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NEW INTERESTS AND DIVERSIFICATION

Exploration remained a key basis for the planned growth of the company. From 1984, Renison Goldfields Consolidated (RGC) reassumed full responsibility for its exploration program from the previous joint funding arrangement with Consolidated Gold Fields. Roger Shakesby was the general manager for exploration, located in the Sydney office of RGC, with exploration offices in Canberra, Queensland and Western Australia. With the appointment of Colin Cannard as general manager of exploration in 1994, the exploration function was relocated to Perth.

Exploration and business prospects evaluated included the Porgera gold deposit in Papua New Guinea in conjunction with joint venture partners Placer Pacific and Mount Isa Mines, exploration tenements at Wau in Papua New Guinea, an offshore marine aggregates deposit in New South Wales, the Glendell coal project in the Hunter Valley of New South Wales with Dalgety Australia, gold and base metal exploration in Australia, and a gold prospect in the Philippines. Mineral sands exploration was conducted in Australia and in the United States; RGC discovered major mineral sands resources in the east coast of the United States in the 1980s and in Victoria, Australia in the 1990s. The marine aggregates project involved evaluative work in association with Amey Roadstone Constructions, a company in which the London parent had a major investment. The potential for a public inquiry and the anticipated public concerns associated with this activity eventually led to this project being discontinued. The rights to an interest in a large steaming coal deposit at Eneabba in Western Australia were acquired from private owners in 1980.

Exploration determined sufficient reserves to support the feed for a major power station and while evaluation work was undertaken with the State Electricity Commission, the project did not proceed.

As part of a diversification of the RGC portfolio, the company had had an interest in oil exploration and in 1981 evaluated the means by which entry could be obtained to a potential oil field, from acquiring an existing company, through to farm-in deals. Involvement was achieved, not by direct RGC exploration activity, but by acquiring an interest in an oil and exploration company, Minora Resources, with an initial \$5 million investment. RGC funded the company's exploration efforts and in December 1984 Minora was listed, at the time the largest single cash raising by an Australian exploration company. RGC had an initial 16.67 per cent interest and was the largest shareholder. RGC held the interest in Minora, increasing to 33.3 per cent, until 1995 when the company was delisted following a scheme of arrangement with Discovery Petroleum.

From exploration activity, several projects were developed and brought into production from 1985 to 1990. RGC earned a 49 per cent interest in the Pine Creek gold deposit, 220 kilometres south-east of Darwin in the Northern Territory, by a payment to Enterprise Gold Mines of \$1.5 million in 1983. A definitive feasibility study was undertaken and RGC increased its equity by a further 11 per cent. The joint venture for the development of Pine Creek was incorporated in 1985 and commissioning of the mine occurred in late 1985. RGC mined Pine Creek from the main, Enterprise Pit, until 1993 as well as other pits until mining ended in late 1994. The Lucky Draw gold project, at Burruga, near Bathurst, New South Wales, was discovered by RGC in 1985. Commissioning began in 1988 and continued until 1991. In Tasmania, exploration undertaken 30 kilometres north of Queenstown since 1968 led to a joint venture between Mount Lyell and Getty Oil in 1976, which was then transformed into a joint venture with Little River Goldfields that would lead to the discovery of the Henty gold deposit. A feasibility study for the Henty project was undertaken in 1991 and 1992 and production from the Henty mine commenced in 1996.¹ In 1988, the Mount Coolon gold project in Queensland was subject to a feasibility study. Ore reserves were not to expectations and deeper drilling was unsuccessful in locating ore with gold grades sufficient to justify progressing with the development.

1 RGC (Tasmania) Limited, 'Henty Gold Project, Feasibility Study', 1991, Renison Goldfields Consolidated Archives (RGCA), Box 3536.

At Wau in Papua New Guinea, geological investigation entailed the reinterpretation of mine data, aerial photography of the area, the acquisition of new tenements, and drilling at Wau and on associated leases. RGC also undertook a range of efforts to improve the production output from the Wau gold deposits. In 1983 the Wau mill expansion was commissioned, doubling mill capacity while in 1985 a carbon-in-pulp plant was constructed, later to be upgraded to increase throughput. The plant was designed to increase the recovery of gold and silver from partially oxidised and primary ores, given the reserves of the oxidised ores had been exhausted in 1985 and the original mill closed.² The mine displayed a variable operating performance, encountering hard ore and low grades. Drilling on nearby leases discovered mineralisation and expectations were that new deposits would be available. An evaluation of the deposits found that a previous view of a series of lenses was not the case, with the distribution of gold being more variable and, as such, requiring more closely spaced drilling to ensure adequate mine control as to the grade and characteristics of the ore selected for mining. By 1988 the future of Wau, which commenced the calendar year cash-flow negative, was viewed as being dependent on the Kerimenge exploration prospect, 20 kilometres away. As the operation was not achieving its budgetary targets, options for the future of the mine were considered, which included a closure earlier than expected in 1991. In July 1989, the board resolved to close the Wau mine.³ This was despite the assessed potential of the Kerimenge deposit.

In the Philippines the Nelesbitan gold prospect was drilled and a small project was progressed, with what was assessed as a minimal initial investment. The project was viewed as a way of testing RGC's ability to operate in the Philippines, given the company's exploration efforts had identified what was considered a promising portfolio of potential mineral projects. In May 1988 a contract security force was established, in preparation for construction. Loan funds of \$11 million were raised and production began in May 1990 from a small open pit operation. Terrorist activity was prevalent in the vicinity of the mine, with the manager of a nearby mine taken hostage. It was a poorly conceived project, involving a low-grade resource that had not been well delineated, quite apart from the security issues. The operation encountered technical difficulties and shortly after its commencement, given 'questionable profitability and ... significant security problems', the mine

2 Renison Goldfields Consolidated Limited, *Annual Report 1985*, p. 12.

3 Renison Goldfields Consolidated, 'Minutes of Meeting of Directors', 27 July 1989, p. 4, RGCA, Box 11329, BRD38/04.

was placed on a care and maintenance basis.⁴ The company's Philippines business entity, Goldfields Philippines Corporation, was sold in 1994 to Acoje Mining, a Philippines company.

Porgera gold



Figure 52. Site of Porgera gold mine, Enga Province, Papua New Guinea.

Source: Photograph held in the possession of the author.

Porgera was undoubtedly the key element of RGC's exploration, project development and metallurgical test work in the 1980s. Placer and Mount Isa Mines entered into the original joint venture for exploration at Porgera in August 1975. The deposit was located in Enga Province of Papua New Guinea, an area of remote and rugged mountain terrain. Gold had been first reported in the area in 1938 by government officers. In 1964, after the amalgamation of Bulolo Gold Dredging with Placer Development, mapping and shallow drilling was carried out. Mount Isa Mines also

4 Renison Goldfields Consolidated, 'Minutes of Meeting of Directors', 23 August 1991, p. 7, RGCA, Box 11329, BRD38/04.

carried out trenching, mapping and channel-sampling activities and conducted a small-scale sluicing operation. The major proportion of the gold occurred in submicroscopic particles associated with pyrite. This meant that conventional direct cyanide leaching resulted in low gold recoveries.

In early 1978, Placer decided it was appropriate to introduce a third company to the joint venture, notably one experienced in gold metallurgy. Experimental work undertaken to that time on the sulphide ore indicated considerable processing complexities, with low attendant gold recovery. In 1979 Consolidated Gold Fields Australia (CGFA) was selected as the project's third participant. The terms agreed were for CGFA to match Placer's expenditure and earn a one-third interest. The arrangement was structured as a two-stage option: prior to December 1978, CGFA would conduct a metallurgical program on samples of the Porgera ore and, subject to these results, had the ability to spend the balance of \$1 million on exploration. The outcome was that Placer agreed to sell part of its interest to CGFA, with the three joint venture partners each holding a one-third interest.⁵ While in 1981 reserves were seen to be adequate for development, the presence of pyrite was viewed as presenting uncertainties as to the level of ultimate gold recovery. In fact, the overwhelming characteristics of Porgera in the early 1980s were 'formidable engineering and metallurgical problems' quite apart from the high capital expenditure likely to be required for a project in a remote area without, at that stage, an identified source of power generation.⁶ RGC personnel played a major role in overcoming the metallurgical problems during the next decade, leading to the phased development of the major gold mine from 1990.

The discovery of a higher-grade mineralisation zone at Porgera occurred in 1983. This, along with a solution to the metallurgical treatment of the ore, were major milestones for the project. The new mineralisation, referred to as zone VII, when initially delineated, contained an estimated 15 million tonnes of ore with a gold content of 6 grams per tonne, compared with the existing reserves of 1 million tonnes at 3.55 grams per tonne. The level of reserves in zone VII subsequently increased. Peter Robinson, later to become an executive director of RGC, was recruited from South Africa

5 Letter from EJ Eldridge, Director, Placer Exploration Limited to Assistant Director, Department of National Planning, Papua New Guinea Government, 3 January 1979, RGCA, Box 1091.

6 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 16 December 1981, p. 7, RGCA, Box 11328, BRD38.

and played a key role in metallurgical test work. Over a period of three years, work was conducted to determine the means to liberate the gold locked in the pyrite lattice structure. Various approaches included ultra-fine grinding, roasting, bacterial leaching and pressure oxidation to extract the gold particles, followed by cyanidation. In a Sydney suburb, Warman Laboratory undertook work on behalf of RGC, treating the sulphide ore in autoclaves at high temperatures and under pressure. The process was effective in liberating the gold particles. For Robinson, this was a 'Eureka moment' for the project. Pilot test work was subsequently undertaken on pressure oxidation techniques with a bulk ore sample sent to Canada.⁷

By 1986, the completion of an initial adit into zone VII had occurred. Planning proceeded on the basis of the development of an underground mine accessing high-grade ore zones and subsequently an open pit to access the lower-grade bulk reserves. Pressure oxidation was determined as the most appropriate means to process the ore. The discovery of the Hides gas field by BP provided a potential source of energy for the operation of the planned high-pressure oxidation cells. In this context, a 1986 internal report on Porgera stated:

RGC perceives the Porgera project as providing an excellent opportunity of rare quality for furthering ... [corporate] objectives. Despite the evident difficulties associated with its development Porgera is, in RGC's view, a world class ore body holding promise of high rewards for courageous, entrepreneurial endeavour.⁸

In 1988 the feasibility study for the mine was completed. Subsequent to the study, additional high-grade ore was discovered that required a reconsideration of the development approach. The development plans were submitted to the Government of Papua New Guinea in November 1988. By 1989 the signing of a mining development contract had occurred and a special mining licence granted to allow the joint venture to commence construction. At that stage mine development was scheduled to take three years and three months and involve an expenditure of approximately \$1 billion, with development occurring through a phased approach.

7 Peter Robinson, personal communication, 6 November 2018; Renison Goldfields Consolidated Limited, 'Chairman's Address to the Fifth Annual General Meeting, 25 October 1985', p. 7, RGCA, Box 14284, BRD38/07.

8 RGC, 'Objectives for Porgera', 4 September, 1986, pp. 1-2, RGCA, Box 1361.

Campbell Anderson described the Porgera project as ‘uniquely large and complex in many different areas—metallurgically, logistically, politically, environmentally’.⁹ The conditions within Papua New Guinea, from a security and political point of view, created challenges. At the time that the Porgera loan facilities were being negotiated, riot police had been stationed on Bougainville Island, where CRA’s mining activities were occurring, with the government considering imposing martial law.

Given the importance of Porgera to the group’s production and financial profile, and the relatively short duration and lower contribution from other gold production sources, the RGC board was keen to ensure the expeditious development of the project. In 1987 there was disquiet in relation to Placer’s management of the project. The London managing director of Consolidated Gold Fields, Rudolph Agnew, approached the managing director of Placer suggesting that RGC replace Placer as operator. This was not to occur but Placer’s project management team was strengthened as a result of RGC’s representations. The feasibility study by the joint venture partners was presented to the Government of Papua New Guinea. RGC negotiated with a syndicate of 14 international banks for its financing arrangements, a US\$260 million loan facility.

The approach adopted for development entailed initial mining of the high-grade underground mineralisation, with the project to proceed in phases: underground mining followed by a process of surface mining of refractory ore to be processed by the installation of a pressure oxidation circuit. High-grade ore from underground mining was processed in the first circuit for 18 months followed by the second larger circuit. The phased approach allowed the high-grade part of the deposit with refractory gold to be recovered and treated using a concentrator plant. This allowed time for the large autoclaves to be brought onto the site and for the development of the power station with gas from the Hides field.¹⁰ This power source enabled the operation of a more complex pressure oxidation plant to treat the lower-grade ore from open cut mining.¹¹ In 1989 construction of the first stage of the project began and proceeded well, notwithstanding the remote location of the deposit and the mountainous terrain. Large Russian helicopters were used to fly in much of the heavy equipment, a modern-day version of the use of Junkers when the Bulolo goldfields

9 Renison Goldfields Consolidated, Letter from Campbell Anderson, 6 September 1989, RGCA, Box 1361.

10 Renison Goldfields Consolidated Limited, *Annual Report 1988*.

11 Jackson and Banks, *In Search of the Serpent’s Skin*, pp. 75–81.

were developed in the 1930s. Commissioning occurred in August 1989 and first gold production from the high-grade zone VII reserves followed. Porgera became the major earnings contributor to RGC over the next five years.

A protracted process of engagement by the joint venture partners with the Government of Papua New Guinea occurred in relation to ownership levels for the project. The government's initial agreement to purchase 10 per cent of the project from the joint venture partners was exercised in 1989 through a subsidiary of the state-controlled Mineral Resources Development. Contentions raised by the Government of Papua New Guinea that it had been misled about the size of the deposit and its production profile resulted in a dispute between the joint venture partners and the government, relating to the level of government ownership, as will be discussed in Chapter 19.

Attempt to re-establish a position in coal

CGFA, with Dalgety Australia, had acquired an interest in the Glendell coal project in the Hunter Valley in 1979. The development of the deposits, which provided RGC with the opportunity to re-enter coal production, had been under active consideration since that time. The Glendell coking coal project had initially planned to commence in March 1983. This timing was repeatedly deferred by a labyrinth of issues. Development did not occur under RGC's ownership, with the rights to the deposit eventually sold in 1992. Impediments encountered related in large part to the New South Wales Government: in the granting of a mining lease, the achievement of clarity on the requirements for front-end payments for infrastructure, and arrangements to gain access to railway and port facilities. The combative union situation also weighed heavily on the project, as did the need to secure contracts before a commitment to ordering major equipment.

In 1980, as part of efforts to advance the project, discussions had been held with Japanese steel companies. These discussions, to obtain a contractual underpinning for sales, included offering the Japanese a 20 per cent interest in the project. Charles Copeman, then involved in Bellambi Coal, was engaged in these negotiations. Expectations were that a mining lease would be granted in early 1981. The RGC board considered a proposal, supported by Max Roberts, that it was necessary to order capital equipment for the project—despite a financial return that would not occur for five

years—so as to demonstrate to potential Japanese customers that the prospects of the project proceeding were real. In turn, a contractual underpinning from the Japanese steel mills was necessary for financing. Assurances for the granting of a mining lease were not forthcoming from the state government, with issues related to Dalgety's status as a foreign company and uncertainty as to whether a process of naturalisation for Dalgety would need to occur before or after the granting of a mining lease. RGC was of the view that the naturalisation process could occur after the granting of a mining lease. However, the company was disabused of this notion two years later. An RGC board minute in November 1981 encapsulated the situation RGC faced in relation to the project:

The inaccessibility of the Premier, his recent statements on coal royalties, the need for clarification on front-end payments [for infrastructure], the union situation, housing, shipping, railway and port facilities all had increased concern about the viability of the project.¹²

By 1982, Roberts had still been unsuccessful in securing a meeting with the premier, although departmental advice he received suggested that the mining lease terms would be 'non negotiable and could be regarded as final'.¹³ Agnew, representing the parent company as a director of RGC commented that, in the circumstances, the project 'could only just be regarded as acceptable'. In his view it would not proceed 'if further adverse factors became apparent'.¹⁴ A month later, Roberts, reporting on discussions with the New South Wales Government, indicated that he had conveyed to the government that the 'numerous and heavy imposts' may well have 'killed' the project.¹⁵ The company pressed on but faced further obstacles. A public environmental review process in 1983 generated opposition to the project from a local citizen's action group that was supported by the Newcastle Trades and Labour Council. Although the opposition was unsuccessful in preventing development consent being granted, it further delayed the project.¹⁶

12 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 25 November 1981, p. 2, RGCA, Box 11328, BRD38.

13 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 25 February 1982, p. 6, RGCA, Box 11328, BRD38.

14 *ibid.*

15 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 24 March 1982, pp. 1–2, RGCA, Box 11328, BRD38.

16 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 29 September 1983, p. 10, RGCA, Box 11328, BRD38.

In May 1982, Roberts finally secured his long sought-after meeting with the premier, at which he was advised that the New South Wales Government's financial share from the project would be in the order of \$51 million per annum. Roberts advised the premier: 'For the project to proceed, the Company also had to derive an adequate return and to achieve this the cake would need to be redistributed'.¹⁷ One of the RGC directors posited the view that the New South Wales Government was reluctant to grant Glendell a mining licence because of union activity to 'resist the development of new coal mines'.¹⁸ The interminable delays caused Dalgety to seek to sell its shareholding, while RGC considered alternative coal investments, including in the Blair Athol coal deposits in the Bowen Basin, Queensland.

Roberts observed to shareholders at the 1984 annual general meeting that: 'It is a matter of some regret that negotiations with the New South Wales Government have been going on now for 4 years—I would not tolerate a mill of ours grinding so slowly'.¹⁹ With the Glendell development consent to lapse in mid-1986 unless sufficient preliminary work was undertaken, RGC stoically pressed ahead with another governmental meeting, this time with the minister for mineral resources and minister for energy. This meeting, as with others, proved to be 'most unhelpful'.²⁰ RGC considered buying out Dalgety's interest in Glendell, which subsequently occurred in 1989, as well as in Nardell and the Durham coal compensation scheme. The Narama area of the Glendell leases was owned by a subsidiary of Renison, The Nardell Colliery, a joint venture with Costain Australia. Together RGC and Costain would successfully tender for an Electricity Commission of New South Wales coal supply arrangement and, with this,

17 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 26 May 1983, p. 2, RGCA, Box 11328, BRD38.

18 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 24 November 1983, p. 8, RGCA, Box 11328, BRD38.

19 Renison Goldfields Consolidated Limited, 'Chairman's Address to the Third Annual General Meeting, 20th October 1984', p. 17, RGCA, Box 14284, BRD38/07.

20 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 28 February 1985, p. 6, RGCA, Box 11328, BRD38/02. The company received advice in May 1986 that a lease would not be granted until the joint venture with Dalgety was 'Australianised'. This outcome was 'contrary to earlier advice that Australianisation would not be necessary prior to generating a lease' (Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 29 May 1986, p. 17, RGCA, Box 11328, BRD38/02).

coal production commenced from the Narama joint venture in 1993.²¹ The Glendell tenements were not to be developed by RGC despite more than a decade of effort.

Iron ore

In 1985, the Goldsworthy extension project, which entailed the development of the Nimingarra iron ore deposits occurred. This enabled the mining rate to be sustained at 7 million tonnes per annum for another 17 years, with the potential for further expansion to 8.5 million tonnes per annum through planning for the development of Mining Area C.²² The project also required construction of a beneficiation plant at Finucane Island to process lower-grade ore. The capital required was contributed by Consolidated Gold Fields, which held the interest previously owned by CGFA. In 1987 Consolidated Gold Fields' shareholding in Mount Goldsworthy increased to 70 per cent as a result of committing \$90 million for the project. BHP held the remaining 30 per cent. While RGC no longer had any direct involvement in Mount Goldsworthy, it retained an arrangement where it would receive a payment associated with the start of production from Mining Area C. This was later converted into a royalty arrangement, although no financial benefit from this royalty was derived during RGC's period of ownership of the entitlement. Mining Area C would, however, prove to be a highly lucrative and valuable royalty stream, valued in the billions of dollars, after its commencement in 2003, at which time it was held by a successor company to RGC, Iluka Resources.

RGC retained an interest in McCamey Iron Ore Associates. This remained the company's sole exposure to iron ore following the divestiture in Mount Goldsworthy in 1977. In 1985, Mount Isa Mines was looking to dispose of its Australian iron ore interests. The RGC board discussed the potential of increasing the company's interest in McCamey Iron Ore Associates, with the following record:

21 Negotiations were also conducted with the New South Wales Government in relation to a royalty entitlement to coal tenements held by RGC and Dalgety, in the name of Freehold Coal, which had been expropriated in January 1982 from the company Durham Holdings Pty Ltd. Coal was also expropriated from the Nardell Colliery that was also jointly owned by Dalgety and RGC.

22 Goldsworthy Mining Limited, 'Board Meeting', 24 November 1986, RGCA, Box 11348.

Mr. Agnew commented that CGF viewed the Pilbara as having the potential for continued profitable operations and the ability, subject to industrial climate allowing, to be the major iron ore supplier to the Pacific region. Mr. Agnew expressed the view that CGF's iron ore interest, being located in Australia, should eventually be under the RGC corporate structure.²³

Approval was provided for RGC to increase its interest in the McCamey joint venture, although production did not occur during the period of RGC's ownership.

In 1989, when the Hanson takeover of Consolidated Gold Fields was nearing its conclusion, as will be discussed in Chapter 18, Anderson initiated a process to attempt to have RGC acquire the Consolidated Gold Fields interest in Mount Goldsworthy. RGC undertook an evaluation of Mount Goldsworthy as a precursor to an offer to acquire Consolidated Gold Fields' 70 per cent interest. The board discussion recognised the benefit to RGC if Consolidated Gold Fields was able to acquire BHP's 30 per cent interest in Mount Goldsworthy.²⁴ It was viewed that this would provide the basis for the control and operation of Mount Goldsworthy to be transferred to RGC and with this the potential to attract other participants and capital by establishing a separately listed Australian iron ore company. In July 1989 the general manager of Goldsworthy Mining, Alfred Kober, attended an RGC board meeting for this purpose at the suggestion of London director Michael Beckett. The board minutes conveyed:

The Managing Director commented that if RGC was interested in entering the iron ore business this would be the last opportunity and that it should undertake an appraisal of Goldsworthy prior to a decision by Hanson to sell, so that upon a sale decision by Hanson RGC could act quickly.²⁵

It was clear that Hanson, which had by this time acquired Consolidated Gold Fields, had no intention of retaining an interest in an iron ore operation in Australia. The Mount Goldsworthy joint venture participants struggled with the Hanson representation in gaining approval for any level

23 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 28 March 1985, p. 9, RGCA, Box 11328, BRD38/02.

24 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 27 August 1987, pp. 12–13, RGCA, Box 11329, BRD38/03.

25 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 29 July 1989, p. 1, RGCA, Box 11329, BRD38/04.

of expenditure for the project. Anderson held discussions with Hanson in December 1989 and indicated a willingness to bid \$65 million for the Hanson interest in Mount Goldsworthy. The bid was deemed 'not acceptable' and soon after BHP acquired the interest.²⁶ If the course of events were to have been different, RGC would have established a major involvement in the development of iron ore, including at Mining Area C in the Pilbara.

Diversification and acquisition

Diversification activities included the continued involvement in the New South Wales agricultural venture, Colinas. Throughout the 1980s Colinas failed to provide any meaningful financial contribution or prospect that it would. As in earlier periods, its sale was considered an appropriate option, although the opportunity to achieve this remained limited. Instead, various ventures were pursued, such as the use of poplar wood for match-flint manufacture and milling of the harvested timber, as well as cattle raising. All failed to provide meaningful returns.²⁷

In May 1986, RGC surrendered the lease it held for its corporate head office, Gold Fields House, to AMP for a payment of \$25.8 million. The proceeds offset an accounting adjustment of \$12.2 million representing the excess of the purchase price for Allied Eneabba relative to the assessed value of the assets. This improved RGC's profit performance after tax for the year to \$34.6 million, the highest reported profit of RGC since its formation in 1981.²⁸

An investment division, established in October 1984, had initial funds of \$20 million to invest, for the purposes of trading and for establishing strategic holdings in companies. A motivation was to enhance RGC's investment market knowledge of listed Australian companies and to provide a basis for acquiring interests that may be the precursor to a full acquisition. RGC's investments in Mount Isa Mines and Pancontinental

26 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 14 December 1989, p. 4, RGCA, Box 11329, BRD38/04. Jerry Ellis, BHP Minerals' executive general manager, and later chairman of BHP, was responsible for the acquisition of the Consolidated Gold Fields' stake from Hanson (Jerry Ellis, personal communication, June 2017).

27 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 25 January 1989, p. 10, RGCA, Box 11329, BRD38/04.

28 Renison Goldfields Consolidated Limited, *Annual Report 1986*, p. 32.

Mining fell into that category. In 1987, RGC established Project Almond, the proposed acquisition of North Broken Hill, with \$125 million approved for this purpose. An assessment was made of the value of North Broken Hill's mining and smelting operations, updating previous studies of the company. The conclusion was that the acquisition of North Broken Hill's zinc assets could be justified at a premium over the entire company's purchase price. The feasibility of this depended, however, upon the valuation placed by others on North Broken Hill's non-zinc assets and the share market price at which control could be achieved. In the first half of 1987, RGC and North Broken Hill had a similar market capitalisation of approximately \$1.1 billion. An acquisition to gain control of the zinc assets was viewed as practicable and would have been assisted by Consolidated Gold Fields in London, given its own shareholding in North Broken Hill.²⁹ The transaction would have been noteworthy in the Australian mining sector and may have influenced RGC's fate. However, it did not proceed.

A number of other acquisition opportunities were considered. These included a consideration in 1987 to acquiring Placer Pacific, RGC's joint venture partner in the Porgera gold project, as well as a complex strategy for the potential acquisition of Mount Isa Mines. In 1989, \$20 million of the \$50 million of funds within the investment division were held in shares of this company. Discussions were held by Anderson with the chairman and chief executive officer of Mount Isa Mines, with a view to a possible combination of the two companies, but these discussions did not progress to finality.³⁰ The acquisition of Westralian Sands was also considered.³¹

29 Renison Goldfields Consolidated Limited, 'Project Almond', RGCA, Box 12510.

30 The complex strategy involved RGC acquiring an initial 7 per cent of Mount Isa Mines (MIM) shares, funding this investment by issuing 15 million shares, with Consolidated Gold Fields not taking up its entitlement and diluting to 40.26 per cent in RGC. RGC and Consolidated Gold Fields would then make a joint takeover for MIM; Asarco (that owned 32.4 per cent in MIM) would sell its Consolidated Gold Fields' shareholding with RGC then acquiring 36.7 per cent of MIM from Consolidated Gold Fields in exchange for 73.8 million RGC shares. In the final phase, RGC would sell MIM's cross shareholding in Asarco for \$221 million and issue 49.12 million shares to Consolidated Gold Fields, enabling Consolidated Gold Fields' shareholding in RGC to increase back to 48.95 per cent. RGC would then utilise the attendant cash to reduce RGC's debt (untitled paper, RGCA, Box 973).

31 The acquisition was considered at a time when Westralian Sands was owned 61 per cent by two of its major pigment customers.

These considerations demonstrated that RGC, under Anderson's tenure as managing director, saw benefits in aggregation at the mid-tier market capitalisation level of Australian mining companies. Apart from efforts to establish a presence in coking coal through the development of its Glendell coal leases in New South Wales, RGC held discussions with Arco Australia in 1983 relating to its 15.39 per cent interest in the Blair Athol coal project in Queensland. These discussions reflected an interest in establishing a position in coking coal at a time when the uncertainties relating to progress with the Glendell project were evident, even though RGC would have an equity, as opposed to operating position, in any venture with Arco. The board authorised management to proceed with an indicative offer of \$25 million to \$30 million. Discussions were held with Roderick Carnegie, managing director of CRA, the operator and other joint venture participant. While CRA indicated it was not seeking to increase its interest in the project, it preferred that the Arco interest not be sold to an entity with a foreign shareholding. As such, it left open its option to exercise its pre-emptive rights.³² The acquisition was not pursued further.

In 1988 alone, RGC considered five further potential acquisition opportunities. The acquisition of Paringa Mining and Exploration Co., in which AGL was a major shareholder, and which in turn had a 45 per cent interest in North Flinders Mines, was one such consideration. While RGC began acquiring shares in North Flinders Mines, the opportunity did not proceed. The potential to acquire another producer of mineral sands, Mineral Deposits, was considered while an evaluation was made of acquiring CSR's minerals division, and through this the Indonesian tin mining operation Koba Tin. The challenge RGC had was that it wished to avoid financing acquisitions and subsequent projects that may have impeded its ability to finance the major Porgera gold project.³³ The indicative acquisition cost of Koba Tin was \$40 million; \$25 million to \$30 million was allocated for Mineral Deposits; and an envisaged \$25 million to purchase the Granny Smith gold prospect in the CSR portfolio.

32 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 27 January 1983, p. 8 and 24 February 1983, p. 4, RGCA, Box 11328, BRD38.

33 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 15 February 1988, p. 5; 24 March 1988, p. 4 and 27 April 1988, p. 2, RGCA, Box 11329, BRD38/03.

Mineral Deposits was of interest to RGC following an indication from its major shareholder, BHP, that it was willing to sell a major part of its non-core assets. An RGC board note reviewing the potential acquisition of Mineral Deposits observed:

Although Mineral Deposits was a high cost producer, acquisition of it would allow AMC to bring into operation this high cost production in periods of supply deficits, thus providing a barrier to entry or expansion by external producers in times of high cost. In addition, Mineral Deposits was a poor marketer, selling its rutile product approximately \$30 per tonne below market with a consequential \$5.00 per tonne effect on AMC's prices. Acquisition of Mineral Deposits would allow it to achieve a \$30.00 increase in prices and AMC a \$5.00 increase. Acquisition of Mineral Deposits' engineering business would provide additional insight into other mineral sands producers.³⁴

The acquisition did not proceed.

In January 1988, Anderson sought board approval in relation to the acquisition of CSR's minerals division. CSR held a 37.5 per cent interest in Koba Tin in Indonesia, as well as exploration interests in Australia and Indonesia. Boral had an equal interest in Koba Tin. Anderson saw the opportunity to undertake back-to-back acquisitions and gain a controlling ownership of an alluvial tin mining operation on Bemban Island, Indonesia. In May 1988, RGC was successful in its purchase of both the CSR and Boral interests in Koba Tin. An RGC bid for the Granny Smith gold deposit was not successful, with RGC's bid of \$45 million falling below a competitive bid of \$65 million by Placer Pacific.

By 1988 funds committed to the investment division had increased from \$20 million to \$50 million. Apart from its role in identifying potential acquisition opportunities, part of the motivation was that the funds in the investment division could be liquidated as required to 'smooth out variances in profit performance' for the group.³⁵

34 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 24 March 1988, p. 7, RGCA, Box 11329, BRD38/03.

35 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 29 October 1989, p. 9, RGCA, Box 11329, BRD38/03.

In the nine years since its formation RGC's financial performance had improved markedly, mainly associated with the recovery in mineral sands markets. The Koba Tin acquisition had proven useful as a contributor to group earnings and cash flow and was a partial offset to the decline in contribution from Mount Lyell. A major new gold production source at Porgera was to commence in 1990, with this more than replacing the smaller contributions from the two gold operations in Australia and New Guinea Gold Fields. It would rank as a material contributor to the group's overall performance. The two other major assets in the portfolio, Renison and Mount Lyell, were facing challenges, and their financial contributions were by now minor. Efforts to establish a position in coal and reacquire the Mount Goldsworthy interest were not successful. The market standing of RGC had been enhanced after a challenging first half of the decade. The opportunities appeared favourable for the 1990s. However, a decline in market conditions and a major change in the shareholding structure of RGC was to have an influence, ultimately, on RGC's fate as an independent, diversified mining company.

This text is taken from *Consolidated Gold Fields in Australia: The Rise and Decline of a British Mining House, 1926–1998*, by Robert Porter, published 2020 by ANU Press, The Australian National University, Canberra, Australia.

doi.org/10.22459/CGFA.2020.16