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SOUTH AFRICA INC.

THE OPPENHEIMER EMPIRE

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bloodletting, it may still be possible to achieve a peaceful transition to majority rule. Doing so would involve huge risks for Anglo's management. It would mean pushing the government so hard towards a just settlement as to risk severe retaliation – from the shareholders, from the military and from the Afrikaner Right and with only fickle support of the US Congress to rely on. And the worst risk of all is that, after transition, the business may be taken over, lock, stock and barrel, by the new government. Harry Oppenheimer, as the quintessential survivor, would not like that, but he has built his own straitjacket. For the exclusive coterie of men who run Anglo the frequent remark of Bishop Desmond Tutu must be a recurring nightmare: 'We will know who our friends were.'

Appendix Profile of the Anglo Group

E. OPPENHEIMER & SON'S CONTROL

At the very top of Anglo, E. Oppenheimer & Son, the Anglo American Corporation (AAC) and De Beers Consolidated Mines are very closely tied together by cross-directorships and shareholdings. These connections mean that AAC and De Beers effectively control one another, subject to the control of E. Oppenheimer (see Table 1).

The combined De Beers/Oppenheimer stake of 46.3 per cent in AAC gives them full control of AAC, especially when hidden family, executives' and intergroup holdings are taken into account. At 34.3 per cent, the AAC holding in De Beers is much smaller, but AAC's stronger resources mean that its control of De Beers cannot be challenged either. This leaves the Oppenheimer company as the dominant shareholder in AAC and De Beers. Its 8.2 per cent stake is equivalent to 13.3 per cent of AAC's issued shares excluding those owned by De Beers. The only other shareholding over 5 per cent is that of SA Mutual Life Assurance, with 7.7 per cent of AAC and 7.3 per cent of De Beers. These shareholdings may seem significant, effectively matching those of the family company. Alone, however, they carry virtually no voting weight, so long as the boards of the two companies support the Oppenheimer family. This is why the close relationship between the

TABLE 1

	Key cross-shareholdings (per cent)		
	AAC		*De Beers*
Oppenheimer & Son owns:	8.20		
AAC owns:			34.30
De Beers owns:	38.15		
	Key cross-directorships		
	Oppenheimer	*AAC*	*De Beers*
H. F. Oppenheimer	D		D
N. F. Oppenheimer	D	DC	DC
H. R. Slack	D	D	
G. Waddell	D	D	
J. Ogilvie Thompson	D	DC	C
G. W. Relly	D	C	D
P. J. R. Leyden		D	D
G. C. Fletcher	D	D	D
Sir P. Oppenheimer	D	D	D

Key: C chairman DC deputy chairman D director

Note: These are publicly recorded shareholdings. It is possible that the family company has other, undeclared holdings, quite possibly in De Beers, and there may be further Oppenheimer family connected holdings in both companies.

Oppenheimer family and the entrenched management at Anglo/De Beers is so important.

Below AAC and De Beers, Anglo group companies can be defined in terms of the control that the Oppenheimers' inner cabinet is able to exert over them. They can be loosely divided into four types:

- *Group subsidiaries* are the central companies, which can be controlled directly on a day-to-day basis by virtue of majority shareholdings alone. They form the solid heart of Anglo, within which the rule of the Oppenheimers' inner cabinet is practically absolute. Sometimes the shareholdings will be held indirectly, by a combination of companies which may be quoted or unquoted. That in Premier Group Holdings, for instance, is largely channelled through Premsab Holdings Ltd, which is owned

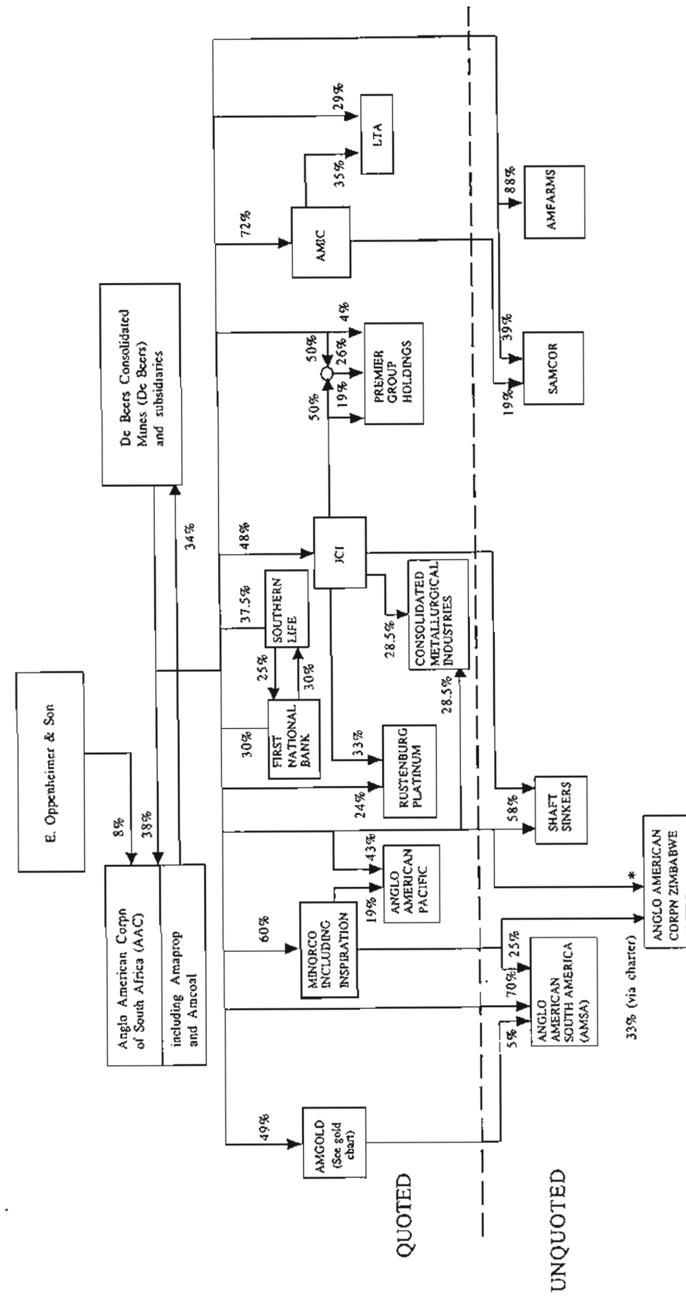


FIGURE 1 *Main Anglo group subsidiaries*

50:50 by AAC and JCI, but classified as a subsidiary of neither, considerably limiting disclosure. Some companies that are just under 50 per cent owned must also be included, since this is a favoured Anglo ploy to maintain a pretence that such companies have some real independence. JCI is one of the best examples of this. In theory, the 48.2 per cent of the company's shares held by AAC and De Beers is insufficient to give full control. In practice it is more than enough, given that the remaining shares are quite widely owned, but some of them fall within Anglo's control anyway. At 30 June 1987, for instance, JCI's directors had direct and family interests in 0.4 per cent of the shares, and the trustees of JCI's share incentive scheme for 'senior members of the staff' controlled a further 3.3 per cent of the shares – making 51 per cent in all. As well as shareholdings such as these, which at least have the virtue of being disclosed in the company's annual report, there are likely to be further, hidden holdings in Anglo's control. Most companies in the group will have some form of pension fund, for instance, and some may have several to cover different grades of staff. These funds will usually own a diversified portfolio of shares, including those of group companies such as JCI. Southern Life Association (SLA) is part of Anglo. It was formed from the merger of Anglo's life assurance company, Amlife, and Southern Life Association, with Anglo taking the largest shareholding in return for Amlife, and Barclays the second largest in return for finance. SLA later built up its shareholding in Barclays to 25 per cent, giving Anglo at least 55 per cent including that holding. However, such shareholdings (like pension fund shareholdings) are often ignored because they are regarded as belonging to the insurance policyholders. SLA's chairman Zach de Beer can none the less cast the votes the shares carry.

- *The 'administered' associates* category includes companies where Anglo's shareholding is significantly below 50 per cent. This is because of the immense power that the entrenched executive of a company wields. In the case of an 'administered' company, Anglo is formally recognised as controlling that company's management on a day-to-day basis. This means that Anglo appoints management, and naturally its choice lies with people whose loyalty rests primarily with the parent, and only secondarily with the company they are running. The split loyalties are not irreconcilable, since it is in Anglo's interest that its 'administered' companies should perform well, producing good profits for other shareholders as well. A loyal management can be relied on implicitly to maintain Anglo's control of an administered associate, and they have the weapons at their command to do so. They can, for instance, keep close tabs on any transactions in their company's shares – which must be notified to its registrar – and ensure that all the directors keep in line and are happy with their relationship with the parent. It all amounts to a well-oiled machine that, in the context of South African financial circles at least, cannot be shifted without the consent of the Oppenheimers' inner cabinet.

- *Controlled associates* are companies that are neither majority owned nor 'administered' by the group, but over which it nevertheless has considerable influence. This is typically the case where Anglo's total shareholding is a dominant one, usually of the order of 20–45 per cent, with the remaining shares quite widely spread between a number of unconnected shareholders. The group is then invariably able, over a period of time which may amount to many years, to establish an entrenched, Anglo-connected management. How closely and the ways in which such companies are linked to Anglo varies enormously. It is affected by many factors, including the degree to which Anglo has established its management control, the extent to which it is viable to let a major associate operate freely as an almost entirely independent profit centre, whether the company is based in South Africa or elsewhere, and sometimes political factors such as the danger of exposing Anglo's dominance of the

South African economy, particular sectors within it or even, in some cases, a particular sector in the international economy. For example, South African Breweries (SAB) has to be kept well separated from Anglo because it is already infamous as a monopolist in South Africa. Close links with Anglo would only worsen the situation, leading to tighter controls, and would bring few benefits. SAB is not a vital supplier to other parts of Anglo, and can operate effectively as an independent profit centre without harming Anglo's wider interests. Contrast this with African Explosives and Chemical Industries (AECI), an equally notorious monopolist in South Africa. Anglo needs tight connections here, as AECI is a major supplier of explosives and chemicals to Anglo's mines and industrial plants, and has strong boardroom representation as a consequence. But the Anglo connection here is long established and everyone is accustomed to it. It also has to be tolerated by the government, which desperately needs to maintain this strong chemicals and explosives base, with its crucial technological input from Britain.

- *Related companies* are companies in which Anglo is neither a dominant shareholder, nor has management control, yet where it nevertheless has significant influence. No two cases are identical, and Anglo's relationship with them varies widely as a result.

In the long term, this structure will change. The writing is on the wall for South African business: international and domestic political pressure will continue to mount, and the Oppenheimers' global plans must take this into account. As international rather than local South African financiers, they are looking for a safety net outside their home base, as their recent overseas consolidation shows. They appreciate the lessons of the Salomon experience – that the South African connection will become increasingly damaging for their multinational empire as time goes by. Logically this would lead to separation of the South African and interna-

tional companies, with the latter emerging as a series of interlinked quoted mini-empires spread around the globe – in Europe, North and South America, Australasia and Africa.

In the meantime, however, the empire remains a single entity. The first three categories above – group subsidiaries, administered associates and controlled associates – are essentially all fully controlled by Anglo. In consequence, they constitute the core companies within the greater Anglo group. The related companies are different in that, although closely and co-operatively linked to the group, Anglo's control of them is not as far as we know totally secured. This is a key distinction, and for this reason the related companies are grouped separately in the following list.

THE ANGLO GROUP COMPANIES

The list below is not intended to be comprehensive: there are simply too many companies and subsidiaries involved, and any such list would be confusing and well out of date before it was completed. The aim here is to describe the operating form of the group, rather than the artificial structure that legal, political, financial and tax accounting requirements impose upon it. The companies are accordingly grouped by the type and location of their economic activity. The group's South African interests are described first, and then its international interests. In each part the core companies are listed first, followed by a separate section dealing with related companies. In the South African section the companies are broken down by sectors and industries, in the international portion by sectors and regions.

Where a company is a subsidiary of a finance house, the name of the parent is indicated as in *Amcoal / AAC*. The status of associates, including the identity of any administering finance house, is given in brackets after the title as in (admin: AAC) or (controlled associate).

SOUTH AFRICA

Core companies

Mining

Despite its wide diversification into other industries and other parts of the world, South African mining still provides the cash-generating heart of the Anglo group. Gold in particular dominates, with platinum, coal and diamonds major profit generators but far less important individually. Because of the nature of the industry, the diamond business is the most self-contained and readily identifiable part of the group, and we therefore begin with that sector.

DIAMONDS

De Beers itself functions solely as Anglo's diamond-mining, trading and selling division. It does have investments outside the diamond industry, including its holdings in AAC, and these make up about 30 per cent of the company's assets (at carrying values) and profits, but practically all of these are controlled by central Anglo management.

- *The Central Selling Organisation* is the name of De Beers' entire international gem-marketing operation, whether carried out under the De Beers corporate empire or in conjunction with others, mainly meaning other parts of Anglo. To back up its marketing operation, the CSO runs full-scale promotional operations in all the main markets for gem diamonds, including the USA and Canada, Brazil, Mexico, Japan, Hong Kong and South-East Asia, Australia, and all the main European countries.
- *De Beers' Industrial Diamonds (Ireland)* markets all of the company's natural and synthetic industrial diamonds and related materials. It has technical advisory centres in London, Dusseldorf, Milan, Tokyo, Hong Kong, Bombay, Melbourne and Sao Paulo. Boart International, an Anglo industrial company, is a major international user of industrial diamonds for making diamond-tipped tools and cutting bits (see below).

- *De Beers Consolidated Mines* is the parent and operates all the South African mines, large parts of which are operated under lease from the South African government.
- *Consolidated Diamond Mines of South Africa (CDM) (Proprietary)* operates the Namibian mines spreading up the coastline north from the Orange River, providing mainly valuable gem diamonds. Output was increased by 50 per cent in 1986.
- *De Beers Botswana Mining (Debswana)* owned jointly with the Botswana government, operates the Botswanan mines of Orapa (commissioned 1971), Letlhakane (1976) and Jwaneng (1982).
- *De Beers Industrial Diamond Division (Pty)* manufactures industrial diamonds through: Ultra High Pressure Units in Springs, SA and Shannon, Eire; and Scandiamant Aktiebolag in Sweden (both 50 per cent owned).

Mine production figures give no indication of value as this is so dependent on quality. Only De Beers assesses this, and does not publish the figures, so the mines cannot really be compared. De Beers does not provide overall turnover figures for the synthetic diamond or industrial natural diamond business. As a result, no real measure of the whole business is available.

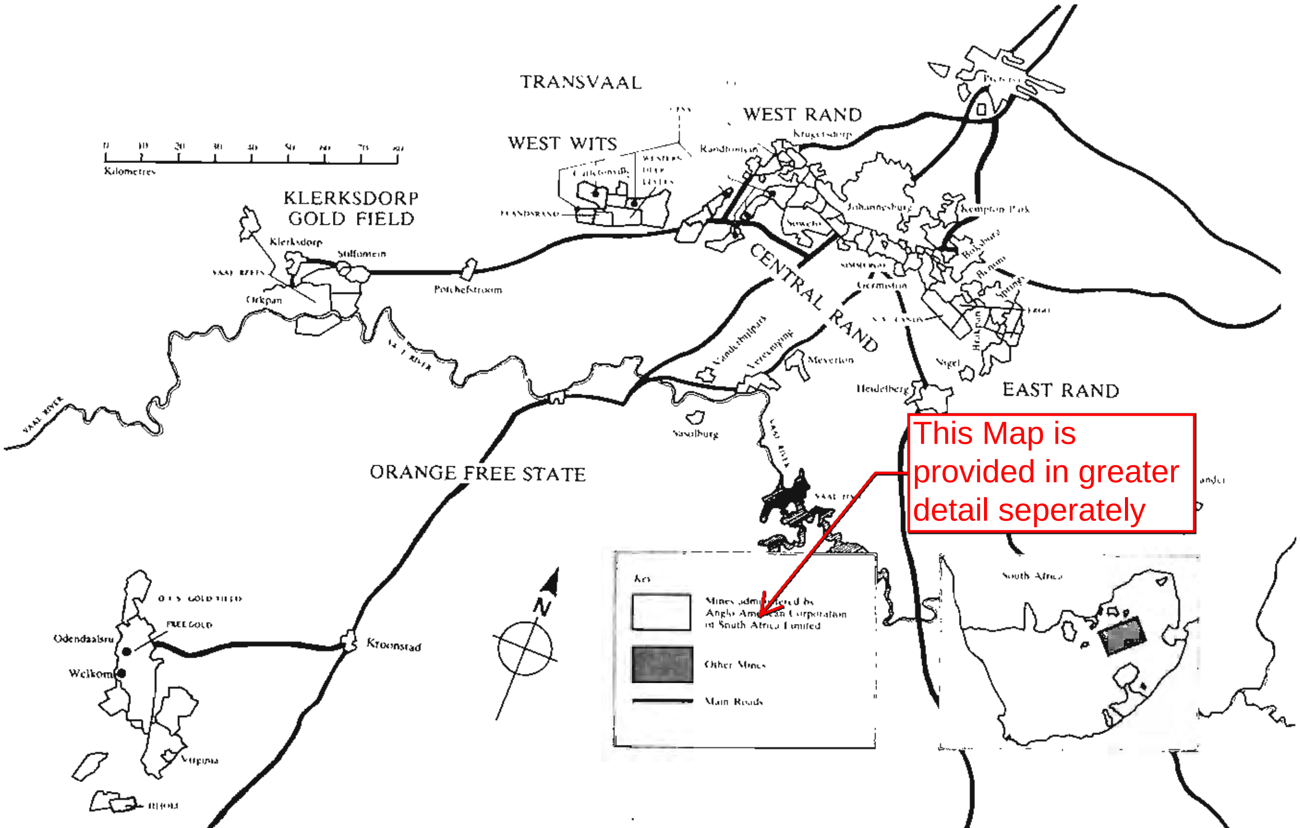
TABLE 2

De Beers' vital statistics

Employees	25,000	including the CSO
Turnover	$3,075m.	CSO sales worldwide 1987[1]
Turnover	R 6,300m.	CSO sales worldwide 1987[1]
Assets	R16,006m.	declared 31.12.1986*[2]
Pre-tax profits	R 1,515m.	declared for 1986*
Profits/employee	R60,600	
Minimum wage	R 4,896	basic*
Av. mineworker's wage	R10,260	including overtime and allowances*

*Figures as claimed by De Beers.

Notes:
1. Excludes non-CSO sales, which are not quantified.
2. Includes investments at market value of R8,999m., mainly in non-diamond Anglo group companies such as AAC, AMIC, Minorco, etc.



Source: Vaal Reefs, 1984–85

FIGURE 2 *Major goldfields of South Africa*

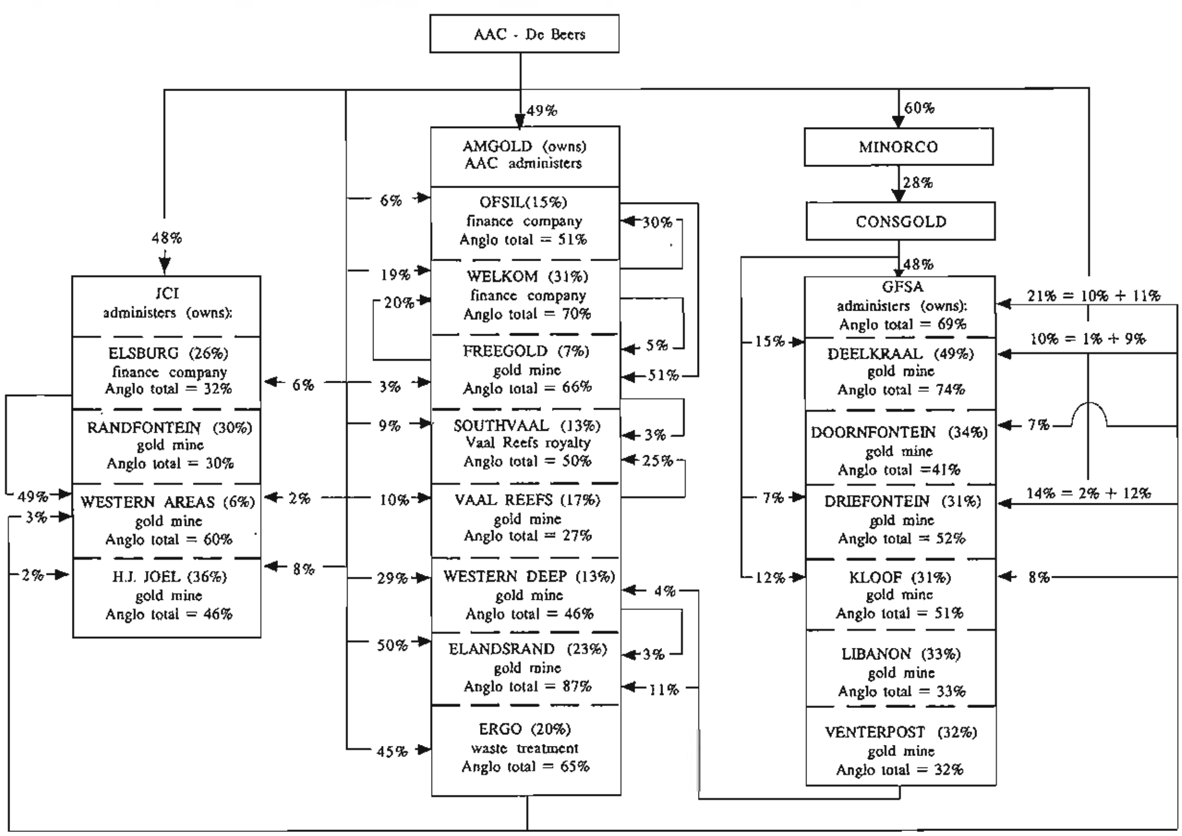


FIGURE 3 *Anglo's hold on South Africa's gold*

GOLD

Gold in particular provides the profit bedrock of the whole Oppenheimer empire. In fact, Anglo controls such a large part of South Africa's gold-mining industry that it has to maintain a complex corporate structure for this part of the group for political reasons. For a start, AAC administers four gold mines, among them the two largest in South Africa, producing between them 40 per cent of South Africa's mined gold and 51 per cent of its uranium. This makes AAC officially the country's largest gold-mining house. Anglo's second core mining house, Johannesburg Consolidated Investment (JCI), is small by comparison, ranking fifth in terms of gold production. It administers only two mines, the smaller of which is a marginal one nearing the end of its working life. But between them AAC and JCI control 47 per cent of South Africa's gold and 71 per cent of its uranium production. It is the dominant position of these two companies alone that prevents Anglo consolidating its hold over South Africa's second largest mining finance house, Gold Fields of South Africa (GFSA), which runs six mines producing a further 23 per cent of the gold and 2 per cent of the uranium. Instead, GFSA has had to be run by proxy for Anglo by the London-based Consolidated Gold Fields (Consgold; see below). This unique relationship in Anglo terms leaves GFSA's relationship with Anglo well hidden, even though it is 70 per cent owned by Consgold and AAC together. To avoid sanctions, Consgold has arranged to transfer part of its interests in GFSA to the Rembrandt Group, run by Oppenheimer's old pal Anton Rupert. But, at the same time, Consgold has been careful to keep effective control of the South African mining house by retaining over 48 per cent of the shares.

Overall, this leaves Anglo in control of 70 per cent of South Africa's gold mine output and 74 per cent of its uranium output (Table 3).

The mines

Free State Consolidated (admin: AAC/Amgold). Until recently, AAC ran four mines in the Orange Free State, all clustered in a strip around the town of Welkom 172 miles to the south-west of Johannesburg. These mines – Free State Geduld, President Brand, President Steyn and Western Holdings – already shared a joint tailings treatment plant, the Orange Free State Joint Metallurgical Scheme (OFS-JMS). Then, in February 1985, AAC announced that the mines would be merged to create what rapidly became known as 'Anglo's super-mine'. It took another year of corporate manoeuvring and negotiating government approval before the new mine, called Freegold, came into existence.

The biggest gold mine in the world, Freegold is almost three-quarters larger than the next South African gold mine in terms of workforce, and two and a half times larger in terms of output. The discrepancy is the result of Freegold's relatively low grades, an average of 4.3 g/ton in 1987, in turn due to the age of the mines on which it is based. They were begun in the late 1940s, and are described as mature mines, meaning that the richest ores have been removed. They are none the less classified as 'better-quality mines' with a life of 15–20 years, and Anglo hopes to be able to extend this as a result of the merger, and will doubtless aim to do so by cutting the workforce in the longer term. The mine sprawls across the area around Welkom in the Orange Free State and completely dominates gold mining there, producing almost twice as much gold as all the other mines put together.

Vaal Reefs Exploration and Mining Company (admin: AAC/Amgold). South Africa's second largest gold mine and the largest uranium producer (almost 2,000 tons of uranium oxide in 1986) is located on the Vaal River near Klerksdorp, with a second lease area to the north mainly for uranium. Another 'better-quality' 15–20-year life mine, but with a significantly better grade, at 7 g/ton, than Freegold, its workforce is proportionately much smaller but nevertheless

TABLE 3

Anglo's South African Gold and Uranium Mines, 1986

	Gold				Uranium		Employees
		Revenue	*Working cost*	*Profit*		*Profit*	(1986–87)
	Kg.	*Rm.*	*Rm.*	*Rm.*	*Kg.*	*Rm.*	
AAC							
FS Consolidated (North Region)	53,365	1,442	886	556			
FS Consolidated (South Region)	53,124	1,443	858	586			
OFS-JMS/FG	2,743				529,811		
Freegold total	109,232	2,885	1,744	1,142	529,811		112,238
Elandsrand	11,836	321	140	181			8,678
Vaal Reefs	81,501	2,222	909	1,313	1,930,044	131	51,378
W. Deep Levels	37,200	1,011	437	575	n.a.	18	27,552
JCI							
Randfontein	27,059	697	347	350	600,498	17	14,670
Western Areas	16,074	419	354	65	255,211	19	9,682
HJ Joel	—	—	—	—	—	—	400
GFSA							
Deelkraal	7,588	205	115	90			7,345
Doornfontein	8,661	236	159	77			11,305
Driefontein Con	59,767	1,628	528	1,100	81,435	8	32,491
Kloof	28,841	790	228	562			17,687
Libanon	8,932	240	138	102			8,849
Venterpost	5,903	161	130	31			8,861
Totals (excluding OFS-JMS)							
Industry	577,218*	15,677	7,966	7,712	3,839,000*	248	454,142
AAC	237,026*	6,439	3,229	3,211	2,185,000*	149	199,846
JCI	43,133	1,116	700	416	600,000	36	24,752
GFSA	119,691	3,261	1,298	1,962	81,000	8	86,538
Anglo	399,850*	10,816	5,228	5,589	2,867,000*	194	311,136
Shares (%)							
AAC	41*	41	41	42	57*	60	44
JCI	7	7	9	5	16	15	5
GFSA	21	21	16	25	2	3	19
Anglo	69*	69	66	72	75*	78	68
Other residue treatment							
ERGO	6,395				150,997		2,539
SA Lands	1,680						343
Vlakfontein	1,033						529

*These figures refer to primary gold producers only, and exclude Harmony (primary uranium and gold), OFS-JMS, ERGO and SA Lands.

very large. Vaal Reefs is also the product of earlier mine mergers, and dates back to the early 1950s. Since inception it has produced 1,479 tons of gold worth R40 billion at current prices and 28,500 tons of uranium oxide. Given recent labour unrest, it is not surprising that the mine's new No. 9 shaft is being used as a group centre to establish a suite of equipment to develop 'efficient mechanised mining methods' (Report and Accounts, 1984). It is all part of the mine's response to the way in which 'the changing economic and socio-political climate will present many challenges to the mining industry in the years ahead' (*ibid.*).

Western Deep Levels (admin: AAC/Amgold). This mine reflects directly the advantages that control of a large financial and industrial empire provide. Anglo may have missed out when it came to the gems of the West Wits goldfield, the Driefontein and Kloof mines, but sheer cash and technical resources allowed Anglo to get at the parts that the other mining houses simply could not reach. Western Deep is, as its name implies, an extremely deep mine. Each of the main shaft systems has a first shaft reaching down 1,930 metres, to mine the first, 'Ventersdorp Contact' reef. At that depth a horizontal chamber is also cut to house winding gear, and another shaft is then cut down from that chamber a further 1,175 metres to reach the next, far richer, 'carbon leader' reef. Yet another chamber and shaft then reach down a further 675 metres to mine the lower part of the reef, which slopes down at an angle of 22 degrees. So the total depth is 3,780 metres, which is more than the height of any mountain in the Pyrenees, and not much less than some of the tallest in the Swiss Alps. It is certainly a considerable technical achievement, and also a very harsh, hot working environment at the bottom, according to the mine-workers who have to suffer it. Nevertheless, the mine has made good profits since Harry Oppenheimer turned the first sods in 1957, with the highest yield, at 10g per ton, of any AAC mine. It is still expanding: a third shaft commenced production in 1986 and has another 40 years' worth of reserves.

Elandsrand (admin: AAC/Amgold). Abutting on to Western Deeps, Elandsrand is AAC's youngest mine, having been incorporated in 1974. The mine reaches 2,875 metres down to the upper, 'Ventersdorp Contact' reef only, the richer lower reef being too deep to mine at this point. Again Anglo's technical and financial resources enabled it to risk the capital necessary to develop the mine. By developing it faster than any deep-level mine in the country before, Anglo could get the gold running and its capital turned into profits much faster. The sub shafts to reach the mine's full depth were only completed in 1984–85, and full capacity was only reached in 1987.

Randfontein Estates (admin: JCI). This mine is in three sections spread across the West Rand goldfield to the west of Soweto, touching on its borders at points. (True to form as one of the worst employers in the industry, JCI's annual report maps out the mines and the white cities and towns around, such as Johannesburg and Westonaria, completely omitting Africa's biggest city lying on their doorstep.) Randfontein's age is now showing, and with falling yields, JCI is trying to maintain profits here and at Western Areas (see below) by mechanising at the expense of the workforce. This led to disputes and the victimisation of mineworkers at both mines by the company in 1987.

Western Areas (admin: JCI). Western Areas gold mine lies directly to the south of the Randfontein mines, with only a short distance separating it from Randfontein's Cooke section. This is a marginal mine with a below 4 g/ton yield. Falling yields notwithstanding, each worker produced 1.5 kilograms of gold in 1986–87, worth 41,400 rand, or approximately ten times the minimum wage. As a result, management hopes that mechanisation and more pressure on the workforce will lead to a profits recovery.

HJ Joel (admin: JCI). This new mine, lying to the south of AAC's giant Freegold complex in the Orange Free State, is still under development at a total budget of over 1 billion rand. Output will build up to reach capacity in 1991, and the mine should yield 7,800 kgs of gold annually for 25 years – but could well achieve more.

Driefontein Consolidated (admin: GFSA). Formed from the merger of the East and West Driefontein mines in 1981, this is truly the jewel in South Africa's mining crown. Driefontein is only the third largest gold producer, behind AAC's Freegold and Vaal Reefs, yet outstrips them both in terms of profits by a considerable margin. It does so by virtue of high ore grades averaging 11.5g/ton in 1987, or over twice those at Freegold. And despite being the richest mine, Driefontein is also content with being one of the most exploitative of its black workforce, paying significantly less (along with all the GFSA mines) than the other mines for work carried out in conditions as bad if not worse than those elsewhere. The high profits have resulted in ever larger sums being handed over to the South African government in taxes and states' share of profits. These reached well over half a billion rand in 1984, before the gold price exploded with the rand's slump in 1985. This was 140 per cent more than the Freegold mines and 50 per cent more than Vaal Reefs paid that year, with the Dries' smaller capital spending accounting for only a small part of the difference. East and West Driefontein still publish separate working figures because they have differing tax rates. The yield of these and other rich mines is reduced noticeably when profits are high, in order to extend their life.

Kloof (admin: GFSA). At almost 15g/ton in 1986, Kloof is the richest mine in South Africa in terms of grade of ore mined, richer even than Driefontein Consolidated. Located just to the east of the latter, Kloof is a smaller mine with less than half the output. Nevertheless, the similar grades and employment conditions mean that the profits and taxes paid are proportionally equally obscene. Development of a new, adjacent lease area, the Leeudorn Division, means these profits will continue to flow for years ahead.

Doornfontein (admin: GFSA). GFSA's remaining mines look poverty-stricken by comparison with their stablemates. Doornfontein abuts on to AAC's Elandsrand mine and rights belonging to AAC (though GFSA's and AAC's mapmakers seem to differ on this). It is a 'better-quality' mine with a reasonable but declining 5.5g/ton yield and a 15–20-year life, but relatively small, producing just under one-third of Kloof's output with a workforce two-thirds as large housed in hostels described by their residents in 1984 as the worst in the region. This and the low wages ensure that good profits are still made. Substantial spending on a new shaft (and hostel) should increase profits significantly in the longer term.

Libanon (admin: GFSA). Lying immediately to the north of Kloof, this mine has a grade which, at under 5.1g/ton, is only just over one-third that of its neighbour. However, development around a shaft commissioned in 1983 should maintain the mine's steady flow of dividends to its owners.

Deelkraal (admin: GFSA). This mine lies to the west of AAC's Elandsrand mine, and is targeted on the same 'Ventersdorp Contact' reef. The mine was started later and development was slower, so that the sub-shaft was only commissioned in 1985–86 and output will continue to expand. No taxes are payable at present owing to the various reliefs available, and the company had a 'tax loss' standing at R78 million in 1987 so that none will be payable for some time.

Venterpost (admin: GFSA). The smallest of GFSA's gold mines, Venterpost abuts the northern edge of Libanon, marking the end of a classic chain from strong to weak that begins with Kloof. It is a marginal mine, with a grade below 4g/ton and the smallest output of any GFSA mine. It is quite vulnerable to any deterioration in the gold price or increases in working costs. Of late, though, the former has been working in its favour, and shareholders have received large and unexpected bonuses as a result.

Tailings treatment
Anglo has four tailings treatment companies, which re-treat the waste, often from now defunct mines, to extract the residual gold and/or uranium. One is OFS-JMS, which was set up, financed and supplied by the four mines that now constitute Freegold. The other three are separate companies.

East Rand Gold and Uranium – ERGO (admin: AAC). This company was established with new plant in the 1970s to recover gold, uranium and pyrite from some of South Africa's older mine dumps on the East Rand goldfield immediately south-east of Johannesburg. It has since expanded to three plants and is uprating its original plant so that lower grades will be economically viable.

South African Lands and Exploration – SA Lands (admin: AAC) and Vlakfontein Gold Mining Co (admin: GFSA). Both these operations are based on former mines using existing plant to re-treat both their own and other mines' waste dumps.

GOLD FINANCE

There are a number of gold finance companies in the group. These are purely financial vehicles, run by their respective mining houses, with no significant trading activity, and so have no real existence. There are three types.

- *Lease or royalty* These companies usually cede their mineral rights to another mine on a 'with profits' basis, which means revenues will fluctuate according to the success of mining in that area. They may as a result be classified as separate mines, though they do not trade. Their income must be added back to that of the main mine when comparing net profits. *Afrikander Lease* (admin: AAC) and *Southvaal Holdings* (admin: AAC) are both mined as part of Vaal Reefs.
- *Share-holding* When mines merge, some 'mining' companies are left holding nothing but shares in the main

mining company that results. In Anglo's case such companies include:

Orange Free State Investments – OFSIL (admin: AAC) holds 51 per cent of Freegold.
Welkom Gold Mining Co. (admin: AAC) holds 30 per cent of OFSIL and 5 per cent of Freegold.
Elsburg Gold Mining Co. (admin: JCI) holds 49 per cent of Western Areas.

- *Gold finance* These companies hold a wider portfolio of shares, including non-Anglo and sometimes non-gold shares. Their size varies enormously, but even Amgold, the largest, has no real existence outside of its administrator AAC, contrary to the impression the glossy annual report generates. Anglo's gold finance companies include:

Anglo American Gold Investment – Amgold (admin: AAC) has investments in many mines valued at R7.9 billion in all in 1987.
New Central Witwatersrand Areas (admin: AAC) has R54 million of shares.
DAB Investments (admin: JCI) has a R61 million portfolio of mainly mining shares.
New Wits Ltd (admin: GFSA) has portfolio valued at R246 million in 1986.

There are other companies in this category such as AAC's *Ultra Deep Levels* and GFSA's *Selected Mining Holdings*, but these are subsidiaries of other group companies and so their interests are included elsewhere.

Industry organisations
Anglo mines and mining houses also have shares and participate in industry-wide organisations such as the Rand Refineries, the Chamber of Mines, the International Gold Corporation, the Nuclear Fuels Corporation of South Africa and The Employment Bureau of Africa (TEBA). Naturally the Anglo mines' domination of the industry is reflected in these organisations, but political and labour