sources, the American team at the IMF, led by Treasury Secretary Michael Blumenthal, did not even request a briefing on the present position of gold.

The word "GOLD" was heard during plenary sessions in the vast ballroom of the Sheraton Park Hotel. But they were passing references, mainly to the trust fund for the poorest nations being created by the profits from the IMF gold auctions.

### JOHN CAVILL IN WASHINGTON

For example, Indian Finance Minister Mr. H. M. Patel, urged the IMF to sell off all its gold holdings — 10 million ounces — one the present auction and restitution programme is completed in mid 1980 — for the benefit of developing countries.

But that was really all. And Senator Horwood's omission of gold in his speech strongly suggested that the South

Africans are more than happy that the trend of the bullion price is hitting a two-year high this week.

As the deputy governor of the Reserve Bank, Dr. Gerhard de Kock, noted, "the main thrust of the IMF discussions this year must be bullish for gold."

For once the IMF finance ministers were remarkably united on

one thing: that unless economic growth is stimulated the world risks sliding into a recession possibly worse than the one it has been trying to climb out of for the last two years.

The depth of their collective anxiety came as shock to some observers. Emile van Lennep, secretary general of the Organisation for Economic co-operation and

(2) Any other e.g. F

### 2. The Infant-Industry Argument

References: (1) Corden;

(2) Any other would be but Co books

### 3. On Trade (and Investment) Developed Countries

3.1 New Commodities & "between any two countries to less developed countries"

Reference: Findlay

3.2 Singer-Prebisch model "Growth" as applied to Reference: Söderström

3.3 A general review of investment patterns. Reference: (1) Co (2) Si (3) An

Development (OECD), to which all the major industrial nations belong, summed it up with a grim warning: "Despite the expansionary action that has been taken (by the United States, Germany and Japan) it will be necessary to revise downwards our forecast of 4 to 4.5 percent growth in the OECD area."

Western Europe's economic activity, he said, would not be enough to take up the slack in industrial capacity or to reduce unemployment.

Unanimity about the problems, however, contrasted sharply with deep differences about how should do what and how much.

Japan came under heavy fire in public and private from America and Britain over its expected R7 800-million surplus this year. The Japanese minister's impassive riposte was that Japan's 6.3 percent growth in 1976 outstripped all other industrial countries and it was going for 6.7 percent this year with a big public spending programme and preparing an "external" package to open its market to more imports.

British Chancellor of the Exchequer, Denis Healey, was openly and caustically sceptical that Japan's measures would do much to raise its imports.

The Germans stoutly resisted demands that they should do more. Finance minister, Hans Apel, said his plans to increase the budget deficit by 42 percent, boost growth to 4.5 per-

cent next year (from 3.75 percent) and cut Germany's surplus to 25 percent of its 1974 peak were as far as they could go.

And in a series of declarations that pushed the dollar to new lows against the Swiss franc and with gold up, the United States committed itself to 5 percent growth in 1978 after 5.5 percent overall this year.

Blumenthal hinted that this would mean no significant reduction in the expected record trade deficit for 1977 of between R21 740-million and R26 000-million.

While he poured cold water on any ideas that Britain, France and Italy might join the big three (plus the Netherlands and Switzerland) in expansion of their economies, it was clear they are under pressure to do something.

Britain's minority Labour government is faced with a rising trend in unemployment.

In France the left-wing alliance may be in disarray for now, but next year's elections could see a regrouping.

It is the cumulative impact of the mood at the IMF which is causing worries about the implications for inflation in the next 12 to 18 months. The OECD feels the current average rate of 7 to 8 percent does give room for selective stimulation.

In this climate of uncertainty and with the prospect of even more dollars and paper currencies swishing around the world the outlook for gold is decidedly stronger than 12 months ago.



## MONEY

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THE GOLD PRICE is moving strongly past its May peak for the year of 153,60 dollars per fine ounce. The price has been rising steadily since August when increased demand became apparent in the bullion markets. In London this week, the price in fact reached a two-year high of over 154 dollars.

Renewed demand was initiated in the Middle East and was further boosted at the end of August when European jewellers resumed manufacture after their summer vacations.

A further important psychological boost was provided in August when the conservative gold lobby in the US Senate succeeded in winning the Carter Administration's approval for a new bill which will aid in re-establishing gold's role in the international monetary system.

The bill's three main points are:-

- That the US will use her IMF veto to prevent further IMF gold auctions or the establishment of new IMF trust funds to help member nations unless there is specific congressional approval;

- That congressional approval will be required before the treasury is permitted to sell any of the US gold stockpile. And

- That contracts specifying payment in gold or in dollars measured in gold will be legalised.

The adoption of the new IMF articles later this year will provide a further boost to the market. Central banks will be released from the restrictions prohibiting their trading in the metal. The increased traffic which will follow this development is cer-

## Gold price hits two year high

tain to boost demand.

With the market having adapted fully to the regular IMF sales of bullion, these favourable influences were bound to lead to a considerable firming of the price of the precious metal.

For South Africa, the renewed fortunes of gold are timeous indeed. At a time when the country badly needs to boost its foreign exchange receipts, the price of our major export product is rising strongly.

With the current account of the balance of payments having passed through a fifth month of surplus, the added bonus of more cash from gold sales will help greatly in offsetting the drain on the capital account.

The foreign exchange reserves, which have been severely depressed for two years, should begin to recover strongly.

For the gold mines themselves, the higher price brings improved profits. This relief too comes at an opportune moment. Industry costs are still rising sharply. The Chamber of Mines has disclosed that the costs per ton of ore milled rose 21 percent during the six months to June compared with average costs for the same period in 1976.

As a result, dividends fell by R30-million to R159-million. Although revenue climbed to R1 266-million as a result

of the higher gold price, working profit fell by R28-million to R490-million.

The rising receipts of the gold mining industry will furthermore spill over into the economy providing some welcome general stimulation.

The Treasury, too, stands to gain from the price rise. The effective tax rate on gold mines averages about 70 percent of profits. And as profits recover so must the treasury's share. Government revenue has been falling as a result of the depressed conditions prevailing throughout the economy. The improved revenue accruing from a more profitable gold industry will help to offset the shortfall in revenue.

The question of the moment is, of course, whether future developments in the economies of the world will continue to favour a high gold price. There are a number of compelling factors that suggest that this will be the case.

The clear indications that stimulatory policies will shortly be adopted in Germany, Japan and the UK will raise fears of inflation and should stimulate demand for gold from those seeking a hedge against rising prices.

A further factor which will favourably influence the gold market is the good grain harvests reported from the Soviet Union this year. The higher gold price might have been expected to bring out the Soviets as sellers of gold. This would have inhibited a strong recovery in the price of the metal. But this year they will be requiring few if any, gram imports from the West and Soviet sales of gold can be expected to drop substantially.

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# Time to get out of Vaal Reefs?



**VAAL REEFS** is a blue-chip gold share the mining investment world knows and loves. For years it has been a solid performer and few institutional portfolios, both here and abroad, can afford to be without their Vaal Reefs in a moving gold market.

True to form, it has been one of the best performing heavyweights in the past few weeks moving from R18 to R22

But time is running out for Vaal Reefs. Although the mine has large blocks of low grade ore that will become payable at a higher gold price, the large areas of really rich ore, both for gold and uranium, are at the neighbouring Southvaal mine.

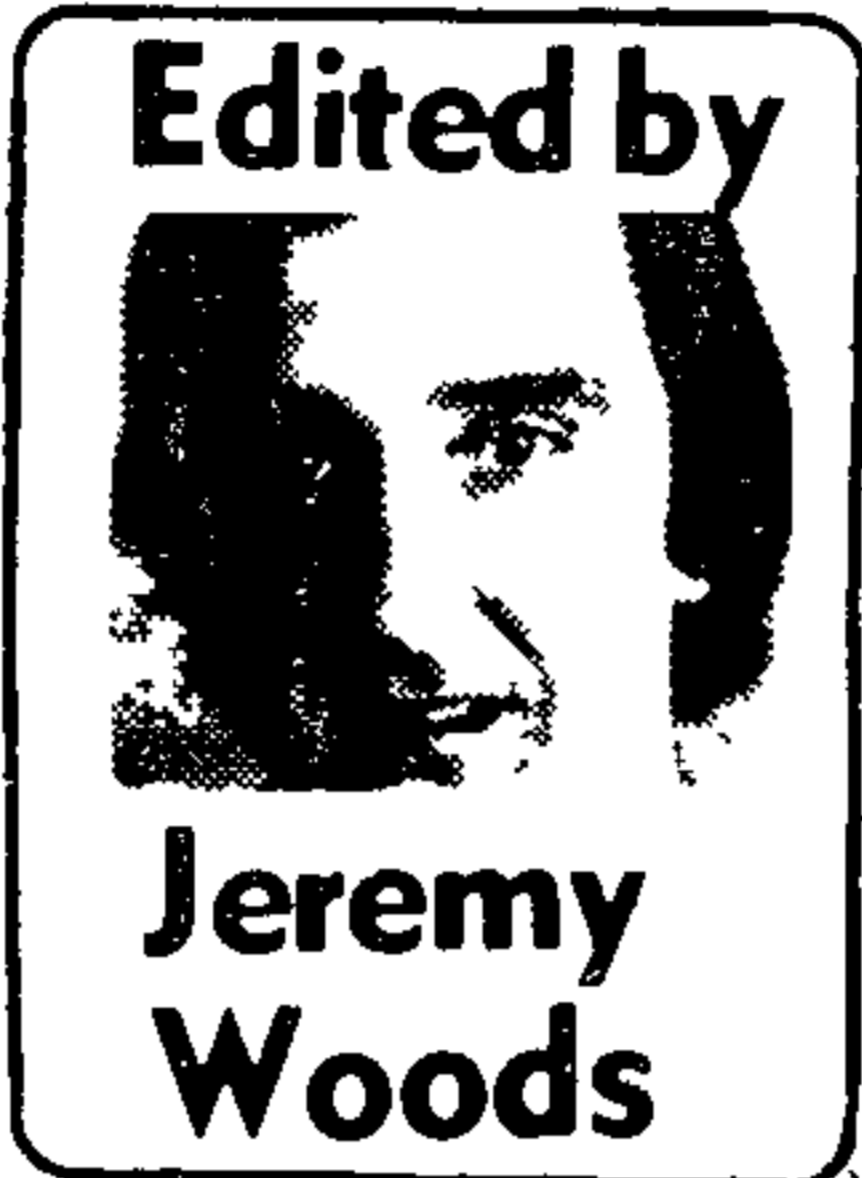
It is with Southvaal that the action will be from now on. And this is not just because of its Randfontein-like dividend projections during the next four years. It is also because the mine, due to its current high level of capital expenditure, has a marginal mine quality about it. Once the gold price rises enough to allow Southvaal to cover its capital expenditure, any surplus profits can be distributed to shareholders.

For instance at a gold price of \$140 an ounce, and still faced with capital expenditure, Southvaal would probably not pay a dividend. At \$150, and notwithstanding the capital burden, it could pay a 10c dividend, which would rise with the gold price.

Among the pension funds it is acknowledged that dividends from Southvaal will not really start to flow until 1980 and the years following the end of the capital programme. This, from a pension fund point of view, which emphasises income, means those holding Vaal Reefs will probably not consider a switch into Southvaal given that Vaal Reefs shares are currently yielding 5,5 per cent and no doubt considerably more on their original cost prices.

But the day is slowly dawning when the institutions will start calculating the advantages of a switch from Vaal Reefs to Southvaal. And as a rising gold price changes Southvaal's dividend paying potential dramatically, the day of the big switch may not be too far off.

"I would say the movement from Vaal Reefs to Southvaal will take place in-



Edited by

Jeremy Woods

side the next two years," the general manager of one of the largest pension funds in the country said this week.

If the gold price continues to rise as it has this week, it could be much sooner.

The income requirements of institutions apart, there could be substantial capital profits in Southvaal shares before the mine starts to maximise its enormous potential in 1980.

Rawdon Lawrie, managing director of Vaal Reefs, said this week "I don't think it is any secret in the mining world that Vaal Reefs has over the years mined a lot of its profitable ore, both for gold and uranium. Vaal Reefs has some high grade areas left and some larger areas of low grade. But Southvaal has a big unmined area of ore that will extend the life of the mine to the end of the century depending on the gold price."

Therefore one can afford to take a short and a medium-term view of Southvaal. The short-term view will be dominated by the gold price. Thus, Southvaal can be viewed in the same light as a marginal mine on bullion price movements.

But in a medium-term view this marginal mine characteristic changes into the sort of potential that Randfontein showed when it was R6,50.

Here is a likely course of dividends from Southvaal over the next five years. Based on a gold price of \$150, the company could pay a dividend of 10c for the current year to December 31. Next year, with gold at \$165, Southvaal could pay a dividend of 40c. The following year, with gold at \$180, 70c looks a reasonable projection while in 1980 with a lower rate of capital expen-

diture and a new uranium plant starting production, dividends will really start to flow and could easily be in the 150c a share area.

You can play with these projections by taking a bullish or bearish view on the price of gold and uranium, and also the rate of increase in working costs. But when these figures were put to Anglo, I was told they were "in the ball park."

These estimates assume fair weather on working costs and a gradual increase in gold and uranium prices.

Southvaal was formed in 1966 and it was agreed then that neighbouring Vaal Reefs should mine its lease area, paying a royalty before tax to Southvaal on profits from gold and uranium, but after deducting interest and loan repayments due to Southvaal and amounts used for capital expenditure within the area. The rate of royalty is 55 per cent.

After negotiations with the Government at the time, Southvaal was allowed, and still is, to pay tax at the rate of an industrial company. At the time, gold was still being sold at the official price and it was only these special arrangements that enabled Southvaal to be established on a profit-making basis. With the free market price rising well above the official price, large amounts of capital have been available

for the development of the mine.

Planned production by Southvaal in 1977 is 2,2-million tons milled at a grade of 9,6 grams a ton. Capital expenditure is estimated at R22-million.

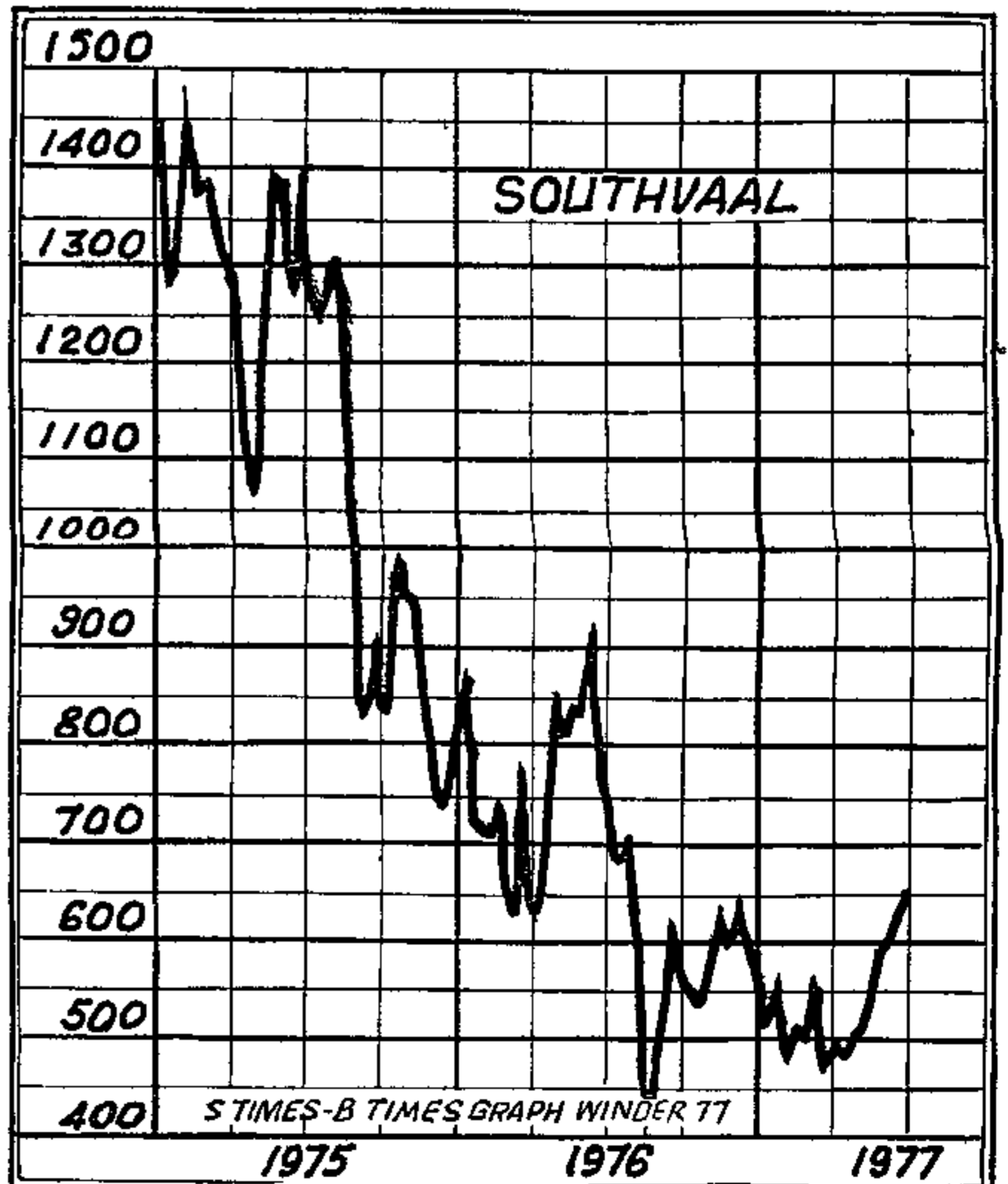
A new uranium plant is being built at Southvaal and a new No 2 shaft (South) is being sunk. These items, combined with a R12-million hostel for black workers, will add up to another R100-million of capital expenditure.

However, the uranium plant, which will cost around R40-million is being financed by a consumer loan. Estimated output is 650 tons a year.

Therefore, if capital expenditure of some R60-million can be paid for over the next two to three years, shareholders will be left sitting pretty. The higher the gold price goes, the quicker the capital expenditure can be paid off and the faster dividends will flow.

Once the new uranium plant goes into production, and this could on present indications be by 1980, earnings could leap forward from sales of uranium not tied to the consumer loan.

Southvaal at 675c is a share that fully justifies further investigation. Despite Vaal Reefs' holding of Southvaal shares, I would switch out of Vaal Reefs and into Southvaal — it could be the next Randfontein.



# Mercury

## 4/10/77 Dollar falls on foreign exchange

Mercury Correspondent

### Gold price at peak

Mercury Correspondent

JOHANNESBURG — The gold price broke through the 155 dollar barrier yesterday. The afternoon fixing of 155.45 dollars in London was the highest level since September 1, 1975, when the metal started tumbling from the 155 dollar level on the announcement of the first International Monetary Fund auction.

In Holland Street yesterday the JSE gold index jumped 6 percent to 205.1 one of the best moves since the boom days.

• See Page 29.

LONDON — The dollar fell sharply on the foreign exchange markets because of fears over the United States balance of trade deficit. Gold rose in quiet trading, adjusting to the dollars fall.

Against the Japanese yen, the dollar fell to new lows and currently only 262 are needed to buy a dollar.

The Swiss franc appreciated slightly to 2.33 against the dollar, while the German mark rose to 2.28 on the American currency.

Sterling was in demand too and with expectations that the British gold and foreign exchange reserves will again rise because of North Sea oil and the inflow of foreign funds, the pound rose to new 1977 high of 1,7559 against the dollar.

### Sterling's index

Sterling's effective exchange rate index, however was 62.3 points, unchanged on Friday's close.

With the inflow of foreign funds into the British financial markets, the city is talking of possible changes to exchange control.

One suggestion, widely mooted is the disbandment of the 25 percent surrender rule. The Stock Exchange is also planning to establish a "think tank" to improve the efficiency of the London market. Procedures for dealing in foreign securities will be one of the main topics under discussion

4/10/77  
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spending it. eg. If  
course of trade 100 ti

# Hectic trading in shares as gold hits year's high

JOHANNESBURG — Trading was hectic in Holland Street's gold sector yesterday as the gold price reached a high for the year.

Brokers reported that buying was largely local in the morning while the marginal advanced strongly when overseas buyers came in enthusiastically in the afternoon.

Attention was focused on gold shares but the metal's strength spilled over into other sectors, notably platinum, and industrials continued on their steady march.

The general buoyancy of Holland Street was reflected in De Beers' quick recovery after going ex-dividend. The counter gained 15c

to 502c compared with the pre-dividend price of 505c. Anamint advanced 75c.

Rusplat and Lydenburg firmed 5c while Rusplat was a little off the top cutting the gain to 2c.

Coals, coppers and tins were little changed because of neglect. Gefco and Msauli opened a little higher, then came off to close 5c and 2c off. Cons Murch's swift advance geared down and the rise was 5c.

## Sallies jump 30c

Sallies was a feature in the Witwatersrand sector, jumping 30c to 147c. South Roodepoort put on 35c to 220c, WR Cons firmed 25c to 270c and FRPM advanced 40c to 475c. Ergo, which has been neglected, moved up 16c to 449c, the highest level since the launching of the shares.

Even little Wit Nigel was in demand, gaining 6c to 52c, and reflecting the local nature of the buying in the morning.

Southvaal advanced 50c to 745c while Harmony reverted to its pre-dividend level of 700c with a 20c gain. Doorns was in demand in the West Wit sector, putting on 30c to 450c.

Except for St Helena, which advanced 70c and Randfontein, which firmed 75c, other large gold counters did not equal the marginal producers' gains, which were in the 20c to 25c range.

Vaal Reefs was static and Freguls lost 25c after going ex-dividend.

Mining financials firmed almost across the board.

Anglo firmed 12c to 505c, Amgold rose 70c, Genmin advanced 150c, while Johnnies gained 50c. Congold has been extremely firm on London buying and yesterday's gain was 20c.

Freddev, Midwits, Sentrust, New Central and New Wits were up in the 10c to 20c range.

Barlows put on 5c to 338c and this gain was matched by Abercom, Amic and W & A. Primrose closed at 95c, up 3c on the pre-dividend price.

Liberty and Eagle were firmer among insurances and banks were generally steady.

GR Props, the punters' favourite, gained 10c to close at 150c. SA Brews firmed 4c to 117c, Grinaker remained on the uptrend with a 15c rise to 300c and Tiger, Hiveld, Edgars, Foschini, OK and Remgro advanced among industrial leaders.

## London and Zurich gains

LONDON. — Gold gained a dollar on the day to close at \$155.40/155.60 an ounce against Friday's close.

The weakness of the dollar and industrial demand boosted gold in moderate trading.

There was also some short-covering ahead of the IMF gold auction tomorrow.

ZURICH — Gold finished at \$155.25/156.00 an ounce, above the opening \$154.50/155.25 and Friday's close of 154.00/75.

They said there were no fresh factors although the metal received support from the continuing weakness of the United States dollar.

Trading was active — Reuter

MINUTES OF THE COUNCIL MEETING HELD ON MONDAY, 3RD OCTOBER, 1977  
(Angela) THE PALACE HOTEL, KENILWORTH ROAD, WARDLE, (Patricia)  
2 AKKEDAL AVENUE, NEWLANDS, 7700. H. 619085  
4 TRIFIELD ROAD, PLUMSTEAD, 7800. H. 717106  
O. 437001  
ALAN STEVENS, Secretary, Rhodes, (Ann)

Attendance: E. Stenton, J. Daniels, J. Daniels, C. Rooder, J. Rooder, H. 654777  
A. Stevin, B. Warkyn, J. Daniels, J. Daniels, C. Rooder, J. Rooder, H. 654777  
D. Hartmann, A. Ross, G. Hamer, Sheila Watson,  
V. Jones, S. Salte (Vistor) 7-583 48 Jeanfield Road,  
Athenian Aims in Sicily, Perth, PH1 INZ,  
KENTWORTH, 7700. H. 696021  
V. Jones, S. Salte (Vistor) 7-583 48 Jeanfield Road,  
Athenian Aims in Sicily, Perth, PH1 INZ,  
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4. ACCEPTANCE OF MEMBERSHIP: V. Jones, S. Salte, A. Stevin, B. Warkyn, J. Daniels, J. Daniels, C. Rooder, J. Rooder, H. 654777  
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6.1. Distributed job description to the Council.  
Green, P.

Chapter and all controversial issues to be discussed at Council meetings.  
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Green, P.

6.4. Attended Awards Banquet on 17-9-77. Congratulations on 17-9-77. Isocrates  
6.5. Attended Sea Point for the 13-9-77. Congratulations on 13-9-77. Isocrates  
6.6. Attended Awards Banquet on 17-9-77. Congratulations on 17-9-77. Isocrates

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# Gold trading hectic

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the year. Brokers said buying was largely local in the morning Overseas buyers came in enthusiastically in the afternoon

The metal's strength spilled over into other sectors, notably platinum, and industrials continued on their steady march

The general buoyancy of Hollard Street was reflected in De Beers quick recovery after going ex-dividend. The counter gained 15c to 502c, compared with the pre-dividend price of 505c

Anamint advanced 25c. Mining financials firmed almost across the board

Anglo firmed 12c to 505c, Amgold rose 70c, Genmin advanced 150c while Johnnies gained 50c.

In London, Government bonds finished up to 1-1/4 points below Friday's closing levels on steady profit-taking and lack of follow-through interest.

Equities were mixed, but with a firm undertone. At 1500 the FT index was up 1.8 at 522.5

Gold dollar issues firmed

In Salisbury, mining counters were sharply better with Coro Synd the feature

Rhodesian Corp rose 10c to 45 while Wankie were 8c better at 84 and Shangani 3c better at 35

Industrials were firm Rhodesia Cement rose 2c to 45 and Divide Ind were 3c firmer at 38 — DDC-SAPA-RNS

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# Sequel to stock market boom

## U.K. reserves at record peak

Business Mercury 5/10/77

LONDON — Britain's gold and foreign currency reserves soared by 2 319-million dollars last month to a record total of 17 171-million dollars, it was announced yesterday.

The Treasury figures follow a recent strengthening of sterling to an exchange rate of around 1,75 dollars and a boom in the London stock market for both industrial shares and Government stock.

The Chancellor of the Exchequer, Mr. Denis Healey, on Monday told the ruling Labour Party's annual conference in Brighton. "The fact that we now have record reserves still rising means that we can thumb our noses at the international speculators in future, as we were not able to last year, and the rise in the pound has already knocked between two and three percent off the rate of inflation."

### Inflation

Britain's annual inflation rate in August was running at 16,5 percent but Ministers are confidently predicting that it will be lowered considerably during the next 12 months.

Treasury officials said yesterday the latest rise in foreign exchange reserves included foreign inflows of sterling, reflecting heavy demand in the first half of September for the pound and further demand towards the end of the month because of the weakness of the dollar.

The increase in reserves last month — the second-largest ever — included a 400 million dollar drawing from the Government's 1 500-million-dollar Euro-currency facility arranged in January and completes drawings of this facility.

Treasury officials said the rise also included foreign currency borrowings by State-run industries of 151-million dollars and among them was 12-million dollars raised by British Airways in the United States to finance aircraft purchases.

In September, 1976, the reserves stood at 5 160-million dollars

Britain's biggest monthly inflow of foreign exchange was last January, the sum being 3 067 million dollars. Since then there has been a succession of monthly gains apart from May, when there was a 229-million dollar loss. — (Sapa-Reuter)

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le, adj, e thako e ke keng  
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Irreparable, adj, e ke keng ea lo-  
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Irreproachable, adj, e se nang  
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Irresistible, adj, e ke keng ea  
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Irresolute, adj, e lika-likang, e sa  
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Irresponsible, adj, e se nang bo-  
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Irrevocable, adj, e ke keng ea  
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Irruption, n, ho tlolela kahare,  
ho futula hang-hang.  
Island and Isle, n. s. hlele-hleke.

Isolate, v, ho bēa bonnotšing, ho  
bēa kathōko  
Issue, n, and v, a flowing, phallo,  
ho kolla, a result, se latelang,  
se tsoang ho, getello, phetho;  
children, bana  
Isthmus, n, mokhanno oa letanše,  
mosenāke  
It, pron, pers, sing, e, o, a, bo, le, se.  
itch, n, and v, skin disease, lekho-  
khoē, ho tsoa lekhoekhoē, ho  
hlohlona, strong desire, takatso,  
ho lakatsa hahōlē  
itching, n, boiskinyane  
Itinerant, adj, ea tsamaeang ka  
mebla  
Itinerary, n, morero oa letō, kapa  
buka e ngotsaeng tsa maēto.  
Itself, pron, eona, ena.  
Ivory, n, lenaka la tōu

Jewel, n, lehlakoe la bohlokoa, li-  
khabiso tsobhe tse ntle (masale,  
mapetu, etc)  
Jingle, n, molumo oa ho lla ha  
le

Kenyeletsa, tisa, bēa  
Intrude, v, ho ikanya tabeng tsa  
ba bang, sunyakela, sukubela,  
tlatamela  
Intruder, n, mothō ea ikenyang  
hlabeng tsa ba bang, moakamela.  
Inundation, n, morallo oa metsi.  
Inutility, n, ntho e se nang thuso.

Irregular, adj, e sa eeng ka molao,  
e khopo.  
Irreligious, adj, e hlokanang bora-  
peli  
Irremediable, adj, e ke keng ea  
loksosa, e ke keng ea phekoāoa.  
Irremissible, adj, e ke keng ea  
tsoaretoa.

Jeopardise, v, ho kenya lithallong  
Jerk, v, ho betsa, sisinya, hula  
Jest, v, ho soasoa, sadha, tlala;  
n, tsoaso, mesoaso.  
Jester, n, sesoasi, sephogo.  
Jet, n, metsi ha a kolla, ha a phu-  
tsalatsa.  
Jew, n, mo-Jode

Jeopardise, v, ho kenya lithallong  
Jerk, v, ho betsa, sisinya, hula  
Jest, v, ho soasoa, sadha, tlala;  
n, tsoaso, mesoaso.  
Jester, n, sesoasi, sephogo.  
Jet, n, metsi ha a kolla, ha a phu-  
tsalatsa.  
Jew, n, mo-Jode

Joint, n, of meat, nana e lōkisitoe-  
ng ke sehlabi ho e rēkisa; a joint of  
mutton, nana ea serōpe sa nku.  
Joke, n, metlae, mosoaso, v, ho  
soasoa, sadha

# Golds had a firm undertone on Street <sup>D.D.</sup> <sup>6/10/77</sup> (214)

JOHANNESBURG — Hollard Street's gold sector had a firm undertone yesterday ahead of the International Monetary Fund gold auction

Selected gold shares turned sharply better before the close which, with the gold price remaining above \$155, seems to augur well for a successful auction.

De Beers set the trend for the market, coming off the bottom to close 3c up at 505

Coppers were steady with Palamin gaining 15c. Platimums were dull, the sole movement being a 2c loss in Rusplat

Tins rose as the tin price moved towards the sterl-

ing 7 000 a ton level. Rooiberg was up 25c to R11, Union put on 2c to 90c and Zaaiplaats rose 10c to 410c

Rand London gained 6c in little changed coals.

Ergo was a feature in the Witwatersrand sector gaining 5c to 452c, the highest price since launching Falcon, Vlaks and WR Cons were up in the 10c range and Randfontein held steady

The Free Staters were little changed probably on ex dividend weakness. The West Wit sector kept going, West Drie and West Deep firmed 25c, East Drie improved 15c and Doorns, Kloof, Libanon and Venters were up 10c.

Mining financials were somewhat dull. Angold put on 40c, TC Lands firmed 50c and Sentrust was up 10c to 380c, matching UCI's price

Industrial financials were up to 10c firmer. Barlows recovered 2c to 335c while Primrose gained 9c to 107c and Protea moved up 5c to hit 107c.

In Salisbury, the market was again inclined firmer yesterday with a wide range of counters changing, although turnover was at a lower level than on Tuesday

In industrials RAL rose 7c to 242 and Merlin were 4c better at 29, while Rho Cement at 47 and Edgars at 102 were both up 2c

Unchanged were Rhobank at 250, Gullivers at 54, Murray and Roberts at 90, Caps at 180 and Tobacco Sales at 165 — DDC-SAPA-RNS

**GOLD SHARES**

**Focus on the East Rand**

The \$150 barrier now looks well breached, with most analysts looking for a fast rise to \$160 and then a steady increase to \$180 by the year-end

The market has not been slow to realise the potential of the marginal producers. Among the top of the pops have been the four East Rand mines, Grootvlei, Marievale, Sallies and Vlaksfontein, whose rises shown since September 13 are shown in the table

Some have risen on expectations of life extensions. Sallies and Vlaks, at the higher gold price, have the prospect of resumed underground operations

Sallies remains one of the best speculations around. My view is that whatever is earned over the next couple of years will be retained initially to finance the drilling programme. But with an advancing gold price, prospects for the Witkop area are going to be a magnet for the bulls.

Despite chairman Lynne van den Bosch's statement that Marievale has little additional reef that could increase reserves at higher gold prices, some of the recent rise has been prompted by life extension considerations.

The 1974 annual report stated that further investigation of the 651 ha avail-

relatively stable for the last 18 months. Any grade decrease from the current 3.2 g/t will only be marginal. At \$160 gold, with development down to a minimum, and allowing for a cost increase to R10/t from R8.94/t in the June quarter, annual distributable earnings of over 100c are possible.

In 1974 with gold at R3 500 Grootvlei's reserves were 10 Mt, grading 3.9g/t. In 1975 at the same gold price, there was a downward revision to 5.7 Mt, grading 4.2g/t.

With gold at R3 500/kg (\$125) reserves were again chopped to 2.7 Mt, grading 5.2g/t in 1976, sufficient for a life of about two years. So with gold price increases compensating for intervening costs, at \$160 the mine should be back in the same position as in 1975. \$180 gold is sufficient to recalculate reserves on the 1974 basis.

On this basis, \$160 gold means a life of about six years, while \$180 gold pushes life up to about 10 years. Profits are highly grade-sensitive. With recovery cut to 3.5g/t, \$160 gold and unit costs of R13/t, annual distributions of 20c would be possible.

In addition to the mine's own lease area, in which all reserves are located, this year it should be possible to bring in additional reserves from the old Geduld and East Geduld properties. First values on the No 8 incline shaft on Geduld were

**HOW THEY MOVED**

	13	20	27	3	4	5	% rise	Yield at \$160 gold
	September				October			
Grootvlei (c)	140	150	168	199	190	190	35.7	10.5
Marievale (c)	115	122	130	155	155	150	30.4	66.7
Sallies (c)	68	74	84	147	138	135	98.5	17.0
Vlaksfontein (c)	85	90	87	98	100	107	25.9	42.1

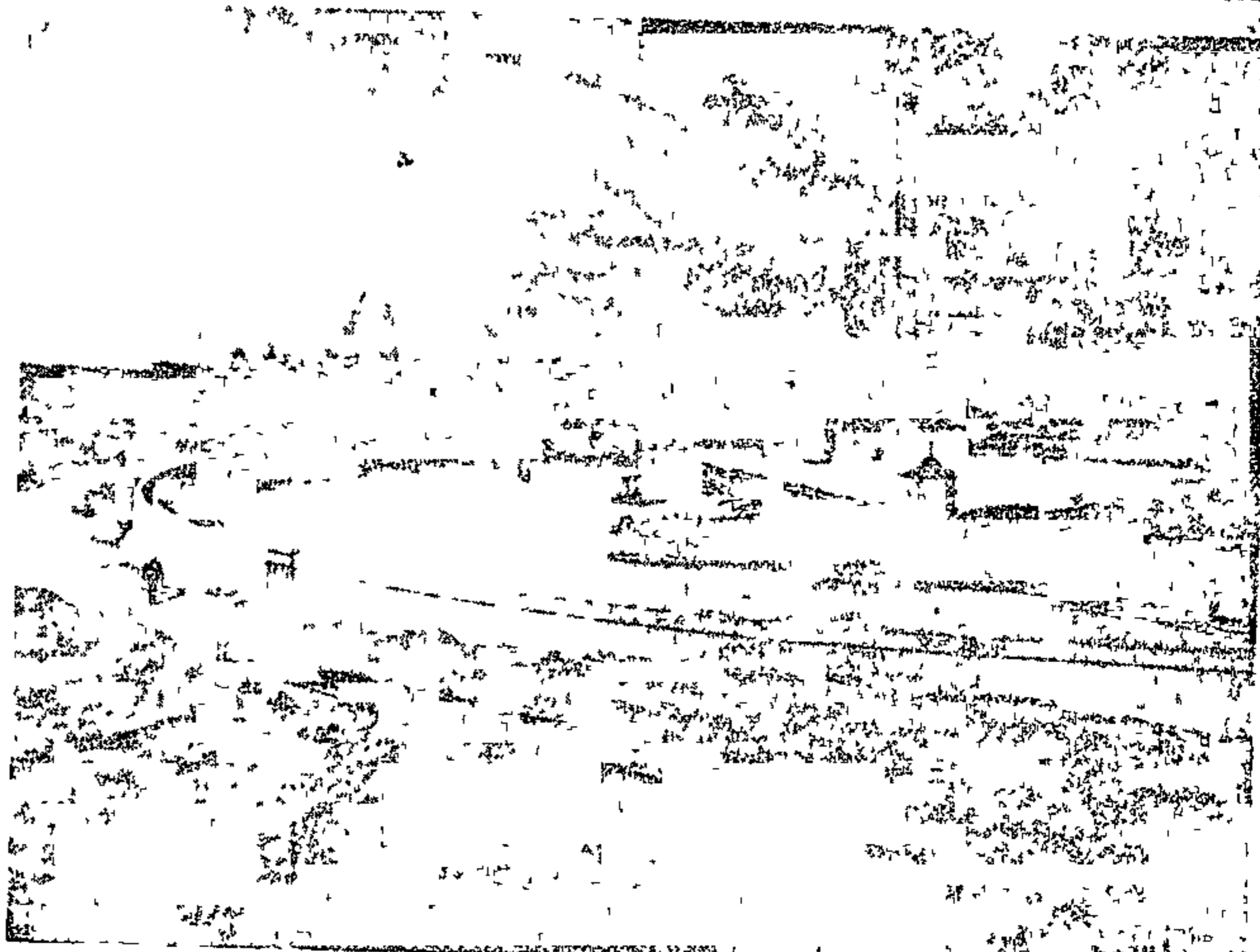
US buying, with New York apparently again coming round to the view that Sallies is "a warrant on gold", helped push the share to the top of the performance stakes.

Part of the rise was on market talk that a mini-Ergo plant is being planned for Sallies to treat privately owned neighbouring accumulations. But the house assures me that this is not so. Almost all sand dumps in the area are held by Anglo. The existing Sallies plant is being used to treat old dumps and is drawing from Sub Nigel's Betty shaft rock dump at a rate of 80 000 t/month. Unit costs are at most R6/t and with \$160 gold and a recovery of 2 g/t, annual earnings after tax would be about R1.5m, or 23c per share. Mineralisation in the area is in fairly well defined shoots, and of the three holes already drilled, SWP 2 was abandoned while W5 and W7, both on a different shoot from that currently being drilled, gave average gold values of 1 579 cm/g and 446 cm/g respectively. Each stage of the drilling programme is being undertaken only after assessment of all previous results. So if results from W5 and W7 were sufficiently encouraging, anything better from SWP 1 and SRK 1 will be a bull point for the shares. Meanwhile, the house has been actively bidding for surface rights in the area.

As an added speculation, Sallies has mineral rights over more than 100 000 ha scattered through the Transvaal and OFS. However little work has been done on them, and any development is unlikely in the near term.

able on the old Nigel mine would only be warranted at \$200 (\$165 in post-September 1975 devaluation terms). So though there may be little hope of life extensions on the main reef in Marievale's own lease area, early moves can be expected on Nigel if the mine is to continue in operation for more than two or three years.

Recovery grade has remained



Extraction process at Ergo . . . will Sallies follow?

CONT



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better than expected.

Grootvlei will remain a favourite on gold price rises. At this stage in the price cycle, it should be possible to develop ore in the newly available areas and the added flexibility should give some protection in case of a gold price downturn.

That **Vlakfontein** has performed less well than the other marginals probably reflects a market view that underground operations will never be re-started.

Underground mining would have to be in the old West Vlaks lease area, which originally failed to produce. The house does not rate the potential of the area very high. But it does adjoin the area being drilled by Sallies with shoots continuing into West Vlaks, and good drilling results there could be a bull point.

The higher gold price makes dump retreatment more of a paying proposition, and reduces fears on life. Mill throughput from the dumps will be maintained at about 60 000t/month, and with grade at 3g/t, costs of R6/t and \$160 gold, annual earnings of about 45c look possible from the dumps alone.

There is some risk that the board might try to appropriate funds for township development. But this has already led to one row with shareholders, who prefer the money. With an improving gold price, the shares are going to attract gold bugs not property investors.

Jim Lou...

J.D. 26/10/77 (214)

## All that glitters is gold

**JOHANNESBURG** — Gold shares surged upwards on the stock exchange yesterday in complete contrast to the heavy losses which were suffered on Monday

\* Yesterday's reversal in the trend was sufficient to recoup the losses of the previous day. Virtually every counter on the gold board moved up and the overall pattern was mirrored by the 350c rise in West Dries which compared with the Monday fall of 250c

Heavy bear covering from London, New York and a small amount from local operators made the difference to the market. Undisclosed short selling started on overseas markets in response to internal political developments as early as Thursday last week in the face of a rapidly rising gold price

The covering of these positions yesterday resulted in the sharp rises and there was evidence of a squeeze developing.

A number of leading London and New York dealers are thought to be still short of stock and, with London now on a two hour winter time gap, trading hours between the two centres are effectively shortened

The backlog of buying orders could well be made up in today's trading, but leading brokers feel that once positions have been squared up, operators will hold back, suggesting that prices could drift lower

for some time

In addition, with the new time gap, the Johannesburg market can operate only on the morning gold price fixing, the second fix coming after the market has closed. Accordingly, the slight fall in the afternoon bullion fix yesterday, after a higher morning price setting, had no effect on share price levels

Among the featured gains in golds were a 150c rise in Buffels, a 125c rise in Freguls, a 165c gain for Pres Brand, 200c for St Helena and 350c for West Dries. Gains in Klerksdorpers, although large, were mostly not sufficient to recover the previous day's falls. De Beers moved similarly and

recorded a 12c rise to 480c although this recovery was 8c short of Monday's 20c decline

In London, gold shares advanced after their recent decline with fair amount of overseas interest reported. Heavyweights gained up to two points

Government bonds ended higher having opened easier. Interest was of a speculative nature ahead of the Government's economic measures due today. Rises ranged to about - point among longer loans while shorts added up to  $\frac{1}{8}$  in a thin market

In Salisbury, the Rhodesian market was quiet with no definite trend — DDC-SAPA-RNS

**GOLD PRICE**  
**US transition**

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The US Treasury has been visibly cooling in recent weeks to the idea of holding its own gold auction in competition with the one held each month by the IMF. Now the reason for the Treasury's change of heart has been revealed. In short, there is a third competitor putting gold on the open market and the Treasury believes its own sales would only artificially depress the price.

The competitor is the Federal Reserve Bank of New York, or to be more precise, the Foreign Nation Accounts in the vaults of the Bank, where roughly 140 nations have gold stored. Between January and August, nearly 100 t (3,2m oz) of bullion have been delivered out of those accounts and into the world market.

This is not to say that the Carter administration is no longer concerned about the rising level of gold coin and bullion imports into the US. Coin imports alone are averaging 100 000 oz/month (124 000 in August), with 90% of them Krugerrands. And net imports of bullion by industrial users have reached 4,3m oz as of August, raising the prospect that the US will import as much as 7m oz of gold this year — an all-time record. While a \$1 000m cost in payments to the US is hardly unbearable, considering its probable \$30 000m payments deficit this year, the US is still worried about the gold inflow's impact.

But the question is, does the US Treasury worry enough about it to do something about it? The answer is, not yet. Part of the reason lies in its uncertainty over just what the 100 t gold transfers out of the Fed accounts means.

At the moment, Treasury gold staffers believe the transfers are significant efforts by foreign central banks to convert their gold into hard currencies and that a Treasury sale in the US would overload the market and cause both the central banks and the IMF to suffer lower prices for their sales. While there have been transfers out of Fed accounts before, the Treasury aides point to both the fineness and destination of this year's shipments from the Fed as compelling evidence that some nations — presumably the poorest — are cashing in their gold.

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From 1973 through 1976, practically all gold delivered from New York Fed accounts (a total of about 135 t or 4,3m oz) was 0,999 plus fine from the Austrian and Swiss national bank accounts to US dealers, offset by central bank acquisitions in the Zurich market. In effect these swap transactions did not add to the total market supply.

In 1977 the greater part of the New York Fed deliveries have been 0,999 gold from the BIS, exported for disposal in the London and Zurich markets — an addition to the market supply.

In these transactions, the US believes the BIS acted as a conduit for gold from other central bank accounts. The significant point is that the market has absorbed a much larger supply of gold in 1977 at higher prices than in the previous year — a striking indication of the basic strength of gold demand.

In compiling monthly trade data, the US government excludes only gold transfers from one monetary authority to another. Gold shipments from foreign accounts at the New York Fed to private foreign banks or dealers are considered commercial transactions, and are included in US export data. Estimated gold deliveries from the New York Fed's foreign accounts to the private market from June 1976 to August 1977 are shown in the table below.

	To US market	For export	Total
	oz		
IMF	1,6	4,4	6,0
BIS	1,0	1,2	2,2
Other accounts	2,3	0,2	2,5
Total	4,9	5,8	10,7

Of the approximately 300 t of gold delivered into the private market from the New York Fed during the 15-month period ending August 1977, 60 t (1,9m oz) were offset by purchases by the

Austrian and Swiss central banks. The remaining 240 t (7,7m oz) can be considered an add on to the world market supply.

What the Americans are debating even now is what impact a series of small — say 500 000 oz — but regular US Treasury auctions would have on this balance and what the political implications would be if the US disposals disrupted efforts by the poorer member nations of the IMF to build hard currency reserves. Other questions tantalise the US as well. Who is buying the gold? And at what price? And if the Arabs, as rumoured, are stockpiling larger supplies of bullion, what does that mean for world inflation.

The answers are not going to be quick in coming.

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## MIDDLE WITS Gold on the march

R889 000 Net cash R2m Current ratio 2,6

**Share market:** Price 330c (1976 77 high, 545c, low, 240c; trading volume last quarter, 187 000 shares) Yields 8,8% on earnings, 6,8% on dividend Cover 1,3 PE ratio 11,4

	'74	'75	'76	'77
Quoted investments				
book value (Rm)	14 8	16 1	16 4	17 2
market value (Rm)	58,1	67,9	44,4	40 9
Net profit (R 000)	3 495	8 205	4 274	2 914
Earnings (c)	39	82	43	29
Dividends (c)	12	42	35	22,5
Net asset value (c)	689	791	548	510

\* Covers 18 months to June 30 1975

The majority of changes in the portfolio of listed shares were selected switches in golds. The only major addition to the portfolio was 941 000 Zandpan, lifting this holding to 1,54m shares. Gold comprised 66% (69%) of the year-end portfolio and weighed in with 64% (60%) of taxed profits.

Some 60% of dividend income is currently derived from four major investments: ET Cons, Hartes/Zandpan, Buffels and Assmang. With dividends from Hartes likely to be restrained by capex requirements and poor operating conditions for Assmang, there will be some drag on income growth.

Investment income fell from R4,4m to R3,6m, of which 73% (81%) came from golds. With gold on the march, its proportional contribution should increase during the current year. There could be some gain from Buffels, which is set to increase the tempo of operations in the 25,2%-owned Lucas Block area. No details, apart from the shareholding, are given, though income from this source declined on the back of poorer gold operating profits. Depending on how quickly Buffels' developments are carried out, the gearing on Middle Wits earnings could be substantial.

Few tears will be shed over the proposed disposal of the interest in Atok, even though it is in exchange for 438 621 Rustenburg deferred shares, with little in the way of near-term dividend prospects. The alternative was a continuing drain of funds, with Atok likely to have needed additional loan financing from its shareholders.

Of the other non-listed investments no details are given of Finsch Diamonds, though dividend income from this source increased to R168 000 (R108 000). Earnings should rise steadily in line with the diamond market.

Little information is given of the exploration programme. Coal and chrome propositions are being investigated in the Transvaal, and the tempo of work seems to be increasing, with a higher provision for exploratory expenditure at R730 000 (R345 000).

The balance sheet shows that net cur-

**Activities:** Investment and exploration company in the Anglovaal group with interests in gold, uranium, base metals and mining finance. Major unquoted investments include Prieska, and Finsch Diamonds. AT Cons owns 51% of the ordinary share capital.

**Chairman:** C S Menell

**Capital structure:** 9,7m ordinaries of 25c, 1,4m 8% cum red prefs of R1. Market capitalisation R31,9m.

**Financial:** Year to June 30 1977. Borrowings long and medium term,

rent assets slipped marginally to R2,2m (R2,4m), while the book value of investments increased to R25,5m (R24,7m), with the major additions to the Zandpan holding.

Chairman Clive Menell is non-committal on near-term prospects. He says that dividend income should be higher this year and on the strength of this that it should be possible at least to maintain the dividend. Unless excitement develops over mineral rights, any investment decision should be taken on the basis of likely dividend growth from gold. Direct investment in gold shares will probably be more profitable this year and for investors wanting a spread there are alternative mining financials with greater appeal.

Jim Jones

# Gold's strength an inflation fear indicator

Mining Editor

THE OUTLOOK for gold is good and if the market improves in terms of the stronger currencies, it may be taken as a signal that concern over world inflation has spread beyond the short-term position of the dollar to a deeper fear for the overall economic structure.

The London Mining Journal says in its quarterly report on South African gold mines that the recent improvement in the market has not been limited to the direct depreciation of the dollar but has appreciated in real terms

As measured in Swiss francs the gold price has improved by about 4% over the past six weeks. From the mines' point of view, it is the actual improvement in dollars that determines improved profitability as the rand is tied to the dollar

The Journal says some commentators in London are looking for a price of \$180 before the end of the year, but this seems ambitious, although the present strength of the market suggests a price of \$170

It lists two main reservations against the possible achievement of \$180

The most obvious is the prospect of sales of American monetary gold. However, the

Carter Administration does not appear to have a particular position with respect to gold, and central banker conservatism will probably be sufficient to keep gold off the market in the near term

"Possibly greater disruption could be caused in the market by the anti-gold lobby in Washington simply talking about sales"

The more likely source of physical delivery is from Russia. Its sales so far this year have been less than generally expected and there is no evidence to suggest that production levels are down — indeed the reverse could be the case

The Soviet marketing policy must remain an enigma, says the Journal, but history suggests that periods of below-average sales tend to end when prices rise sharply

The recent improvement in the gold price and the much sharper increase in share prices suggests that the stage is approaching when holders should consider the advisability of switching holdings in low-grade or short-life mines into better quality stocks

"The extent of such changes must depend to an important extent on the investor's personal

opinion as to how high the gold price is likely to rise over the next year or two

"This is an important qualification because a mine which may continue to be faced with major problems if the gold price rises only slowly to, say, \$200 — \$220 over the next two years could, nevertheless, prove to be one of the more profitable investments if the gold price rose rapidly to, say, \$250"

Loraine is a classic example of this type of share. It has extensive areas of low-grade reef which have not been worked but are likely to be economically viable, given a rapid and substantial rise in the gold price

Consequently, even at an expanded rate of output the prospective life of this marginal mine could become "long" given a sharply higher price

The Journal advises that a point to bear in mind when buying low-grade or short-life mine shares after the market has risen sharply is that the shares will fall rapidly from favour if it is judged that economic and monetary developments no longer favour a rapid increase in the gold price

"As events of the past five years have shown, there can be dramatic changes in the outlook for and behaviour of gold with little warning, and because of their gearing, the effect on share prices is even more dramatic"

The moral of this is that buyers of the marginal mines must be quicker in taking profits, or cutting losses than those adopting a longer-term investment approach and concentrating on the better-quality mines

Investors buying large quantities of shares as a hedge against the economic and monetary uncertainties facing the world in the next few years should confine their investments mainly to the better-quality mines, unless they are confident there will be no lengthy setback in the improvement in the gold price over this period

The Journal says this advice does not mean that marginal and short-life mines may not outperform the market in the short term, given a sustained and significant rise in the gold price

"It is rather a warning that holdings in such shares must be regarded as speculative and should form no part of a long term portfolio"

that its own taxation of agricultural expo

of foreign exchange of the same order as t

6. Present policies on rice production cannot

saving goal, let alone income and equality

7. Cheap rice imports are allowed into the co

while retail prices are kept low but witho

except in the capital city. Black market

elsewhere, making Freetown consumers privi

# Vlaks looks a better buy

HOLLARD STREET



# than SA lands

THE SHARES of neighbouring gold mines Sallies and Vlaktfontein have both been heavily traded in the past week. The interest is predominantly speculative and the prices to some extent discount expectations. But for the bold investor, there may yet be something in them, particularly Vlaktfontein.

The share price of Sallies has more than doubled in hectic dealing recently from 65c to 150c before profit-takers brought the price back to 128c this week. Vlaks have been actively bid from 96c to 112c and back to 105c.

This type of aggressive market activity normally heralds a turning point in a mine's fortunes. So far as Sallies is concerned there appear to be two possibilities.

Anglo American, which manage Sallies, says that there have been recent negotiations with private individuals to re-treat old dumps in a further effort to keep this famous old mine alive. Last year Sallies ran out of payable ore and closed down its underground mining operations. However, retreatment of these old dumps is not likely

to be terribly profitable as the dump material has to be transported several miles to Sallies by lorry.

Of more importance is the big drilling programme at Sallies. This is what I believe is causing all the excitement in both shares.

In a rights issue document last October, which raised just under R2-million for the drilling, it was stated that "the block under investigation is one of the largest unexplored regions on the East Rand, covering approximately 6 800 hectares."

How does one now evaluate Sallies at 128c? Two boreholes have already been completed in this drilling programme and the results published. These show that values as high as 4 503 gm grams per ton of gold and 0.68 kg-ton for uranium were intersected on



the Sparwater shoot. Such high values are obviously encouraging in an old mine. However, the key to the area is the projected ERPM shoot which has been drilled for almost a year now and must be close to yielding some results. What is interesting about the ERPM shoot is that it is thought to extend into the neighbouring Vlaktfontein Gold Mine in what is known as the West Vlaktfontein area. A spokesman for Gold-fields, which manages

Vlaktfontein, said this week "The Sallies pay shoots, if they exist, could run into West Vlaktfontein. West Vlaks has been prospected but not as well as other parts of the Vlaktfontein area."

And, interestingly enough, it so happens that Vlaks already has a shaft sunk and some development work done in its West Vlaks area. This development has been "plugged" and the shaft kept on a care and maintenance basis as the West Vlaks area contains large quantities of lower grade ore that could be developed at a higher gold price.

Despite Sallies' hectic rise, Vlaks looks a better bet, both from a "punt" on the Sallies drilling results and, also, Vlaktfontein's own solid potential.

Not only could Vlaktfontein benefit from any mineralisation running through Sallies' land, but it looks a very interesting proposition in its own right at current gold prices.

Though underground mining at Vlaks is scheduled to stop on November 5, surface milling from dump material

could continue for another five or six years at a gold price of about \$150 an ounce.

Assuming the gold price does not drop below this level, Vlaks will operate on a concept similar to that of ERGO. There will be no underground mining so costs should be cut back. Nor will there be the normal risks associated with underground mining.

The share has a cash and near cash content of about 55c and could pay dividends, given fair weather on the gold price, for the next five years.

In contrast, if the current excitement in Sallies turns out to be misguided, there is little medium-term potential in Sallies to keep its share price alive. Disappointment on the drilling front could see Sallies back to 65c, the share's approximate break-up value.

But Vlaks' share price has not yet taken on the implications of a "strike" at Sallies and on bullish gold price hopes and future trading prospects, is probably worth well above the current 105c price.

# Mum's the word at GFSA

Sunday Times (Business Times) 9/16/77

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NEXT Thursday's meeting of Gold Field Properties promises to be one of the liveliest annual meetings that Hollard Street has seen for many a moon.

Since the annual accounts were released at the end of last month, wild buying of Gold Field Props' shares has made the price rocket from 110c to 150c. From this level the shares were sold down to 130c before being smartly pushed back up to 150c, where they have been actively traded.

The keen interest being taken in this rather unremarkable property company is that it happens to own one of the richest uranium mines in the country, Luipaardsvlei.

The mine was closed down in the late 1960s when its contract with the UK Atomic Energy Authority expired and the price of uranium was very depressed at about \$4 a pound. Now,

the spot price is about \$47 a pound while long term uranium contracts are being made on a base price of \$30-35 a pound.

Before it closed, the mine had an average recovery grade of 0,779 kilograms a ton, which is high by anyone's standards.

However, what has caused a controversy in Hollard Street are the various interpretations that have been placed on Luipaardsvlei's potential and what they will mean to G F Props in terms of dividend potential.

The group's chairman, Mr A Gnodde, stated in the accounts that there was under 2-million tons of ore reserves available at a uranium price of \$30 a pound and that the company was

investigating ways of turning these reserves to account.

However, a handful of top analysts researching the potential of Luipaardsvlei have come up with a far more optimistic picture of the mine's potential. One of them, a top Johannesburg broker, put the cat among Gold Field's pigeons. He issued a restricted circular to clients which had figures and estimates of the mine's potential that were very close to those being worked on by Gold Fields themselves. Since then, Gold Fields employees have been instructed not to talk to the Press and an embargo has been applied by Gold Fields on any journalists trying to find out the true potential of

Luipaardsvlei.

Are the shares worth R1 or are they worth nearer R5 as recent big buyers of the share believe? These buyers are obviously talking their own book — but that will be the simple point at issue.

It could be a very lively meeting for there is a great deal at stake and Gold Fields have shown a reluctance to give the matter a public airing. It is said in the market that the mining house has been selling blocks of GF Props shares in an effort to dampen speculation — but the buyers have still been taking everything on offer.

The meeting is to take place on Thursday October 13 at 12h00 in the Gold Fields head offices at 74, Commissioner Street.

# GF Property directors face tough meeting

**Gold Fields' A. M. Gnodde . . . in the hot seat?**

By MICHAEL COULSON

DISSATISFACTION is building up among Cape-based shareholders in Gold Fields Property. A well-known Cape investment personality plans to attend the annual meeting in Johannesburg this week, and the board could face a torrid time. The dissatisfaction centres mainly on two aspects. The uranium prospects of the company's old Luipaards Vlei gold mining subsidiary and the remarkable volume of trading in the share on the Johannesburg Stock Exchange in recent weeks, which cannot be justified by published information.

## Old reports

On the basis of the old annual reports of Luipaards Vlei, the Cape interests find it difficult to accept the statement in the GFP annual report that there is less than 2-million tons of uranium-bearing ore on Luipaards

Vlei's Monarch Reef that would be payable at a uranium price of \$30 a lb. They believe that ultimately as much as 10-million tons of payable uranium ore could be present in this reef

## Estimate

They also question the Gold Fields group's alleged estimate that a treatment plant could cost R19-million, pointing out that Randfontein Estates has just completed refurbishing its nearby Millsite plant so extensively as to make it virtually a new plant, for only a fraction of this amount.

The Cape interests believe that the recent heavy trading in the share on the JSE can only be attributed to information not available to the general body of shareholders. Some of which has been published in the

financial Press, but none of which has been confirmed or denied by the company.

They have asked the JSE to take this up with the company.

They point out that, excluding the shares held by the Gold Fields group at June 30, only about 5.5-million GFP shares are available for trading.

Last year total turnover on the JSE was 780 000 shares, at an average price of 90c a share, in the first eight months of this year, a further 830 000 shares changed hands, at an average price of about 96c.

## Trading

Yet last month alone 1.2-million shares were traded, theoretically more than 20 per cent of those freely available (although it's possible that some may have changed hands more than once as early buyers took profits, while the house is also thought to have been a seller), at an average price probably around 135c.

The bulk of this heavy trading came after publication of the annual report, which on the face of it contained disappointing information on the company's uranium prospects.

The annual meeting is scheduled for noon on Thursday. If the directors expect the normal five-minute affair, leaving plenty of time for pre-lunch cocktails, they're in for a disappointment.

So determined are the Cape interests to elicit more information that, as one of them put it to me, "Even if they insist on breaking for lunch we'll make them come back afterwards, if necessary."



~~N. Mercury~~  
**Mine search**  
JOHANNESBURG -  
Work will start again today  
at the Saaplaas Gold Mine  
near Virginia to find the mis-  
sing Black miners who are  
believed to have died in last  
Friday's runaway kibble dis-  
aster - (Sapa)

(214)

Detailed sunshine data are available from both Bloemfontein and Bethlehem (Table 2). Bethlehem data would appear to represent the situation in the Ficksburg-Clocolan area better than the data from Bloemfontein. However, the difference between these figures illustrates the increasing aridity from East to West, which is evident even in the short distance from Ficksburg to Clocolan.

These data show the average annual duration of bright sunshine to be 70 - 80 per cent of the possible. During summer months, when rain clouds are present, only 60 per cent of the possible sunshine duration is recorded, whilst the relatively cloudless winter skies allow 80 per cent of the possible sunshine to be recorded. Although the average daily sunshine recording is highest during the longest days of summer, the month with the highest percentage of possible sunshine recorded is August, when few rain clouds are present.

The average annual number of dull days, defined by having only 0 - 10 per cent of the possible sunshine, is five to ten; forty to fifty days receive 90 - 100 per cent of possible sunshine and are considered bright days (Weather Bureau, 1965).

Cloud data are available for Imperani, but as these are for 08h00 they are of very little value as it is during the afternoon that cloud appears in the summer rainfall areas.

Cloud maps (ibid.) show the area to have an average annual cloudiness of  $\frac{4}{10}$  of the sky covered, composed of  $\frac{5}{10}$  of the sky in January and the summer months and  $\frac{2}{10}$  of the sky in July and the winter months (Weather Bureau, 1950).

The type of cloud cover affects the insolation and is therefore important. However, cloud types are not generally known for this area, or even for the surrounding areas of Bloemfontein and Bethlehem.

Briefly, insolation increases in the summer due to the almost overhead position of the sun at the summer solstice. However, in summer a higher cloud cover reduces the amount of sunshine and insolation.

# Minorities demand own man on board

**REBEL** minority shareholders in GF Props are planning to vote a representative on to the board because they feel vital information about the company's Luipaardsvlei mine is being withheld.

This follows a packed 90-minute GF Props annual general meeting on Thursday where shareholder after shareholder quizzed chairman Dru Gnodde about the potential of the mine. None I spoke to were satisfied with his answers.

The rebel group, who I believe represent over 20 per cent of the issued shares in the company, plan to call an extraordinary general meeting at which they will attempt to vote their own representative on to the board.

"We went to the annual meeting and asked our questions in a genuine attempt to get some clarity on Luipaardsvlei's potential. The chairman simply stone-walled all relevant questions and closed the meeting at the earliest opportunity. Shareholders have a right to know about the full potential of their company and that is exactly what we are going to ensure," one major shareholder told me.

Peter George, a Johannesburg stock broker said at the meeting that he believed "internal" Gold Field estimates valued the shares at R5.

By JEREMY WOODS

This "official" valuation was denied by the chairman. Another stock broker, Peter Miller, who is a geologist and also a member of the protesting minority group, said after the meeting "The main point that has been missed is that proven ore reserves of just under 2-million tons could be sufficient to classify Luipaardsvlei as a high grade, long-life mine." He pointed out that East Driefontein, a top Gold Fields mine, had a proven ore reserve at the end of 1976 of 3,7-million tons. "The current rate of milling is 2,2-million tons a year which is sufficient only for the next two years life. However," he continued, "it is well recognised within the mining industry that East Driefontein in all probability has a life of over 50 years. It must be understood that a proven ore reserve is something that theoretically could be extracted in about one year's stope face advance." Mr Miller represents a substantial interest in Gold Fields Props.

Business Times was criticised by Mr Gnodde for inaccuracies in a recent story which quoted a broker's circular and various estimates on Luipaardsvlei's potential.

The story said a Gold Fields' executive in charge of the Luipaardsvlei project, Peter Janisch, confirmed that Luipaardsvlei had "substantially higher ore reserves than 2-million tons on a uranium price above the \$30 level."

This is the key to the whole GF Props affair. Mr Gnodde said at the meeting he doubted Mr Janisch was accurately reported.

My verbatim notes from the discussion are: Question: "If the price of uranium moves ahead will the ore reserves be far greater than the 2-million tons?" Mr Janisch: "There is no doubt about that. The ore reserve tonnage would move ahead. I have no idea what the upper limit of the tonnage is likely to be. When you get right down to pay limits of the order of 0,1/0,2 kilograms per ton just about anything is payable."

"They (the broker) estimated, I think 15-million tons as an ultimate. It could be 30-million, it could be 40-million. Then there's the Upper Monarch Reef which we have said nothing about, which we don't know very much about either. All we know is it wasn't very payable when we were there 15 years ago. There are certainly all sorts of possibilities."

Since that time the price of uranium has gone up 10 or 12 times.

## GF Props duck shareholders' irate questions

**ANGRY** minority shareholders in Gold Fields Properties, who flew up from Cape Town and Durban to attend this week's AGM, will have winged their way back home with two main impressions: that the company has not done its homework sufficiently in the Luipaardsvlei uranium prospect, and that some important questions went unanswered by Chairman Dru Gnodde.

The champion of the Cape Town shareholders was Bert Short, a doughty fighter for minorities who, 15 years ago, blocked an attempt by GFSA (in its then guise of West Wits) to gain 100% control of Wit Deep at a price equivalent to about 48c a share. Six years later, when East Drie was floated, thanks to its participation in the East Drie lease area, Wit Deep hit a high of 2 975c.

Is Mr Short equally justified this time?

He points out that among the vital questions raised at the meeting, to which no satisfactory answers were given, were the following:

- While Mr Gnodde said that to exploit the Monarch Reef on the Bird Series at Luipaardsvlei through the E3 and E8 winzes on the outcrop, these winzes would have to be re-opened and re-equipped, he gave no indication of how much this would cost. Nor did he reply to questions on the condition of the Tudor and Battery East Shafts.

It can be inferred from this, says Mr Short, that no

By MICHAEL COULSON

attempt has been made to investigate in any detail the large areas of untouched ore around these entry points.

- Mr Gnodde would not say at what uranium price the Luipaardsvlei project would become fully viable, and refused to say how much the available reserves would increase at a uranium price of more than the \$30 used by the group in its study.

While he admitted that (possibly substantial) reserves would be available at a higher price, he said the group felt it imprudent, as a non-producing mine, to base calculations on anything above \$30, even though the present spot price was \$42, some mines are selling at up to \$47, and the price for 1980 deliveries in the US is reported to be \$58.

- Although Mr Gnodde said the Luipaardsvlei dumps have been sampled and low values shown, he did not indicate how intensive the investigation was. It later appeared from a similar question relating to the Sub Nigel dumps that this answer did not cover the Luipaardsvlei slimes dams, which are also large.

- No reply was given to another shareholder, Peter Miller, who asked what the drilling results were on three old boreholes, U21/A, U21/B and U21/C, in the southern part of the mine.

- Mr Gnodde did not say how long underground re-equipment would take and

other than the blunt statement that the information was not available, no reply was made to a shareholder who asked what the recent investigations had cost.

But almost as intriguing as the questions that were just not answered, were the negative responses to some that were.

- The Monarch Reef is only one of the Bird Reef Series, which covers eight reefs. Four of these are generally economic and the others should not be entirely written off. All four have been mined from time to time on mines both east and west of Luipaardsvlei, but it appeared that little, if any, effective investigation has been made of any horizons except Monarch and little allowance is made for them, although they are known to contain pay shoots — in the region of 1,9-million tons of available ore.

- No attempt has been made to negotiate any sales contracts and none will be made until it has been decided how to proceed with the exploitation.

- Although Randfontein's nearby Millsite plant will become available next year when the material being processed there is transferred to the Cooke section, there appears to have been no attempt to investigate the possibility of using this plant. This could substantially cut down the time taken to

Dru Gnodde

reach production, and enable a price well above the group's obstinate \$30 to be assured.

Equally, there are no negotiations in progress concerning the possible treatment of ore on a toll basis by West Rand Consolidated, which could also cut down substantially the time taken to reach production.

- At the other end of the Witwatersrand, nothing is being considered for turning Sub Nigel's 30-million ton slimes dam to account.

- The company does not appear to have considered asking shareholders to put up funds for a full-scale investigation, as suggested by a Durban shareholder.

- Finally, Mr Gnodde refused to give any details of Gold Fields' feasibility study on the grounds that this would be prejudicial to the company's interests.

In all, it's a sad list of lack of information and apparent failure to explore possibly worthwhile ways of turning the company's assets to best use. It's a pity that Adriaan Louw, chairman of GFSA and a director of GF Props, was unable to attend the meeting and gauge the feelings of outside shareholders.

This is not the first time that a major mining house could be wrong in its assessment of a project. The management view may be right, but its performance at the meeting was less than convincing, and it was certainly not a successful exercise in shareholder relations — as shown by the Durban investor, who claimed to represent holders of about 300 000 shares, who pleaded for the meeting to be less of a confrontation and for management to be more positive in its approach to the company.

It is difficult to disagree

# Consumer finance deal up 214

*Sunday Times  
Business Times  
16/10/77*

## Harmony's sleeve?

**HARMONY** has been a laggard in the recent rush into gold shares. Despite a 25c interim dividend and another 25c forecast for the final, the shares have continued to trade around the 700c mark.

The share has possibly been passed over by investors because Harmony's uranium stockpile has been significantly depleted through spot sales and the same level of spot sales will not be possible in the current year.

However, investors appear to have overlooked a very interesting point made in the group's latest accounts for the year to June 30. Chairman A. C. Petersen says the erection of a new uranium plant will probably cost about R30-million and there appears to be a reasonable prospect of obtaining consumer finance to fund this capital expenditure.

He continues: "Negotiations with various uranium consumers likely to be interested in a consumer finance sales agreement of the nature contemplated have already commenced."

This statement was dated September 20 and Mr Petersen can only be congratulated for keeping his shareholders so fully informed of the latest developments.

But that was a month ago and these negotiations could be much further down the road now. Furthermore, the annual general meeting is next Friday, exactly a month after the statement.

It is a fair bet that these negotiations are well advanced and that Harmony could be close to signing a major uranium contract.

The new plant is to serve the Merriespruit section of the mine which has a milling capacity of 210 000 tons. That means uranium production could be around 20 tons of uranium a month. Assuming Harmony is negotiating on a 10-year basis, the uranium contract could be to supply as much as 2 400 tons of the metal.

It is rather a long shot but it may well prove right.

At 715c, with a dividend yield of 7 per cent, Harmony looks a likely buy.

# Gold shares *S. Tribune* hit new high **(214)** for the year

JOHN NISBURG gold shares were pretty pulled by the end of the trading week. During the day's public bidding the bond and bullion prices shot up three dollars to 157.15 cents and gold shares had to run to catch up at 214.00.

Ficker reported the first few hours of trading today were high fulfillment of the gold and bullion market. Local market prices for gold and silver shares were traded on Tuesday compared with half yesterday's level. Gold prices reached 214.00 for the day.

The bullion went to 157.15 on Wednesday and again gold shares had to be pulled up to 214.00. The market moved upward but today the gold shares trading when bullion reached a three-day high of 157.15.

In between the upward spurts in gold shares local market prices for the gold and bullion were 119 points on Tuesday and 123 points at the week end.

The rest of shares which reached new high for the year was dumped all week for the gold prices. Among the shares performance was Penn which rose from 4 1/2 to 10 1/2 this week. Pendleton, Saltes.

Jobs and demand for national currencies were in popular demand and demand for employment throughout the week. The sector which performed most consistently was West Wits.

Daily trading in gold followed a consistent pattern for most of the week. The shares opened strong in generally active trade — in line with the bullion quotations and overnight US advices. Activity then quieted down during the morning, spurring ahead

and before the close there was no change of course and brokers welcomed the profit taking as a relief.

The action was more or less controlled by bullion market activity and the price would account to the gold market in the bullion market, but the price of the recovery was not so high as the price of gold positions. The price of gold was not so high as the price of gold positions. The price of gold was not so high as the price of gold positions.

At the end of the day the gold shares were 214.00 and the bullion was 157.15. The market was 119 points on Tuesday and 123 points at the week end.

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Close	Calls	Metals	Indust	All Market	Volume
Oct 14	21	1007.7	770.0	90.2	2,310
Oct 13	19.1	1005.5	769.3	89.6	1,221
Oct 12	13.6	1002.0	768.8	89.2	2,119
Oct 11	7.0	1033.8	763.2	88.0	2,507
Oct 7	19.2	1034.6	768.1	76.3	1,108
Oct 6	31.0	1002.3	771.9	87.1	1,884
Month Ago	21.0	1019.6	769.4	81.7	1,061
Year Ago	21.2	1270.3	51.7	77.6	11.0
YEAR'S HIGH	31.1	1061.1	770.8	90.2	5,001
YEAR'S LOW	14.10	1010.1	761.0	71.5	17
Foreign Yield	26.10	15.6	17.1	4.7	28.12
Dividends Yield	11.1	15	13.8	16.6	---
	1.2	11.4	11.8	7.0	---

Bas. Calls. Metals. Indust. -- 1000 = 100  
 (11.10)



# GOLD MINING COMP

# GOLD FI

## DIRECTORS' REPORT

## FOR THE QUARTER :

(All companies are incorporated in the Republic of South A)

### WEST DRIEFONTEIN

West Driefontein Gold Mining Company Limited

ISSUED CAPITAL: 14 082 160 shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Nine months ended 30 September 1977
<b>OPERATING RESULTS</b>					
<b>Gold</b>					
Ore milled (t)	815 000	560 000	815 000	560 000	1 375 000
Gold produced (kg)	14 012,0	12 873,0	14 012,0	12 873,0	26 885,0
Yield (g/t)	22,8	23,0	22,8	23,0	22,9
Revenue (R/t milled)	88,47	96,15	88,47	96,15	92,31
Cost (R/t milled)	27,96	27,34	27,96	27,34	27,65
Profit (R/t milled)	60,51	68,81	60,51	68,81	64,66
Revenue (R000's)	54 408	53 844	54 408	53 844	108 252
Cost (R000's)	17 185	15 313	17 185	15 313	32 498
Profit (R000's)	37 213	38 531	37 213	38 531	75 754
<b>Uranium Oxide</b>					
Pulp treated (t)	311 900	285 000	311 900	285 000	596 900
Oxide produced (kg)	78 780	74 087	78 780	74 087	152 867
Yield (kg/t)	0,248	0,259	0,248	0,259	0,253
<b>FINANCIAL RESULTS (R000's)</b>					
Working Profit Gold	37 213	38 531	37 213	38 531	75 754
Profit (loss) on sale of Uranium Oxide and Sulphuric Acid	3 349	(86)	3 349	(86)	3 263
Net sundry revenue	2 142	1 757	2 142	1 757	3 899
Profit before taxation and State's share of profit	42 704	40 202	42 704	40 202	82 906
Taxation and State's share of profit	24 678	22 835	24 678	22 835	47 513
Profit after taxation and State's share of profit	18 026	17 367	18 026	17 367	35 393
Capital expenditure	4 411	4 471	4 411	4 471	8 882
Loan levy	2 489	2 283	2 489	2 283	4 772
Dividend	—	20 419	—	20 419	20 419

**DIVIDEND.** A dividend (No 49) of 145 cents per share was declared on 7 June 1977, and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE.** The estimated capital expenditure for the current financial year is R16,5 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R20,7 million.

**PRODUCTION.** There was a further increase in production during the quarter as a result of a black labour force slightly in excess of normal requirements, and the working of voluntary overtime by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. Productivity, however, is still below former levels and these factors, together with the wage increases from the beginning of the August month, have had an adverse effect on costs.

A fire which broke out on 28 September in the No 3 Sub-Vertical Shaft area was extinguished and operations in the area were resumed on 3 October. Some loss of production was suffered and a claim for loss of profits will be lodged with the company's insurers in due course.

	30 September 1977	30 June 1977	30 September 1977	30 June 1977	30 September 1977
<b>DEVELOPMENT</b>					
<b>Carbon Leader</b>					
Advanced (m)	3 281	3 008	3 281	3 008	6 289
Sampling results					
Sampled (m)	82	164	82	164	166
Stope width (cm)	105	109	105	109	107
Av value gold (g/t)	19,8	43,4	19,8	43,4	31,6
cm g/t	2 058	4 731	2 058	4 731	3 394
<b>Ventersdorp Contact Reef</b>					
Advanced (m)	1 803	1 436	1 803	1 436	3 239
Sampling results					
Sampled (m)	374	256	374	256	630
Stope width (cm)	155	141	155	141	148
Av value gold (g/t)	16,2	13,8	16,2	13,8	15,0
cm g/t	2 511	1 946	2 511	1 946	2 228
<b>Main Reef</b>					
Advanced (m)	1 002	871	1 002	871	1 873
Sampling results					
Sampled (m)	290	274	290	274	564
Stope width (cm)	225	165	225	165	195
Av value gold (g/t)	9,9	8,5	9,9	8,5	9,2
cm g/t	2 228	908	2 228	908	1 564

**SHAFT SINKING**  
No. 6 Shaft. Equipping of the shaft is complete and installation of the main loading arrangements is in progress. The shaft will be used for men and material until rock handling facilities are completed.

No. 6 Sub-Vertical Shaft. The shaft has been commissioned for men and material. Rock loading facilities are being installed and equipping of the ore pass system is in progress.

On behalf of the board

A. Louw }  
R. A. Plumbridge } Directors

17 October 1977

### VLAKFONTEIN

Vlakkfontein Gold Mining Company Limited

ISSUED CAPITAL: 6 000 000 shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Nine months ended 30 September 1977
<b>OPERATING RESULTS</b>					
<b>Gold</b>					
Ore milled					
From underground (t)	27 150	44 325	27 150	44 325	71 475
From surface dumps (t)	151 350	133 675	151 350	133 675	285 025
Total (t)	178 500	178 000	178 500	178 000	356 500
Gold produced (kg)	332,5	635,0	332,5	635,0	967,5
Yield (g/t)	1,9	3,6	1,9	3,6	2,7
Revenue (R/t milled)	7,64	14,46	7,64	14,46	11,05
Cost (R/t milled)	7,49	10,45	7,49	10,45	9,02
Profit (R/t milled)	0,15	4,01	0,15	4,01	2,03
Revenue (R000's)	1 363	2 574	1 363	2 574	3 937
Cost (R000's)	1 337	1 861	1 337	1 861	3 198
Profit (R000's)	26	713	26	713	739
<b>FINANCIAL RESULTS (R000's)</b>					
Working Profit Gold	26	713	26	713	739
Net sundry revenue	135	127	135	127	262
Profit before taxation	181	840	181	840	1 021
Taxation	84	553	84	553	1 397
Profit after taxation	77	287	77	287	304
Capital expenditure recoupments	228	308	228	308	536
Loan levy	(2)	58	(2)	58	56
Loan levy refund (1970)	—	—	—	—	64
Dividend	—	600	—	600	600

**DIVIDEND.** A dividend (No 68) of 10 cents per share was declared on 7 June 1977, and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE.** There were no capital expenditure commitments at 30 September 1977.

**PRODUCTION.** It is expected that underground mining will cease in the near future.

On behalf of the board

P. W. J. van Rensburg }  
R. A. Plumbridge } Directors

17 October 1977

### EAST DRIEFONTEIN

East Driefontein Gold Mining Company Limited

ISSUED CAPITAL: 54 510 000 ordinary shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Nine months ended 30 September 1977
<b>OPERATING RESULTS</b>					
<b>Gold</b>					
Ore milled (t)	587 000	537 000	587 000	537 000	1 124 000
Gold produced (kg)	14 186,9	11 767,1	14 186,9	11 767,1	25 954,0
Yield (g/t)	23,8	21,9	23,8	21,9	22,8
Revenue (R/t milled)	82,35	85,85	82,35	85,85	84,10
Cost (R/t milled)	23,96	23,96	23,96	23,96	23,96
Profit (R/t milled)	58,37	61,89	58,37	61,89	60,14
Revenue (R000's)	55 134	46 101	55 134	46 101	101 235
Cost (R000's)	14 315	12 867	14 315	12 867	27 182
Profit (R000's)	40 819	33 234	40 819	33 234	74 057
<b>FINANCIAL RESULTS (R000's)</b>					
Working Profit Gold	40 819	33 234	40 819	33 234	74 057
Net sundry revenue	1 604	1 271	1 604	1 271	2 875
Profit before taxation and State's share of profit	42 423	34 505	42 423	34 505	76 928
Taxation and State's share of profit	22 869	18 965	22 869	18 965	41 834
Profit after taxation and State's share of profit	19 554	15 540	19 554	15 540	35 092
Capital expenditure	5 213	4 089	5 213	4 089	9 302
Loan levy	2 475	2 055	2 475	2 055	4 530
Loan levy refund (1970)	—	—	—	—	16
Dividend	—	19 079	—	19 079	19 079

**DIVIDEND.** A dividend (No 8) of 35 cents per share was declared on 7 June 1977, and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE.** The estimated capital expenditure for the current financial year is R18,5 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R30,2 million.

**PRODUCTION.** There was a further increase in production during the quarter as a result of the build-up towards the plant's rated capacity. There was a full supply of labour which has been fully acclimatised and trained, and voluntary overtime was worked by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. These factors, together with the wage increases from the beginning of the August month, have had an adverse effect on costs.

A fire broke out on 1 October in the Ventersdorp Contact Reef workings on the eastern boundary above 14 Level. The fire has been contained between 8 and 14 Levels but there will be some loss of production.

	30 September 1977	30 June 1977	30 September 1977	30 June 1977	30 September 1977
<b>DEVELOPMENT</b>					
<b>Main Reef</b>					
Advanced (m)	183	415	183	415	598
Sampling results					
Sampled (m)	56	176	56	176	232
Stope width (cm)	134	167	134	167	150
Av value gold (g/t)	10,5	10,3	10,5	10,3	10,4
cm g/t	1 447	1 720	1 447	1 720	1 492
<b>Ventersdorp Contact Reef</b>					
Advanced (m)	6 639	6 337	6 639	6 337	12 976
Sampling results					
Sampled (m)	1 418	1 462	1 418	1 462	2 880
Stope width (cm)	189	184	189	184	186
Av value gold (g/t)	22,1	24,0	22,1	24,0	23,9
cm g/t	4 177	4 416	4 177	4 416	4 422
<b>Carbon Leader</b>					
Advanced (m)	341	391	341	391	732
Sampling results					
Sampled (m)	72	26	72	26	98
Stope width (cm)	108	108	108	108	108
Av value gold (g/t)	6,9	13,7	6,9	13,7	8,7
cm g/t	745	1 450	745	1 450	940

In addition to the above Carbon Leader development, the Carbon Leader Reef was intersected in cross-cuts within the No. 1 Sub-Vertical Shaft pillar on 26 and 28 Levels. The five intersections averaged 20,7 grams per ton over a channel width of 69 centimetres, equivalent to 1 428 centimetre-grams per ton.

A further 648 metres were advanced in the area held under prospecting permit 470 metres were sampled on the Ventersdorp Contact Reef horizon averaging 36,0 grams per ton over an estimated stope width of 236 centimetres, equivalent to 8 496 cm g/t.

On behalf of the board

R. A. Plumbridge }  
P. W. J. van Rensburg } Directors

17 October 1977

### DEELKRAAL

Deelkraal Gold Mining Company Limited

ISSUED CAPITAL: 63 000 000 ordinary shares of 20 cents each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Quarter ended 30 September 1977	Quarter ended 30 June 1977	Total since inception of company to 30 September 1977
<b>FINANCIAL (R000's)</b>					
Capital expenditure					
Mining lease	—	—	—	—	1 800
Shafts	3 835	3 693	3 835	3 693	7 528
Other capital expenditure	4 222	6 381	4 222	6 381	10 603
	7 857	10 074	7 857	10 074	18 931
Sundry revenue	627	829	627	829	1 456
Taxation	259	346	259	346	605
Loan levy	38	48	38	48	86

**CAPITAL EXPENDITURE.** The estimated capital expenditure for the current financial year is R29,7 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R27,7 million.

**CAPITAL WORKS**  
No. 1 Shaft. The shaft was sunk 101 metres to a total depth of 1 923 metres below collar. 9 Level station has been excavated and station development is in progress.

The Ventersdorp Contact Reef was intersected at a depth of 1 857 metres below collar disclosing negligible values. However, at a depth of 1 868 metres below collar, a band of the Elsburg reef averaged 21,0 grams per ton over a channel width of 63 centimetres, equivalent to 1 323 centimetre-grams per ton.

No. 1 Sub-Vertical Shaft. The shaft was sunk to a depth of 38 metres below the collar on 9 Level.

General. Work continues on road forming and erection of tanks at the reduction works, the construction of No. 1 Shaft rock winder, the fan duct at No. 2 Shaft, and the erection of refrigeration plant tanks.

The construction of the offices and accommodation for the mine security organisation has commenced. In the township, 271 houses have been completed and a further five houses are under construction.

On behalf of the board

R. A. Plumbridge }  
P. W. J. van Rensburg } Directors

17 October 1977

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# MINES IN THE LDS GROUP

## ENDED 30 SEPTEMBER 1977

### DOORNFONTEIN

**Doornfontein Gold Mining Company Limited**  
ISSUED CAPITAL 9 828 000 shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977
<b>OPERATING RESULTS</b>		
<b>Gold</b>		
Ore milled (t)	355 000	335 000
Gold produced (kg)	3 388,0	3 031,0
Yield (g/t)	9,5	9,0
Revenue (R/t milled)	36,74	37,26
Cost (R/t milled)	30,17	27,60
<b>Profit (R/t milled)</b>	<b>6,57</b>	<b>9,66</b>
Revenue (R000 s)	13 043	12 481
Cost (R000 s)	10 712	9 245
<b>Profit (R000 s)</b>	<b>2 331</b>	<b>3 236</b>
<b>FINANCIAL RESULTS (R000's)</b>		
Working Profit Gold	2 331	3 236
Net sundry revenue	255	219
<b>Profit before taxation and State's share of profit</b>	<b>2 586</b>	<b>3 455</b>
Taxation and State's share of profit	726	71
<b>Profit after taxation and State's share of profit</b>	<b>1 860</b>	<b>3 384</b>
Capital expenditure	895	1 448
Loan levy	72	5
Dividend	—	983

**DIVIDEND** A dividend (No 41) of 10 cents per share was declared on 7 June 1977, and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE** The estimated capital expenditure for the current financial year is R5,7 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R7,4 million.

**PRODUCTION** There was a further increase in production during the quarter as a result of a black labour force slightly in excess of normal requirements, and the working of voluntary overtime by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. Productivity, however, is still below former levels and these factors, together with the wage increases from the beginning of the August month, have had an adverse effect on costs.

**DEVELOPMENT**

	30 September 1977	30 June 1977
<b>Carbon Leader</b>		
Advanced (m)	3 817	3 616
Sampling results		
Sampled (m)	1 016	724
Stope width (cm)	105	105
Av value gold (g/t)	12,4	11,7
cm g/t	1 302	1 229
<b>Main Reef</b>		
Advanced (m)	613	495
Sampling results		
Sampled (m)	248	180
Stope width (cm)	115	133
Av value gold (g/t)	9,5	5,7
cm g/t	1 093	758

On behalf of the board  
P W J van Rensburg } Directors  
R A Plumbridge }

17 October 1977

### KLOOF

**Kloof Gold Mining Company Limited**  
ISSUED CAPITAL 30 240 000 ordinary shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977
<b>OPERATING RESULTS</b>		
<b>Gold</b>		
Ore milled (t)	426 000	478 000
Gold produced (kg)	5 311,0	5 902,7
Yield (g/t)	12,5	12,3
Revenue (R/t milled)	49,16	47,14
Cost (R/t milled)	31,46	26,45
<b>Profit (R/t milled)</b>	<b>17,70</b>	<b>20,69</b>
Revenue (R000 s)	20 942	22 535
Cost (R000 s)	13 400	12 644
<b>Profit (R000's)</b>	<b>7 542</b>	<b>9 891</b>
<b>FINANCIAL RESULTS (R000's)</b>		
Working Profit Gold	7 542	9 891
Net sundry revenue	482	364
<b>Profit before taxation and State's share of profit</b>	<b>8 024</b>	<b>10 255</b>
Taxation and State's share of profit	2 322	4 393
<b>Profit after taxation and State's share of profit</b>	<b>5 702</b>	<b>5 862</b>
Capital expenditure	3 807	2 774
Loan levy	257	480
Dividend	—	4 536

**DIVIDEND** A dividend (No 15) of 15 cents per share was declared on 7 June 1977 and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE** The estimated capital expenditure for the current financial year is R14,1 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R45,7 million.

**PRODUCTION** There was a further increase in production during the first two months of the quarter as a result of a full black labour complement, and the working of voluntary overtime by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. Productivity, however, remained below former levels and these factors, together with the wage increases from the beginning of the August month, had an adverse effect on costs.

An underground fire was detected on 23 August in the first south longwall between 26 and 28 Levels. Underground production was stopped until 25 August when limited operations were resumed in the north longwalls. The affected area was sealed off on 27 August. On 29 August normal operations were resumed in the north and on 23 Level in the extreme south. Operations on the upper levels in the central area, through which return air is coursed, had to be suspended.

Some of the loss in stoping tonnage has been made up by transferring labour from the affected areas to the operating areas on a double-shift basis, but full production has not been attained. A claim for loss of profits will be submitted to the company's insurers in due course.

**DEVELOPMENT**

	30 September 1977	30 June 1977
<b>Ventersdorp Contact Reef</b>		
Advanced (m)	5 403	5 813
Sampling results		
Sampled (m)	588	282
Stope width (cm)	144	149
Av value gold (g/t)	20,4	23,6
cm g/t	2 938	3 516

**SHAFT SINKING**

**No. 2 Sub-Vertical Shaft** The boring of reef passes is in progress and work on tipping arrangements and support of the waste pass system. Development reef on all levels has commenced.

**No. 3 Shaft** The Shaft was sunk 241 metres to a total depth of 2 010 metres below collar. Preliminary development from the shaft to the No. 3 Sub-Vertical Shaft sheave has been completed and development is currently in progress on the No. 3 Sub-Vertical Shaft hoist level.

On behalf of the board  
R A Plumbridge } Directors  
P W J van Rensburg }

17 October 1977

### LIBANON

**Libanon Gold Mining Company Limited**  
ISSUED CAPITAL 7 937 300 shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977
<b>OPERATING RESULTS</b>		
<b>Gold</b>		
Ore milled (t)	405 000	393 000
Gold produced (kg)	3 784,8	3 733,7
Yield (g/t)	9,3	9,5
Revenue (R/t milled)	36,19	38,22
Cost (R/t milled)	23,28	21,14
<b>Profit (R/t milled)</b>	<b>12,91</b>	<b>17,08</b>
Revenue (R000 s)	14 657	15 019
Cost (R000's)	9 430	8 305
<b>Profit (R000 s)</b>	<b>5 227</b>	<b>6 714</b>
<b>FINANCIAL RESULTS (R000 s)</b>		
Working Profit Gold	5 227	6 714
Net sundry revenue	328	301
<b>Profit before taxation and State's share of profit</b>	<b>5 555</b>	<b>7 015</b>
Taxation and State's share of profit	2 733	2 139
<b>Profit after taxation and State's share of profit</b>	<b>2 822</b>	<b>4 876</b>
Capital expenditure	883	1 350
Loan levy	322	218
Dividend	—	3 175

**DIVIDEND** A dividend (No 53) of 40 cents per share was declared on 7 June 1977, and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE** The estimated capital expenditure for the current financial year is R3,6 million. The unexpended balance of authorised capital expenditure at 30 September 1977 was R10,4 million.

**PRODUCTION** There was a further increase in production during the quarter as a result of a black labour force slightly in excess of normal requirements, and the working of voluntary overtime by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. Productivity, however, is still below former levels and all these factors, together with the wage increases from the beginning of the August month, have had an adverse effect on costs.

**DEVELOPMENT**

	30 September 1977	30 June 1977
<b>Main Reef</b>		
Advanced (m)	1 854	1 691
Sampling results		
Sampled (m)	576	348
Stope width (cm)	143	124
Av value gold (g/t)	4,8	6,0
cm g/t	686	744
<b>Ventersdorp Contact Reef</b>		
Advanced (m)	1 570	1 559
Sampling results		
Sampled (m)	294	486
Stope width (cm)	138	149
Av value gold (g/t)	21,1	23,3
cm g/t	2 912	3 472
<b>Elsburg Reef</b>		
Advanced (m)	43	59
Sampling results		
Sampled (m)	30	—
Stope width (cm)	184	—
Av value gold (g/t)	5,0	—
cm g/t	920	—
<b>Kimberley Reef</b>		
Advanced (m)	18	—
Sampling results		
Sampled (m)	16	—
Stope width (cm)	202	—
Av value gold (g/t)	8,3	—
cm g/t	1 677	—

**SHAFT SINKING**

**No. 2 Sub-Vertical Shaft** The shaft was sunk 7 metres to a depth of 400 metres below 21 Level and a further 9 metres were excavated below 18 Level. Sinking, lining and equipping from 18 Level to 21 Level has commenced.

On behalf of the board  
R A Plumbridge } Directors  
P W J van Rensburg }

17 October 1977

### VENTERSPOST

**Venterspost Gold Mining Company Limited**  
ISSUED CAPITAL 5 050 000 shares of R1 each, fully paid

	Quarter ended 30 September 1977	Quarter ended 30 June 1977
<b>OPERATING RESULTS</b>		
<b>Gold</b>		
Ore milled (t)	324 000	307 000
Gold produced (kg)	2 041,0	1 836,0
Yield (g/t)	6,3	6,0
Revenue (R/t milled)	24,60	23,45
Cost (R/t milled)	24,29	23,96
<b>Profit (Loss) (R/t milled)</b>	<b>0,31</b>	<b>(0,51)</b>
Revenue (R000's)	7 972	7 198
Cost (R000 s)	7 870	7 355
<b>Profit (Loss) (R000 s)</b>	<b>102</b>	<b>(157)</b>
<b>FINANCIAL RESULTS (R000's)</b>		
Working Profit (Loss) Gold	102	(157)
Profit on sale of Pyrite	37	33
State assistance	522	640
Net sundry revenue	226	196
<b>Profit before taxation</b>	<b>887</b>	<b>712</b>
Taxation (non-mining)	101	70
<b>Profit after taxation</b>	<b>786</b>	<b>642</b>
Capital expenditure	376	142
Loan levy	14	10
Dividend	—	253

**DIVIDEND** A dividend (No 74) of 5 cents per share was declared on 7 June 1977 and was paid to members on 9 August 1977.

**CAPITAL EXPENDITURE** The estimated capital expenditure for the current financial year is R1 315 000. The unexpended balance of authorised capital expenditure at 30 September 1977 was R966 000.

**PRODUCTION** There was a further increase in production during the quarter as a result of a full black labour force, and the working of voluntary overtime by many employees on their Saturdays off in terms of the eleven-shift fortnight arrangements. Productivity, however, is below former levels and these factors, together with the wage increases from the beginning of the August month, have had an adverse effect on costs.

**DEVELOPMENT**

	30 September 1977	30 June 1977
<b>Main Reef</b>		
Advanced (m)	1 126	1 151
Sampling results		
Sampled (m)	514	420
Stope width (cm)	167	169
Av value gold (g/t)	6,3	6,8
cm g/t	1 052	1 149
<b>Ventersdorp Contact Reef</b>		
Advanced (m)	275	338
Sampling results		
Sampled (m)	30	32
Stope width (cm)	207	163
Av value gold (g/t)	3,7	2,5
cm g/t	766	408

On behalf of the board  
P W J van Rensburg } Directors  
R A Plumbridge }

17 October 1977



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NM 18/10/77

per 18, 1977 21

## Profits fall for Rand Mines

JOHANNESBURG —  
Rand Mine's gold producers have shown a sharp drop in profit after taxation and State's share in the September quarter at R6,983 million, compared with R13,312 million in the previous quarter.

However, there was an adjustment of R3,513 million in the previous quarter for an over-provision of tax by Harmony.

At Blyvooruitzicht, tons milled during the quarter totalled 460 000 against 441 000 the previous quarter. Working profits from gold totalled R8,1 million.

Net profit after tax and State's share of profits for the quarter was R5,2 million against R7,2 million the previous quarter.

At Rand Mines other major gold and uranium producer, Harmony, a record of 1 676 000 tons was milled during the quarter compared with 1 533 million tons last quarter.

The net result was a decrease of R1,3 million in profit before tax to R2,2 million from R3,5 million.

At East Rand Proprietary Mines 2 922kg of gold was produced (2 269kg) from 471 000 tons milled (384 000 tons).

The company converted the previous quarter's loss after tax and State's share of profits of R754 000, into a profit of R228 000

Tonnage milled at Durban Roodepoort Deep rose to 531 000 from 529 000, yielding 1 949kg of gold (1 889kg).

Loss after tax and State's share of profits was higher at R674 000 against R155 000 the previous quarter. —  
(Sapa.)



# Good values at Randfontein Cooke No 2 shaft

RDM 19/10/77  
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By ADAM PAYNE

RANDFONTEIN spent R33-million on capital development in the last quarter — showing the speed at which it is building its big new gold and uranium plants.

True to form, it increased its profit as it has every quarter bar one since June 1975 and, to general surprise, sampling over 300 m in the Cooke No 2 shaft area gave the high value of 23,5 g/t with a channel width of 104 cm, equal to 2 444 cm-g/t

This must not be taken as a

trend but it is a fact of mining and the value is high for an area which was expected to be low in gold and higher than No 1 shaft in uranium

Good gold values usually go with good uranium values and this applied in the quarter's sampling in No 2 shaft areas, where the uranium registered 0,451 kg/t, or one lb a ton

When development started at No 1 shaft, surprisingly good gold results were obtained from an area expected to give low values, and Randfontein

investors will hope for history to repeat itself at No 2 shaft

Development in the Cooke No 1 shaft area at 15,4 g/t was slightly lower than the previous quarter but 15,4 g/t is still a good value

While big spending is under way at the new uranium plant — for which consumer finance has been obtained — and at the Cooke section gold plant, ore is being stockpiled from stoping at No 2 shaft, so that when the gold plant comes on stream next year there will not be a hungry mill

The Millsite milling plant at the old mine in the past quarter reached its capacity of 100 000 tons a month

Some snags have been encountered at the Millsite uranium plant, I am told, but these are being ironed out and the plant will be commissioned during the current quarter

Uranium sales must await the commissioning of this plant

When operations are transferred to the new uranium plant at Cooke section next year, the Millsite uranium plant will be used for the recovery of uranium from old slimes

The ventilation shaft at the old mine has been dewatered down to 16 level and re-equipping on this level has started

Stoping has started on the White reef horizon of the Bird Reefs — about which at neighbouring Lupaardsvlei so much was heard at the GF Props meeting

An additional 54 000 tons of broken ore has been stockpiled on surface at 16 shaft

Yield in the past quarter from stoping in both No 1 and No 2 shafts of the Cooke section was maintained at 15 g/t (15,2 g/t).

Tonnage was up and net profit, with an unchanged gold price of \$139 an oz, was up at R11 452 000 (R11 019 000)

Inevitably unit costs were up but not seriously, in spite of the 11-shift fortnight and pay increases during the quarter.

With a full complement of labour, Western Areas, which is labour-intensive, increased its tonnage to the 1-million level in the quarter.

The mine aims to increase still further to 1 110 000 tons a quarter, which will mean that underground production will not be greater than the milling rate, as occurred during the past quarter

Western Areas has faced difficulties in the past year first a labour shortage and then a fire, but if the labour force and tonnage are maintained with a higher gold price, in the current quarter the results should be good

In the September quarter, because of the better milling rate, a maintained yield and contained costs, profit rose to R3 359 000 (R2 463 000)

The higher milling was achieved by working the 12th shift in the fortnight "of necessity", which added to costs because of over-time rates of pay

I am told that the unit cost figure of R20,20 is flattering in relation to the previous quarter's R21,80 because stockpiling of ore was included in the earlier figure but not in the R20,20

# Harties hit by big rise in costs

RDM  
19/10/77  
(214)

By DON ROBERTSON  
Mining Editor

AN increased mill throughput and a higher gold price were barely sufficient to cover the rapid rise in costs at Anglovaal's Hartebeestfontein mine in the quarter to September

Unit costs rose by a disturbing 8,9% during the three months, partly because of wage increases, and went a long way in eroding the benefits from the higher tonnage milled as a result of the continued improvement in the labour position

The cost figure was R28,44 a ton milled compared with R26,10 a ton in the June quarter. Expressed in more meaningful terms, the cost factor rose to the equivalent of \$92,49 an oz of gold produced compared with \$84,87 in the previous period

Rapid rises of this nature tend virtually to nullify rises in the gold price

In view of this, Harties did not fare too badly, with taxed profits rising to R8 037 000 compared with R7 019 000. Ore milled was up to 776 000 tons (719 000 tons) and with grade unchanged at 11,0 g/t, gold production was higher at 8 535,38 kg (7 909,33 kg)

Uranium production was down during the quarter at 90 440 kg (102 921 kg) because of the clearing of the stock tanks in June for repair work and the subsequent re-establishment of stocks in the past three months

Profits from the sale of uranium oxide and pyrite were up at R2 318 000 (R1 501 000) but this improvement was offset by a lower income from non-mining activities, mainly interest

Development results on the Vaal Reef were again

encouraging. A total of 1 880 m were sampled showing values of 33,5 g/t gold and 0,55 kg/t uranium over 52 cm equivalent to 1 729 cm g/t gold and 28,66 cm kg/t uranium

Lorraine plans to mill 1 300 000 tons at an average grade of 6,5 g/t in the current financial year to September next compared with an actual achievement of 1 234 000 tons at 6,7 g/t in the past year. However, planned capital expenditure for the year has been trimmed to R1 100 000 against R2 513 000

Ore reserves have been recalculated at a price of \$145 an oz (\$130) and are estimated at 2 262 000 tons (1 921 000 tons) at a grade of 12,6 g/t (13,3 g/t) equivalent to 1 430 cm g/t (1 588 cm g/t)

In addition, there are four massive bodies of Elsburg Reef that contain an estimated 585 000 tons

In the quarter to September, a taxed profit of R411 000 (R641 000) was recorded after State aid of R1 284 000 (R955 000). The profit for the year was R2 567 000 against R442 000

For the quarter, a working loss of R702 000 (R453 000) was recorded from a slightly increased tonnage milled. However, grade was lower at 6,3 g/t (6,8 g/t) to produce 2 028,96 kg (2 059,46 kg) of gold.

Eastern Transvaal Consolidated earned a taxed profit of R396 000 in the September quarter compared with R642 000 in the June period. Tonnage milled was barely changed but with grade down, gold production was lower. Unit costs were slightly higher

In development work, 4 180 m were sampled yielding 9,5 g/t gold over 171 cm equivalent to 1 617 cm g/t

*gold mining (214)*      *ET. 20/10/77*

# JCI: Difficult but profitable year

JOHANNESBURG — Johannesburg Consolidated Investment Company had a difficult but profitable year, according to the annual report.

Apart from losses and an extraordinary provision for copper producer Otjase, the group's financial results showed a market improvement over the broad spectrum of its activities, they say

"In fact, exclusive of Otjase, the results for the year were the best ever achieved by the group"

Group profit, before tax and deduction of preference dividends and minority interest, was R41,8m in the year ended June compared with R37m in the previous year

This was achieved in spite of the inclusion of R6,2m as the group's 67 percent interest in the losses of the Otjase Mining Co (Pty) incurred up to June 15 when it ceased to be a subsidiary

However, the taxation charge, relating mainly to the consolidated operating subsidiaries, increased from R6m

to R9,3m with the result that attributable income was only slightly higher at R27m (R26,2m)

The directors say that while the recovery of the economies of most leading industrial countries continued, it was at a slow pace and did not produce the anticipated improvement in commodity prices

Indeed, the prices of base metals and platinum, on which much of the group's business depended, had steadily weakened after a false recovery at the beginning of the 1977 calendar year

"This weakness is a reflection of poor industrial demand due to the lower rates of economic growth now forecast internationally for both 1977 and 1978 and to abnormally high stock levels for most metals

"Prospects for a major reduction in stocks in the short term appear to be remote, as does the likelihood of any significant recovery in prices"

The South African economic outlook showed more promise. But, they added, the government's

present policy objectives should be pursued at least until the end of 1977 "and it seems unlikely that a renewed domestic economic upswing can be expected before the second or third quarters of 1978 and always provided that political stability is reasonably maintained"

At the present price of copper the losses at Otjase were severe and, with little prospect of a significant and sustained increase in price for some time, consideration was being given to a possible reduction or suspension of operations on the mine

In view of the circumstances, and more especially future uncertainties, the board had considered that, in addition to the loss of R6,2m, it was prudent to provide as an extraordinary item R12m against Johnnies' investment in the company.

"It is impossible to quantify the appropriate level for this extraordinary provision, but it may be noted that the total amount of R18,2m in respect of the two items was approximately two-thirds of the cost of your

company's investment in Otjase which at June 30, 1977, amounted to R28m in the form of equity and loans

"In addition, Johnnies has provided guarantees of about R19m in respect of bank loans raised by the company

"Further expenditure will be incurred by Otjase during the current year and this is likely to be material in spite of the possible reduction or suspension of operations."

The Shangani Mining Corporation in Rhodesia had incurred an operating loss of 400 000 Rhod dollars in its first full year of operations. Interest payments raised the overall loss to 1,9m Rhod dollars

Until there was an improvement in the nickel market, and more settled economic and political conditions prevailed, the outlook for the mine would continue to be of considerable concern.

An investigation into the mine's affairs was at present being conducted, and it was possible it might be necessary to reduce the level of production

Johnnies holds 49 percent of the issued share capital of the corporation and provides management services. — Sapa

# New R40m<sup>214</sup> pref share issue<sup>CT.</sup> 20/10/77

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JOHANNESBURG — Johannesburg Consolidated Investment Company circularized shareholders yesterday that it hopes to raise R40m by the issue of two classes of redeemable cumulative preference shares

"The substantial normal cash flow of the group together with these additional funds will, in the opinion of your directors, adequately meet the ongoing cash requirements of the group, which include the retirement of Eurodollar loans over the next three years and the additional funds required by the new ventures which have come on stream at a time of difficult conditions on the markets in which they operate, and have accordingly required more financing than anticipated," said the circular

It said no significant effect on Johnnies' attributable earnings was expected from the issue, while greater financial flexibility would be provided for any new business opportunities that might arise

Two classes of preference

share are proposed. Both will have a nominal value of 10c each and will be issued at R1

One class will have a fixed dividend, and the other a variable dividend. The variable dividend will vary at half the rate of increase or decrease in the commercial banks' best overdraft rate subject to a minimum dividend of nine percent per annum and a maximum dividend of 13 percent for any half-yearly period, on the issue price of the preference shares

Both classes will be redeemable over a five-year period, starting in December 1983.

A general meeting of shareholders to authorize the scheme will be held on November 10.

The directors say: "While it remains fundamental to Johnnies' financial policy and planning that there is to be an overall reduction in the company's total debt structure, it is necessary to raise medium-term financing to bridge the next three years during which Euro-dollar loans of R61m are to be repaid"

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20/10/77

# Golds ease in wake of bannings

By PAUL DOLD  
Financial Editor

SOUTH AFRICAN gold shares were marked down by overseas investors yesterday following the bannings but the falls were limited and brokers expect prices to rebound if bullion continues to firm. Gold shares were also due for a reaction after their recent steep rise and this undoubtedly contributed to the decline.

The gold board eased amid London selling and this accelerated later in the day as New York came into the market. There was no panic liquidation and declines were barely into two figures — S Roodies fell 10 percent, Grootvlei 8,9 pc, New Wits 6,8 pc, RM Props 6,1 pc and Unisel 6 pc.

Most brokers believe that foreign investors will adopt a wait-and-see attitude and probably come back heavily into the market in two or three days if there are no further political developments.

Fresh falls are possible today following the world press reports but brokers feel the selling will dry up and foreign buying will soon be underway again.

The selling was a fraction of the unwinding which occurred at the time of Angola and the falls then took place in a bear market.

This time golds seem to be firmly entrenched in a major bull market. This will confine the downside potential.

Bullion remains buoyant and yesterday's falls coincided with fresh gains in gold. Gold closed at \$162, a rise of \$1,60 on the day after the late fix of \$161,60 and the morning's \$161,55.

Top fall of the day was Masonite's 16,7 percent followed by Cons Murch 15 percent after the disappointing report. Both the asbestos counters were lower with Msauli 6,3 percent off and Gefco 5,8 percent. Gains on the day included the tin shares, Uni Tn 5,6 percent (Rooiberg rose 25c to 1200c) Rho Cement was 10 percent higher.

Top traded share was again

Ergo at R199 000, followed by Harmony R197 000, E Drie R187 000, De Beers R145 000, Randfontein R132 000, S Vaal R118 000, Kloof R117 000, GF Props R112 000, Anglos R108 000, Barlows R105 000 and Anamint R104 000. All these were down except for Anamint — unchanged.

## De Beers

De Beers fell 9c to 505c. Industrials moved lower in sympathy with golds. Abercom was 242c (250c), Barlows 337c (348c), Protea 100c (106c), Brews 110c (113c), Rem Beh 227c (230c) and Remgro 315c (325c).

Argus closed at 760 sellers (760 buyers).

# Buffels profit the exception

214

ROM 20/10/77

By ADAM PAYNE

**BUFFELSFONTEIN** was the only gold mine in the General Mining group to increase its nett profit in the September quarter

As in other groups, a lower gold price combined with sharply increased costs affected profits, in spite of better tonnages milled because of the adequate supply of black labour

At Stilfontein, the development rate increased from 5 202 to 6 401, mainly in the Kromdraai area, which has been the subject of Hollard Street gossip

The company says that in the limited exposure up to the present in this area values have been higher than the average for the mine. The payable development results for the mine show that sampling on the Vaal Reef was 74% payable compared with 64% in the previous quarter

Gold values were 98 g/t over 22 cm, equal to 2 005 cm-g/t. This compares with 105 g/t over 18 cm or 1 881 cm-g/t in the previous quarter

The uranium value in the same reef was also good

A low gold price received of \$131 an oz hit Stilfontein's results. Tonnage milled was higher, the grade was better but working revenue rose only

marginally. Net profit after State aid was R1 067 000 (R1 315 000)

Buffelsfontein's tonnage was up, grade was virtually unchanged, and the gold price received was \$139 an oz. Net profit rose to R6 970 000 (R49 000)

Uranium income was slightly higher than in the previous quarter

Working costs a ton milled rose to R28,20 (R26,40) because of stores escalation and increases in salaries and wages

West Rand Consolidated reports a decrease in gold revenue in line with a lower yield and in spite of a higher tonnage milled. The gold price received was \$139 an oz

Uranium income was slightly lower

Net profit fell to R1 026 000 (R2 165 000) after State aid.

There was an improvement in production in the uranium section both in tonnage and in the rate of development

South Roodepoort made a net profit of only R6 000 (R131 000) after State aid

Although the tonnage milled decreased by 3 700, gold recovered was only marginally lower than in the previous quarter

# Unicorp mines prove costs can be trimmed

By DON ROBERTSON  
Mining Editor

UNION Corporation, which endured an untraditional hiccup in operating results in the June quarter, has come back strongly in the September period, once again stamping its mark as perhaps the most economical and consistent of gold producers

Results from the seven producers in the group show that it is possible, in these inflationary times, to reduce costs, as four of the mines proved

The small "indiscretions" of the other three failed to affect total group profits, which were up 1,9% on a 0,8% increase in average revenue per kg received and a marginal rise in tonnage milled

As a whole, however, the group presents a mixed bag of reports with two of the Evanders doing better, two showing falls, one of the East Rand mines improving, the

other declining and St Helena suffering from a higher tax burden after a good operational performance

BRACKEN achieved a cut in costs to R16,63 a ton (R16,82) which, on a lower tonnage milled, produced total costs which were slightly down

However, because grade was increased to 6,80 g/t from 6,60 g/t, gold production was up. This, together with the higher gold price, left taxed profits at R935 000 against R910 000

Ore reserves on the Kimberley reef, valued at a price of \$150 an oz, have been recalculated at 1 400 000 tons at 8,7 g/t over 122 cm

KINROSS equalled the June quarter's operating results by milling 390 000 tons at a grade of 7,60 g/t to produce 2 964 kg of gold

However, a slight increase in costs trimmed taxed profits to R2 486 000 compared with R2 533 000 on a gold price which was barely changed

In development work, 18% of the advance proved payable at 36,5 g/t over 35 cm equivalent to 1 278 cm g/t. Ore reserves, at \$150, are estimated at 4 900 000 tons at 9,3 g/t over 133 cm

LESLIE was one of the more successful group producers during the quarter with a rise in tonnage milled, a substantial cut in costs and a small increase in grade, resulting in a rise in profits to R265 000 from R97 000

Payable development results over a small area showed a gold value of 20,8 g/t over 55 cm equivalent to 1 145 cm g/t

WINKELHAAK recorded a small cost rise which effectively wiped out a moderately improved mining performance. Tonnage milled was up to 515 000 tons (510 000 tons) and with grade unchanged at 7,80 g/t, gold production was 4 017 kg (3 978 kg)

Unit costs, however, rose to R13,98 a ton milled against R13,26 which, along with a

slightly lower gold price, reduced taxed profits to R3 402 000 against R3 574 000

As was the case with Kinross, the directors of Winkelhaak reveal that it has been necessary to increase the underground labour force by 5% to maintain production under the 11-shift working fortnight

Significantly, Kinross and Winkelhaak are the two mines in the Evander group which reported small cost increases during the past quarter

ST HELENA virtually wiped out the cost increase experienced in the June quarter in spite of a 4% rise in underground labour requirements

Unit costs were cut to R19,51 a ton milled (R20,03) on a mill throughput which was higher at 510 000 tons (490 000 tons) at a slightly reduced grade of 9,50 g/t (9,60 g/t). Gold production was 4,845 kg against 4,704 kg

However, a disproportionate increase in the provision for tax reduced the profit to R4 537 000 from R5 036 000

Payable development results showed a gold value of 22,1 g/t over 86 cm equivalent to 1 897 cm g/t. Ore reserves, calculated at \$150 an oz, were 7 700 000 tons at 16,1 g/t over 168 cm.

MARIEVALE, on the East Rand, was another to produce identical mining results for the quarter but the small rise in costs was offset by a lower tax bill so that profits were higher at R460 000 against R346 000

A fillip for shareholders comes in the form of the agreed sale of about 233 ha of ground to the Government for R1,5-million. This will mean a profit of 33,3c a share before tax

GROOTVLEI pushed up mill throughput to 400 000 tons (360 000 tons) which, at an unchanged grade of 4,40 g/t, produced 1 760 kg (1 584 kg) of gold.

Savings were made and unit costs came down to R12,13 a ton compared with R12,76 which helped to offset the lower gold price received. Accordingly, taxed profits were slightly higher at R966 000 compared with R813 000

Development results were much the same with the payable portion showing a yield of 37,9 g/t over 27 cm equivalent to 1 024 cm g/t

# Gold lifts <sup>Sun. Exp.</sup> spirits <sup>20/10/77</sup> 214

By PAUL DIAMOND  
SPRING and gold are up in the air and have lifted spirits with them.

When gold moves above established plateaux, both brokers and buyers get encouraged and exhilarated but there is really only one way of assessing gold — historically.

And historically the news is comforting. The average price on the London market for the first eight months of the year was \$142.70 an ounce, some 14% higher than the average price over the same period last year.

But what of 1978, will gold continue to ride at the crest of the wave once spring is over? The cautious marketing men of the Chamber of Mines — not given to foaming at the mouth — maintain that the average could well be between \$150 and \$170 in the next year.

They use the safe assumption that industrial and jewellery demand for gold will remain at its currently high level and comment that there is speculative and 'hedge' demand building up.

Factors to back up this conservative estimate include the good USSR grain harvests which checks the Eastern bloc selling gold and the continuing weakness of the dollar. The fact that the US deficit is expected to run into 1978 is also not acting against gold.

This year from a production of 700 tons of gold, South Africa will earn R2 800-m or R500-m more than last year. And should the bullion price continue to hold its own, South Africa will be nicely off thank you.

Production next year (it has dipped slightly this year) is expected to pick up by at least 5%. The Western world's stock of gold is equivalent to about 50 years of South African production, about a quarter of which lies snugly in Fort Knox and half the balance in Europe.

Piggy-backing on gold is our uranium oxide production. In the first six months of the year production amounted to 1 766 tons, 20% more than a year ago. And the progress being made in expanding and developing uranium treatment and recovery plants is excellent.





# General Mining Group

## GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1977

All companies mentioned are incorporated in the Republic of South Africa

### STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital - 13 062 920 shares of 50 cents each

#### Operating results

	Quarter ended		9 months ended
	30 Sept 1977	30 June 1977	30 Sept 1977
Stilfontein Ore milled (t)	503 000	469 000	1 422 000
Gold produced - Stilfontein ore (kg)	4 322 000	3 905,888	12 277,017
Yield - Stilfontein ore (g/t)	8,59	8,33	8,63
Working revenue per ton milled (R)	31,47	32,99	32,85
Working cost per ton milled (R)	34,36	34,27	34,29
Income/(Loss) per ton milled (R)	(2,89)	(1,28)	(1,44)

#### Financial (R'000)

Working revenue (gold)	15 829	15 472	46 710
Working costs (gold)	17 281	16 073	48 757
Income/(Loss) (gold)	(1 452)	(601)	(2 047)
State aid	2 469	1 854	5 265
Income on sale of acid	13	11	40
Income at mine	1 030	1 264	3 258
Net additional revenue	108	151	394
Less interest	38	39	110
Income before taxation and State's share of Income	1 100	1 376	3 542
Taxation and State's share of Income	33	61	151
Income after taxation and State's share of Income	1 067	1 315	3 391
Capital expenditure	669	397	1 508
Trade investments	—	(18)	(19)
Dividends declared	—	1 437	1 437
cents per share	—	11	11
Loan repayments	—	103	103
Loan balance outstanding	1 112	1 112	1 112
Loan levies	4	9	21
Capital Expenditure Commitments	—	—	25
Capital Expenditure for remainder of year	—	—	2 948

#### Development

Advanced (m)	6 401	5 202	16 616
Sampling results Sampled (m)	678	810	2 730
Channel width (cm)	19	25	24
Average value Gold (cm g/t)	1 630	1 187	1 276
Uranium (cm kg/t)	19,22	17,39	17,65
Payable Metres (m)	501	432	1 545
Percentage	73,9	53,3	56,6
Channel width (cm)	22	18	20

Value	Gold (g/t)	92,8	105,1	95
	(cm g/t)	2 005	1 881	1 001
Uranium	(kg/t)	1,075	1 274	1 177
	(cm kg/t)	23,23	22,81	23,23

#### Development Summary

for the three months ended 30 September 1977

#### Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	Gold		Uranium (kg/t)
				Value (R)	cm g/t	
Vaal	739	678	19	819	1 630	1 001
Ventersdorp Contact	—	—	—	—	—	—
Commonage	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—
<b>Total</b>	<b>739</b>	<b>678</b>	<b>19</b>	<b>819</b>	<b>1 630</b>	<b>1 001</b>

#### Payable Development

Reef	Payable metres	Percentage payable	Channel width cm	Gold		Uranium (kg/t)
				Value (R)	cm g/t	
Vaal	501	73,9	22	92,8	2 005	1 075
VCR	—	—	—	—	—	—
Commonage	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—
<b>All Reefs</b>	<b>501</b>	<b>73,9</b>	<b>22</b>	<b>92,8</b>	<b>2 005</b>	<b>1 075</b>

#### REMARKS

##### Production

Although the increase of 34 000 tons milled and the higher recovery resulted in an increase of 416,112 kilograms of gold recovered, the yield was maintained at a constant rate.

The development rate increased from 5 202 to 6 401 metres milled in the Kromdraai area in the limited exposure in this area to date. The yield was higher than the average for the mine. Black labour supply was good.

##### Financial

##### Revenue

Although the free market gold price has been in excess of \$145 per ounce a price of \$131 per ounce was realised due to the irregular pattern of sales.

##### Working Costs

The increase of R1 208 000 in working costs was mainly due to an increase in salaries and wages, royalties paid to Hartebeestfontein Gold Mining Company Limited, stores costs escalation and an increase in White labour strength in order to increase the development rate.

On behalf of the board

J C FRITZ }  
D J THERON } Directors

# WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital 4 250 000 shares of R1 each  
25 000 deferred shares of R2 each

## Operating results

	Quarter ended		9 months
	30 Sept 1977	30 June 1977	30 Sept 1977
<b>Gold Section</b>			
Ore milled ex underground (t)	161 000	168 500	515 786
Ore milled ex surface dumps (t)	—	—	37 714
Total ore milled (t)	161 000	168 500	553 500
Gold produced (kg)			
ex underground sources	969,543	1 056,210	2 907,970
ex surface dump	—	—	29 000
<b>Total gold</b>	<b>969,543</b>	<b>1 056 210</b>	<b>2 936 970</b>
<b>Yield (g/t)</b>			
ex underground sources	6,02	6,27	5,64
ex surface dump	—	—	0,77
<b>Uranium Section</b>			
Ore to Stockpile (t)	—	—	—
<b>Gold</b>			
Ore milled ex underground (t)	226 000	214 000	639 000
Ore milled ex stockpile (t)	—	—	—
Total ore milled (t)	226 000	214 000	639 000
Gold produced (kg)	130,452	135,790	414,025
Yield (g/t)	0,58	0,63	0,65
<b>Uranium</b>			
Concentrations treated (t)	228 870	211 400	641 070
Uranium produced (kg)	70 487	60 764	189 779
Yield (kg/t)	0 308	0,287	0,296
<b>Financial (R'000)</b>			
Working revenue (gold)	4 241	4 753	13 018
Net revenue (uranium)	5 217	5 603	13 540
Net revenue (acid and pyrite)	6	1	7
<b>Total revenue</b>	<b>9 464</b>	<b>10 357</b>	<b>26 565</b>
Working Costs			
Underground operations (R/ton)	8 991	8 910	25 878
Per ton milled (R/ton)	23,23	23,29	22,41
Surface (R/ton)	—	—	284
Per ton milled (R/ton)	—	—	7,53
<b>Total Working Costs</b>	<b>8 991</b>	<b>8 910</b>	<b>26 162</b>
<b>Total per ton milled (R/ton)</b>	<b>23,23</b>	<b>23,29</b>	<b>21,94</b>
Income	473	1 447	403
State aid	448	129	1 850
State aid 1976 adjustment	—	463	463
Net additional revenue	105	103	331
<b>Income before taxation</b>	<b>1 026</b>	<b>2 142</b>	<b>3 047</b>
Taxation	—	Cr 23	Cr 23
<b>Income after taxation</b>	<b>1 026</b>	<b>2 165</b>	<b>3 070</b>
Includes uranium treatment costs			
Capital expenditure	223	391	961
Unlisted investments	—	(50)	(50)
Dividends declared			
Ordinary amount	—	128	128
Cents per share	—	3	3
Deferred Amount	—	42	42
Rand per share	—	1,70	1,70
Capital Expenditure Commitments	—	—	150
Capital Expenditure for remainder of year	—	—	446
<b>Development</b>			
Advanced (m)	3 927	3 352	10 637
<b>Gold Section</b>			
Advanced (m)	1 022	1 160	3 508
Sampling results Sampled (m)	358	393	982
Channel width (cm)	104	87	89
Average value (cm g/t)	1 613	1 851	1 702

Payable			
Metres (m)	108	152	370
Percentage	30 1	38 5	37 7
Channel width (cm)	109	41	93
Value (g/t)	28 37	32,31	29 56
(cm g/t)	3 091	2 337	2 740

Uranium Section			
Advanced (m)	2 905	2 131	7 129
Sampling results Sampled (m)	1 015	718	2 397
Channel width (cm)	43	44	45
Average value uranium (cm kg/t)	45,52	55,75	57 10
gold (cm g/t)	149	134	146
<b>Payable</b>			
Metres (m)	402	376	1 200
Percentage	39,6	52,4	50 1
Channel width (cm)	47	45	46
Value Uranium (kg/t)	1 339	1,822	1 730
(cm kg/t)	63,44	81,22	80,38
Gold (g/t)	5 37	4 49	4 38
(cm g/t)	254	200	203

## Development Summary

for the three months ended 30 September 1977

### Gold Section

Reef	Payable metres	Per-centage payable	Chan-ne-width cm	g/t	Value cm g/t
Main Reef	56 0	28 6	114	21 69	2 484
South Reef	—	—	—	—	—
Livingstone Reef	—	—	—	—	—
Kimberly Reef	72,0	31 0	106	31 9	3 394
Ventersdorp Contact Reef	—	—	—	—	—
<b>Totals</b>	<b>108 0</b>	<b>30 1</b>	<b>109</b>	<b>28 37</b>	<b>3 091</b>

### Uranium Section

Reef	Payable metres	Per-centage payable	Chan-nel width cm	Uranium kg/t	cm g/t	Gold g/t	cm g/t
White Reef	36 0	96,0	65	0,719	46 73	2 14	1 439
Monarch Reef	16 35	37 8	29	2 071	5 41	4 55	130
Upper Monarch Reef Zone 2	142,5	44 4	57	1 311	74 44	2 21	125
Upper Monarch Reef Zone 4	60 0	26,7	65	0 891	58 33	2 87	188
Other Reef	—	—	—	—	—	—	—
<b>Totals</b>	<b>402 0</b>	<b>39,6</b>	<b>47</b>	<b>1 339</b>	<b>63,44</b>	<b>5 37</b>	<b>254</b>

## REMARKS

### Production

There was an improvement in production in the uranium section in respect of both tonnage produced and the rate of development. Supply of Black labour remains good.

### Financial

#### Revenue

Although the free market gold price has been in excess of \$145 per ounce a price of \$138 per ounce was realised due to the irregular pattern of sales.

#### Working Costs

Notwithstanding increases in the salaries and wages, working costs were contained at a satisfactory level.

On behalf of the board

A W S SCHUMANN }  
J C FRIIZ } Directors

General Mining Group Gold Mining Companies' Reports (continued)

## BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 11 000 000 shares of R1 each

### Operating results

	Quarter ended	
	30 Sept 1977	30 June 1977
<b>Gold</b>		
Ore milled (t)	795 000	782 000
Ore milled by Stilfontein (t)	2 000	9 000
Ore milled — Total (t)	797 000	791 000
Gold produced (kg)	7 332 847	7 270 137
Gold produced by Stilfontein (kg)	17 153	79 672
Gold produced — Total (kg)	7 350 000	7 349 809
Yield (g/t)	9.22	9.29
Yield by Stilfontein (g/t)	8.58	8.85
Yield — Total (g/t)	9.22	9.29
Working revenue per ton milled (R)	35.91	35.87
Working cost per ton milled (R)	28.20	26.40
Income per ton milled (R)	7.71	9.47

### Uranium

Pulp treated (t)	795 000	774 000
Oxide produced (kg)	173 300	163 700
Yield per ton (kg/t)	0.218	0.211

### Financial (R'000)

Working revenue (gold)	28 618	28 371
Working costs (gold)	22 472	20 879
	6 146	7 492
Tribute agreement — Vaal Reef (nett)	123	244
Income (gold)	6 269	7 736
Income on uranium production	4 949	4 800
Tribute agreement Vaal Reefs (nett)	46	11
Income on sale of pyrite	100	138
Income on sale of acid	19	22
Income at mine	11 383	12 707
Net additional revenue	788	432
Less interest	4	1
Income before taxation and State's share of Income	12 167	13 138
Taxation and State's share of Income	5 197	6 689
Income after taxation and State's share of Income	6 970	6 449
Capital expenditure Gold	2 181	1 871
Uranium and acid	134	72
Trade investments	—	5
Dividends declared	—	9 900
cents per share	—	90
Loan repayments	—	—
Loan balance outstanding	28	28
Loan levies	559	797
Capital Expenditure Commitments	2 447	—
Capital expenditure for remainder of year	9 772	—

### Development

Advanced	(m)	16 151	16 547
Sampling results Sampled	(m)	1 371	1 478
Channel width	(cm)	108	115
Average value Gold	(cm g/t)	1 697	1 810
Uranium	(cm kg/t)	51.12	59.47
<b>Pavable</b>			
Metres	(m)	858	898
Percentages	(cm)	62.6	60.7
Channel width	(cm)	102	102
Value gold	(g/t)	21.38	23.27
	(cm g/t)	2 182	2 377
Value uranium	(kg/t)	0 588	0 672
	(cm kg/t)	60.03	69.47

### Development Summary

for the three months ended 30 September 1977

Area	Payable metres	Per-centage Payable	Channel width cm	Gold		
				g/t	cm g/t	kg/t
Pioneer Secondary	123	68.3	107	18.74	2 036	0 447
Lutis Block	159	64.6	99	21.9	2 123	0 798
Southern Shaft	155	59.1	69	28.2	1 949	0 739
Orange Shaft	207	60.4	122	20.0	2 455	1 144
South Vaal	183	80.3	111	20.11	2 240	0 595
Eastern Shaft	21	77.8	70	29.07	2 031	0 845
<b>Totals</b>	<b>858</b>	<b>62.6</b>	<b>102</b>	<b>21.38</b>	<b>2 182</b>	<b>0 588</b>

### REMARKS

#### Production

Production has been maintained at a high level and Black labour supply remains good

#### Financial

##### Revenue

Although the free market gold price has been in excess of \$145 per ounce a price of \$139 per ounce was realised due to the irregular pattern of sales

##### Working Costs

Working costs increased by R1 593 000 mainly as a result of increase in salaries and wages as well as stores cost escalation

On behalf of the board,

J. C. FRITZ  
D. J. THERON } Directors

# SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital — 1 420 663 shares of 56 cents each.

## Operating Results

		Quarter ended	
		30 Sept 1977	30 June 1977
Ore milled	(t)	51 300	55 000
Gold produced	(kg)	279,400	281 154
Yield	(g/t)	5,45	5,11
Working revenue per ton milled	(R)	21,23	19,93
Working cost per ton milled	(R)	24,50	22,04
Loss per ton milled	(R)	3,27	2,11

## Financial (R'000)

Working revenue	1 089	1 096
Working costs	1 257	1 212
Loss	168	116
State aid	195	276
Net additional expenditure	21	29
Income before taxation	6	131
Taxation	—	—
Income after taxation	6	131
Capital expenditure	20	23
Dividends declared	—	—
per share (cents)	—	—
Capital Expenditure Commitments	—	—
Capital Expenditure for remainder of year	—	—

## Development

Advanced	(m)	879	589
Sampling results	(m)	387	273
Channel width	(cm)	179	159
Average value	(cm g/t)	844	757
Payable			
Metres	(m)	144	40
Percentage		37,2	14,8
Channel width	(cm)	177	166
Value	(g/t)	7,89	10,75
	(cm g/t)	1 397	1 790

## Development Summary

for the three months ended 30 September 1977

### Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	g/t	Value cm g/t
Ventersdorp Contact Reef	72	41	114	3,55	405
Kimberley Reef	807	346	186	4,81	895
Totals	879	387	179	4,72	844

## Payable Development

Reef	Payable metres	Per-centage payable	Channel width cm	g/t	Value cm g/t
Ventersdorp Contact Reef	144	41,6	177	7,89	1 397
Kimberley Reef	—	—	—	—	—
Totals	144	37,2	177	7,89	1 397

## REMARKS

### Production

Although the tonnage milled decreased by 3 700 tons, the gold recovery was only marginally lower than in the previous quarter. The development rate has again substantially been increased in order to improve the inadequate ore reserve position. The increase in the payable metres the Kimberley Reef should therefore not be regarded as significant at this stage.

### Financial

#### Revenue

Although the free market gold price has been in excess of \$145 per ounce a price of \$140 per ounce was realised due to the irregular pattern of sales.

#### Working Costs

The increase in working cost is due to the high cost of maintenance and the steady replacement of worn out equipment in order to maintain the production rate of 18 000 tons milled per month.

On behalf of the board,

A W S SCHUMANN }  
J C FRITZ } Directors

## NOTES

- Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.
- All financial figures are subject to audit.

### Secretaries

General Mining and Finance Corporation Limited  
6 Hollard Street, Johannesburg

### Registered office

General Mining Building, 6 Hollard Street  
P O Box 61827, Marshalltown 2107

20 October 1977

FM 21/10/77

# Gold, glorious gold

In rand terms its price has never been higher. What that means for business

**Good old gold.** As so often before, it has come up trumps — just when the game looked lost. Had its price continued to linger below \$150, there would have been little chance of meaningful economic growth in 1978. Now at least there is hope.

In rand terms, the price is above its 1974 all-time peak. Then it was \$197 (R136). By Wednesday this week it had reached \$161,55 (R140,48). The higher rand equivalent is due to the devaluations of June and September 1975 when SA depreciated respectively by 4,6% and then a whopping 17,9% against the dollar.

If gold output stays roughly level over the next 12 months, and the price more

means certain that import levels will stay as low as they are. Rather than seeing gold's gains as a reason for confidence, the economic experts in Pretoria see them only as a remedy to counteract these adverse forces.

Certainly the taxman should benefit. With gold mining tax rates of up to 72%, the Treasury can afford to smack its lips in anticipation. Moreover, subsidies to marginal mines should decrease, improving Exchequer balances.

On the other hand, as the price of gold goes up some mines will shift their workings to lower grade ore bodies, so increasing costs and reducing profits. Therefore the increase in tax revenue may not be great.

rise in the price of gold, based on strong and steady demand may well induce new investment projects. But it seems improbable that increased mining investment will provide a large boost to the economy in the next 12 months.

What about increased spending from possible wage hikes in the mining sector? Since negotiations take place in the second quarter of the year, it will be some time before any stimulation occurs through this channel.

## Saving instead of spending

Increased dividend payments to local shareholders should provide some injection to the economy. But if these funds are saved rather than spent — a feature of present economic climes — the result could simply be swollen idle balances in the banking sector. So until business confidence — buoyed up by government policies and increased consumer spending — is revitalised, the very real benefits of increased gold receipts could well be sterilised.

Perhaps the increased gold price itself will provide the psychological stimulus needed to burst the present gloom. In fact, there are already signs that this may be happening — witness a more bullish share market until this week's round of bannings.

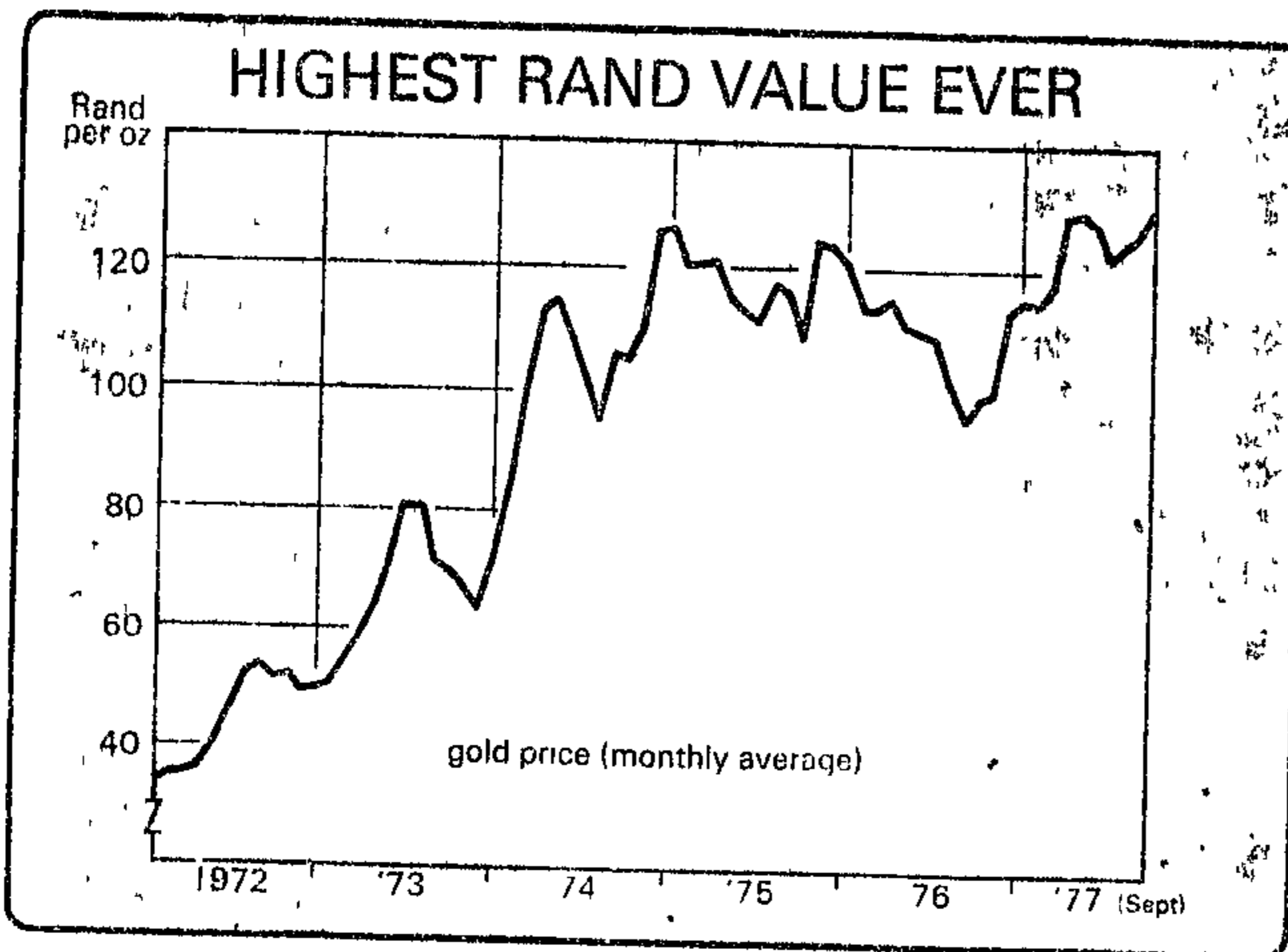
But all this assumes a continuing high gold price. Is this reasonable? On the whole, the prospects look extremely rosy. Supply at present looks fairly stable. Demand looks strong.

Two potential trouble-spots are increased sales by the USSR and auctions by the US Treasury. But

- USSR sales are expected by experts at Consolidated Gold Fields and the SA Chamber of Mines to remain fairly steady over the next year; and
- US Treasury sales have been postponed, (FM last week) and in any case are expected to stabilise — not disrupt — the market, as GFSA's deputy chairman Robia Plumbidge has recently forecast. Meanwhile, demand is looking distinctly bullish.

- Industrial demand is strong.
- There is still continuing uncertainty about the world economic recovery,
- The US dollar has been weakening with no sign of recovery, and
- Amendments to IMF rules will next year allow central banks to buy gold at market prices.

While it is too soon to expect gold to lift the economy out of the dumps, there is good reason to believe it could come to the rescue next year.



or less maintains its new high levels, the industry should earn about R3 140m in the 12 months to September 1977. It earned R2 600m. That's an increase of R540m — or a fifth.

So there should be a further considerable boost to the current account of the balance of payments, which has already swung into surplus. Since the overall balance of payments is the chief stumbling block in the path of economic stimulation, this could mean earlier rather than later reflation.

Sources close to government are not so optimistic. They point out that while the gold price is increasing, other commodity prices are dropping. Moreover, capital outflows show no sign of diminishing (what will they do after this week's political bannings?) and it is by no

In any event, overall tax receipts are running well below anticipated levels so far this year — largely due to the recession. So again the message is that the increased gold price provides room to breathe rather than to expand.

## Recessed industries

What about business? The injection should provide something of a boost to SA's recessed industries. How large it will be depends on how the mining sector utilises its increased revenue. A very real danger is that much of the money will lie idle. Most mines work on a conservative gold price for their feasibility studies, so the higher price might not affect their investment plans — at least not in the short run.

In the longer run, however, a sustained

## GOLD QUARTERLIES

## Market shrugs off poor profits

Gold is holding well at above the \$160 level and with good upside potential through to the year end, the market will be moved almost entirely on price considerations. There was hardly a pause over the September quarterlies, though the generally poor results could have been the signal for a shakeout.

They show that apart from mines with increasing mill throughput, there has been no slow down in unit cost increases. Wage increases were granted in August and power costs lifted. This has meant unit costs increasing by over 10% on the quarter, in some cases only partly covered by higher recovery grades.

Average gold prices received fell in the September quarter with a longer pipeline arising from increased KR production. This quarter there should be no problem in receipts averaging over \$150 which, on fundamentals, should more than cover cost increases. But the seasonal decline in black labour complements is starting and there is little chance of any significant production increases until next year. So unit costs will be probably well up across the board this quarter.

**East Drie:** Planned maximum mill throughput of 210 000 t/month will probably not be achieved until the second quarter of 1978. This quarter fires and expected labour shortages will hold production down. Unit costs should be reasonably well contained. Some R5,7m capex remains to be spent this year but there should be no difficulty increasing the final to 50c. Now the highest grade mine in SA.

**Libanon.** Milling is at full capacity of 135 000 t/month and grade will decline gradually over the next three quarters to average just less than 9g/t. R2,7m capex remains for the year with R10,4m authorised capex outstanding at end September. An interim of at least 30c will present no difficulty. With \$160 gold a 50c final looks likely at this stage. Limited development sampling on the Elsburg reef has begun, with 20m sampled grading 920cm-g.

**Doornfontein:** Though the shares could be a major beneficiary of gold price rises, capex requirements over the next few years will be relatively high, especially if a decision is taken on shaft sinking to develop beyond the western boundary.

**Kloof:** Technical problems have been overcome but labour shortages could limit mill throughput to 150 000 t/month average this quarter. Following the fire last September quarter, and even with the higher gold price, an unchanged 15c interim seems the maximum. The final

will depend on how soon production can be lifted to the 180 000 t/month planned for 1978. But dividends are going to be restricted over the next couple of years by the R15,7m outstanding authorised capex.

**Venterspost:** Should go off State aid this quarter. Capex has been cut to the minimum. Grade maintenance has always been a problem and the higher gold price will allow increased flexibility of operations. The shares will probably be one of the better performers with higher gold prices with life prospects transformed at higher levels.

**Vlakfontein:** Underground operations will cease this quarter and equipment being withdrawn from underground is being sold (to GI Props?). There is speculative appeal in the adjacent old West Vlak mine, though the shaft there is little more than "a hole in the ground" and will need complete refurbishing before it can be used. Drilling results by sallyes on adjacent farm Witlok could also influence the price.

**Deelkraal:** As expected the VCR intersection in the No 1 shaft gave negligible values. Elsburg reef intersected 9m below at 1866m averaged 21g/t and 1323 cm g. The Elsburg reefs will now have to be examined closely and could be brought to account at an early stage. Original drilling of the Elsburg reefs averaged 5,4g/t and 869cm g. So if the shaft intersection is a lead to better Els-



Gold mines surveying ways to hold down costs

burg values than disclosed in drilling, prospects for the mine could be transformed.

**Harmony:** Though unconfirmed by the house, it is thought that consumer financing has been arranged for the R30m Merriespruit uranium plant. Capacity of the plant is estimated at about 150 000 t/month and an announcement on the project could surface at today's agm. Reporting is now on the basis of combined gold/uranium operations and the full impact of the enlarged Virginia uranium plant should be felt this quarter. Spot sales from stockpile are unpredictable and their potential has been talked down. However, there remains a significant stock of uranium on mine.

**FRPM:** Operated at a loss despite State aid. The trend is back to lower grade areas with increased mill throughput, but there must be considerable doubts as to the mine's ability to operate at a profit independently of State aid. Grade this quarter will not be maintained at the higher milling rate and necessary capex will be a further drag. Unless the gold price really takes off the chances of a final are slim.

**Durban Deep:** Similar to FRPM. Profitable operations without State aid do not seem possible. However, the share will remain a favourite based on gold price sentiment. Capex has been cut back to almost nothing but there is little prospect of a resumption of dividends with the need to conserve funds. The shares are for investors looking for gold at well over \$180 in the very near term. At this level, the mine's ore reserve and life situation will change completely and the shares are one of the most highly geared to the gold price, with one ton of annual mill capacity per share.

**Blyvoor:** There were no sales of uranium and the stockpile was increased by about R6m at current spot prices. So the potential of spot sales is obvious as and when possible. Even ignoring uranium sales, an interim of 30c is on the cards if gold simply maintains the \$160 level through December.

**Western Areas:** Production recovered from the previous quarter's underground fire, but the insurers clearly think the mine is fire-prone. Better fire prevention measures have been brought in. No details are available of drilling of the potentially high uranium/gold grade Middle Elsburg reefs but speculative appeal is good. Capex will remain relatively high for the next three years but earnings are well geared to the gold price. A final of 7,5c seems likely if this quarter's produc-

# GOLD QUARTERLIES

	Costs		Revenue		Gold				Uranium		Profit gold R'000	Uranium & other R'000	EPS after capex & loan levy c
	R/kg	\$/oz	R/kg	\$/oz	Tons milled '000	Recovery g/t	Tons milled '000	Recovery kg/t					
<b>ANGLOVAAL</b>													
ET Cons	2 660	95 (89)	3 887	139	87	(81)	6,4	(6,7)			674	(4)	6,2
Hartebeestfontein	2 586	92 (85)	4 105	147	776	(719)	11,0	(11,0)	776	(725)	12 965	3 080	41,7
Lorraine	4 586	164 (154)	4 240	152	323	(305)	6,3	(6,8)			▲702	§1 086	▲1,1
<b>GENERAL MINING</b>													
Buffelsfontein	3 057	109 (102)	3 894	138	797	(791)	9,2	(9,3)	795	(774)	6 269	5 114	37,2
South Road	4 499	161 (154)	3 903	140	51	(55)	5,5	(5,1)			▲168	174	▲1,0
Stilfontein	3 998	143 (147)	3 662	131	503	(469)	8,6	(8,3)			▲1 452	●2 552	3,0
WR Cons					387	(383)	2,8	(3,1)	229	(211)	▲1 026		18,9
<b>GFSA</b>													
Doornfontein	3 184	113 (109)	3 841	137	355	(335)	9,5	(9,0)			2 331	255	9,1
East Drie	1 008	36 (39)	3 865	138	597	(537)	23,8	(21,9)			40 819	1 604	21,8
Kloof	2 523	90 (77)	3 928	140	426	(478)	12,5	(12,3)			7 542	482	5,4
Libanon	2 492	89 (80)	3 861	138	405	(393)	9,3	(9,5)			5 227	328	20,4
Venterspost	3 856	138 (143)	3 892	139	324	(307)	6,3	(6,0)			102	*785	7,8
Viakfontein	4 021	144 (105)	4 090	146	179	(173)	1,9	(3,6)			26	135	5,1
West Drie	1 227	44 (43)	3 875	139	615	(560)	22,8	(23,0)	312	(288)	37 213	5 491	79,0
JCI													
Randfontein	1 406	50 (49)	3 877	139	297	(278)	15,0	(16,2)			11 009	443	▲*405,1
Western Areas	3 387	120 (130)	3 914	140	1 000	(879)	6,0	(6,0)			3 280	319	3,7
<b>RAND MINES</b>													
Blyvoor	2 440	87 (80)	3 906	140	460	(441)	12,0	(12,3)	417	(178)	8 062	▲89	10,4
Durban Deep	5 310	190 (184)	3 889	138	531	(529)	3,7	(3,6)			▲2 770	12 096	▲38,0
ERPM	4 811	172 (189)	3 891	139	471	(384)	6,2	(5,9)			▲2 677	▲2 905	3,9
Harmony					1 676	(1 553)	4,7	(5,2)	1 211	(1 175)	▲2 217		▲5,1

\*Includes R522 000 State aid †Includes R1 9m State aid ‡Includes R2 83m State aid §Includes R1 28m State aid #Ignores effects of consumer loans ▲Loss  
 ●Includes R2 47m State aid

tion from the labour intensive operations is not too disrupted by seasonal labour downturn.

**Randfontein:** Uranium sales start this quarter with commissioning of the Mill-site plant. Sampling at Cooke No 2 shaft disclosed gold at 23,5g/t and 2 444cm-g and uranium at 0,451kg/t and 46,9cm-kg. Both are higher than expected from initial drilling, and if the pattern at Cooke No 1 section (where underground sampling results were consistently better than surface drilling indications) is repeated, the shares could really catch fire. The final dividend will depend to some extent on the house's needs for funds and the capex and loan drawdown schedule. With these extraneous factors, prediction of the final is clouded, but 200c is easily possible and 250c is possible if the gold price is performing well at the year end.

**Lorraine:** Operations continue to stagger along at a loss. Despite higher gold prices and planned capex of only R1,1m, prospects of a return to the dividend lists are not bright. Any increase in the gold price is going to make the opening of the large tonnages of Basal and "B" reefs in the eastern part of the mine look increasingly attractive to management. But this will have to be financed largely from retentions. The shares will have some following on gold price movements but there are more attractive marginals.

**ET Cons:** Life problems are less important to the mines than was the case a few years ago and the shares are one of the better gold price speculations. The R650 000 capex planned for this year will be a drag as will the end of State aid receipts, and the incidence of tax. At

\$160 gold, however, there should be no difficulty in paying a 10c interim and 20c final.

**Hartes:** Plans are to mill 2,9Mt this year. After the first quarter's mill throughput there is plenty of room for lower figures during the next two quarters if employment levels fall too far.

But unit costs are rising rapidly despite increased mill throughput. Capex for the remaining three quarters of R12,5m will put the boot into any hopes of a substantial dividend increase. With \$160 gold, 150c total for the year seems likely.

**Stilfontein:** Tonnage and grade increases have lowered costs on a per oz basis. All that is said of the Kromdraai area is that development increased to 6 401m (5 202m) and that grades on limited exposure are better than elsewhere in the mine. Nothing is said of possible uranium slimes treatment but development sampling on the Vaal reef gave 1,08 kg/t and 23,23 cmkg. Uranium considerations should support the shares, which also remain highly sensitive to the gold price. Even at \$160 gold it is unlikely that the final will beat the 11c interim.

**Buffels:** Production is at its peak and there could be some problems if labour complements are not maintained this quarter. No details of Lucas Block drilling are given, but underground sampling for the quarter gave gold grades at the mine average and uranium well above average. The next move could well be a fairly rapid development deeper into the Lucas Block to help confirm surface drilling results. An interim of 90c to match last year's final seems well within reach.

**South Roodepoort:** The idea seems to be

to cut back production and high-grade as far as possible. But with necessarily increased development to re-establish ore reserves, unit costs shot up 11% on the quarter. Even so, operations are currently very close to break-even and a further gold price improvement could mean an early settlement of the outstanding loan from Genmin and the possibility of resumed dividends next year.

**West Rand Cons:** Reported withdrawal of operations from the Turk Shaft tribute area on neighbouring Luipaardsvlei could chop mill throughput. But a persistent rumour is of a bid for the mine to GF Props or treatment of its ore on a royalty basis. Despite renegotiation of old uranium contracts, net revenue is not getting into gear. Capex remains at a relatively high level. Any excitement as far as dividends are concerned is not likely this year and, at best, anything better than a 7c final, to make 10c for the year seems unlikely.

Jim Jones

## METRO CASH Expansion slowing

**Metcash,** the R200m king of the cash and carry business, has once again produced excellent results for the six months to end August. Despite the shares' 180% rise to 765c since the beginning of the year, there are still plenty of investors who want to climb on for the ride in anticipation that the 82% hike in the interim dividend to 20c (11c) will be repeated at the year end.

Judging by the figures, Metcash is

# 11-shift fortnight helps to push up OFS costs

WORKING costs on Anglo American Corporation's six Orange Free State gold mines rose by an average 5% in the September quarter — partly because of the 11-shift fortnight which has called for increased labour complements to maintain production

At the Free State Geduld-Freddie's complex, for example, additional labour over the six months since the 11-shift fortnight was implemented has cost the mine R870 000

At Welkom mine the reallocation of labour to maintain stopping output has led to a drop of 35% in development work

In contrast to the GFSA mines, which reported a lower gold price received in the September quarter, Anglo American's Free State mines received a higher price at \$144 an oz (\$141)

With an increase in total gold production and higher price, revenue for the six mines was up 3%.

Because of the merger of Free State Geduld and Freddie's, announced early in September, no figures for tax and State's share of profit are given in the combined financial and operating figures for the June and September quarters because this would be misleading

The joint metallurgical scheme has reported its first working profits amounting to R3 602 000 for the quarter. These profits relate only to earnings from the production of uranium from slimes

All revenues from the production of gold, acid and uranium from pyrite have been capitalised

The Free State Geduld-Freddie's complex milled 898 000 tons in the September quarter — 53 000 tons more than in the June quarter — but at a lower average grade of 13,06 g/t (13,96 g/t)

Costs a ton milled were virtually unchanged at R21,94. Slime totalling 507 710 tons was delivered to the JMS, earning a profit of R279 000

Total pre-tax profit for the quarter was R44 633 000 which includes a dividend payment from Freddie's of R15 800 000. Capital expenditure during the

quarter amounted to R25 319 000, including R14 600 000 on the acquisition of Freddie's

Tonnage milled at Free State Saaplaas was virtually unchanged, grade improved from 3,69 g/t to 3,85 g/t and gold produced improved to 1 201 kg (1 145 kg)

A working loss on gold of R1 520 000 (June, R1 250 000) was offset by a profit of R1 980 000 accruing from the JMS treatment of high-grade uranium slimes, plus net sundry revenue of R1 550 000

Net profit for the quarter was R1 850 000

It is expected that the accident of October 14 will cause a delay of two months in the commissioning of the No 3 shaft

While tonnage milled at President Brand in the quarter was better the grade was lower at 9,33 g/t (10,61 g/t) and gold production was lower.

Working profit fell by R2 640 000 to R12 079 000 and net profit was R7 815 000 (R11 568 000)

President Steyn reported an improved performance in the quarter. Mill throughput rose by 58 000 tons to 809 000 tons, grade increased to 8,88 g/t (8,05 g/t) and gold output was 1 140 kg better at 7 187 kg

Profit from slime delivered to the JMS was R621 000.

With nil tax payable, net profit amounted to R10 879 000 compared with R4 406 000 previously

Capital expenditure in the quarter was R9 477 000

Tonnage milled at Welkom was slightly more than in the June quarter. Yield was unchanged at 6,34 g/t and gold produced was 3 509 kg (3 439 kg)

Costs rose by 5,6% to R11 809 000, leaving a reduced working profit. After-tax profit fell to R1 950 000 (R2 773 000)

Western Holdings milled an improved 815 000 tons (764 000 tons), yield dropped to 11,15 g/t (11,71 g/t) and gold produced rose to 9 090 kg (8 948 kg).

Profit from slimes delivered to the JMS was R534 000

Net profit was little changed at R7 818 000 (R7 752 000)

During the quarter, 2 959 722

tons (June 1 807 404 tons) of slime were treated by the JMS flotation plants.

The uranium plant produced 94 420 kg (52 885 kg) of uranium oxide

The gold plant produced 114 kg

The profit of R3 602 000 relates only to the profit from treatment of uranium in slimes. All other costs and revenue have been capitalised during the plant commissioning period



# Higher tonnage, grade boost Vaal Reefs

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RDM 21/10/77

By DON ROBERTSON  
Mining Editor

AN INCREASE in tonnage milled at Vaal Reefs and the higher grade mined produced an acceptable rise in profits in the quarter to September.

As the mainstay of Anglo American's Transvaal producers, Vaal Reefs' operations show the benefits to be derived from higher production, and while unit costs are slightly higher than in the June quarter, the overall cost figure is proportionately lower.

Tonnage milled rose to 1 839 000 from 1 777 000 and with grade up to 9,34g/t from 8,79g/t, gold production rose to 17 183kg compared with 15 612kg.

The gold price received was virtually unchanged at \$141,9. Unit costs moved up to R27,32 a ton milled compared with R26,10 partly because of the need to increase labour complements to maintain production which has been affected by the 11-shift fortnight.

However, costs expressed in terms of dollars an ounce produced show a different picture, and at \$104,58 in the September quarter compared with \$106,2 in the June period were largely responsible for the improvement in working profits.

Profits on uranium sales were lower at R2 677 000 compared with R3 442 000, but this decline was offset by an increase to R1 479 000 from a loss of R52 000 in sundry revenue. The boost in this item stemmed from the interest earned on cash deposits flowing from the consumer loan.

The taxed profit was higher at R14 610 000 compared with R13 087 000.

Capital expenditure was R8 225 000, and for the year to December has been re-estimated at R41-million against R37-million, the rise being attributable to the plans to bring into operation the additional uranium production at an earlier date.

Development results offered

continued encouragement and the 2 720m sampled showed a gold value of 39,45g/t and a uranium value of 0,82kg/t over 50,9 cm.

Vaal Reefs South raised tonnage and grade to produce 5 923 kg of gold compared with 4 741 kg. With costs only slightly higher, profits moved up to R9 377 000 from R6 216 000.

Capital expenditure for the year to December has been recalculated at R21-million.

In development work, a gold grade of 17,45g/t and a uranium value of 0,55kg/t were revealed over 116,0 cm.

Western Deep Levels raised the recovery grade slightly in the quarter to 14,45g/t from 14,36g/t, but this was below target.

Conditions in the high-grade area at No 3 shaft were such that in spite of resumption of production after the fire, an improved grade could not be achieved.

Average grade for the year to December has been reduced to 14,6g/t from 15,0g/t although the tonnage rate remains the same.

The higher grade milled, however, was not sufficient to compensate for a lower mill throughput and an 11,43% rise in unit cost. The total cost figure was higher, equivalent to \$74,25 an oz produced compared with \$67,08.

Taxed profits fell to R11 516 000 from R13 013 000.

In development, the 220m sampled showed a gold value of 36,09g/t over 73,9 cm equivalent to 2 667 cm g/t.

East Daggafontein had a particularly good quarter, although the results are unlikely to be repeated. Taxed profits resulting from royalties, the sale of scrap and capital equipment and sundry revenue rose to R617 000 compared with R48 000 in the June period.

This was equivalent to earnings of 16,5c a share compared with the current share price of 38c.

Agreement with outside par-

ties for the sale of plant and recovery of gold from surface and underground clean-up operations has been concluded.

SA Land recorded a surplus of R388 000 compared with R412 000. Gold revenue was derived from the treatment of the waste rock dumps of the Sub-Nigel Betty and No 3 shafts, but the grade of this material is falling sharply and these operations may soon be stopped.

Drilling of the two boreholes continues and the reef, if present, is expected to be intersected before the end of the year.

Operations at Ergo continue ahead of schedule. The men and material shaft at Elandsrand has been sunk to 2 088m.

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# ONTLEDING VAN KWARTAALVERSLAE SEPTEMBER 1977

MYN	Goud gram per ton		Koste per ton gemaal (R)		Koste per ons (\$)		Ton gemaal	
	Junie	Sept	Junie	Sept	Junie	Sept	Junie	Sept
<b>RAND MINES</b>								
Blyvoor	12,30	11,96	27,3	29,2	79,6	87,28	44	460
Harmony	5,2	4,74	16,8	20,4	128,3	154,23	1533	1676
ERPM	5,9	6,18	31,2	29,7	189,3	172,1	384	471
Durban Deep	3,5	3,67	18,4	19,5	184,2	190,0	529	531
<b>GOUDVELDE</b>								
Wesdrie	23,0	22,8	27,3	28,0	42,5	43,89	560	615
Oosdrie	21,9	23,8	23,9	24,0	39,1	36,0	537	597
Vlakfontein	3,6	1,9	10,4	7,5	104,8	143,8	178	178
Kloof	12,3	12,5	26,4	31,5	76,6	90,2	478	426
Libanon	9,5	9,3	21,1	23,3	79,5	89,1	393	405
Venters	6,0	6,3	23,9	24,3	143,2	137,9	307	324
Doorns	9,0	9,5	27,6	30,17	109,0	113,2	335	355
<b>JCI</b>								
Randfontein	15,2	15,0	20,7	21,09	48,9	50,30	278	297
Western Areas	6,0	6,0	21,8	20,20	129,9	120,34	879	1000
<b>ANGLO VAAL</b>								
Harties	11,0	11,0	26,1	28,44	91,9	92,5	719	776
Loraine	6,8	6,3	29,0	28,81	143,8	164,0	305	323
E T Cons	6,7	6,4	16,5	16,89	88,6	95,1	85	86
<b>GENERAL MINING</b>								
Buffels	9,2	9,22	26,4	28,20	102	109,61	791	795
Stilfontein	8,3	8,59	34,2	34,4	147,1	143,00	469	503
South Road	5,1	5,45	22,0	24,5	154,1	160,90	55	51
W R Cons	6,2	6,02	23,2	23,2	303,7	331,7	168	161
<b>UNION CORP.</b>								
Bracken	6,6	6,8	16,8	16,6	91,1	87,5	210	205
Kinross	7,6	7,6	15,5	15,96	73,0	75,1	390	390
Leslie	4,8	4,8	19,0	17,51	141,5	130,2	217	225
St Helena	9,6	9,5	20,0	19,51	74,6	73,5	490	510
Winkelhaak	7,8	7,8	13,2	13,98	60,8	64,1	510	515
Marievale	3,2	3,2	8,9	9,04	99,9	101,0	270	270
Grootvier	4,4	3,4	12,7	12,13	118,7	98,6	360	400
<b>ANGLO AMERICAN</b>								
Freguls	17,5	13,06	21,4	21,94	50,9	60,00	845	898
F S Saar	3,6	3,85	18,9	20,69	184,4	192,3	130	312
Pres Brand	10,6	9,33	22,9	23,36	70,1	89,6	764	788
Pres Steyn	8,0	8,88	25,5	24,51	95,4	98,7	751	809
Welkom	6,3	6,34	20,4	21,35	108,6	120,4	546	553
Western Holdings	11,7	11,15	20,4	19,95	56,4	64,0	764	815
Vaal Reefs	8,7	9,34	26,1	27,32	103,5	104,6	1777	1839
Western Deep	14,3	14,45	26,3	30,01	70,3	74,3	792	764

Sake-Rapport 23/12/77 214

UNIVERSITY OF CAPE TOWN

1914 (1914)

Address of Applicant: ...

Name of Applicant: ...

Telephone No. X-X-XXXX

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REQUEST FOR APPROVAL OF POSTGRADUATE CANDIDATURE

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# BESTE KWARTAAL IN LANG TYD

SAKE-RAPPORT 23/10/77

(214)

Die gemiddelde kostestyging van die land se goudmyne was die afgelope kwartaal sowat 4 persent, wat een van die beste kwartaalvertonings in 'n lang tyd is.

Die tabel regs bo aan die blad, wat opgestel is deur PLJ van Rensburg, George Hysamer en Vennote, 'n makelaarsfirma, toon dat dit in die derde kwartaal vanjaar taamlik goed gegaan het met die meeste goudmyne en dat daar betreklik min verandering was.

Die meeste myne kon weer daarin slaag om die ton erts vermaal effens te verhoog, terwyl die gemiddelde graad by die ryker myne ook 'n klein styging getoon het.

Die koste per ton gemaal het in die meeste gevalle 'n klein styging getoon en die belangrikste rede hiervoor is die instel van elf werkskotte oor twee weke vir blanke myners. Kapitaaluitbreiding by die bestaande myne is nog steeds besig om af te neem.

Die gemiddelde goudprys wat ontvang is, was sowat 140 dollar per ons. Dit is aansienlik minder as die huidige goudprys. Omdat die produksie van Krugerande besig om steeds toe te neem, beteken dit dat die myne hul premie-inkomste stadiger ontvang.

## Staatshulp

Om dus 'n gemiddelde goudprys vir die huidige kwartaal te skat, kan die gemiddelde goudprys tot

aan die einde van die derde kwartaal van November geneem word. As die huidige prys van 160 dollar per ons dus gehandhaaf word, beteken dit dat die myne vir die vierde kwartaal 'n gemiddelde prys van tussen 150 en 155 dollar per ons kan ontvang. Dit is 'n aansienlike verbetering op die van die derde kwartaal en die meeste van die myne behoort dan besonder goed te vaar.

Totale staatshulp gedurende die derde kwartaal het 'n bietjie meer as R7 miljoen bedra. Die grootste hoeveelheid hiervan is uitbetaal aan Durban Deep en ERPM, wat onderskeidelik in die kwartaal gewerk het teen produksiekostes van 184 en 189 dollar per ons en inkomstes van 143,80 dollar en 139,0 dollar per ons. Albei hierdie myne behoort in die volgende kwartaal heelwat minder staatshulp nodig te hê.

Die gemiddelde geweegde produksiekoste van die verskillende mynhuse se goudmyne in dollars per ons was vir die kwartaal tot September soos volg (Junie in hakies). Rand Mines 141,75 (128,21) Goudvelde 61,66 (61,67) JCI 91,55 (94,90) Anglo Vaal 106,68 (99,55) General Mining 139,60 (135,2) Union Corporation 81,32 (83,17) Anglo 87,76 (82,38)

Intussen het die goudprys Woensdag en Donderdag heelwat teruggesak — basies omdat die dollar die tweedae aansienlik versterk het. Die jongste styging in die goudprys het baie nou saambeweeg met die verswakking in die dollar. Valuta-handelaars voel egter dat die verbetering in die dollar bloot tegnies is en dat dit binnekort weer verder kan terugsak. Die goudprys was dan ook Vrydag weer sowat 161 dollar.

Die goudaandele het sedert Woensdag besonder swak vertoon en self Donderdag en Vrydag toe die goudprys weer begin styg het, steeds gedaal. Dit is duidelik dat die buitelandse reaksie op vandeeweke se politieke gebeurde in Suid-Afrika steeds baie negatief bly.

# Hoër goudprys help nie

SAKE-  
RAPPORT  
23/10/77

(214)

Deur VIC DE KLERK

**DIE onvermoë van goudmyne om hul ontginningskoste vas te pen, het 'n paar van hulle met die jongste goudprysstyging minder voordeel laat behaal. Dis gewoonlik die grensmyne wat die meeste voordeel trek uit 'n styging in die goudprys. Maar ook 'n paar van hulle kon hul koste in die afgelope kwartaal nie vaspens nie.**

*In terme van ton ge-  
maal is Harmony die  
land se tweede grootste  
myn en normaalweg baie  
gewild. Die myn se koste  
het egter gestyg van 128  
dollar per ons tot 154  
dollar en is nou selfs ná  
die styging in die goud-  
prys swakker daaraan  
toe as 'n kwartaal gelede.*

Vlakfontein, met 'n lekker klein uitgereikte kapitaal, sou nou 'n ideale koop gewees het as sy koste nie gestyg het van 105 dollar tot 144 dollar per ons nie. Die rede was 'n skerp daling in die graad van 3,6 gram per ton tot 1,9. En dit begin al hoe meer lyk na die laaste stuiptrekkings van die myn

van 141,5 dollar tot 130,2 lyk ook goed. Hierdie myn kan nog 'n hele paar lekker dividende en kapitaal terugbetalings maak.

Onder die belangriker uraanprodusente het Harmony weer goed gedoen. Sy verdienste per aandeel uit uraan het verhoog van 11,6c tot 17,8c. Dit kon egter nie opmaak vir die swakker inkomste uit goud nie.

Die koste styging van Lorraine, wat oor die afgelope paar jaar baie groot kapitaalbestedings gehad het, bly ook altyd voor die goudprys. Nou het die produksiekoste weer gestyg van 144 dollar per ons tot 164 dollar. Die vooruitsigte van 'n wins bly steeds skraal.

Onder die swaargewigte het Freguls die afgelope kwartaal teleurgestel, terwyl President Brand en Welkom ook seker beter kan doen. Freguls se graad van erts vermaal was in die laaste tyd baie wisselvallig, en dit raak al hoe moeiliker om 'n waarde op hierdie aandeel te plaas.

## Leslie

Maar daar was ook 'n paar baie mooi vertonings. Daar is toenemende aanduidings dat Stilfontein die een of ander uraankontrak met Evkom beklink het en dat die myn binnekort 'n redelik groot uraanprodusent sal word. Maar moet nie van sy goud vergeet nie.

Sy produksiekoste het in die derde kwartaal gedaal tot 143 dollar teenoor 147 dollar per ons die vorige kwartaal. Teen die hoër goudprys is dit 'n aantreklike grensmyn.

Leslie het nou wel 'n baie kort lewe oor, maar die daling in produksiekoste

## Deelkraal

Harties se uraaninkomste het gestyg van 13,4c tot 20,6c, terwyl sy produksiekoste van goud slegs 'n klein styging van 92 tot 92,5-dollar per ons getoon het. Geld beskikbaar vir dividendbetaling het in die kwartaal gestyg van 38c tot 43c per aandeel.

Deelkraal het bekend gemaak dat hy besonder ryk neerslae in die Elsburg-rif gekry het. Daar word gepraat van 21 gram per ton of ongeveer dieselfde as dié van die land se rykste goudmyn, Oos-Drie Deelkraal is basies ontwikkel met die oog op die Venterspos-rif. Die vooruitsigte vir die myn moet dus nou beter wees as wat aangedui is in die prospektus toe die aandele teen 145c uitgereik is. Teen 150c moet dit 'n goeie kopie wees.

Ergo was die laaste paar weke ook baie gewild. Die aandeel het gestyg tot 500c voordat dit teruggesak het. Basies is dit ook 'n „grensmyn” en 'n hoër goudprys moet veral dié onderneeming se lewe verleng, omdat meer ou mynhope dan oorgewerk kan word.

Dit lyk ook na 'n goeie belegging teen die huidige prys van 465c.

# Harmony 'confident' on large uranium contract

Sunday Times Business Times 23/10/77

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By JEREMY WOODS

SOUTH Africa's uranium boom took another step forward on Friday when the chairman of Harmony Gold Mining, Tony Petersen, told shareholders he was "confident" the negotiations currently in progress for a large, long-term, contract would be satisfactorily concluded.

Mr Petersen, who was speaking at the company's annual general

meeting, pointed out that no details of the deal could be given at this stage because of the Atomic Energy Act.

Last week, Business Times said of the negotiations: "It is a fair bet that these negotiations are well advanced and that Harmony could be close to signing a major uranium contract."

The story added. "As-

suming Harmony is negotiating on a 10-year basis, the uranium contract could be to supply as much as 2 400 tons of the metal. It is rather a long shot but it may well prove right."

Mr Petersen also told shareholders that any increase of the bullion price above the \$145 mark must improve Har-

mony's dividend prospects. On Friday afternoon gold was trading close to \$162 an ounce.

The company has so far paid a 25c interim dividend and forecast at least another 25c for the final dividend.

Mr Petersen added that any increase in the gold price will help Harmony substantially to meet its capital expenditure programme.

# Golds slide ahead of Security Council meeting

By PAUL DOLD  
Financial Editor

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GOLD SHARES slid again on the Johannesburg Stock Exchange yesterday as the United States selling which began late on Friday continued.

Prices dived up to 16 percent with widespread falls in the seven to 10 percent range and the selling was in the face of a higher gold price

Bullion closed at \$164,25, a rise of \$3, after the late fix of \$163,25 and the morning's

\$162,70 The close was the highest level since the first half of August, 1975

The market fell sharply in the morning, firmed later in the day, but weakened again at the close in what some brokers believed was the worst day's trading since the Soweto riots. The falls thus far are nowhere near as severe as then but sufficient to depress investors

Brokers are nervously watching the bullion price which remains strong and is continuing to limit falls in the shares. The consensus remains that the selling has been overdone and prices should rise next week if bullion is firm and United Nations sanctions are not applied

The adoption of sanctions would probably lead to fresh falls in gold shares with the metal itself rising

The Securities Rand's weakened yesterday. After opening at 80,5 Us cents the SR rate weakened to 79,2 before hardening slightly to 79,5. The closing rate was 79B 80,50S, as against some 82c on Friday

Another leading barometer of the market - De Beers - fell 20c on the day

A Johannesburg arbitrage dealer said there was fairly heavy United States selling in the morning but this had taken place in active two-way trade. Biggest fall on the gold board was W Hold's 16 percent, followed by P Steyn 12,3 percent, Hartes 10,8, Kloof 10,7, Stuls 10, Elsberg 9,2, FS Saai 8,9, S Roodes 8,6, S Vaal 7,8, Kinross 7,8, Vaal Reefs 7,7, W Dries 7,5, Doorns 7,3, JCI 7,3, Brands 7,3 and Loraine 6,5 percent

Another Johannesburg view was that selling pressure had not

been heavy, rather it was a case of local institutions withdrawing buying orders

Last night the RDM Gold Index closed at 179,4 showing a 6,9 percent fall on the day and since last Monday the index has dropped 16,4 percent. The Industrial index has fallen only 3,55 percent

A comparison of last night's close with Tuesday's shows hefty falls in gold shares. Ergo a recent favourite is 9 percent down, Randfontein, the heavyweight of the sector 6,7 percent off, Maries 15, Sallies 12,5, Grootvlei 12, Bracken 14, Kinross 15,8, Buffels 11,2, Hartes 16,8, S Vaal 15,5, Vaal Reefs 16,8, Zandpan 12,8, FS Saai 13 Brands 18, W Holds 17, Blyvoors 17, E Drie 11,7, W Drie 17,8 and Libanon 12,6 percent

Part of the falls were due to disappointment over the high cost rises in the quarterlies but the main factor has been London and New York's reaction to local political developments

De Beers, one of the truly international South African stocks, has come back 9 percent from 514c to 468c. Anglo's is down 9,5 percent and Amgold 12,6 percent

Leading industrials have also declined. Abercom is 12 percent off at 220c, Barlows 9,4 percent lower at 315c, and SA Brews 6 percent down at 106c

The most heavily traded share in value terms yesterday was De Beers at R430 000, Ass Ore was second with R287 000 and P Steyn third at 273 000 followed by Randfontein at R127 000 and S Vaal's R123 000

The largest gain of the day was only 6 percent by Bradlows with Cons Murch, Vryheid and Indust and Com between 2 and 3 percent. Crown Mills, Gefco and Barclays firmed 1,6 percent

There was no panic selling yesterday and the market has experienced far worse declines but investors remain nervous

Own Correspondent  
LONDON - The price of gold rose again in London and Zurich following renewed pressure on the dollar. Swiss bankers reported that investors, mainly Arabs, were placing money into gold to protect themselves against the fall of the American currency. The dollar tumbled to a record low of 2,2362 against the Swiss franc in active trading, it fell to 2,598 against the German mark and was down to 252,30 on the yen

Dealers and analysts in London and Zurich said gold would continue to be strong, especially since the run on the dollar was likely to continue.

Last week the dollar rallied temporarily on a statement by United States Treasury Secretary Mr Michael Blumenthal that a strong and stable dollar was essential. But foreign-exchange dealers felt that such statements would not alter the fact that the United States trade deficit would continue to be unsatisfactory

In spite of a strong gold price, South African shares fell sharply in London.

Jobbers said that prices were marked down ahead of possible American selling in the late afternoon

The market appears to have digested the government's security measures, but is now worried that the United States will not use its veto to block sanctions against South Africa.

## The gate is open

JOHANNESBURG - The directors of African Gate Holdings, who manufacture and deal in iron and steel products, say there are signs that they can look forward to a slight expansion in demand for group products and a decrease in the effects of inflation

They say in their annual report they will make every endeavour to overcome the effects on their costs of the recent wage increase in the steel industry

Group attributable income in the 1977 year moved ahead to R2 538 000 (R2 472 000) - Sapa

## Parsons for UK

JOHANNESBURG - The executive director of Assocom, Mr Raymond Parsons, will take part in a top-level conference on Southern Africa in Britain in mid-November

The theme of the conference is "The economic and strategic repercussions of the Southern African imbroglio" and is being organized by Wilton Park.

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+ An elementary Latin course is offered

u&v. Law: If you are proceeding to the LL.B.degree you are strongly advised to take Latin I and II. A working knowledge of Afrikaans is desirable.

If you intend practising as an ADVOCATE, or, after having obtained the LL.B.degree, as an ATTORNEY, in the Republic or in South West Africa, you must include in your curriculum ENGLISH I AND AFRIKAANS or AFRIKAANS EN NEDERLANDS I.

w. Zoology II can only be taken after the completion of Chemistry I.

The Anglo Free Staters reported higher gold revenue per oz than the rest of the industry as results were closed off at end September, to coincide with the financial year end. This means the current quarter will be shorter and revenue correspondingly lower.

Bullion continues its steady advance and after the shake out last week, the shares are back on the uptrend. Once the market has had time to digest all the news from the UN prices should start moving ahead. But what could set prices off is if UK Chancellor Denis Healey announces a lifting of the surrender on dollar premium share sales. If so UK investors could be back in a big way.

**President Steyn:** Planned mill throughput of 300 000t month for the current year.

should ensure that unit cost increases are well contained. Despite planned capex of R19m, \$160 gold indicates distributable profits of 75c. Development sampling in the No 4 shaft area improved to 42 g/t and 2.134cm, confirming above average values as indicated by surface drilling.

**President Brand:** Capex will not slow down for some years. This year planned capex is R28m, of which R16.5m is for the Joint Metallurgical Scheme partly financed by loans. Next in line will be shaft sinking to open the south-western part of the lease area and a sub-shaft to open lower levels in the No 2 shaft area.

**Western Holdings:** Planned production for the current year is 3.1 Mt at 11.5g/t for earnings after capex of 400c with \$160 gold. Life on the high-grade Basal reef is limited. Higher gold prices could stimulate development of lower grade large tonnages on the Leader reef. Mining of this horizon will entail a rapid drop in grade and a possible scenario could be grade dropping to around 6g/t within three years if Leader reef ore is sweetened with higher grade Basal reef.

**Free State Geduld:** At \$160 gold, planned mill throughput of 3.5 Mt at 12.7g/t (which includes ore from Freddie's) should produce about 240c earnings. But the major question overhanging the mine is just how fast grade will decline. Capex on the Freddie's No 5 shaft system will be about R100m over the next four years. With falling grade, dividends are becoming highly gold price sensitive.

**Welkom:** Has the second largest stake (14.5%) in the JMS and results will eventually be relatively highly geared to JMS performance. It should be possible to hold grade at this year's planned 6.3 g/t for a few more years, and at improved gold prices additional tonnages beyond the eastern boundary are possible. Capex of R4.6m for the current year will hold

back dividends.

**Western Deep:** Capex should increase considerably in the final quarter if the estimate for the year is met. If so, it is difficult to forecast a final of greater than 40c. Uranium will have no effect on profits for two more years, with purchases necessary to fulfil contracts. Development sampling results on the VCR and Carbon Leader have improved, pointing to grade maintained at the current 14.6g/t. No major reduction in capex is likely next year.

**Vaal Reefs:** Capex appears to be lagging far behind schedule. Available earnings in the final quarter will depend largely on how much of the backlog is made up, and the timing of consumer loan drawdowns. Little likelihood of the final being much better than the 55c interim.

**St Helena:** Ore reserves are calculated on the basis of \$125 gold, but this hardly explains why development payability crumbled to 13% from the generally expected 60% or so.

Increasing emphasis is being placed on development and stoping in the lower grade No 8 shaft area and grade continues to decline. If current sampling results are a fair indication, the decline in recovery could be fairly rapid. Some near-term relief will be forthcoming, with clean-up of the old treatment plant. Capex is slowing down and with \$160 gold, 8.5 g/t recovery and 2.2 Mt mill throughput total dividends of 125c (115c) are possible for the current year.

**Winkelhaak:** Capex is at a low level and the mine is set for some years of steady operations, with a possible increase if use can be made of the Bracken mill. There should be few upsets and the likelihood with \$160 gold is for total dividends of at least 100c this year.

**Kinross:** Development sampling payability slumped to 18% (61%) with near-term implications of lower recovery

grade. Higher sampling values are expected in development from No 2 shaft but it is still hampered by water intersections. Milling is at full capacity and on the basis of \$160 gold and a drop in recovery to 7.2 g/t total dividends of 40c (34c) far possible.

**Leslie:** Grade should be maintained despite the decline in development sampling payability to 14% (74%) and a possible increase in mill throughput. \$160 gold would mean about 9c available for distribution of which 5c could be capital repayment. The higher gold price will only have a marginal effect on life unless low grade zones in the western part of the lease area can be opened up.

**Bracken:** Development sampling is no longer reported and reserves are dwindling, with recovery of around 6.6 g/t and mill throughput of 70 000t/month likely. On this basis \$160 gold would mean a lower potential distribution of around 22c (25c) for the current year.

**Grootvlei:** Development has been reduced to contain costs but the higher gold price could allow an increase. As I wrote on October 7, annual distributions of 20c are possible with \$160 gold, R13/t unit costs and 3.5 g/t recovery. Life is highly gold price sensitive.

**Marievale:** Development is not reported and is minimal to contain costs. A rapid gold price advance could stimulate development into Nigel. If gold holds above \$160, a final of at least 30c is possible.

**Wit Nigel:** Management estimates that \$167 gold is needed to cover costs and capex this year with State aid. The capex programme is aimed at increasing production and allowing better cost control. But there must be some question overhanging the scope for increased production. Even if gold performs well, dividends are over a year away.

Jim Jones

## GOLD QUARTERLIES: HOW THEY SHAPED

	Costs		Revenue		Gold			Uranium		Profit gold R'000	Uranium & other R'000	EPS after capex & loan levy c	
	R/kg	\$/oz	R/kg	\$/oz	Milled '000t	Recovery g/t	Milled '000t	Recovery kg/t					
<b>ANGLO AMERICAN</b>													
Free State Geduld	1 680	60 (56)	4 072	146	898	(845)	13.1	(14.0)	508	10.08	28 063	16 570	185.0
Free State Seal	5 376	192 (183)	4 113	147	312	(310)	3.9	(3.7)	507	10.20	1 517	3 363	(2.4)
President Brand	2 504	90 (77)	4 147	148	788	(764)	9.3	(10.6)	826	10.20	12 079	(391)	20.7
President Steyn	2 759	99 (114)	4 137	148	809	(751)	8.9	(8.1)	917	10.88	9 903	1 976	19.6
Vaal Reefs	2 924	105 (106)	3 968	142	1 839	(1 777)	9.3	(8.8)	1 192	0.22	17 945	1 367	32.0
Welkom	3 365	120 (116)	3 882	139	553	(546)	6.3	(6.3)	1	10.14	1 812	502	10.3
Western Deep	2 076	74 (67)	3 879	139	764	(792)	14.5	(14.4)	195	0.22	19 909	1 293	22.3
Western Holdings	1 789	64 (62)	3 826	137	815	(764)	11.2	(11.7)	664	10.09	18 513	1 523	67.5
<b>UNION CORP</b>													
Bracken	2 448	87 (91)	3 933	141	205	(210)	6.8	(6.6)			2 072	87	5.8
Grootvlei	2 756	96 (104)	3 882	139	400	(360)	4.4	(4.4)			1 982	3	7.2
Kinross	2 099	75 (73)	3 899	139	390	(390)	7.6	(7.6)			5 335	159	10.6
Leslie	3 640	130 (142)	3 964	142	225	(217)	4.8	(4.8)			350	14	1.6
Marievale	2 825	101 (99)	3 896	139	270	(270)	3.2	(3.2)			925	14	8.9
St Helena	2 054	73 (75)	3 884	139	510	(490)	9.5	(9.6)			8 867	82	26.5
Winkelhaak	1 792	64 (61)	3 900	139	515	(510)	7.8	(7.8)			8 469	506	23.2
<b>INDEPENDENT</b>													
Wit Nigel	4 760	171 (178)	3 845	130	63	(59)	5.2	(5.4)			(301)	5 335	(6.2)

\* Includes R15.8m dividend from Freddie's † Delivery to Joint Metallurgical Scheme ‡ After R2.8m royalty to Southvaal § Includes R300 000 State aid.



# Gold shares ease bullion falls again

28/10/77  
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By PAUL DOLD  
Financial Editor

A CRACK appeared in the bullion price late yesterday as the metal fell beneath the \$160 level during the prolonged late fixing session

At one stage during the fixing, which lasted more than 45 minutes, gold was quoted at \$159,80 and the final fix was \$160,15 - \$1,40 down on the morning

The metal closed at \$160,25 - \$2,95 lower than the previous close

United States futures markets dipped at their opening with Comex prices \$1,10-1,70 off - and IMM fell 40c to \$1,20

The news of the sharply lower United States trade deficit - exports were well ahead last month - contributed to the decline in gold

The Johannesburg stock market was generally unsettled yesterday with local selling of golds, described as being fairly strong but not widespread. There was some buying at the close. Investors were nervous ahead

of President Carter's policy statement on South Africa. Most of the market was easier with gold shares leading the trend

The Cape Times London correspondent says London brokers said yesterday that some South African institutions were offering lines of gold shares. This tends to reinforce the view locally that most of the selling yesterday was South African, not overseas

In London, where the lower late fix was received in time for the market, gold shares fell in moderate activity

Among gold producers Randfontein came back a little but was still 1 1/4 point down while St Helena dropped 1 1/4 and FSG lost 1-1/8 point. Amgold, President Brand and Vaal Reefs all eased 7/8. West Dries and Western Holdings shed 3/4 apiece

Financials were lower with the producers with the leading issues as much as 1/2 point lower. De Beers showed a net loss of 13p after some fluctuations. Coppers firmed with Minorco a penny higher while Messina finished a penny up after edging lower

Platinums eased with Bishopsgate down a penny and Rustenburg 4p lower. Industrials eased

On the JSE, falls in the golds of between 30 and 60c were widespread. Ergo fell from 478 to 455, ERPM was off 45c, Randfontein 75c, WR Cons 20c, Buffels 100 and Harties 135c, Vaal Reefs 50c, Freguls 75c, Harmony 30c, Steyn 40c, E Dries 40c, Kloof and Libanon were down 55c

The falls in golds were reflected in financial minings. Anglos was down to 468 from 490c, GFS fell 70c, Johnnies 25c as was TOLands, and Unicorp 15c

In asbestos, Gefco was off 15c and Cons Murch 10c. Leading industrials eased a few cents. Pe was down 15c on its forecast and profits and Nedbank and Bankorp were 5c easier

## Orders up

WASHINGTON - New orders received by United States durable goods manufacturers rose \$350m, or 0,6 percent, to seasonally adjusted \$58,6 billion, the Commerce Department said - Reuter

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SATURDAY, OCTOBER 29, 1977

# Arms embargo plan rocks Holland Street

**JOHANNESBURG** — World reaction to internal political developments and the added weight of the planned American arms embargo rocked the stock exchange this week.

Save a spirited rally on Tuesday and yesterday, which reflected technical factors rather than a change in market sentiment, prices were marked down sharply at each trading session.

The considerable amount of overseas selling helped push golds sharply lower along with other internationally traded shares. Pressure on industrials served to trim the Rand Daily Mail industrial index which fell below 200 mark, having breached this level only last month.

Monday's trading had to absorb a backlog of overseas selling orders which started on the previous Friday. Losses were accordingly fairly heavy. There was, however, a large amount of short selling from overseas sources and this, together with the rising bullion price, created a small squeeze on Tuesday. The resultant gains were in most cases sufficient to wipe out Monday's declines.

For the rest of the week, though, prices moved down in nervous trading

and despite a slight rally yesterday there were few shares which showed a plus movement on the period.

Harties led golds down with a loss of 355c over the five days with West Holdings, West Dries and Randfontein suffering losses of 200c or more. Exceptions were marginal, Durban Deep and South Roodepoort which added 10c and 15c respectively.

Overseas favourite, De Beers, shed 13c while Anamint was 200c down. Elsewhere in minings, coppers and coals lost ground while the two asbestos shares were also easier.

In London, Government bonds were as much as  $\frac{1}{2}$  point lower, with operators apparently apprehensive about the possibility of a new "tap" announcement.

Prices were also pushed down by profit-taking as some operators seemed to have overbought on Thursday. Trading was very quiet and the UK oxygen industrial dispute did not help sentiment.

Gold shares held steady at the levels reached earlier in the session and in line with the unchanged bullion indication.

Dealers said President Carter's policy speech on South Africa was not as harsh as expected.

Mining financials held firm in sympathy with producers. De Beers ended 10p higher after some fluctuations.

In Salisbury, the Rhodesian Stock Exchange finished the week on a steady note. In industrials there were more gains than losses — DDC-SAPA-RNS

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# Americans may go back to paying in gold

WASHINGTON — Those who invest in gold — be they private individuals seeking a hedge against inflation, or large firms seeking big profits — are being offered more and more ways by which to deal in the precious metal.

Two of the newer methods that can accommodate both the large and the small include making contracts

whose payments are based on gold and in buying rights to gold on deposit in Swiss banks

President Carter is expected to sign a recently passed Bill which permits Americans, for the first time in 44 years, to make contracts calling for payment in gold or in dollars measured in gold

Senator Jessie Helms, who

introduced the measure, said the bill would allow, for example, a utility company to sell bonds to average investors by promising that they would receive back their capital measured in the market value of gold at maturity. Such a promise, he said, would permit the bonds to be sold at a lower interest rate than usual.

"It may be a while before

## By JIM SRODES

any widespread use of this device is made," Mr Helms said, "but if inflation heats up, more people will be exploring ways to avoid it."

Extensive use of such contracts, some experts contend, could bring a return of a monetary gold standard, although other experts say this would occur only if the

oil-rich countries began writing them into their foreign sales contracts. Such a development, American analysts argue, is unlikely as long as there is a risk that gold prices will drop

Another gold investment alternative open to the smaller investor gaining some popularity here is the deposit certificate — a

receipt of sorts on gold stored in Swiss bank vaults. Certificates have so far been available only from Deak and Company (a member of the Deak Perera Finance Group) since early September, but will soon be available from another investment house, Shearson Hayden Stone Inc

A certificate, which enti-

ties the holder to up to 100 ounces of the metal, bought at the going Zurich gold price

Certificates offer several benefits over acquiring gold by other means, dealers claim there is no sales tax there are no assay costs, the owner does not have to report the certificates to internal revenue service

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20/10/77

# Two mines

211  
Actual



# to watch

IF THE price of gold stays above \$160 an ounce, investment interest is likely to focus on the big uranium producing counters that have marginal gold mining operations.

These uranium producers have low grade, high tonnage gold activities that make losses when the gold price is around the \$100 level and big profits when it rises to current levels.

Two names in this category are Harmony Gold Mining and Free State Saaplaas. Although there are others worthy of consideration, such as Stilfontein and West Rand Consolidated, Harmony and Saaplaas are the pick of the bunch because they are actually producing and selling uranium and gold and have long-term reserves of both.

## Capital outlay

Furthermore, neither share's prices have performed as well as other gold and uranium producers, although if the gold price steadies above \$160 or higher, they could start to do so.

At Harmony some hefty capital expenditure has restricted the dividend flow until this current financial year. So far, Harmony has announced a 25c interim dividend and forecasted a 25c final if gold stays above \$125.

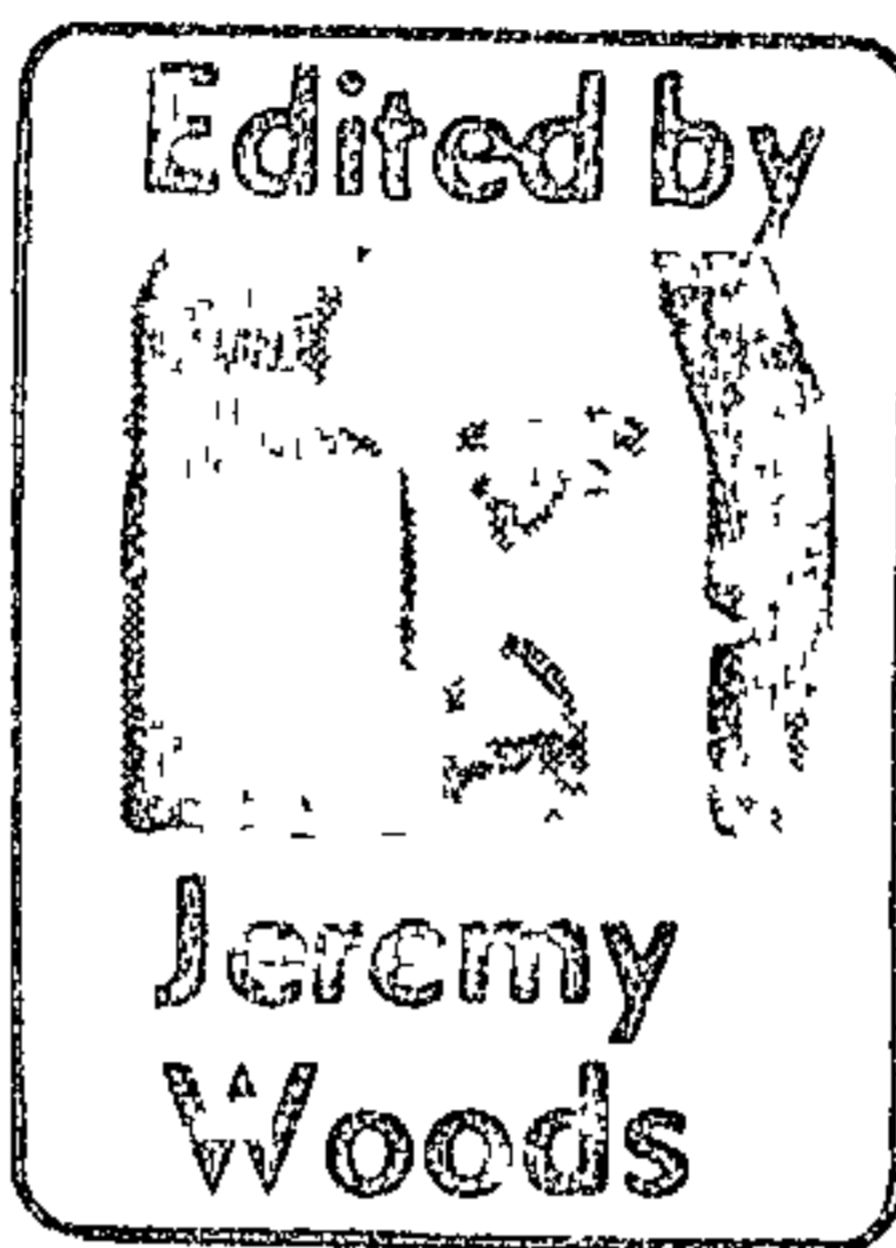
But chairman, Tony Petersen, told shareholders at the annual meeting on Friday last week that if gold stays around current levels, or moves higher, Harmony's dividend paying potential must improve.

Despite a large uranium contract being in the offing, the company will probably not sell anywhere near the quantity of uranium it did last year when it cut into a healthy stockpile. But the short-term is expected to be made up by higher gold earnings.

Harmony currently mills 6-million tons of ore a year and produces 3 900 kg of gold a month. At \$160 an ounce this brings the company in extra revenue of around R10-million a year.

If a third of this amount is taxed at a marginal rate and 63 per cent of the rest is used as capital expenditure or to pay a full tax bill, the prospects for the final dividend increase from the forecast 25c to nearer 50c.

At an average gold price of \$165 Harmony has the potential to pay more than



this, provided costs do not rise extraordinarily. There is no indication that they should escalate as the mine has recently increased its milling capacity by 30 000 tons to 500 000 tons a month, which lowers unit costs.

The effects of a rising gold price on Free State Saaplaas, which usually shows a loss on gold production, has been seen before. The last time gold came close to \$160 an ounce, Saaplaas shares were actively bought and moved from 165c to 200c.

## Political clouds

This time, after the recent accident at the No 3 shaft and the various political clouds that hang over South African gold shares at present, buyers have not been so willing.

For the year ended September 31, when for the most part gold averaged about \$125 an ounce,

Saaplaas lost R6,3-million on its gold operation. At current bullion price levels, these losses are almost negated.

Saaplaas, like Harmony is one of the top uranium producers with some of the highest grade slimes in the country. This year it plans to treat some 2-million tons of slimes - in much the same way as Ergo will, for gold, uranium and sulphur - having treated 932 000 tons last year. This apparent production should maintain uranium profits at R4, million.

## Slimes

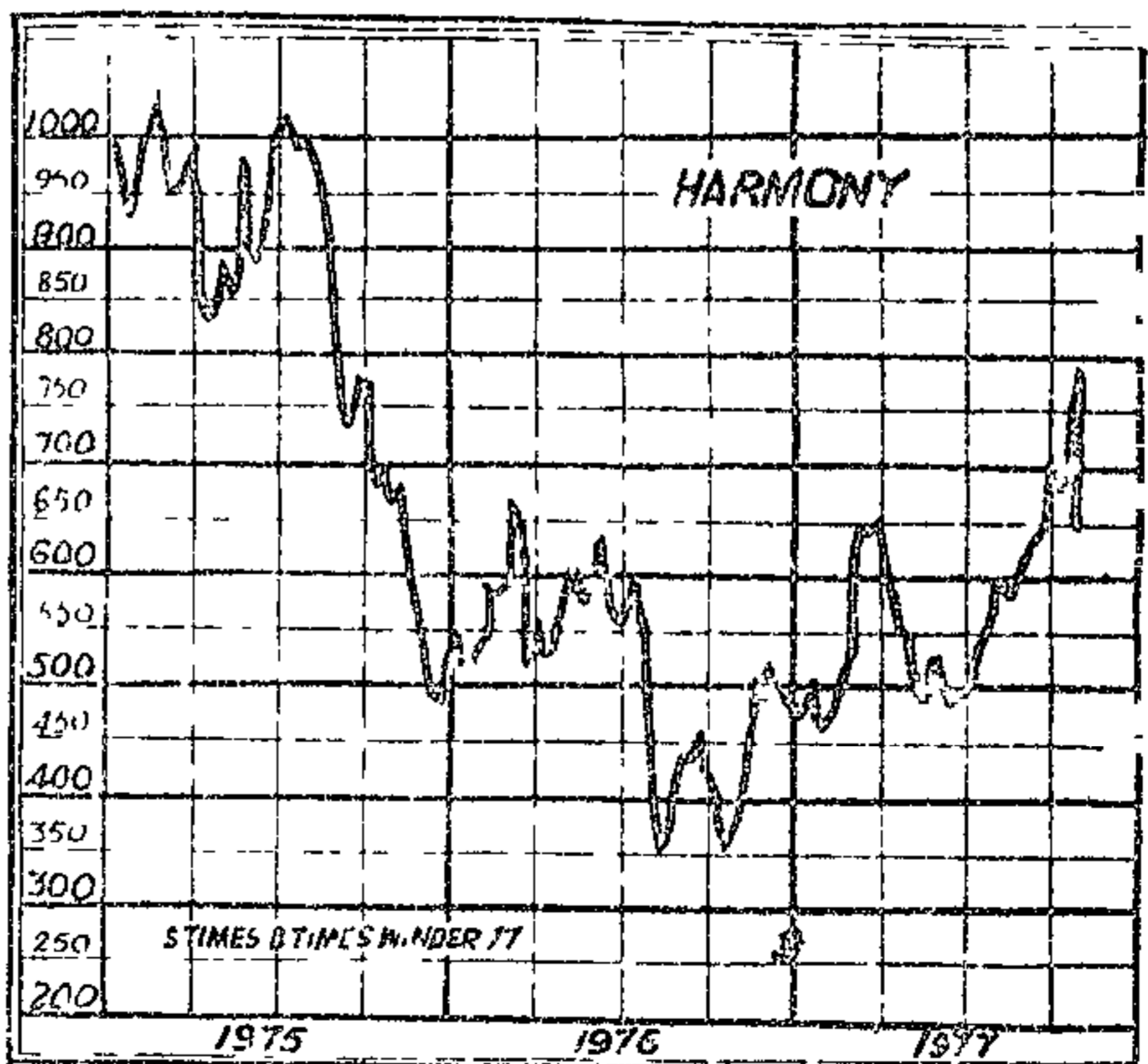
### treatment

So Saaplaas, on present indications, should maintain profits on its slimes treatment operation and achieve a close to break-even situation on the gold mining side.

With net sundry revenue and money on call, at about the same R4,6-million, net profits for the current year could increase to R11-million.

Total capital expenditure for the current year of R12-million will probably use R5-million of this amount, the balance could be drawn from its R38,4-million cash on call.

This will leave an estimated R6-million, assuming no tax is paid because of the high capital expenditure that could be distributed to shareholders in the current year. A 20c dividend payment would amount to 27c. A R6-million, a moderate amount indeed if the gold price continues to firm.



# Gold mine gets go-ahead

KMM 4/11/77

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## Staff Reporter

THE Simmer and Jack Gold Mine in Germiston is planning to recover 10 000 tons of good quality ore believed to lie under the Main Reef Road in the suburb of Primrose

The Germiston City Council has given the go-ahead for a section of the road to be closed and for the mine to explore and work the area between the N3 highway and the road linking the M2 highway and Stanhope Road

According to the old mine records, the ore is only 15-20 m below the surface at its shallowest

Mining operations are expected to take about 10 months

# London support keeps gold on the advance

A.D. 3/11/77  
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JOHANNESBURG — Support from London kept selected gold counters on the advance in Hollard Street yesterday although there were signs of some hesitancy ahead of the IMF auction.

Some operators could have been taking profits in heavily backed shares such as Harties and Randfontein, but overall the marginals continued to advance although at a slower pace.

A feature was AF Lease which leapt 55c to 580c on

speculation that an announcement of the go ahead of uranium operations was imminent.

A 100c rise in OTC's to 750c also reflects that the market volatility to any spark of good news was still present.

There was not much action on non-gold metal and the industrial fronts, but the tone was basically steady.

De Beers' 2c gain to 477c was an indication of the way trading went yesterday.

Palamin was firmer in coppers and Samanco put on 15c in manganese. Rusplat reacted to the production cutback coming off 2c to 112c, but other platinum were unchanged.

Collieries continued dull with Trans-Natal shedding 3c and Wit Cons declining 25c. Gefco and Msauli were up in the 5c range.

In London, the market showed further substantial falls in thin trading on continuing concern over

the impact on the British Government's pay policy of the coal miners' vote against a productivity scheme, dealers said.

Trading in gold shares was subdued on continuing concern over South African political developments.

Heavyweight shares rose by up to 1/4 point while other issues were mixed with a firmer tone.

In Salisbury, turnover on the Rhodesian Stock Exchange advanced sharply, but no trend developed and prices were mixed. — DDC-SAPA-RNS

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# ANGLOVAAL *Chairman's review*

## Reasoned plan for change needed involving all S.A. race groups - Mr Basil E. Hersov

The year under review proved to be even more difficult than predicted and there was a further decline in the real national growth rate. The progress of the South African economy has traditionally been dependent on the strength of its foreign trade and its attractions as an area for investment. Although there has been a welcome improvement on the current account of the balance of payments during the past year, this has been achieved partly as a result of increasing mineral exports but also partly as a result of restrictive monetary and fiscal policies. These latter policies reduced imports and the rate of increase of domestic expenditure, thus contributing to the lower rate of economic growth and consequent increased unemployment. At the same time the capital account of the balance of payments deteriorated during the year, mainly due to a decrease in the inflow of long-term capital resulting from the current political uncertainties in Southern Africa.

South Africa has a basic need for foreign investment, particularly risk capital, to achieve a high rate of growth and thus provide gainful employment for all its people. There is a long tradition of overseas investment in South Africa with strong ties of friendship and business association. The overseas investor's views of South Africa and its future as a home for capital investment is critical to our economic health and development. These investors are basically cautious in their approach and invest where they have confidence in security and growth and are therefore not only interested in the maintenance of stability but in positive evidence of social and industrial peace. We, as South Africans, must appreciate that we operate in isolation at the peril of our continued prosperity, which is essential for such peace. We must have the courage, moreover, as the need for various changes in our system becomes apparent, to effect these changes expeditiously, not merely to meet overseas opinion, but because they are right and necessary.

It is important to differentiate between varying overseas opinions and not to regard all overseas criticism as being hostile. I do not agree with the response to overseas critics by some in this country both in and out of government, that these critics will be satisfied with nothing short of total and immediate capitulation by the whites in South Africa.

This is a false generalisation and creates an atmosphere of unreasonableness and even hysteria. What is sought, both inside and outside South Africa, is reasoned planning for necessary change while safeguarding those things of value in our society. We need a plan and a direction from government that, in order to be effective internally as well as convincing externally, must be acceptable to all the people of South Africa and not only to a minority. There must be a change of attitude by some in authority who should realise that the threats of the dangers of genuine dialogue between all the people of South Africa are far outweighed by the serious consequences of non-communication and isolation.

What emerges from such communication may well fall short of satisfying the often unrealistic people who demonstrate and vote against South Africa in the world bodies. However, if it indicates a general acceptance of plans for action it will give the vast number of responsible people and institutions overseas who earnestly hope for peaceful change some positive indication of improved conditions in South Africa.

Much has been said in recent times of the role that the private sector should or should not play in the development of events. This subject was dwelt on in this review last year. Nevertheless it cannot be sufficiently stressed that, whatever the arguments may be for or against the participation of the private sector outside the strict confines of their immediate business interests in normal times, South Africa is at an historical watershed where it is vital that every single South African and every South African institution accept their full responsibilities in whatever sphere they operate.

The business community has thus an essential rôle to play and must be seen to be so doing. Its active participation in events will be seen as a significant portent of positive and healthy development in South Africa and will, I believe, in turn elicit from our overseas business counterparts a constructive response. In our Group we are continuing to make meaningful improvements in socio-economic conditions generally with special emphasis towards our employees, particularly in those areas where discrimination has retarded progress.

### Taxation of inflation profits

The problem of accounting for inflation has not yet reached sufficient consensus to be generally accepted. We have therefore continued to produce accounts on an historical basis while at the same time are cognisant of the vital necessity to provide higher rates of depreciation in the light of escalating replacement costs of plant and the need to adjust stock values. It is to be hoped that the fiscal authorities are aware of developments in this field and that relief from the use of inflated paper profits as a basis for taxation, which operates as a brake to growth of industrial development, will not be long delayed.

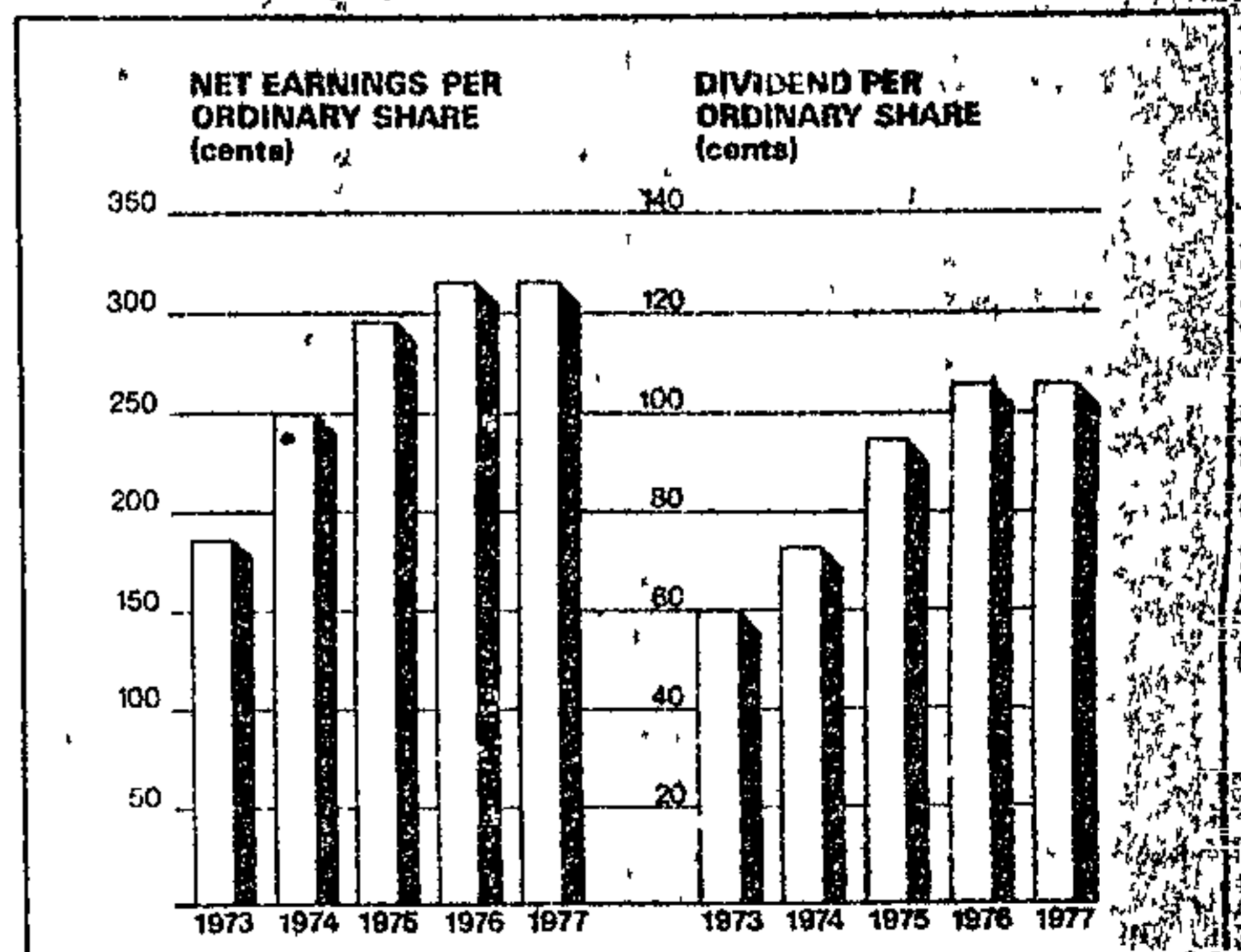
### Financial results

The consolidated taxed profit for the year ended 30 June 1977 attributable to members was R15475 000, compared with R18459 000 last year, and net earnings per ordinary share were unchanged at 818 cents per share.

While there was no diminution in profits earned, the lack of growth is attributable to higher working costs encountered in the mining industry, which, coupled with a lower gold price affected the level of dividends received from the Group's gold investments, and the continuing difficult trading conditions experienced by our industrial companies.

	Company		Consolidated	
	1977	1976	1977	1976
Profit after taxation	R8 109 000	R7 727 000	R27 077 000	R27 764 000
Dividends paid	R4 837 000	R4 848 000	R4 768 000	R4 767 000
Earnings per ordinary share*	181 cents	172 cents	318 cents	318 cents
Dividends per ordinary share	105 cents	105 cents	105 cents	105 cents
Investments				
Listed				
Book value	R35 011 000	R32 379 000	R37 900 000	R34 393 000
Market value	R76 328 000	R76 358 000	R92 972 000	R84 200 000
Unlisted				
Book value	R12 730 000	R12 616 000	R20 766 000	R20 689 000

\*Note: Earnings per share exclude the results of mining subsidiaries and extraordinary items.





The Company's own earnings were 181 cents per share, an increase of 5,2 per cent over last year and the ordinary dividend was maintained at 105 cents per share. As at 30 June 1977 the net asset value per ordinary share was 3 241 cents per share (1976 - 2 855 cents per share).

#### Investments

At 30 June 1977 the market value of the listed investments in the Company's portfolio was R76 328 000, compared with R76 356 000 at the end of the previous financial year. Prices have subsequently improved on The Johannesburg Stock Exchange, and on 3 October 1977 the market value was R90 987 000.

Since the end of the financial year the Group has disposed of its interest in Atok Platinum Mines (Proprietary) Limited to Rustenburg Platinum Holdings Limited ("RPH") for an amount of R1 513 248, which will be satisfied by the issue, subject to the approval by RPH shareholders, of 1 315 861 deferred ordinary shares in RPH, which will not rank for dividends until they are converted to ordinary shares on 1 September 1979. Loans to Atok will be repaid after three years.

#### Future prospects

One of the major problems facing companies at present is the achievement of a steady growth in earnings and the maintenance of an acceptable level of liquidity in the light of current rates of inflation and taxation. In planning for the current financial year, a high priority has been set on the maintenance of adequate levels

of liquidity throughout the Group with a view to being well placed to take advantage of new mining and industrial business opportunities.

While we support government's efforts to control inflation we are most perturbed at the growing unemployment, particularly of blacks, and feel that the time has arrived for government to stimulate certain of the depressed areas of industry. This should be done in labour-intensive areas so that, combined with the abolition of colour discrimination in the economic sphere, maximum employment can be re-created speedily.

#### Conclusion

In expressing my sincere appreciation to my colleagues on the board, to all the managers and staff at Head Office, at the London office, at all our Group companies and to all our 70 000 employees throughout the Group for their positive contribution to our successful operations during the past year, I know that I can depend upon their personal involvement and support in the rapidly changing conditions, many of which we shall have to initiate and advance ourselves, during the current year.

*Basil Hancock*

1 October 1977

## Extracts from the Directors' report

#### Financial

The Company earned a profit after taxation of R8 109 000 compared with R7 727 000 for the 1976 financial year and its net earnings per share rose to 181 cents (1976 - 172 cents), of which 105 cents (1976 - 105 cents) were declared as dividends. Consolidated profit after taxation attributable to members of R15 475 000 was virtually the same as last year. The lack of growth in earnings was due mainly to lower dividend payments received from the Group's gold mining investments and to the drop in profits from certain industrial companies due to the continued slowing down of industrial activity during the year.

The profit after taxation attributable to members was earned from the following classes of business:

	Consolidated	
	1977	1976
Gold and uranium	21	30
Other minerals and metals	25	18
Food and packaging	23	21
Building and allied industries	2	3
Engineering	15	9
Other industrial interests	12	15
Financial	2	1

#### Investments

During the year Food Corporation (Proprietary) Limited became a wholly owned subsidiary of South Atlantic Corporation Limited and Coffee Importers and Roasters (Proprietary) Limited of F W Beckett and Company Limited. Combine Cargo Limited, a subsidiary of the Company, was formed to enter the freight forwarding and shipping industry.

#### Mining investments

##### Middle Witwatersrand (Western Areas) Limited

Mining exploration finance and investment company

The main reason for the fall in the after-tax profit to R2 921 000 (1976 - R4 282 000) was the reduced level of dividends from the company's gold mining investments. As at 7 September 1977 the market value of listed investments had improved to R16 729 000 as against R40 896 000 at 30 June 1977.

#### Hartebeestfontein Gold Mining Company Limited

##### Gold and uranium producer

While gold revenue declined, working costs continued to increase and profit after taxation was consequently lower at R23 110 000 (1976 - R25 493 000). Cash resources were adversely affected by the increased loan levy imposed by the state and at 30 June 1977 a total of R8 753 000 (equal to 78 cents per share) had been contributed to this levy. Recently the company successfully concluded a two-year contract for the supply of uranium oxide which includes a R3 000 000 loan to the company. A sulphuric acid plant with an annual capacity of 140 000 tons of acid is to be constructed and is scheduled to commence operation in 1980.

The gold price has recently shown signs of an upward trend and world uranium prices at present remain firm. The black labour complement is more than adequate in numbers and should show an improvement in productivity. While no firm estimates of earnings and dividends can be made because of the number of variable factors involved, circumstances at present seem to be more favourable than at this time last year.

#### Zandpan Gold Mining Company Limited

##### Investment company

Profit (no taxation) for the year ended 30 June 1977 was R2 845 000 (1976 - R4 002 000). The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company Limited, remains unchanged at 2 200 000 shares with a market value at 30 June 1977 of R33 000 000 (1976 - R37 400 000).

#### Foram Gold Mines Limited

##### Gold producer

Due largely to the improved labour supply in the mining industry, the company was able to increase its tonnage. Grade and gold price received also showed an improvement and unit costs were contained at about the previous year's level. Unaudited results for the nine months to 30 June 1977 show a profit (no taxation) of R2 156 000, compared with R142 000 before extraordinary items in the previous financial year. Due to curtailment of the expansion programme, capital expenditure was much lower than in 1976 and the overall effect was an increase in earnings which were R242 000 after nine months' operations in the current financial year.

#### Eastern Transvaal Consolidated Mines Limited

##### Gold mining, farming and forestry

Profit after taxation was little changed at R1 694 000 (1976 - R1 633 000), an increase in working costs being offset by an increase in revenue and a reduction in other expenses. Tonnage mined and gold production should remain at about the same level as in the previous year.





## Extracts from the Directors' report (continued)

### Village Main Reef Gold Mining Company (1981) Limited

Gold mine

Operations at the mine consisted of the reclamation and sale of equipment, the treatment of a small sands dump, the mining of a South Reef outcrop pillar and partial surface clean up work. In addition, the treatment of calcines acquired from MCH Limited was commenced on a limited scale during the last quarter of the year. Approximately 200 kilograms of gold were recovered from all operations. The loss of R575 000 (1976 - R25 000) profit includes expenditure of R189 000 on plant and equipment purchased for the treatment of calcines, which will be the company's main activity for the next 2½ years.

### Rand Mines (Vogelstruisfontein) Gold Mining Company Limited

Gold mine (down)

Continuing inflation coupled with the gold price continued to preclude the resumption of any form of mining operations. The establishment of residential townships with a view to realising the company's freehold land to best advantage continues.

### Prieska Copper Mines (Proprietary) Limited

Producer of copper, zinc and pyrite concentrates

Assisted in the main by higher copper concentrates despatches and an improvement in the average L.M.C. price received for copper. Prieska earned a record operating profit of R16 089 000. After interest, loan repayments and capital expenditure, R3 910 000 was transferred to general reserve. Although Prieska ended the year with substantial cash reserves, due to low metal prices the outlook for the current year is not encouraging. Taking into account redemption of debentures, repayments of existing loans and capital expenditure of approximately R5 500 000, Prieska's financial resources will be severely strained.

### The Associated Manganese Mines of South Africa Limited

Producer of manganese and iron ores and manganese and chrome alloys

Unaudited profit after taxation for the six months to 30 June 1977 was R9 110 000 as against R19 619 000 in the 1976 financial year. The tonnage of manganese ore despatched in that year decreased somewhat but sales revenue increased due to larger despatches of higher grades and improved prices. Appreciably larger tonnages of iron ore were shipped at higher prices. During 1976 despatches of ferro alloys by the company's subsidiary FERALLOY LIMITED, were generally better than in 1975 and resulted in an operating profit for that company of R11 049 000 (1975 - R7 884 000). Following the announcement that the South African Railways will assume control of the Saldanha/Sishen railway the company proposes to proceed with its iron ore expansion programme at its Blackrock mine. Equipment and facilities to enable the company to produce sufficient iron ore to meet its commitments is estimated, at current prices to cost some R12 000 000.

### Consolidated Murchison Limited

Producer of antimony concentrates

Demand for antimony concentrates during the first two quarters of 1977 weakened with the result that the tonnage sold was approximately 5 000 tons less than during the same period in the previous year. The unaudited after-tax profit during the six months to 30 June 1977 was R2 495 000 as against R7 949 000 in the 1976 fiscal year.

### Anglo-Transvaal Collieries Limited

Investment company

The 1 078 019 Witbank Colliery, Limited ("Witbank") A shares held by the company were re-designated as ordinary shares in August 1976 and ranked for a dividend of 23 cents a share declared by Witbank on 11 February 1977.

### Industrial investments

#### Anglo-Transvaal Industries Limited

Industrial investment and finance company

The restrictive fiscal and monetary policies introduced in order to improve the country's balance of payments have, as anticipated, had a dampening effect on the economy and aggravated the already difficult trading conditions

encountered in industry. It was not surprising, therefore, that many of the company's subsidiaries were unable to match profits of the previous year. However, certain of the subsidiaries earned substantially improved profits which enabled the group to achieve a pre-tax profit of R28 539 000, which was only marginally lower than the profit of R28 959 000 earned in the previous year. Consolidated profit after taxation but before extraordinary items was R17 623 000 (1976 - R17 948 000). South Atlantic Corporation Limited and T.W. Beckett and Company Limited have acquired the entire issued share capitals of Food Corporation (Proprietary) Limited and Coffee Importers and Roasters (Proprietary) Limited respectively, and although these acquisitions do not have any material impact on the profits for the past year, it is anticipated that they will do so in the current financial year. In the highly competitive conditions which had developed in the road-making industry, it was decided to disinvest from Petrocol Limited with the exception of that company's subsidiary Rhodesia, Buumar Limited.

### South Atlantic Corporation Limited

Industrial holding company

Difficult trading conditions were again encountered by all subsidiaries in the South Atlantic Corporation group, stemming largely from the depressed state of the economy. Nevertheless, the group was able to achieve profits at approximately the same level as the previous year and the consolidated pre-tax profit for the year amounted to R12 870 000 (1976 - R12 484 000). After providing for taxation and the interests of the outside shareholders, the profit attributable to the ordinary shareholders was R4 117 000 (1976 - R3 992 000).

### Irvin & Johnson Limited

Trawler operators, fish and frozen food processors and distributors

As a result of poor fish catches and low yields from the company's vegetable processing operations, the profit attributable to ordinary shareholders was sharply reduced to R1 424 000 (1976 - R4 400 000). The extension of the country's territorial waters recently announced by Government has not yet come into operation, but even when adequate protection of the demersal fish resources is afforded by the authorities, improved catches cannot be expected in the short term.

### T.W. Beckett and Company Limited

Packers and distributors of tea and coffee

The consolidated profit after taxation, but before extraordinary items, improved to R2 642 000 (1976 - R1 698 000). Although the costs of tea and coffee continued to escalate throughout the year, the company was successful in maintaining its market share and adequate prices were obtained for its products under strongly competitive conditions.

### Concentra Limited

Producers of white fishmeal

An increase in the industry price of fishmeal to domestic consumers and higher export prices have helped to achieve a profit improvement for the year to R290 000 after taxation (1976 - R172 000). Profitability in the coming year should at least be maintained, provided world selling prices continue at their present high level.

### Globe Engineering Works Limited

Marine, electrical and general engineering

The material change in the fortunes of the Globe group is due to profits arising from the completion of a number of long term contracts and the fact that no further shipbuilding losses were incurred during the year. The result was a consolidated profit after taxation and before extraordinary items of R3 002 000 (1976 - R209 000). The volume of work on offer throughout the year remained at a low level in both marine and industrial engineering and profit margins have been under constant pressure. The delivery by JAMES BROWN & HAMFR LIMITED of the remaining five vessels and the completion of the



highly successful salvage and demolition contracts by a subsidiary of SHIPWRIGHTS AND ENGINEERS (CONTRACTING) LIMITED were the highlights of the year. BROADRICK INVESTMENTS LIMITED suffered from a shortage of work throughout the year and has been forced to take on a higher proportion of contracts at marginally prices. The difficult trading conditions experienced by group companies during the year are expected to continue.

#### Consolidated Glass Works Limited

*Manufacturers of glass and plastic containers and glass consumer products*

In depressed trading conditions, demand for glass containers continued to decline and sales volume was 19 per cent down on the previous year. However, with an improved product mix and higher selling prices, turnover was virtually unchanged. This factor, coupled with major manpower and machine productivity gains and stringent cost control, resulted in improved profits. Before extraordinary items and a prior year adjustment, consolidated pre-tax profit rose to R1 274 000 (1976 - R3 810 000). The forward order position for all glass products remains weak and there is, as yet, no sign of an upturn. However, further productivity improvements and cost containments are planned and it is anticipated that the past year's profit performance will be at least maintained.

#### National Bolts Limited

*Manufacturers of industrial fasteners*

Restrictions imposed early in the year on public sector expenditure drastically reduced the previous buoyant demand for non-standard fasteners. Coupled with this was a further downturn in demand for standard fasteners and overall sales volume is some 18 per cent lower than in the previous year. All plants are well below capacity and, notwithstanding rigid cost control and reduced labour complements, consolidated pre-tax profit fell substantially to R1 110 000 (1976 - R2 511 000). Future profitability will be heavily dependent on market conditions.

#### Steelmals Limited

*Engineering suppliers and contractors*

In the depressed economic conditions prevailing throughout the year, a further marked downturn in demand for capital equipment was experienced. There was also some weakening in the markets for non-capital goods and the overall profit contribution from the marketing divisions declined. In the contracting divisions, contracts of varied schedule, but at lower than anticipated profit contributions. Consolidated pre-tax profit for the year were 22 per cent down at R1 255 000 (1976 - R1 956 000). The current year has opened with an order book of R18 000 000 (1976 - R11 000 000) but, with a lower level of contracting contributions expected, profitability will be more dependent on marketing operations.

#### Claude Neon Lights (S.A.) Limited

*Manufacturers and lessors of advertising signs*

During the year demand for the company's products declined due to the economic recession and the near completion by the major oil and motor companies of their corporate identity programmes. These adverse effects were, however, offset by increased rental income flowing from the acquisition of the

President Neon Sign Company contracts in the previous financial year, leading to an after-tax profit improvement at R614 000 (1976 - R562 000). The reduced demand for signs and the introduction of commercial television scheduled for January 1978 are expected to affect profit adversely in the new year.

#### Denver Metal Works (Proprietary) Limited

*Producers of non-ferrous castings, extrusions and stampings*

Whilst demand for bronze products, supplied primarily to the mining industry, remained at a high level, the depressed conditions in the building and engineering sectors reduced off-take of brass and copper products. This, coupled with cost escalations, resulted in a drop in consolidated pre-tax profit from R1 224 000 in 1976 to R1 077 000 in 1977.

#### I. I. Rogoff Limited

*Indirect sales agents and distributors*

Although the company recorded a pre-tax profit, the need to provide for taxation in certain subsidiary companies resulted in a consolidated loss after taxation of R123 000 (1976 - R259 000). Operations were adversely affected by a number of non-recurring costs and the depressed economic conditions experienced throughout the year.

#### South African Fine Worsted (Proprietary) Limited

*Manufacturers of fine quality worsted cloth*

Demand for the company's worsted cloth was at a higher level than capacity throughout most of the year and the increased output following the extension of the spinning plant resulted in improved sales and pre-tax profit of R1 093 000 (1976 - R839 000). Further enlargement of capacity is being investigated but this is not expected to contribute to profits in the current year.

#### Cement and lime

*Anglo-Alpha Cement Limited*

*Cement, stone and lime producer*

The decline in the building and construction industry resulted in cement sales volume decreasing by 11.3 per cent compared with the previous financial year, while lower sales volumes were also recorded in most other divisions of the group. Despite a marked decline in profitability in cement operations, group pre-tax profit increased to R7 336 000, compared with R6 300 000 the previous year, as a result of the acquisition of the remaining shares in Hippo Holding Company Limited, improved performances in other sectors of the group and further cost savings. Prospects for the next financial year must be viewed in the light of the continuing downward trend in the building and construction industry and reduced profit margins on the group's products. If profits even approaching this year's levels are to be achieved in the current year, further substantial price increases are essential.

#### Exploration

The mineral exploration activities of the Group have escalated considerably over the last few years and are being continued at a high level. Special emphasis is being placed on the search for coal and uranium, while gold and base metal exploration continues mainly in the Transvaal and Orange Free State.

# ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

REGISTERED OFFICE:  
ANGLOVAAL HOUSE,  
56 MAIN STREET, JOHANNESBURG

LONDON SECRETARIES:  
ANGLO-TRANSVAAL TRUSTEES LIMITED,  
295 REGENT STREET, LONDON W1R 8ST

The Annual General Meeting of the Company will be held at 09h30 on 25 November, 1977 at the registered office of the Company

JWT I WALTER THOMPSON 346674

# Hollard trading slack

**JOHANNESBURG** — The market took a breather yesterday ahead of the weekend and trading was slack in most sectors.

Gold shares were a shade easier here and there. Brokers could not account for the lack of interest in the face of the climbing gold price.

However, they expect another run next week on the gold price of almost 166 dollars. Good news is flowing in on all sides of the gold front with jewellery and industrial demand climbing and no signs of resistance which usually sets in at a price of 160 dollars.

The success of this week's International Monetary Fund auction surpassed expectations. In spite of some hesitant days, gold board gains were up to 450c for the big counters and marginals were up to 75c higher.

De Beers were heavily traded in New York and London on Thursday ahead of the 17 per cent price increase announcement, but the Hollard Street price did not match the overseas advances partly because of the firmer securities rand.

Diamonds should also

be set for a run next week when the market has absorbed the implications of such a big price rise for De Beers profits.

Tins did not get off the ground mainly because the counters are tightly held.

Rusplat finished a few cents firmer on the week in spite of the mines production cutback. Investors are looking at the firmer platinum price but this may be illusory because the precious metal is being lifted by gold and the firmness may be temporary.

Coppers were off yesterday and only Palamin was a gainer on the week.

Coals were dull and only four counters showed weeks gains AT Cols, Natal Ants, Apex and WI Cols.

Gefco and Msauli saw-sawed within a narrow range and weeks gains were marginal. Mining financials eased with producers yesterday but the favourites were up on the week.

Industrials were steady — the sole feature being Otis which gained 100c. De Beers gained 22c to 497c on the week and Anamint advanced 100c to R53.

West Drie led the gold gains with a 450c advance. Randfontein and Western Holdings firmed 225c, Harties rose 270c and gains of over 100c were scored by the two presidents, St Helena and Libanon.

In London, the market lost ground yesterday in light and uncertain trading.

Gold shares held steady around opening higher levels. United States issues firmed while Canadians were occasionally mixed.

In Salisbury, quiet conditions persisted on the Rhodesian stock exchange yesterday with only small price changes in either direction, with the exception of Rho Abercom, which shed 15 cents to 80 cents. Mash Holdings lost one cent to 24c, while Rhodesia Cement and Clan added 3c each to 53c and 48c respectively. — SAPA-RNS.

FACULTY OF ARTS

LANGUAGE LABORATORIES : DAILY LOG SHEET

DATE:

LAB 1	LAB 1	LAB 2	LAB 1	LAB 1	LAB 2	LAB 1	LAB 2	LAB 1	LAB 2				
Language taught	Lecturer in charge	No. of students	Department or Faculty	Time: from	to	Total time - Hours, Minutes	Faulty machinery	Control unit No.	Cassette machine No.	Headphone No.	Reel-to-reel machine No.	Consoles	Other items

Remarks (Lab. attendant):

Signature (Lab. attendant):

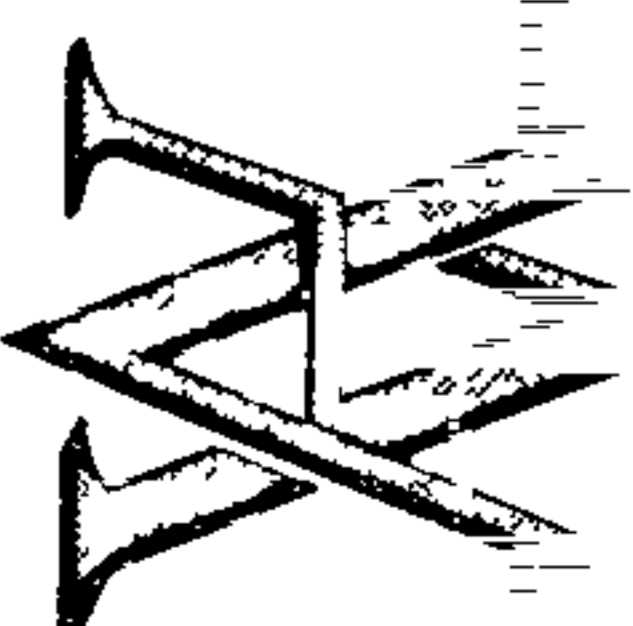
Remarks (Technical Manager):

Signature (Tech. Manager):

Daily log sheets to be completed after each session and submitted to TEACHING METHODS UNIT, Room 305, Molecular Biology Building, UCT.

Thank you.

# Uittreksels uit die Direkteursverslag (vervolg)



boekjaar. As gevolg van die inkorting van die uithandingsprogram, was kapitaal uitgawe heelwat laer as gedurende 1976 en die algehele uitwerking was 'n toename in verdienste van R242 000 na nege maande se bedrywighede gedurende die lopende boekjaar was

## Eastern Transvaal Consolidated Mines Limited

*Consolidated boerdery en boerdyn*  
Wyns na belasting het 'n geringe verandering getoon teen R1 694 000 1976 - R1 633 000, 'n toename in bedryfskoste gekontreer deur 'n toename in inkomste en afname in ander uitgawe. Toekomstig behandel en goudproduksie behoort teen ongeveer dieselfde peil as gedurende die vorige jaar te bly.

## Illage Main Reef Gold Mining Company (1984) Limited

*oudmyn*

Bedrywighede by die myn het bestaan uit die nawinning en verkoop van verduwing, die behandeling van 'n klein sandhoop, die ontginning van 'n huidige-dag-voornlaar en gedeeltelike bogronde opruimingswerk. Daarbenewens het die behandeling van kalsien verky van AECI Limited sedert einde die laaste kwartaal van die jaar op 'n beperkte skaal 'n aanvang gekry en ongeveer 200 kilogram goud is uit alle bedrywighede hervan. Die verlies van R375 000 (1976 - R25 000 wins) sluit uitgawe van R189 000 op aanleg en toerusting aangekoop vir die behandeling van kalsien in, en dit sal die maatskappy se vernameste bedrywighede vir die volgende 2½ jaar wees.

## Rand 1 Leases (Vogelstruifontein) Gold Mining Company Limited

*oudmyn (onafkef)*

Voortgesette inlfasse, gekoppel met die goudprys, het dit steeds on-inkomste gemaak om enige vorm van mynboubedrywighede te hervat. Die oprigting van 'n versterkte dorpsgebiede met die doel om die maatskappy se uitpaaigegrond ten beste tegelde te maak, gaan voort.

## Pratska Copper Mines (Proprietary) Limited

*Pratska van koper-, sink- en jurekkoentruaal*

Hoofsaaklik onderskrag deur hoer koperkonsentraatversendings en 'n bydraening in die gemiddelde London Metal Exchange-prys ontvang vir koper, het Pratska 'n rekordbedryfsjins van R16 089 000 verdien. Na rene, (ingetroegbeltings en kapitaal uitgawe, is R3 910 000 na algemene werke oorgepla. Alhoewel Pratska die jaar met aansienlike komant-in-hulpbrone gegendig het, is die vooruitsigte vir die lopende jaar as gevolg in hul metaalpryse nie bemoedigend nie. Met megeneming van die aflossing in skuldterwe, terugbeltings van bestaande lenings en kapitaal uitgawe in ongeveer R5 500 000, sal Pratska se finansieel hulpbronne ernstig versam word.

## The Associated Manganese Mines of South Africa Limited

*Witbank van mangaan- en ystererts en mangaan- en chroomalouwe*

Ongecontreerde wins na belasting vir die ses maande tot 30 Junie 1977 is R9 110 000 teenoor R19 619 000 in die 1976-boekjaar. Die toename in uitgawes versend gedurende daardie jaar het eñe afgeneem maar inkomste uit verkope het verhoog as gevolg van groter versendings van hoer raad en die verbeterde prys. Aansienlik groter toename ystererts is teen hoer prys verkryp. Gedurende 1976 was versendings van ferro-allooi by 're maatskappy se filiaal FERVALLOYS LIMITED in die algemeen beter as (durande 1975 en dit het 'n bedryfsjins vir daardie maatskappy van R1 049 000 (1975 - R7 884 000) meegebring. As gevolg van die inkondiging dat die Suid-Afrikaanse spoorwee beheer sal neem van die lidantial/Sishen-spoorweg, stel die maatskappy voor om voort te gaan met 'n versterkingsprogram by sy Blackrock-myn. Toerusting en rewe om die maatskappy in staat te stel om voldoende ystererts te produseer om aan sy verpligtinge te voldoen sal na ranning, teen huidige prys, sowat R12 000 000 kos.

## Consolidated Murchison Limited

*indien van antimonoonstruual*

Vraag na antimonoonkonsentraat gedurende die eerste twee kwartale van 1977 het verswak met die gevolg dat die toennemat verkoop ongeveer 5 000 in minder was as gedurende dieselfde tydperk die vorige jaar. Die ingekonditeerde wins na belasting vir die ses maande tot 30 Junie 1977 was 2 495 000 vergeleke met R7 949 000 gedurende die 1976-boekjaar.

## Anglo-Transvaal Collieries Limited

*leggingsmaatskappy*

Die 1 073 049 Witbank Colliery, Limited („Witbank“), „A“-aandeel, hou deur die maatskappy, is gedurende Augustus 1976 as gewone aandeel-berhoem en het vir 'n dividend van 23 sent per aandeel, verklaar deur Witbank op 14 Februarie 1977, gekwalifiseer.

## Nywerheidsbeleggings

### Anglo-Transvaal Industries Limited

*Nywerheidsbeleggings- en finansmaatskappy*

Die inperkende fiskale en monetêre beleid wat ingevoer is met die doel om die land se betalingsbalans te verbeter, het soos verwag, 'n versadigende uitwerking op die ekonomiese gebied en die reeds moeilike handelsomstandighede wat in die nywerheid teregkom is, verbeter. Dit was gevolglik nie verbasend dat baie van die maatskappye filiale nie in staat was om die winste van die vorige jaar te ewenaar nie. Sommige van die filiale het egter aansienlik verbeterde winste verdien, en die groep in staat gestel om 'n voorbelastingjins van R28 539 000 te behaal wat slegs grensgewys laer was as die wins van R28 959 000, wat vir die vorige jaar verdien is. Gekonsolideerde wins na belasting, maar voor buitengewone items, was R17 623 000 (1976 - R17 948 000). South Atlantic Corporation Limited en T.W. Beckert and Company Limited het die totale uingereike aandelekapitaal van Food Corporation (Proprietary) Limited en Coffee Importers and Roasters (Proprietary) Limited, onderskeidelik, verky, en alhoewel hierdie verkrygings nie enige wesenslike uitwerking op die winste vir die afgelepe jaar gehad het nie, word verwag dat dit wel gedurende die lopende boekjaar so sal wees. In die hoogs mededingende omstandighede wat in die padmaakbedryf ontwikkel het, is besluit om die belegging in Petrocol Limited met die uitsondering van daardie maatskappy se filiaal in Rhodesië, Binmat Limited, van die hand te sit.

### South Atlantic Corporation Limited

*Nywerheidsnywerheidsmaatskappy*

Moeilike handelsomstandighede is weeg deur alle filiale in die South Atlantic Corporation-groep teengekom, en dit was grootliks die gevolg van die bedrukte toestand van die ekonomiese. Die groep was destyds in 'n staat om winste teen ongeveer dieselfde vlak as die van die vorige jaar te behaal en die gekonsolideerde voorbelastingjins vir die jaar het R12 870 000 (1976 - R12 484 000) bedra. Na voorstelling vir belasting en die belang van buitendeelhouers, was die wins toedeebaar aan gewone-aandeelhouers R4 117 000 (1976 - R3 992 000).

### Irvin & Johnson Limited

*Tredeleraars, verwerkers en verspreiders van vas en bevoorre toekeel*

As gevolg van swak vingsangste en lae opbrings uit die maatskappy se groentewerkingsbedrywighede, is die wins toedeebaar aan gewone-aandeelhouers skerp na R1 424 000 (1976 - R4 400 000) verminder. Die uitbreiding van die land se territoriale waters soos onlangs deur die regering aangekondig, is nog nie in werking gestel nie, maar selfs wanneer voldoende beskerming van die onderwatervisbronne deur die owerheid gebied word, kan verbeterde vangste nie op die kort termyn verwag word nie.

### T.W. Beckert and Company Limited

*Verpakkers en verspreiders van tee en koffie*

Die gekonsolideerde wins na belasting, maar voor buitengewone items, het tot R2 642 000 (1976 - R1 698 000) gestyg. Alhoewel die koste van tee en koffie steeds dwarsdeur die jaar gestyg het, was die maatskappy geslaagd met die handhawing van sy marktaandeel en voldoende prys vir sy produkte is onder sterk mededingende omstandighede behaal.

### Concentra Limited

*Verwerking van vismeel*

'n Toename in die bedryfsjins vir vismeel aan huishoudelike verbruikers en hoer uitvoerpryse het meegehelp om 'n winsverhoging vir die jaar na R290 000 na belasting mee te bring (1976 - R172 000). Winsgewendheid in die komende jaar behoort ten minste gehandhaaf te word, met dien verstande dat wêreldverkooppryse op die huidige hoe vlak bly.

### Globe Engineering Works Limited

*Masjien-, elektriese en algemene ingenieurswese*

Die wesenslike verandering in die resultate van die Globe-groep is die gevolg van winste wat ontstaan uit die afhandeling van 'n aantal langtermyn-kontrakte en die feit dat geen verdere skeepsbouwerkse gedurende die jaar gegly is nie. Die resultaat was 'n gekonsolideerde wins na belasting en voor buitengewone items van R3 002 000 (1976 - R209 000). Die volume werk wat dwarsdeur die jaar aangebied is, het teen 'n lae peil in beide marine- en nywerheidsingenieurswese gebly en winsgrense was getreë onder druk. Die afweging deur JAMES BROWN & HAMER LIMITED van die oorby-wende vyf vaartuie en die voltooiing van die hoogs geslaagde bergings- en slopingkontraat deur 'n filiaal van SHIPWRIGHTS AND ENGINEERS HOLDINGS LIMITED was die hoogepunte van die jaar. BRODERICK

INVESTMENTS LIMITED het gesukkel omdat daar 'n tekort aan werk gedurende die jaar was en is gedwing om 'n groter gedeelte kontrakte teen gestryste te daardie. Die moeilike handelsomstandighede wat deur groep-maatskappye gedurende die jaar ervaar is, sal na verwagting voortduur.

### Consolidated Glass Works Limited

*Vervaardigers van glas- en plastiekhouers en glasverbruikersprodukte*

In bedrukte handelsomstandighede het vraag na glashouers steeds afgeneem en verkoopvolume was 19 persent minder as vir die vorige jaar. Met 'n verbeterende produkteversterkertheid en hoer verkooppryse, was omset bykans onveranderd. Hierdie faktor, gekoppel met groot mannekrag- en masjienproduktiwiteitsaanname en streng kostebeheer, het verbeterde wins meegebring. Voor buitengewone items en 'n aanpassing ten opsigte van 'n vorige jaar, het gekonsolideerde wins na belasting tot R4 274 000 (1976 - R3 842 000) gestyg. Die vermynde-illingsposisie vir alle klasse produkte bly swak en daar is tot op die huidige tydslip geen teken van 'n opswaai nie. Bykomende produktiwiteitsverbetering en kostebeperkings word egter beplan en dit word verwag dat die afgelepe jaar se winsvertoning ten minste gehandhaaf sal word.

### National Bolts Limited

*Vervaardigers van nywerheidshegstukke*

Beprekkings wat vroeg gedurende die jaar op uitgawe deur die publieke sektor ingestel is, het die vorige lewendige vraag na nie-gestandaardiseerde hegstukke drasties verminder. Gekoppel hiermee is 'n verder afname in die vraag na standaardhegstukke en totale verkoopvolume was sowat 18 persent laer as vir die vorige jaar. Alle aanleer het bereide kapasiteit gebruiksonner en interensierende streng kostebeheer en verminderde arbeidsom, het gekonsolideerde belaste wins aansienlik tot R1 140 000 (1976 - R2 541 000) gedaal. Toekomstige winsgewendheid sal hewig van markomstandighede afhang.

### Steelemetals Limited

*Ingenieursweters en konstruktors*

In die bedrukte ekonomiese omstandighede wat dwarsdeur die jaar geboers het, is 'n verder duidelike afname 'n vraag na kapitaal toerusting ervaar. Daar was ook 'n verswakking in die markte vir nie-kapitale goedere en die algehele winsbydrae uit die bemarkingsafdeling het afgeneem. In die kontrakteerdelings is kontrakte volgens plan afgehandel maar teen laer as verwagte winsbydras. Gekonsolideerde belaste winste vir die jaar was 22 persent minder teen R1 525 000 (1976 - R1 956 000). Die lopende jaar het begin met 'n bestelboek van R18 000 000 (1976 - R14 000 000) maar met 'n laer vlak van kontrakteerbydras wat verwag word, sal winsgewendheid met 'n bemerkingsbedrywighede afhang.

### Claude Neon Lights (S.A.) Limited

*Vervaardigers en verhuurders van adverteringsreklameborde*

Die vraag na die maatskappy se produkte het gedurende die jaar afgeneem maar as gevolg van die ekonomiese resesse en as gevolg van die feit dat die groot olie- en motormaatskappye hul verworpmiddelsprogramme nou bykans voltooi het. Hierdie nadelige aspekte is egter teengewerk deur verhoogde huurminkomste wat voortgespruit het uit die verkryging van die kontrakte van President Neon Sign Company gedurende die vorige boekjaar, wat 'n verbeterde wins na belasting van R614 000 (1976 - R562 000) tot gevolg gehad het. Die verminderde vraag na reklameborde en

die instelling van handelsleiwisse wat vir Januarie 1978 beplan is, sal die wins vir die nuwe jaar na verwagting nadelig maak.

### Dever Metal Works (Proprietary) Limited

*Producente van nie-ystergetstikke, eeltraas en stampels*

Tenyl die vraag na bronsprodukte, wat hoofsaaklik aan die mynboubedryf voorsien word, teen 'n hoe peil gebly het, het die bedrukte omstandighede in die bou- en ingenieurssektor geelkoper- en koperprodukte nadelig getraak. Die feit, gekoppel met kostesjins, het 'n afname in gekonsolideerde belaste winste vanaf R1 224 000 in 1976 na R1 027 000 in 1977 meegebring.

### E.I. Rogoff Limited

*Bestelverkoopgenote en verspreiders*

Alhoewel die maatskappy 'n voorbelastingjins aangereken het, het die behoefte om belasting in sommige filiaalmaatskappye te voorsien 'n gekonsolideerde verlies na belasting van R123 000 (1976 - R259 000) meegebring. Bedrywighede is nadelig getraak deur 'n aantal niwedikerende koste en die bedrukte ekonomiese omstandighede wat gedurende die jaar ervaar is.

### South African Fine Worsted (Proprietary) Limited

*Vervaardigers van jaksstofmateriaal van 'n hoer gehalte*

Die vraag na die maatskappye se pakstofmateriaal was teen 'n hoer peil as kapasiteit dwarsdeur die grootste gedeelte van die jaar en die verhoogde opbyngswal gevolyg het op die uitbreiding van die spinanleer het behoeftige verkope meegebring. Asook 'n belaste wins van R1 093 000 (1976 - R839 000). Verdere vergroting van kapasiteit word onder soek man die word nie verwag dat dit gedurende die huidige jaar tot winste sal bydra nie.

### Sement en kalk

**Anglo-Alpha Cement Limited**

*Sement-, klyp- en kalkproduksent*

Die afname in die bou- en konstruksiebedryf het meegebring dat sementverkope met 11,3 persent vergetelke by die van die vorige boekjaar afgeneem het, tenyl laer verkoopvolumes ook in die meeste ander afdelings van die groep aangereken is. Negerstaande 'n duidelike afname in winsgewendheid in sementbedrywighede, het die groep se belaste winste verhoog na R7 336 000 vergeleke by R6 500 000 die vorige jaar, as gevolg van die verkryging van die oorblywende aandele in Hippo Holding Company Limited, verbeterde vertonings in ander sektors van die groep en verdere kostebesparings. Vooruitsigte vir die volgende boekjaar moet teen die agtergrond van die voorligesette afwaartse tendense in die bou- en konstruksiebedryf en verminderde winsgrense op die groepsprodukte gesien word. Indien genoemde winste gedurende hierdie jaar selfs naasteby gehandhaaf moet word, sal aansienlike prysverhogings egter noodsaaklik wees.

### Eksplorasie

Die mineraleksploorasiebedrywighede van die groep het aansienlik oor die afgelepe paar jaar uitgebrei en dit word teen 'n hoer koers voortgesit. Spesiale klem word op die soeke na steenkool en uraan geel tenyl goud- en onedelmetaal-eksploorasie hoofsaaklik in die Transvaal en Oranje-Vrystaat voortgaan.

# ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

GEREGISTREERDE KANTOOR:  
HUIS ANGIOVAAL,  
MAINSTRAAT 56, JOHANNESBURG

LONDENSE SEKRETARISSE:  
ANGLO-TRANSVAAL TRUSTEES LIMITED,  
295 REGENT STREET, LONDON W1R 8ST

Die algemene jaarvergadering van die Maatskappy sal om 09h30 op 25 November 1977 in die geregistreerde kantoor van die Maatskappy gehou word.



GOLD

# \$200 odds-on in 1978

The present strength of gold, underlined this week when the price recovered sharply after reacting to \$164 on Tuesday, is extremely broadly-based, more so than on any previous occasions when it has been in the \$160-\$170 level. The important point is that both industrial and investment demand are strong whereas normally strength in the one tends to be offset by weakness in the other.

Striking evidence of good industrial demand has come from the Italian Gold Retailers Association, whose chairman said last week that Italy's gold jewellery exports by volume have continued to increase this year over 1976, when they were valued at \$550m. In addition, he said that "there are no signs of slackening in the last few weeks because of the higher gold prices".

A rule of thumb in the past has been that demand for gold jewellery tended to fall off sharply at about \$140-\$150. The threshold is now apparently much higher.

The Italian gold fabrication industry, which is the biggest in the world, absorbed 190 t last year. The figures published by Cons Gold Fields show the extent to which the industry was hit by higher gold prices over 1974-1975, when it absorbed only 59 t and 80 t respectively.

With industrial demand providing the base offtake for gold supplies at current prices and probably to some extent above, any increase in investment or speculative demand can raise the gold price much higher. The possibility of a

run up to \$180 in the near future and of a price well above \$200 in 1978 is odds-on.

The general manager of the Union Bank of Switzerland has observed that there has been official Arab buying in recent weeks. But the real evidence of rising speculative demand is the high demand for Krugerrands last month, when sales totalled 413 000 oz, or 20% of SA gold output. This compared with 231 000 in September and 224 000 in October 1976.

Political uncertainties, a weak dollar and the poor performance of key stock markets are the main reasons for the present level of hedging in gold.

The restraining features are lingering fears of a US gold auction and the poor USSR harvest, which may raise supply to the market. Swiss bankers say that USSR gold sales this year are likely to reach at least half SA's. In addition, supply has been supplemented in 1977 by sales on the part of certain central banks, rumour putting the central banks of Portugal and Peru in a prime position here. Early in the year some developing countries are also said to have sold small lots from the first restitution payment by IMF.

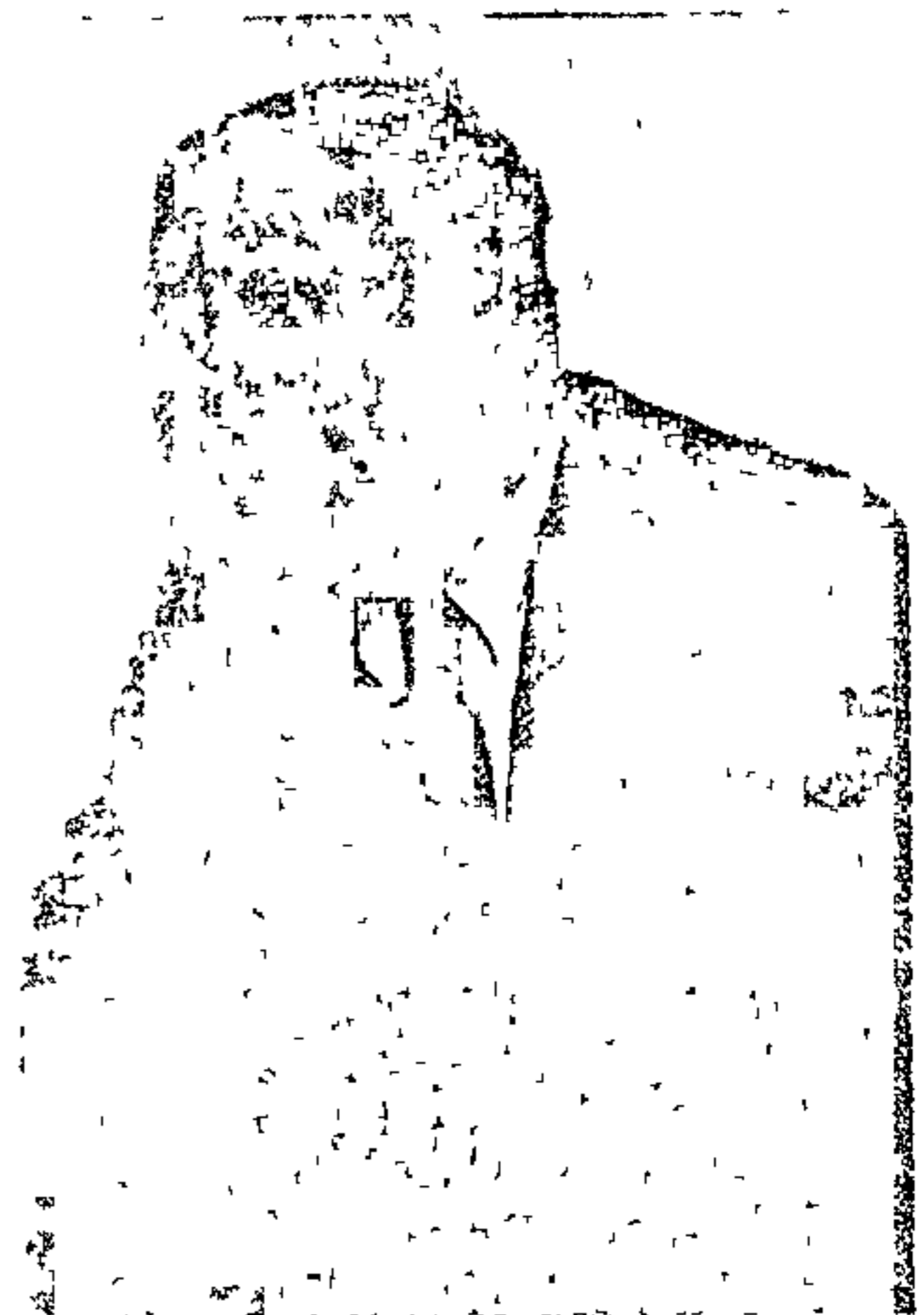
Swiss Bank Corp reckons gold supply will reach about 1 450 t, rather higher than the 1 405 t estimated for 1976 by the BIS in June.

On the outlook for gold in the US, however, Herb Coyne of the New York firm of J Aron, had some important predictions at this week's FM Investment Conference. Coyne believes that "a new gold consciousness is emerging in the US — a rising awareness of the metal's role as a store of value and hedge medium".

He forecast that growth potential is "geometric" among gold investors in the US, who are expected to buy 4.5m oz in 1977 out of total supplies of 10m oz to the US market. Coyne said that current offtake could be multiplied by a factor of two or three times and that "the US investor market for gold bullion and coins has virtually unlimited scope for expansion".

"The great gold market of the future," Coyne argued, "is the still largely untapped market of money managers and financial institutions." J Aron, in presentations to fund managers, has emphasised gold as a hedge medium in balanced portfolios.

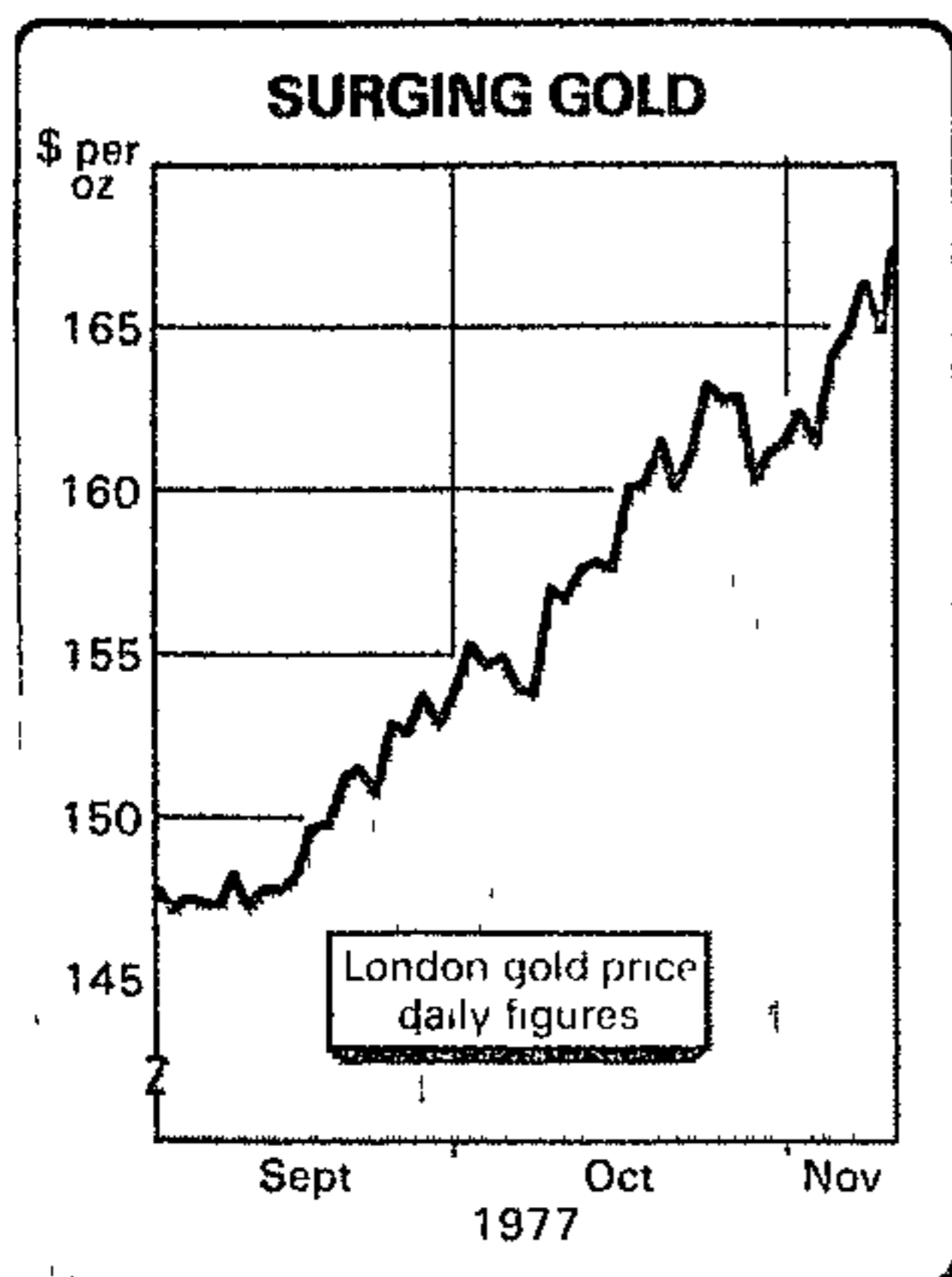
It is logical enough to suppose that once the gold-buying habit has become deeply rooted US fund managers will hold gold for its contra-cyclical qualities. The Swiss, after all, have been doing this



Herb Coyne . . . big potential in the US gold market

for years. But, as Coyne says, it is the untapped nature of the US market that has appeal — "particularly among the large money managers and financial institutions which direct the flow of trillions of dollars of investment capital".

Richard Rolfe



FM 11/11/77 (214)

**ANGLOVAAL**

**Liquidity priority**

**Activities:** Mining finance house with interests in gold (Hartes, Loraine and FT Cons) and copper/zinc (Prieska) Holds 40,7% interest in Associated Manganese Wide industrial interests held through Anglo Transvaal Industries Owns 51% of Middle Wits

**Chairman:** B E Hersov, deputy chairman C S Menell.

**Capital structure:** 1,78m ordinaries of 50c, 1,78m 'A' ordinaries of 50c, 377 350 6% cum red prefs of R2, 1m 5% cum red prefs of R2, and 1,5m part prefs of R2 Market capitalisation R48,1m

**Financial:** Year to June 30 1977 Borrowings long and medium term, R34,5m Net cash R2,4m Current ratio 1,6 Capital commitments R6,6m

**Share market:** Price 1 350c (1976-77 high, 1 900c, low, 1 235c, trading volume last quarter, 65 000 shares) Yields

22,6% on earnings, 7,8% on dividend Cover 2,9 P/E ratio 4,4

Profits have been on a plateau for three years. Despite the improved gold price and prospects of selective stimulation of the economy there seems some prospect of a decline during the current year

	74	75	76	77
Dividend in cash (R 000)	3 505	6 687	7 935	7 444
Pre-tax profit (R 000)	35 132	39 148	41 419	40 717
Earnings (c)	236	318	313	305
Dividends (c)	75	95	105	105
Net asset value (c)	2 378	3 617	3 193	3 536

"A high priority," says chairman Basil Hersov, "has been set on the maintenance of adequate liquidity throughout the group." A measure of the relative tightening of liquidity is the decline in deposits of associate companies to R41,4m from R66,1m. At the same time, bank overdrafts and short term borrowings rose to R32,6m from R19,6m.

Gold and uranium holdings contributed 21% (30%) of the year's taxed profit. Though there should be an improvement during the current year, capex at Hartes and Loraine will be a restraining influence. Improved gold dividends on Anglovaal's cash flow will not make any substantial impact until the 1979 financial year.

Mercabank :

No. 1 Public

No. 3 The B

No. 5 The C

No. 10 Money

No. 12 The S

No. 13 The B

Base metals and minerals increased their contribution to consolidated taxed profit to 25% (18%). Much of the increase arose from the record turnover and profit generated by Prieska, which, however, faces a downturn in the current year. In addition Prieska is faced with heavy capex and loan repayments and its liquidity position will be under strain. Associated Manganese's growth rate is slowing down and until the world steel industry recovers there is little prospect of a major improvement. Expansion of

J.J.J. van Rensburg : Private Consumption 1947 - 1977. S.A.R.B.O.B. December 1973.

G. Steenkamp and G.J. Swanepoel . Gross In from 1946 - 1973. S.A.R.B.Q.B. December 1973.

3. FURTHER THEORIES OF THE DEMAND FOR MONEY.

M. Friedman : The Quantity Theory of Money Studies in the Quantity Theory of Money Clower (ed) Monetary Theory chap. 7.

D.E.W. Laidler : The Demand for Money C

F.R. Glahe : Macroeconomics Chap. 9.

4. THE DETERMINATION OF THE SUPPLY OF MONEY

Glahe Chap. 8

R.L. Teigen : The Demand for and Supply of Money in W.L. Smith and Teigen Readings p. 74.

5. THE MONEY SUPPLY PROCESS IN SOUTH AFRICA.

Goedhys

Mercabank Survey, Money and Banking.

Assmang's iron ore mine, Blackrock, is the group's main commitment, with total capex of R12m. Loss making Atok has been disposed of in exchange for Rustenburg shares since the end of the financial year. The immediate effect on Anglovaal will be a staunching of the outflow of funds to keep the mine in operation, but the timing of dividends from Rustenburg is conjectural.

The same picture of limited near-term growth prospects appears for the industrial interests of the group (Companies, November 4). There is some cushion in the wide spread of investments, but with a pattern of declining returns on capital and narrowing margins overall liquidity again looks like coming under some pressure. This all adds up to a need to keep retentions at as high a level as possible to avoid undue cash flow strains.

Though the emphasis will be on maintaining liquidity, it is difficult to fault the group's financial structure. The slowdown in activity has helped improve the composition of current assets and liabilities. But the effect of the squeeze on operations is apparent, with stocks increasing by 6,6% to R87,2m, debtors by 6,1% and creditors declining by 4,7% while trading income remained more or less static. So there is the possibility of a deterioration in the current year.

Long term borrowings are, if anything, on the conservative side. An amount of R4,7m is repayable during the current year and included under current liabilities. So there are going to be no shocks as far as the balance sheet is concerned.

On year-end figures the share price discounts net worth by 62% and with the improvement in the gold market since then the discount probably stands at about 67%, reflecting the limited near-term earnings growth potential. Until there is a turnaround in industrial activity, any possible improvement on gold considerations will be restrained.

The shares are best suited to investors with medium-term objectives, but there is little hurry to buy. The same holds for the pyramid Anglovaal Holdings, in which the Hersov and Menell families hold just over 50% and General Mining 19%.

There is no suggestion at present that control of the group is up for grabs. But the moral of deals such as, for instance, Tiger-Adingra is that the top company is the place to be. At 135c, yielding 7,4%, Avhold is capitalised at a mere R12,4m, yet it is the key to control of gross assets worth plus or minus R400m. *Jim Jones*

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# Buffels raises income

JOHANNESBURG — Buffelsfontein was the only General Mining gold mining company to show improved income in the quarter ended September 30.

Both Stiifontein and West Rand Consolidated milled more tonnage, but for lower income, especially West Rand, while South Roodepoort was only a little over the break-even mark.

Buffelsfontein milled 797 000 tons (791 000 in the previous quarter) at a yield of 9,22 G/T (9,29) and a working revenue of R28,618 million (R28,371 million).

Income on uranium production was R4,949 million (R800 000) and income after taxation and State's share was R6,970 million (R6,449 million)

## Production held

The report said that production had been maintained at a high level and the Black labour supply remained good.

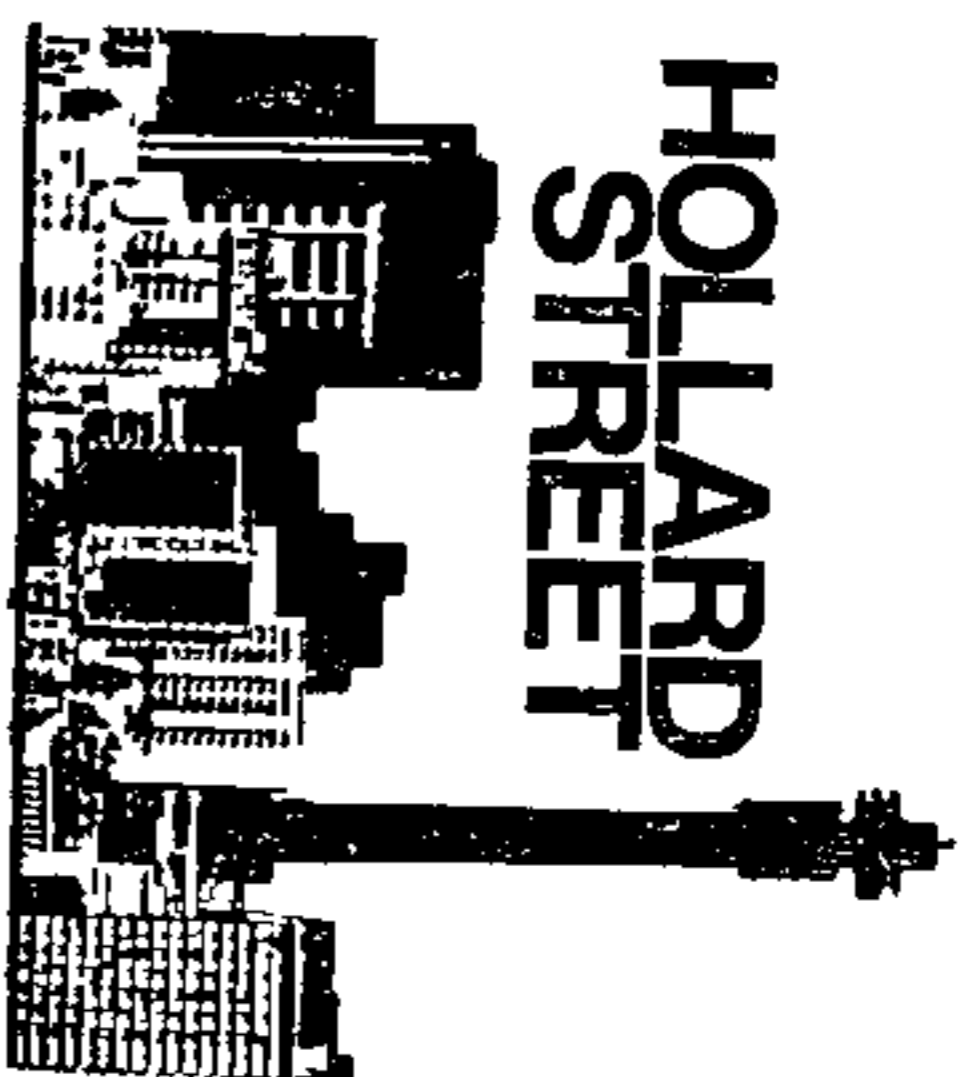
Although the free market price of gold had been in excess of 145 dollars per ounce, a price of 139 dollars was realised, owing to the irregular pattern of sales

Working costs increased by R1,593 million mainly as a result of increases in salaries and wages as well as stores cost escalations

At Stiifontein 503 000 tons were milled (469 000) at a yield of 8,59 G/T (8,33) for a working revenue of R15,829 million (R15 472 million). Income after taxation and State's share was R1,067 million (R1,315 million).



# Deeper look at W Areas



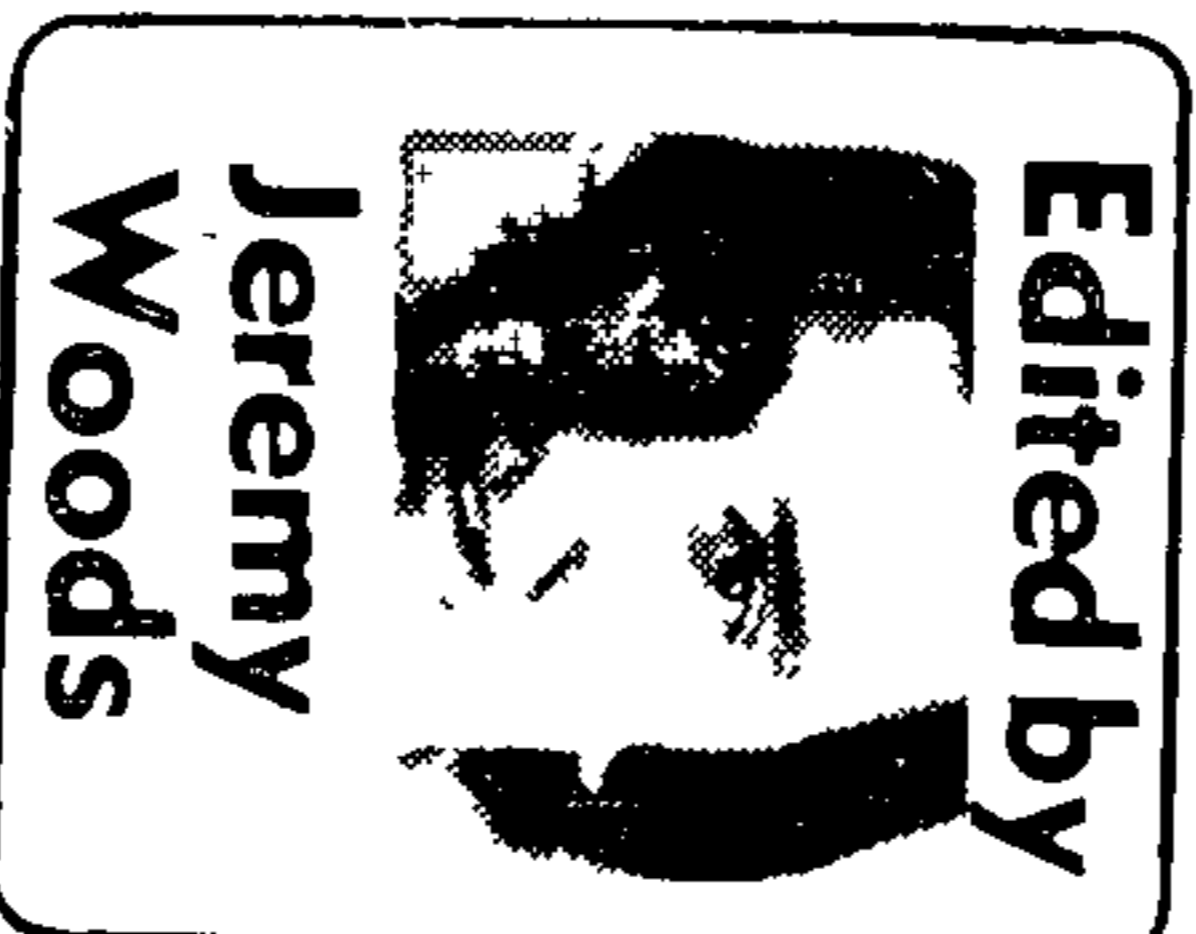
**THE exploration and development of the Middle Elsbury Reef by Western Areas Gold Mining has moved into top gear after an optimistic statement by Sir Albert Robinson, chairman of JCI, on the mine's future.**

Sir Albert said in his annual chairman's review this week that "investigations are continuing to determine the economic potential of the Middle Elsbury Reef which occur below the reef currently being exploited. At the Cooke section of Randfontein, the Middle Elsbury Reefs are being mined for their combined gold and uranium content and it is possible that this could also be done at Western Areas. This would add significantly to the mine's ore reserve and its future profitability."

This week in discussions with top Western Areas executives it was made clear that they were confident that a new uranium mine existed beneath the Upper Middle Elsbury Reef currently being worked for gold by Western Areas.

If this is the case, it must be one of the few times a new mine has been discovered below the reef of an existing one.

But the real interest in the situation centres on the fact that the Middle Elsbury Reefs are the rich gold and uranium reefs being mined



at the adjacent Cooke section of Randfontein.

So far several boreholes' results have been evaluated and these confirm uranium values as high as 0.75 kg per ton. These values certainly match the southern section of Randfontein's Cooke section. More borehole results are expected to be ready by the end of next month.

So far the drilling programme, which has been taking place from the Upper Reefs, Elsbury has been in operation for 18 months.

However, after Sir Albert's statement Western Areas is speeding up the whole operation.

Although the Western Areas' north shaft could be used for the new mine, considerable development work will have to be done from the shaft out to the uranium-bearing ore.

Thus, it is said, could take two years to complete and it is likely to be nearer four years before uranium

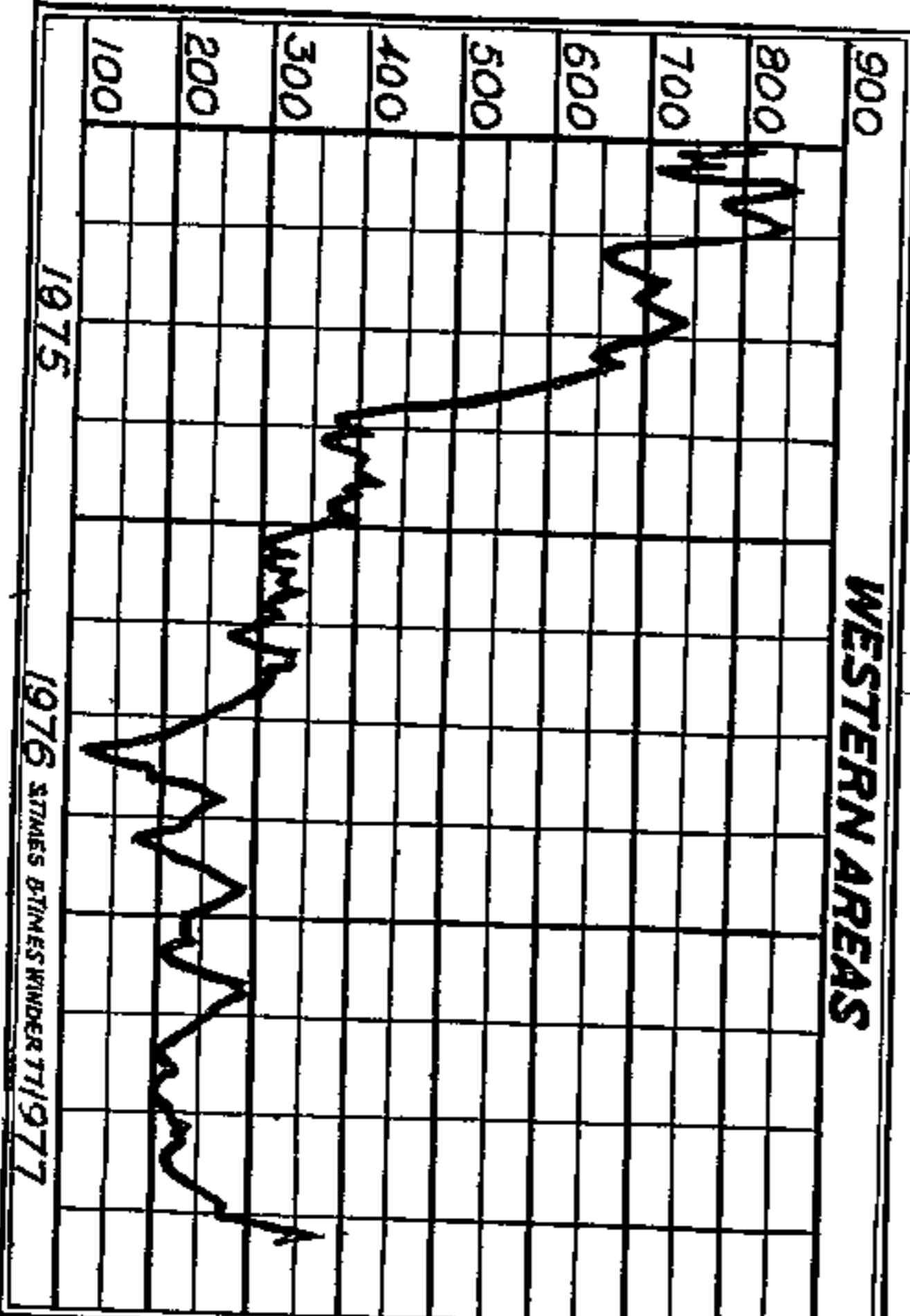
production is really under way.

Fortunately, development of this new uranium deposit would come on stream at a time when much of the gold-bearing ore around the North Shaft will have been mined out and development for gold moved south.

Western Areas is a long-life medium-grade mine whose recovery grade should increase as development of its gold field spreads south.

The mine should pay a 6c final dividend next month making 12c for the year — and it could double next year if the gold price averages \$160.

At 310c the shares look fairly priced on their gold content, there appears to be no premium for the uranium potential.



WESTERN AREAS  
 1976 SHARES BY THE END OF 1977

# Gold Fields se blokkom

take - rapport  
20/11/77

FR. 77.63

VAN GIELIE DE KOCK

(214)

LONDEN

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**AS die kommentaar van Londense finansiële skrywers die maatstaf is, wag daar vir Consolidated Gold Fields, beheermaatskappy van Suid-Afrika se Goudvelde van Suid-Afrika, swarigheid met sy regte-uitgifte van £40 miljoen (R62 miljoen) in die komende week.**

Soos die bekende Patrick Sergeant van die Daily Mail dit stel: „Die aandeelhouders van Consolidated Gold Fields, wat 'n harde klompie jare agter die rug het, sal hierdie week moet besluit of die jongste blokkom van £40 miljoen die laaste strooi is.” Hierdie maatskappy het die afgelope tien jaar sy aandeelhouders vier keer om meer geld gevra. Met sy rekord van die afgelope dekade behoort hy nie meer geld van sy aandeelhouders te kry nie, meen Londense beurskenner.

Daar word gesê dat elk van die laaste drie regte-uitgiftes duidelike tekens is van 'n swartstrik in die swaan. (You are under the father's guidance. Er is so do I crop all your grain.)

1880

(Les 36 hours use) re to proclaim the nature of the parts of the whole of space. (pp. 199-231)

never shaken by storms and a harsh frost.

at a distance of 100 miles.

Helena's earth is the space between the two planets.

part of the system.

3) Musique

4) Peinture

Delacroix

no pleasure pure and unalloyed.

shameful life as rare to find.

that the wind consists of air and to stand in need of more on a desire to show off than on actual proof.

conduct. These senseless men, though they may be exiled from home, banished far from the sight of their fellows, soiled with some filthy crime, a prey to every torment, still cling to life. Wherever they come in the population, they make propitiatory sacrifices, slaughter black cattle and despatch offerings to the Departed Spirits.

The heavier their afflictions, the more devoutly they turn their minds to superstition. Look at a man in the midst of doubt and danger, and you will learn in his hour of adversity what he really is. It is then that true utterances are wrung from the recesses of his breast. The mask is torn off the reality remains.

Révolution

was om te verkoop Diegene wat die regte opgeneem het, het hul geld verloor.

Sedert die uitreiking van nuwe aandele in April 1968 het die aandele op 'n aangepaste grondslag met 40 persent gedaal Sedert Oktober 1968 se uitgifte was die daling 24 persent en sedert Maart 1975 se uitgifte was dit 32 persent.

Oor die afgelope tien jaar het die groep homself ook aangepas van 'n Suid-Afrikaanse mynhuis wat in Brittanje geregistreer is tot 'n konglomeraat met belang wat van Australie deur Brittanje na Amerika strek.

Hierdie „transformasie” was geweldig duur. Die jongste uitgifte sal die bedrag op £90 miljoen bring wat die afgelope tien jaar van die aandeelhouders gevra is.

Twee belangrike oornames van bouroepe in Brittanje — Amalgamated Roadstone in Julie 1968 en die Amey-groep in Augustus 1972 — het die uitreiking van nuwe aandele ter waarde van £82 miljoen geveg.

### Klandisiewaarde

Wanneer die huidige uitreiking van aandele buite rekening gelaat word, beloop die aandeelhoudersfondse van die maatskappy nou £261 miljoen, maar dit sluit klandisiewaarde van £86 miljoen in Sonder dit beloop die tasbare bates wat aan die aandeelhouders behoort, £138 miljoen.

Tien jaar gelede, voor daar met die diversifikasie weg van goud en van Suid-Afrika begin is, was die tasbare bates £48 miljoen. Hierdie bedrae sluit egter 'n belangrike ATE VAN Gold Fields uit. Dit sluit die ongerealiseerde winste van die Suid-Afrikaanse finansiële skrywers in Fleet Street bly egter dat aandeelhouders nie meer behoort te doen as om die regte te verkoop en die opbrengs in ander aandele te belê nie. Moet nie meer geld instoot nie, is hulle raad.

Les Mystères de Paris

Dumas

Les 3 Mousquetaires

G. Sand

haal, Goudvelde van Suid-Afrika, en sy besit aan goudaandele uit

Hierdie ongerealiseerde winste is niks nuut nie en die vergelykende syfer was £60 miljoen vir 1967 Dit is nie te betwyfel dat Goud Fields se aandele baie waardevol is nie, maar dit spring soos 'n speelbal op en af.

### Troos

Met 'n goudboom, wat allerwee vir 1978 voorspel word, kan die aandele van die individuele goudmyne van die groep in Suid-Afrika maklik verdubbel, word gesê

Gold Fields glo ook dat die ergste nou verby is. Amey Roadstone wys nou beter winste met minder sake en daar is ook ander ligpunte

Omdat Amey Roadstone Gold Fields meer as £90 miljoen gekos het, is dit 'n troos, hoewel die jongste wins van £18 miljoen die transaksie nog lank nie as 'n sukses kan beskryf nie

Hier in Londen word ook gesê dat Gold Fields lankal nie meer die beste belegging in goud is nie In 1976 was net 25 persent van sy wins uit goud afkomstig 'n Goudboom kan dit egter verander.

Die raad van die finansiële skrywers in Fleet Street bly egter dat aandeelhouders nie meer behoort te doen as om die regte te verkoop en die opbrengs in ander aandele te belê nie. Moet nie meer geld instoot nie, is hulle raad

gross of Hell they profess to know that is how the whim takes them, confession that all this talk is based on a desire to show off than on actual proof. you may infer from their speech that they are banished far from home, a prey to every torment, a prey to every torment, they make propitiatory offerings to the Departed Spirits. the more devoutly they turn their minds to superstition. Look at a man in the midst of doubt and danger, and you will learn in his hour of adversity what he really is. It is then that true utterances are wrung from the recesses of his breast. The mask is torn off the reality remains.

Les 3 Mousquetaires

G. Sand

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Les 3 Mousquetaires

G. Sand

# Platinum falls with gold

RDM

23/11/77

By NEIL BEHRMANN  
LONDON: — The price of gold fell to \$156.15 at the second fixing in London yesterday. It was fixed at \$156.65 in the morning, down from Monday's second fixing of \$157.70.

In spite of the continual slide in the dollar, gold continues to weaken and has pulled platinum down with it and affected other metals.

A dealer in a London bullion house describes the market as volatile. He says speculative trade is dominant.

A German bank, known for its speculative operations, has been a heavy seller.

Only a week after the platinum market expected producers to raise their price, platinum has fallen. In New York and London the price has fallen from \$169 to \$160.

Yesterday in London it recovered to around \$161.50 to \$162.50, around the producer price of \$162.

Dealers say the sharp decline in gold influenced platinum speculators. They say there have been reports that Russian platinum deliveries have been resumed. (In the past few weeks, a major reason for the increase in the platinum price was Russian delivery delays of up to three months.)

The interesting facet of the weakness in gold is that it has been accompanied by a decline in the dollar and sterling.

Foreign exchange dealers said that the dollar had declined to lows against the Swiss franc, the mark and the yen. The dollar's previous low against the mark was 2.29, set on November 1. Yesterday it was trading at 2.2365 against the mark.

It slipped below 2.2 against the Swiss franc and traded at 2.1964 against the Swiss currency.

The dollar touched 240.6 against the yen.

Sterling was relatively weaker than the dollar and fell to \$1.8125.

Dealers said foreigners were selling gilts on a view that British interest rates would rise. Funds from profit-taking in the British gilt market had been

Closing prices: London \$156.75; Paris \$157.47; Frankfurt \$157.17; Zurich \$155.625; Hong Kong \$154.64.

diverted into harder currencies.

Since the run on the dollar began at the end of June, following United States Treasury Secretary Michael Blumenthal's statement that it was overvalued, gold has actually depreciated in Swiss francs.

On June 23, the dollar was 2.49 against the Swiss franc. Gold was \$140,375 and worth 350 Swiss francs an oz. In dollar terms gold is now 11.5% higher. But it is around 344 Swiss francs an oz — a depreciation of 1.7% since the end of June.

At current levels an investment in Swiss francs would have been better than gold. But at its recent peak of around \$169, it was 6% higher in Swiss francs from the end of June.

In a world of fixed exchange rates, gold was the investment against currency uncertainties, but with floating exchange rates the stronger currencies prove they can be equal if not better hedge.

Stockbrokers Strauss Turnbull says the uncertainty could provide a favourable buying opportunity for the predicted rise in the gold price next year.

The traditional fabrication buying builds up to meet summer jewellery demand. In the event of major new currency crises in the coming year, the gold price could well reach \$200.

# More developments in the Free State

Since I first wrote about Union Corp's drilling south of the OFS gold field (Nov. 8) option buyers employed by the house and by Anglo have been working overtime in competition with each other. Activity could however be slowing down.

As I understand it practically all the options have been taken up in a 10 km wide belt stretching from the south of St Helena 30 km to the Theunissen town lands (see map). A few farmers watching the drill rigs advance are holding out for the best possible offer from the houses but they should be tied up by the new year. With the hectic scramble over, the houses should soon be ready to announce their plans for the area.

The way the picture appears to be unfolding is that Union Corp has enough ground under option centred on the farm Palmietkuil to establish one major mine under its control. To the north, Anglo apparently has sufficient options on and around the farm Mond van Doorn Rivier to ensure that any mine there falls under its management.

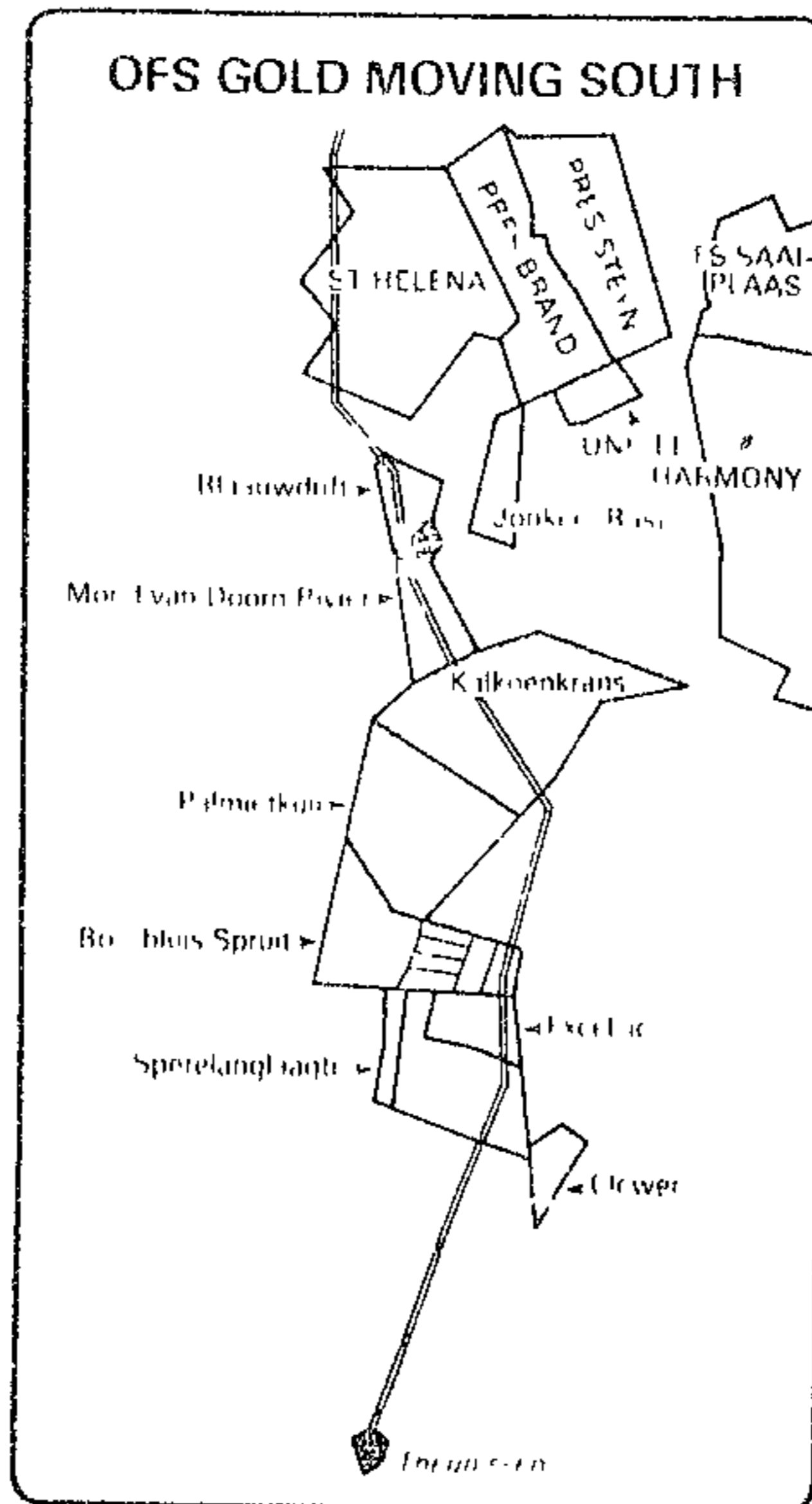
## Supermine plan

I have heard conflicting stories on Union Corp's plans. The first is that no decision has yet been taken on developing a mine. The whole project is still in the hands of the consulting engineers and has not yet been handed on to the finance division for determination whether the project is viable.

On the other hand I am also told that the original plans were turned down as involving a mine with too large a tonnage and too low grade. Hence the whole project is now back in the consulting engineers' lap with the object of developing a smaller tonnage higher grade operation. Also it should be possible for a decision to be taken early in the new year. With rapidly escalating capex costs the project is highly grade sensitive.

The original plans involved an ultra super mine based on Palmietkuil at a capital cost of R300m for something less than 6 Mt/year to work the Main reef. Grade would have been lower than Harmony, say in the region of 1/2 t gold and 0.25 kg/t uranium with 75% debt of which the bulk will be in the form of consumer loans - a unique degree of gearing for an SA gold/uranium project up to now.

With \$160 gold and uranium at \$40/lb this would have meant annual revenue of \$220m or R37/t. Working profit would be R70m on unit costs of R25/t. On these figures and assuming no runaway



being done on Jonkers Rust on which IS Devels has 55% subscription rights. President Brand's 1976 annual report said that one hole on the farm had been stopped with the reef faulted out, and that another borehole JR3 was in progress. An unconfirmed report suggests that JR3 has intersected Leader reef grading 2 000 cm g. If so, and if this sort of grade is continuous through to Mond van Doorn Rivier, a major mine could be on the cards with gold recovery of anything up to 17 g/t.

escalation of capex and unit costs, the project would show a capex payback of just over four years from the start of mining. But with these grades and gearing and a start to operations probably at least five years off, the venture would be highly speculative if structured in this way.

## Uranium the key

Union Corp's ability to raise consumer loan financing, on which the project will depend to get off the ground, will be determined by the uranium output. Planning is now directed at a smaller, higher grade project in which the uranium grade will be maximised. Bearing in mind that Randfontein was able to raise R90m in consumer finance against output of 800 t 900 t uranium, it is clear that Union Corp's project will need to balance carefully capital costs against prospective uranium revenue.

Turning to Anglo, it has apparently encountered encouraging Leader reef values in drilling on Mond van Doorn Rivier. Anglo has been weighing in with all the influence at its disposal to get together sufficient rights to gain management of a new mine, a major consideration.

Through President Brand, drillings

# St Helena vulnerable to fluctuations in gold price

RDM 8/12/77

214

By DON ROBERTSON  
Mining Editor

THE change in mining operations at St Helena will make the mine considerably more sensitive to fluctuations in the price of gold and to rising costs, says the chairman, Mr E Pavitt, in his annual report.

In the year to September, during which profits fell to R24 976 000 from R34 828 000, operations moved into lower-grade areas to the east and south which, being deeper and hotter, were more difficult and costly to work.

The pillars in the older areas yielded a higher grade with limited tonnage, but the change in the character of the mine has

resulted in reduced gold output and lower tonnages.

This was aggravated earlier in the year by the shortage of labour.

The labour shortage made it impossible to increase the rate of development to its planned level, and the need to improve on this in the coming year to maintain adequate reserves will result in further cost rises, says Mr Pavitt.

The new reduction works was commissioned in March and initially only rock dump material was milled. Although certain items of equipment have not yet reached their predicted levels of efficiency, the overall performance is encouraging.

Indications are that the introduction of the II-shift fortnight has not resulted in the forecast improvement in productivity, and it has been necessary to raise the underground black labour complement by 4% to maintain production.

Ore reserves, calculated at a price of \$150, are estimated at 7 700 000 tons at a grade of 16,1g/t.

UNDERGROUND progress at Unisel fell further behind during the year, according to the chairman, Mr Pavitt.

This was partly due to the difficult ground conditions on nine level where station cutting has been held up. The revised programme for equipping the shaft, which was only 37 m short of its final depth at the year-end calls for it to be completed by the end of June when development will begin.

Trial stopping operations are planned to start in the first quarter of 1979, and full production is expected in November, 1979.

The delay in bringing the mine to production, together with the high rate of inflation, has necessitated a revision of the total cost involved. It is now expected to rise to R73-million.

It is expected that the additional funds required will be raised by loans.

This expenditure excludes certain capital items which have been postponed and which will be financed out of working profits once production starts. This cost is estimated at R11-million.

# Buffels

## interim

60c, RDM 3/12/77

## Gefco (214)

## final up

By DON ROBERTSON

THE December dividend declarations from the General Mining group are not particularly exciting, with the exception of the 60c interim payment from Buffelsfontein and the higher final from Gefco.

In spite of the fairly heavy capital expenditure programme, Buffels has raised the interim to 60c from last year's 40c.

Increased uranium profits were largely responsible for the increase as the working profit from gold declined in the September quarter. While earnings did not cover the total payment last year, it is likely that the previous final of 90c will be beaten this year.

Stilfontein's unchanged final of 11c for an unchanged total of 22c was also influenced by heavy capital expenditure.

The company is considering the treatment for uranium of accumulated slimes, and as a short-life mine, its future profitability could depend on this.

West Rand Consolidated, which is effectively a primary uranium producer, has disappointed with a final of 10c compared with last year's 5c for a total of 13c compared with 10c. Market expectations were for a higher final at 17c.

Production from the gold section is expected to decline next year, but the uranium plant is being expanded.

The interim payments from the coal companies are slightly better than last year. Trans-Natal has increased its interim to 8c from 7c and Clydesdale is paying 6c compared with 4,5c.

Gefco has raised the final 28c from 23c for a total of 52c against 30c last year. However, Msauli has reduced its final to 25c from 32,5c, but the total is unchanged at 50c.

On the industrial side, Alpha-Dunswart, Alpha Free State and Dunswart Iron have passed their finals, but Standard Brass has increased its annual to 30c from 28c.

# Only two years for Bracken

RDM 8/12/77

214

By DON ROBERTSON

BRACKEN Mines has an estimated life of only two years, says the chairman, Mr L W P van den Bosch, in his statement for the year to September.

This, is because of the continuing rise in costs, the dwindling ore reserves and the fact that development is at a minimum

As there are only small amounts of marginal ore available, the mine's life is unlikely to be extended even if the gold price stabilises at \$160

Reserves, calculated at a price of \$150, are estimated at 1 400 000 tons at a grade of 8,7 g/t

\*\*\*

LESLIE Gold Mines is in a similar position, and the directors have given the Minister of Mines the statutory three months' notice of possible closure, says the chairman, Mr Van den Bosch

Operations will continue for as long as possible

The mine has applied for State assistance. Should this be granted, it could result in an extension of the mine's profitable life

A large part of ore reserves, which are estimated at 1 600 000 tons at 7,4g/t at a price of \$150,

are in remote pillar areas and will require the costly re-establishment of access routes

As these routes will continue to deteriorate, the reserves in these areas are likely to be lost unless State assistance is granted

It might thus be necessary to discontinue all mining operations in the current financial year

\*\*\*

THE lower ore reserve estimates reported by Kinross Mines have resulted from the increase in the pay limit required to meet rising costs, says Mr Van den Bosch

Completion of the No 2 shaft will allow development on reef in this area and should improve the reserve position and greatly extend the mine's life

Reserves, at a price of \$150, are estimated at 4 900 000 tons at a grade of 9,3g/t

\*\*\*

EQUIPPING of the No 2 sub incline shaft at Winkelhaak Mines has been completed and development from this shaft on 17, 18 and 19 levels has made good progress in spite of severely faulted ground.

Mr Van den Bosch says that further to the north-east in the area under option from U C Investments, a surface borehole intersected the Kimberley Reef at 2 066 m assaying 20,9 g/t over 24 cm equivalent to 591 cm g/t

Development values in the northern block, where most of the development has been advanced, continue to be encouraging. Three prospect winzes are being sunk to test the extent of ore reserves below 22 level in the No 5 shaft area

Ore reserves, at \$150, are estimated at 6 300 000 tons at 10,4g/t. The decline in reserves results partly from the decline in development during the labour shortage and the abandonment of a few scattered blocks in the No 3 shaft area which have become uneconomic to mine

# Gold outlook good for '78

star 8/12/77 (214)

## — Unicorn

### Mac Thain

The outlook for gold in 1978 seems promising and the market could become more stable once central banks are able to trade freely at market related prices, says Mr L W P van den Bosch in his Winkelhaak chairman's review

Indications are that fabricators are absorbing virtually all metal coming onto the market this year and supplies reaching it are lower than in 1976

The failure of the US to stage a strong and sustained economic recovery, the general weakness of commodity markets and the weakness of the dollar added to the strength of the bullion market

This had manifested itself in active trading in gold futures and in growing investment demand which was the chief factor in the rise in price over the past few months.

As for the industry, working costs continue to rise, aggravated by the high turnover of black labour and the drop in productivity arising out of the introduction of the 11-day working fortnight

The following are the salient points from the reviews

**Bracken:** In the light of rising costs and dwindling reserves with development at a minimum, the remaining life is placed at two years. Even though the gold price stabilises at 160 dollars, this is unlikely to be extended

**Kinross:** Now that the No 2 shaft has been completed development will improve reserve tonnage and increase its life considerably. However, with costs higher, even at a higher gold price, greater productivity and efficiency are essential to restore profit margins

**Leslie:** Statutory notice of possible closure has been given to the Government. It is intended to continue working as long as possible and an application has been lodged for

### State assistance

Should this not be forthcoming, it is probable that operations will be discontinued in 1978

**Winkelhaak:** Development values in the northern block have matched expectations and continue to be encouraging. Prospect winzes are being sunk to test the extent of ore reserves at depth

### OFS MINES

**St Helena:** With it now being a medium-grade mine, in future it will be more sensitive to gold price fluctuations and cost increases. Productivity fell with the introduction of the 11 shift system and the labour force has had to be increased. This has added further to working costs

The upward trend in them, which appears to be inevitable, will be aggravated by the need for a higher development rate

**Unisel:** Work underground has fallen further behind schedule. Trial stoping is now expected to start in the first quarter of 1979 and full production reached in November of that year

This delay and the continuing high rate of inflation has necessitated a revision of capital expenditure to R73m. The additional funds will be raised by loans

The figure excludes certain items which have been postponed — estimated at R11m which will be met out of working profits once production starts



# Harties pays 75c, Zandpan disappoints

RDM  
9/12/77  
(214)

By DON ROBERTSON.

HAARTEBEESTFONTEIN, the major gold producer in the Anglovaal group, has declared a market-expected 75c interim dividend, although its sister mine, Zandpan, has disappointed with its half-yearly payment.

Harties' interim is 10c higher than last year. It is experiencing a rapid decline in capital expenditure at its main operations. However, the mine has become particularly vulnerable to cost increases, a factor which could inhibit future payments.

Zandpan, which relies on the Harties dividend for its income, has declared an interim of 12c compared with 10,5c last year. This payment is lower than expected as its relationship with Harties — 16,9% in value — should have produced an interim of 12,7c.

Cheerful news from Eastern Transvaal Consolidated is the 10c interim which compares with last year's 5c. The higher gold price and some good grades have helped this erratic mine.

Middle Witwatersrand, much as expected, has announced an unchanged interim of 10c.

Anglo-Transvaal Collieries has increased the interim to 17c compared with 5c last year. This bodes well for the final.

Reflecting the poor state of the manganese market, Associated Manganese has trimmed its final to 75c from 90c last year for a total of 105c compared with 120c.

The rest of the Anglovaal group payments are unchanged.

Anglovaal Holdings has maintained its interim at 2c following an unchanged interim of 25c from Anglo-Transvaal Consolidated. The payment on the participating preference shares, made up of a fixed 5c plus half of the ordinary dividend, is also unchanged at 17,5c.

# Marievale final up on land <sup>(214)</sup> sale

RDM 10/12/77

By DON ROBERTSON  
Mining Editor

MARIEVALE in the Union Corporation stable has declared a substantially increased final dividend for the year to December. It is financed largely from the proceeds of a land sale.

The final is 24c against last year's 17c, making a total for the year of 48c compared with 30c which included a 10c capital repayment

The company said in September that it had negotiated the sale of 233 ha of land to the Government for R1 500 000 equivalent to 33,3c a share. The increased payment has obviously been financed from this sale.

The mine is firmly in the break-up category and in spite of the rising gold price, its life is limited. At the date of the last annual report, the net asset value was R1 710 000, equivalent to 38,4c a share.

Grootvlei, which shares joint management services with Marievale, has increased its final to 14c from last year's 4c, but it is slightly below the market expectation of 15c.

This final takes the total for the year to 24c which includes a capital repayment of 5c. The total in 1976 was 8c.

The company increased mill throughput, maintaining grade and reducing working costs which resulted in increased profits.

Although reserves are limited, there are considerable areas of marginal reef and the higher gold price this year will have helped the reserve position.

# Gold price to continue rising

RDM 22/12/77

(214)

Mining Editor

GOLD production this year has been easily absorbed by the market at rising prices, largely on industrial demand, and this trend should continue next year provided speculation does not disturb steady growth.

Mr D A Etheredge and Mr D B Hoffe, chairmen of Anglo American's Free State gold mines, say that if this happens, significantly higher prices could result although this would be coupled with a greater degree of instability in the market.

At current prices, the market appears strong. Sales to the Middle East have fallen off slightly, but this has been balanced by increased activity

in Hong Kong and Singapore. Industrial demand in Europe has been maintained. This is explained by the fact that gold bought by European fabricators in their own currencies has not risen as steeply as the dollar price of gold.

Krugerrand sales continue at a satisfactory level and a new marketing campaign to cover all Europe is planned.

The International Monetary Fund has not yet amended its articles to do away with the official price, but it is expected that this change will come early next year. South African mines will then receive the market value for gold delivered to the Reserve Bank.



F.M. 23/12/77

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## Chairmen's statements for Anglo American Corporation Group's O.F.S. gold mining companies

**Total gold production this year has been easily absorbed by the market at rising prices, largely on industrial demand, and this trend should continue next year provided speculation does not disturb steady growth**

— MR D. A. ETHEREDGE, MR D. B. HOFFE

On all the Group mines working costs have been affected by the increases in cost of consumable stores and electric power where the rates of escalation have outstripped those of labour in general. The mining industry is the largest individual power consumer in the country taking approximately 22 per cent of Escom's production in 1976 and with recent increases in price, power costs have become a significant element in the cost of mining at depth accounting on average for nearly eight per cent of the working costs of all gold mine members of the Chamber of Mines. From January 1976 to September 1977 increases in the cost of power from Escom have raised the cost of electricity by 60 per cent.

A further increase of 20 per cent is scheduled for the Orange Free State area in January 1978. These increases have been brought about by Escom in order to provide in part for the finance for their proposed expansion programme in view of the fact that the traditional source of capital, foreign loans, is no longer available because of the political climate. It is of great importance that Escom should find some way out of its dilemma as tariff increases of this magnitude have the effect of shortening the lives of the mines.

Working costs during the year have still risen appreciably. Total working costs for the Group's Orange Free State mines rose by 20 per cent although on a unit ton milled basis this represents an increase of 11 per cent.

### GOLD PRICE

At the time of writing these reviews the gold market price lies above \$158. In order to assess this position it is necessary to analyse the behaviour of the market since the third quarter of last year when the price reached a low of \$103.

In August 1976 it became apparent that speculative overselling had driven the market price down to an artificially low level and that little account had been taken of the solid industrial demand which existed and then began to emerge clearly at a higher than anticipated level. By early November the price had risen to \$130 and it remained at this level until the middle of February. The apparent equilibrium in the market over this period indicated that the level of industrial demand was strong enough to balance supply. At this time it also became clear that the IMF auctions had become accepted as a normal factor in the market, this being

particularly so once the auctions had been moved to a monthly basis. In March the price finally moved above \$140 and movements during the ensuing months were small again demonstrating an inherent stability in the market. Only in September did the price finally break through \$150 with the return of increased investment demand as a result of the weakening dollar and the continuing fall in Wall Street. For the first time this year speculators began to make their presence felt and with the continuing weakness of the dollar their influence moved the price above \$160.

Even at current levels the market appears strong. Sales in the Middle East have fallen off slightly but this has been balanced by increased activity in Hong Kong and Singapore during the second half of the year.

At the same time industrial demand in Europe has been maintained. This is largely explained by the fact that the weakening dollar has meant that the cost of gold purchased by the European fabricators in their own currencies has not risen in step with increases in the dollar price of gold.

Kruggerand sales continue at an acceptable level and an extended marketing plan to cover all Europe is under preparation by the International Gold Corporation. The promotion campaign in the United States has also had an impact and worldwide sales of the coin are again expected to be of the order of three million coins accounting for over 90 tons of SA gold production. Promotional activities have lately been adversely affected by US attitudes to political developments in South Africa but sales of coins continue strongly.

The year has shown that total gold production has been easily absorbed by the market at a rising price largely on industrial demand and this trend should continue next year provided speculation does not disturb steady growth. If this does happen significantly higher prices could eventuate but this would be coupled with a greater degree of instability in the market.

The IMF has not as yet obtained the necessary member approvals to enable it to amend its articles to do away with the official price of gold and to allow central banks to trade at market prices. It is expected that ratification will take place early next year at which time the South African mines will immediately receive market value for any gold delivered to the Reserve Bank.

This has been an eventful year for the uranium industry world-wide.

There has been continued pressure from environmentalists against nuclear power stations and this coupled with the economic downturn has meant that the proposed construction programme for nuclear power stations has been drastically cut. At the same time Australia, Canada and the United States have introduced much more stringent conditions of sale which have resulted in a disruption of supply to utilities. The bulk of the uranium production that is to come in the medium term from the Group's Orange Free State gold mines under the Joint Metallurgical Scheme has been sold under contract. Supplementary sales of small tonnages will be made from time to time in the future. Profit from the first deliveries made under contract in September is included in the financial statements.

### JOINT METALLURGICAL COMPLEX

The Joint Metallurgical Scheme (JMS) to recover gold, uranium and sulphur from slimes came on stream this year. The recovery of the uranium from slime began in March and that from pyrite concentrate in July and by the end of September 913 000 tons of slime, predominantly from Free State Saaiplaas, and 54 000 tons of concentrate had been treated to produce a profit of R3 800 000. The pre-production revenue from the flotation plants, the acid plant and the calcine plant which also began processing during the year was capitalised up to and including September 30. From October 1 these plants have been fully operational and although considerable problems have been encountered in obtaining rated capacities and recoveries – particularly in the float plants where design throughputs and recoveries have yet to be achieved – the participants remain confident that the potential of the JMS will be realised in the current financial year.

The JMS venture is by its nature extremely complex. Each mine that contributes feed to the scheme at all times retains ownership of both the minerals and the residue and has an individual commitment to produce uranium against the negotiated supply contracts. Principles have been adopted in order to ensure an equitable distribution of the costs and revenues and in order to optimise profits. Application of these principles has allowed us to calculate the projected value of each mine's ability to supply so that the consumer finance obtained as part of uranium contracts could be allocated to each mine accordingly. The production costs incurred by the various plants in the production of pyrite, uranium acid or gold are allocated to each contributor proportionate to its prime input or feed to each particular plant. Furthermore, those mines which constructed plant are charging a process levy on throughput in order to provide an adequate return on the capital outlay involved in the plant construction.

These arrangements have called for an unusually complex administrative procedure which in due course will be facilitated by the use of computers.

During the year a further long-term uranium supply contract was negotiated which necessitates the extension of the high grade slimes treatment facilities for the production of uranium at President Brand. The supply contract includes provision for a consumer loan which will go towards the financing of the project as has been the procedure in the past. A project team has been assembled and design and planning work is in progress on a plant extension which will have a treatment capacity of 180 000 tons a month which will be drawn from all mines having high grade slime thus excluding Free State Geduld and Western Holdings. It is anticipated that uranium production will commence in May 1980.

### LABOUR

At the time of the previous review local economic conditions were deteriorating in sympathy with the increasing degree of political instability on the African sub-continent. It is unfortunate that this trend has continued into what must now be called a serious depression. However, while this situation is of major concern to industry and the country in general, it has provided some relief to the country's gold mining companies in that it has improved the supply of black labour from the urban areas and homelands. In so doing it has to some extent alleviated the pressures developing as a result of rising unemployment. All Group mines have operated at full complement for most of the year and the unrest which characterised our recent history has been absent. Unfortunately the poor economic conditions have not eliminated the shortage of skilled white labour. There has been a continuing shortage of white miners and electricians. The position has been severely aggravated by the demands for military service as young men comprise a high percentage of the staff particularly in the key production areas. The continuing shortage of whites brings into focus the restrictive influences of job reservation which preclude the mines from developing and utilising the available skills amongst black workers. Given the current political climate and the rising aspirations of the black population, not only do we face problems in maintaining planned levels of production but also the prospect of future unrest has to be considered which could arise out of increasing black frustrations.

During the year the gold mines of the Anglo American Corporation Group have been paying particular attention to the industrial relations needs of the era of relatively rapid change which we believe lies ahead. We have for instance run a large number of five-day courses for mine employees. These courses were initially for management and officials and were later extended to white miners and artisans. We believe that these courses are having an important impact, not only on knowledge but also on attitudes. In order to complement the changes which are required over the next few years and to ensure the best use of our manpower resources bearing in mind the existing and predictably growing shortage of whites for semi-skilled and skilled positions on the mines, it is crucial to develop amongst employees attitudes of mind which support the philosophy behind these changes. The white employee is an indispensable factor in the running of our mines but not surprisingly he views the advancement of blacks with some apprehension in terms of his own job security.

We have therefore issued an informative circular to all white officials and union men in which we have set out in general terms the principles which will guide us. We have made it clear that there are no grounds on which racial discrimination can be justified and that no company in South Africa can escape its responsibility for improving the job opportunities available to its black employees. We undertake, however, that proposed changes in labour utilisation will be discussed with white employees and the associations and unions which represent them. Existing white employees are promised that they will neither lose employment with the company nor suffer a drop in pay as a result of any alteration in labour utilisation. Moreover, an undertaking is given that no job held by a white employee will go to a black at a lower rate of pay on the sole criterion of reducing costs. Reference is made to the use of sound job evaluation techniques – in our case the Paterson Plan – to determine the work content of jobs and their rates of pay and to the maintenance of existing standards of work, selection criteria and training.

The circular was made available to all white employees on Anglo American gold mines and has not been the subject of adverse reaction other than in isolated instances. Further circulars will be issued from time to time to clarify aspects of our industrial relations policy. We sincerely trust that white employees will see in these circulars our determination to bring about changes in the labour field in such a way that they can confidently co-operate with us.

An important catalyst in this field has been the appointment by the Minister of Labour and Mines of a Commission of Enquiry under the chairmanship of Professor Wiehahn with terms of reference covering every aspect of industrial relations and charged with recommending constructive changes to improve the handling of labour matters. In concert with other mines, we are submitting evidence to the Commission and forward with great interest to its report.

We reported last year that the proposed 11-shift fortnight, the first step towards the introduction of a five-day working week, would become operative on April 1, 1977. This change was duly introduced and while it has yet proved too difficult to quantify the effects of the 11-shift fortnight, certain immediate problems have become apparent. On several mines in the Orange Free State it has been necessary to increase labour complements in order to maintain production. This has had an adverse effect on working costs. Furthermore, the re-allocation of resources in particular labour, has been necessary in order to maintain stoping activity and there has been a consequent decline in development work. The overall implications of the scheme appear to be that operating costs will increase as a result of decreases in productivity. However, the Franzen Commission appointed by the government has embarked on an in-depth study of the effects on the industry and its findings are awaited with great interest.

In the light of the stringent economic conditions in South Africa and the country's continuing high level of inflation, wage increases were kept to a minimum. The pay increase in August, for all white employees was limited to about five per cent on basic rates. This is the second successive year in which the industry's whites have accepted pay increases which are substantially less than the advance in the Consumer Price Index, reflecting a situation where real incomes are declining. Of course, the

impact of this is lessened to the extent that we continue to provide extensive fringe benefits at minimal cost to employees. Wage increases for black workers were also treated with restraint and overall increases were limited to six per cent.

#### HOUSING

During the year under review, considerable attention has been given to the question of housing with particular reference to accommodation for blacks and coloureds. An agreement in principle has been reached with the Department of Bantu Administration and Development to allow the housing of key black workers in black urban residential areas without the historical limitation that the numbers housed do not exceed three per cent of the work force. In addition, blacks in possession of residential rights in an urban area will be allowed to retain their rights while taking up employment on a mine.

This represents an important concession to the mining industry and provides a meaningful opportunity to overcome, at least in part, the problems we have encountered for so long under the migratory system. In consequence, the Group Orange Free State mines acting jointly have embarked on the construction of an initial 175 houses in an ongoing programme in the Thabong township in Welkom. A programme for the housing of coloured employees was also initiated by the Group Orange Free State mines during the year; and to date 100 houses for married employees and a single quarters block to house 32 men have been built. A further 80 houses will be constructed in 1978. At present, the houses are provided to coloureds under a lease arrangement through the Welkom Municipality but a home ownership scheme will be considered in due course. Formerly, the mines employed few coloureds, but the introduction of the JMS has provided the opportunity to employ them as plant operators.

During recent years a critical shortage of white housing has developed in Welkom as mining operations have expanded and the JMS has come into production. Under a construction programme initiated in late 1975, 249 new mine houses in Flamingo Park and 79 in Jan Celliers Park have been completed to date. This housing programme has benefited only the mines in the Welkom area. Those mines served by the Virginia and Odendaalsrus towns continue to face housing problems.

The annual reports and chairmen's statements may be obtained from  
Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2004

#### ANNUAL GENERAL MEETINGS

The annual general meetings of members, followed by general meetings, will be held at 44 Main Street, Johannesburg on  
Thursday, January 26, 1978 at the following times:

Free State Saaiplaas Gold Mining Company Limited 10h00 President Brand Gold Mining Company Limited 10h25  
President Steyn Gold Mining Company Limited 10h50 Welkom Gold Mining Company Limited 11h25  
Free State Geduld Mines Limited 11h50 Western Holdings Limited 12h15

# ANGLO AMERICAN CORPORATION GROUP