17

THE CHALLENGES OF THE PARENT

A major influence upon Renison Goldfields Consolidated (RGC) from 1989 through to the cessation in 1998 of its existence as a company was a series of corporate events related to the London parent, Consolidated Gold Fields. During the early 1980s, De Beers Consolidated Mines, a company associated with Anglo American Corporation of South Africa, established a shareholding in Consolidated Gold Fields. This shareholding was subsequently transferred to a company that was controlled by the Oppenheimer family, Mineral and Resources Corporation Limited, or Minorco. Domiciled in Luxembourg, Minorco was the overseas arm of the Anglo American–De Beers group. It claimed to be the largest gold producer in the non-communist world and was jointly owned by De Beers (21 per cent), Anglo American Corporation (39 per cent) and the Oppenheimer family (7 per cent). Anglo American, formed in 1917, had had two chairmen: Sir Ernest Oppenheimer and his son, Harry Oppenheimer. The group had diverse interests in a range of minerals, with a major presence in gold mining in South Africa. Members of the Oppenheimer family were represented on the boards of both companies. It was a contention of Consolidated Gold Fields, in opposing the Minorco bid, that the board of Minorco was 'largely in the pay … [and] depends for its future prospects upon the bounty of Anglo American and/or Mr. Oppenheimer or his family'.[1]

1 Rudolph Agnew, the chairman and chief executive officer of Consolidated Gold Fields stated: 'The Chairman of the company [Minorco], Mr. Olgivie Thompson is in the pay of the family. He is Deputy Chairman of Anglo American. He is Chairman of De Beers as well as Minorco and is Chairman designate, as we understand it, of Anglo American itself' (transcript, Monopolies and Merger Commission, United Kingdom, p. 32, Renison Goldfields Consolidated Archives (RGCA), Box 138).

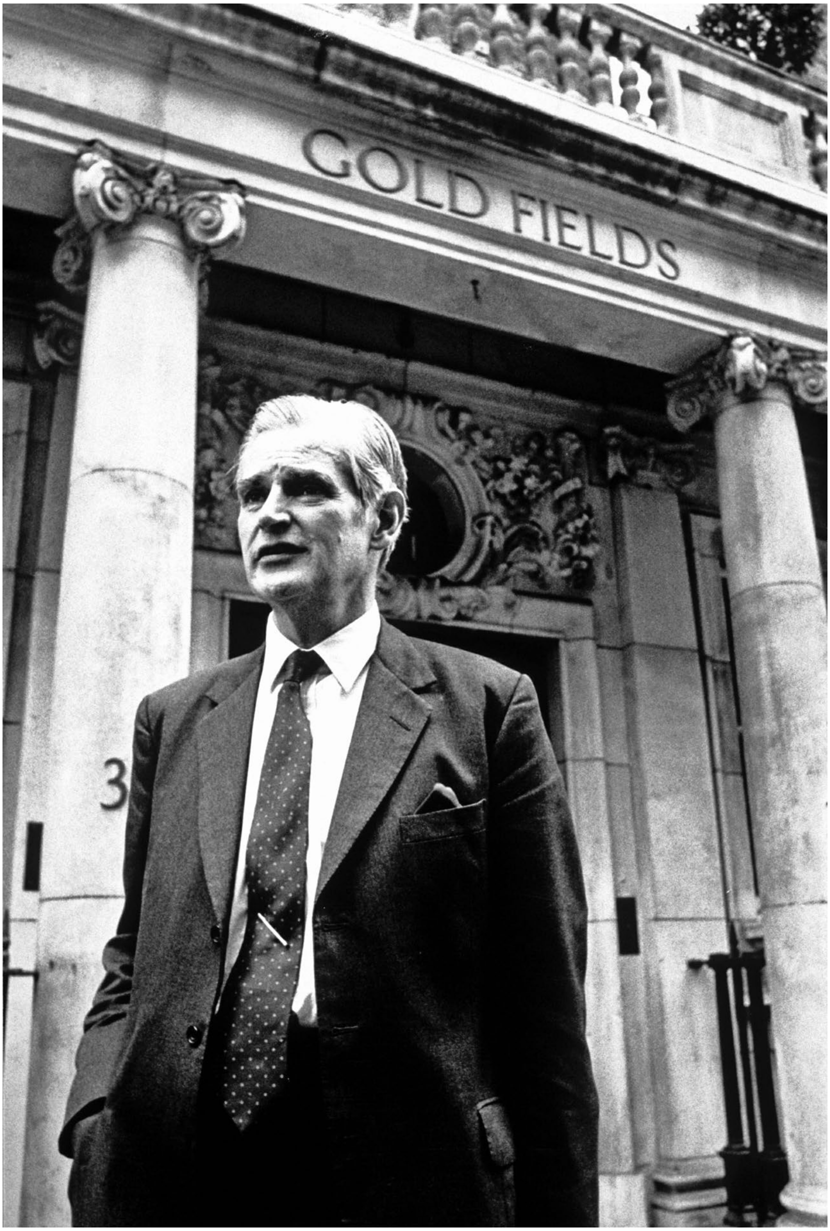

Figure 53. Rudolph Agnew, chief executive officer of Consolidated Gold Fields, responsible for the spirited defence against the takeover attempt by Minorco that, despite being successful, led to Hanson acquiring Consolidated Gold Fields, London.

Source: Shutterstock/*The Independent*, October 1988.

Consolidated Gold Fields was Anglo American's nearest rival and the second-largest gold producer, mainly through its 49 per cent interest in Gold Fields of South Africa. The Oppenheimer interests, in turn, had an 11 per cent shareholding in Gold Fields of South Africa. Harry Oppenheimer, according to one writer, was concerned that Consolidated Gold Fields' diversification activities might involve a plan to sell its stake in Gold Fields of South Africa. If acquired by a rival South African mining group, General Mining, Anglo American's predominance in gold production would be threatened. 'Thus … it was the internal politics of South African gold mining industry that came to spark one of the most far reaching and bitter corporate battles ever.'[2]

The De Beers approach to attempt to prevent this outcome was to hold a minority shareholding in Consolidated Gold Fields. This stake was acquired through complex subterfuge using various nominee companies of De Beers. This activity led Consolidated Gold Fields' chairman, Lord Erroll, to warn shareholders at the company's annual general meeting in November 1979 of 'a possible creeping acquisition', while requesting the Department of Trade to investigate the acquisition of the company's shares.[3] There followed the infamous 'dawn raid' on Consolidated Gold Fields' register on 12 February 1980, orchestrated by Anglo American's London broker Rowe and Pitman. The share raid was speculated to be in response to a view that Gencor may have been preparing to make its own takeover attempt of Consolidated Gold Fields and Gold Fields of South Africa.[4] Utilising 30 of their staff on telephones, Rowe and Pitman acquired close to a further 15 per cent of Consolidated Gold Fields shares over the course of 40 minutes. An announcement indicated that it was not the intention of De Beers to move beyond a 29.9 per cent shareholding and that it was not seeking to change the management of Consolidated

2 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, pp. 63 and 65.

3 Department of Trade, 'Consolidated Gold Fields Limited, Investigation under Section 172 of the Companies Act 1948', report by Bryan James Welch and Michael Charles Anthony Osborne (inspectors appointed by the Department of Trade), Her Majesty's Stationery Office, London, 1980, p. 1.

4 Gencor was created by the 1980 merger of General Mining and Finance Company and Union Corporation, two companies involved in gold mining in South Africa. Union Corporation owned the original interest in Richards Bay and assisted in the formation of Richards Bay Minerals. Gencor bought Billiton International from Royal Dutch Shell in 1994 and had an interest in Richards Bay Minerals, which Rio Tinto operated.

Gold Fields 'in which it had great confidence'.[5] The Anglo American and De Beers holding was transferred to Minorco, with two Minorco directors appointed to the board of Consolidated Gold Fields, including Rhodes scholar Julian Ogilvie Thompson, chairman of Minorco and De Beers.

Minorco reportedly considered a proposal from an investment adviser for it and British mining group Rio Tinto Zinc to acquire and subsequently break up Consolidated Gold Fields. Thompson raised this proposal with Rudolph Agnew, chairman and group chief executive of Consolidated Gold Fields. According to Bill Jamieson, who wrote on the Minorco saga, Agnew 'was not keen at all' and realised that Consolidated Gold Fields was now vulnerable on a number of fronts.[6]

A proposal for a friendly merger between Minorco and Consolidated Gold Fields was considered and arrangements put in motion. According to Jamieson, the Consolidated Gold Fields board, including Campbell Anderson, the managing director of RGC, considered the proposal. Anderson, who could not attend the meeting in London, presented a letter expressing the views of the Australian subsidiary. Michael Beckett, a Consolidated Gold Fields executive director who also sat on the boards of Gold Fields of South Africa and RGC, tabled Anderson's letter. He described it as 'a powerfully written piece, listing the formidable political problems that an Anglo American-controlled Gold Fields would face both in Australia and in Papua New Guinea. It would vote the company off the international mining map'.[7]

The proposal for a merger was not supported. Subsequently, Consolidated Gold Fields increased the stake it held in Newmont Mining Corporation to 26 per cent, following an agreement with Newmont in October 1981, ratified at a Gold Fields extraordinary general meeting. This holding increased to 49 per cent after renowned corporate raider, T Boone Pickens and his investment group Ivanhoe Partners, attempted a takeover of Newmont in September 1987. Newmont and Consolidated Gold Fields signed a 10-year agreement, with Consolidated Gold Fields agreeing to limit its shareholding to under 50 per cent. Newmont declared a US$33 per share dividend to all stockholders, which assisted

5 Department of Trade, 'Consolidated Gold Fields Limited, Investigation under Section 172 of the Companies Act 1948', report by Bryan James Welch and Michael Charles Anthony Osborne (inspectors appointed by the Department of Trade), Her Majesty's Stationery Office, London, 1980, p. 2.

6 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 91.

7 ibid., p. 99.

Consolidated Gold Fields to increase its ownership in Newmont from 26 per cent to 49.7 per cent. Pickens was blocked from proceeding with its takeover of Newmont by a ruling in the Delaware Supreme Court.[8]

At the time, Anglo American Corporation was also believed to be stalking Newmont. By increasing its position, Consolidated Gold Fields thwarted Pickens's takeover attempt. However, this action only served to annoy Anglo American and Minorco. The Newmont dividend was paid in 1987 in the context of the October 1987 share market crash, with the shares of the heavily indebted Consolidated Gold Fields falling sharply. Similar to the situation that would later manifest when Hanson became a major shareholder of RGC, an uneasy relationship existed between Consolidated Gold Fields and Minorco, with the major shareholder viewing:

> The problematic earnings per share performance and the standstill dividend record with an understandable apprehension—it had paid £6.16 a share … by the time of the Newmont investment … that was down to £4.85 … When, if at all, would the Agnew strategy deliver.[9]

Tensions between the two sides were all too evident. In 1985, Consolidated Gold Fields moved its corporate office to 31 Charles II Street, St James Square.[10] The location generated derision within the Anglo American and Minorco camps. The new premises were referred to as 'Versailles' during the acrimonious takeover battle that followed. In 1987, to mark the centenary of Consolidated Gold Fields, two bronzes statues of Cecil Rhodes, the founder of both The Consolidated Gold Fields of South Africa and De Beers Consolidated Mines, were cast. They were exchanged between Anglo American and Consolidated Gold Fields in a temporary gesture of goodwill, given the shared heritage of the two companies. The statues would feature in Hanson's later takeover of Consolidated Gold Fields, which was in large part a consequence of Minorco's unsuccessful takeover effort and shareholding in Consolidated Gold Fields.

8 The Pickens and Ivanhoe Partners bid was launched in early September 1987 and by November had been withdrawn (*The New York Times*, 1 September 1987 and 19 November 1987).

9 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 83.

10 The site of the Consolidated Gold Fields offices had been the former residence of the 8th Duke of Norfolk and during World War II had been the Supreme Headquarters of the Allied Expeditionary Powers under Dwight D Eisenhower.

Having been spurned in terms of a merger, Minorco set about making a hostile bid for Consolidated Gold Fields. Minorco made its first bid on 21 September 1988. The £2.9 billion bid lapsed, referred to the Monopolies and Merger Commission and the Takeover Panel for investigation in relation to insider dealing, given the large volumes of Consolidated Gold Fields shares traded in the three days preceding the bid. Senior management, including Anderson, appeared before the United Kingdom Monopolies and Merger Commission. Anderson's arguments focused on the implications of a successful Minorco bid for the mineral sands part of the business in Australia. He highlighted the consequences of further concentration in the mineral sands industry, including the potential sale of RGC shares by Minorco to Rio Tinto Zinc's Australian subsidiary, CRA. According to Anderson, if CRA took 'control of BP minerals', it presented the possibility of CRA also having 'a significant position in the Richards Bay mineral operations in South Africa'.[11] Anderson also conveyed that he had heard 'speculative comment[s]' that Minorco had engaged in discussions with Cooksons, the largest global purchaser of zircon. If RGC's mineral sands assets were to be sold to Cooksons, there would be 'major competitive problems … throughout the world'.[12]

The commission cleared the bid, allowing Minorco to make a renewed £3.2 billion offer of cash and shares. The bid was the largest in British history. The stakes were high; the battle pitted two major companies against each other. Agnew, a former cavalry officer in the King's Royal Irish Hussars, with 'immense charm … [and] a soldier's firmness'—tall, handsome, silver-haired and with a languid air—assembled a formidable response, with active assistance from the company's subsidiaries, including RGC.[13] Consolidated Gold Fields reportedly spent over £30 million on its multifaceted defence efforts, which included retaining United States–based private detectives. Consolidated Gold Fields was advised by the investment bank First Boston and two of its 'Wall Street legends', Bruce Wasserstein and Joe Perella. As if the defence was not sufficiently complex, two 'black nights' appeared on the scene. These were Kohlberg Kravis Roberts, leveraged buyout experts, proposing a management buyout; and Cavenham Forest Industries, established by British businessman Sir James (Jimmy) Goldsmith with the assistance of his lieutenant, Al 'Chainsaw'

11 Renison Goldfields Consolidated Limited, Memorandum from C McC Anderson to Executive Directors, 12 January 1989, p. 30, RGCA, Box 17848, RGC 28660.

12 ibid.

13 Macnab, *Gold Their Touchstone*, pp. 303–304; *The Independent*, 7 May 1994.

Dunlap, which had aspirations to acquire Newmont. Jonathan Loraine, a young member of the Consolidated Gold Fields business development group, recalled that it was 'our job … to keep them occupied', while also assisting with the main defence effort.[14]

Agnew mounted an aggressive and wide-ranging defence to what was seen as the opportunistic approach by a trivial and tax-contrived company. The tone was set early when Agnew, in drawing a distinction between owning assets in South Africa and being potentially owned by South African interests, stated: 'You can deny your bastard sons, you can't deny your parents'.[15] Sir Michael Edwardes, former chief executive of British Leyland and a non-executive director of Minorco, was appointed chief executive to lead the Minorco bid. His industrial and management skills in turning around the fortunes of British Leyland and his pugnacious style were seen as appropriate in leading the bid and ultimately taking charge of one of Britain's foremost mining houses. The no-holds-barred contest included a verbal assault by Agnew on the South African–born Edwardes, including 'allusions to his lack of mining ability and his small stature'.[16] Agnew intentionally mispronounced his name, 'Edwardees' and referred to him as the 'pip squeak'. The battle was vitriolic. Agnew stated that he was 'outraged by the bid' and described Minorco as 'totally motivated by secrecy and tax avoidance' and that the company was 'just trying to get their hands on our assets to compensate for the failure of their own policies' and to compensate for its own 'bankrupt' business policy.[17] The defence also centred heavily on the adverse implications of South African de facto control over both the British operations of Consolidated Gold Fields and its American and Australian interests. According to one observer:

> Gold Fields did not go quietly. The company had already been bruised by a stock raid in 1980 that had left Oppenheimer interests with nearly a third of its shares. This time, it was prepared. Marshalling attorneys, political lobbyists, investment analysts and detectives on both sides of the Atlantic, Gold Fields loosed a fusillade of charges against Minorco, ranging from allegations that a frenzy of insider trading in London and Johannesburg had preceded the bid, to speculation that Minorco's corporate cousin,

14 Jonathan Loraine, personal communication, 27 March 2017.
15 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 140.
16 *The Independent*, 7 May 1994.
17 *The Times*, 4 October 1988 and 5 October 1998.

> De Beers, had sold industrial diamonds to the Nazis in World War II. The evils of South African ownership became Gold Fields' rallying cry.[18]

The Consolidated Gold Fields response branded Minorco as representing 'poor management, poor record and poor prospects', with the potential for 'damaging South African control'.[19]

The Minorco bid was ultimately thwarted based on potential concentration in the gold sector. However, it was also suggested that mineral sands had played a role in Minorco's considerations:

> It is Renison's key role in the supply of mineral sands (it is the world's largest producer, delivering 30% of the west's titanium oxide, 40% of its monazite, and 45% of its zircon) which could have been Minorco's greatest prize. AAC [Anglo American Corporation] has no mineral sands operations worth speaking of (merely a 5% holding in Gencor which owns the vital Richards Bay Minerals deposits dominated by RTZ [Rio Tinto Zinc]). Just after Minorco made its play for ConsGold, a detailed report on the world mineral sands industry, prepared for the Dublin-based company Kenmare, showed that world demand for zircon would outpace supply until 1994, as the strategic mineral found new applications in electrical ceramics (and the world's nuclear industries). Its price was calculated to increase dramatically … Initially the Monopolies and Mergers Commission (MMC) looked as if it was only going to scrutinise Minorco's play for mineral sands.[20]

Conspiracy-style theories abounded. One suggested that a successful Minorco takeover might provide South Africa with a sufficient share of gold and other strategic minerals, including titanium, to influence supply and inflate prices:

> When applied to strategic metals like titanium, however, Gold Fields' claims seem more compelling. Gencor, the leading Western producer—mining 29 percent of the high-grade feedstock manufacturers require to make titanium metal—is owned and

18 *The New York Times*, 19 March 1989.

19 Shareholder circular, 'Consolidated Gold Fields PLC, Share in a Valuable Future, Reject Minorco', March 1989, p. 1 (copy held by the author). A further shareholder circular was sent in April 1989 with details of 'an unprecedented scheme' with a targeted compound earnings growth of 20 per cent over three years and, if not achieved, the distribution of assets with a special preference dividend (Consolidated Gold Fields PLC, 'Value Today—and Value Tomorrow. Stay with Gold Fields', April 1989, pp. 1 and 3) (copy held by the author).

20 Moody, *The Gulliver File: Mines, People and Land*, pp. 98–99.

> operated in South Africa. The second-largest source, Renison—extracting 25 percent of the West's feedstock—is an Australian company in which Gold Fields owns a 48 percent interest. The Minorco takeover would place 54 percent of the world's non-Soviet, high-grade titanium in South African hands. Investment analysts familiar with precious metals warn that Gencor and Oppenheimer companies might then collude to control the world market for titanium, as they previously have done with platinum.[21]

RGC's concerns were deep-seated, relating to the fate of its business in light of a successful Minorco bid, whether from the potential disposal of Minorco's shares in RGC—possibly to another major mining company—or Minorco holding a major shareholding position. For RGC, the dangers to the Australian business if Minorco succeeded in its bid were 'enormous'.[22] RGC board minutes in September 1988 noted: 'in discussing RGC's position relative to CGF, it was agreed that RGC should use its best endeavours to assist CGF in rebutting Minorco's bid … and [it] would be disadvantaged if Minorco's bid were to succeed'.[23] Within RGC, a defence committee was formed comprising Anderson, Mark Bethwaite, BE Wauchope (executive director, finance) and AD Hemingway (group general manager, corporate affairs).

The support from the Australian arm was unequivocal and robust. In writing to Agnew, Anderson observed:

> I have absolutely no doubt that this would have a serious adverse effect on the very close relationships that we have been able to build with our customers in the mineral sands industry … This stability would be threatened by any perception of South African control of supply, putting at considerable risk the very large profits which we presently enjoy from our major position in this industry.[24]

21 *The New York Times*, 19 March 1989. In reviewing the Minorco bid for Consolidated Gold Fields, the United Kingdom Monopolies and Merger Commission believed that the risk of a merger resulting in 'collusion in the supply of titanium [had] been exaggerated'. It is noted that the largest shareholding in Richards Bay Minerals was held by British Petroleum, which had agreed in principle to sell its shareholding to RTZ, not Gencor. In the view of the commission, Anglo American would have 'no effective influence' through its small shareholding in Gencor (Monopolies and Merger Commission, 'Minorco and Consolidated Gold Fields PLC: A Report on the Merger/Situation', February 1989, p. 61).

22 Consolidated Gold Fields Australia Limited, 'Minutes of Meeting of Directors', 29 September 1988, p. 3, RGCA, Box 11329, BRD38/03.

23 ibid, p. 1.

24 Letter from Campbell Anderson to RIJ Agnew, Chairman, Consolidated Gold Fields PLC, 20 September 1988, RGCA, Box 17848, RGC 28660.

The Minorco bid came at a time when Australian political opposition to the South African regime was intense. As such, there was concern with the possible reaction from trade unions in Australia if RGC was owned or controlled in part by South African interests. An internal RGC note recorded:

> Because of the damage perceived by the RGC Board to the long-term relationships that have been developed with customers in the mineral sand market and the operational difficulties with which the Board recognised the RGC Group could be confronted in its operations in Australia by virtue of any perception that the Group had become South African controlled and the reaction of the Australian trade union movement to that situation, RGC procured its US subsidiary, which operates in the mineral sands industry, to join other CGF interests in the United States in an approach to the President to exercise his powers under the United States Defence Act in relation to the bid.[25]

The significance of both Australian and international opposition to the apartheid regime in South Africa was never far below the surface in the arguments mounted. The implications for control of RGC's gold assets by South African interests, particularly in Papua New Guinea, were a part of RGC's opposition to the Minorco bid. The takeover attempt of the London parent also came at a crucial stage in the development of the Porgera gold project, with the joint venture awaiting the Papua New Guinea Government's response to the feasibility study. It was of concern to the RGC board that the Minorco bid for Consolidated Gold Fields may have been the reason for what was seen as the 'procrastination' of the Papua New Guinea Government in its decision-making process.[26] A Minorco takeover was viewed as a potentially 'catastrophic' outcome by Anderson. His contention to the Monopolies and Merger Commission was that RGC 'would be kicked out of Papua New Guinea' if South African control occurred.[27] Papua New Guinea Prime Minister Rabbie Namaliu publicly declared his opposition, stating:

25 Note to Directors Renison Goldfields Consolidated Limited, 22 March 1989, RGCA, Box 17848, RGC 28660.

26 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 29 August 1988, p. 7, RGCA, Box 11328, BRD 38/03.

27 Renison Goldfields Consolidated Limited, Memorandum from C McC Anderson to Executive Directors, Monopolies and Mergers Commission, 12 January 1989, p. 28, RGCA, Box 17848, RGC 28660.

> We cannot allow the apartheid regime to benefit from our rich resources … if the takeover goes ahead we shall force RGC to divest its interests in PNG. PNG will not be a party to any racist regime that has for so long suppressed the vast majority of its population.[28]

In a letter to shareholders, RGC's chairman, Max Roberts, conveyed the strained relationship associated with Minorco's share ownership of Consolidated Gold Fields. He wrote that, while there had been attempts at cooperation, 'these attempts have invariably failed because of the manner in which Minorco would seek to exercise its influence and, in particular, because the influence would be perceived to be dictated effectively by the Oppenheimer family in South Africa'.[29] The implications were seen to be 'potentially so adverse' that RGC shareholders were urged to contact their state or federal members of parliament to petition the British Government. Roberts visited Britain, gave media interviews and met with officials of the Office of Fair Trading, having written to its director-general. In relation to the implications of a Minorco takeover on RGC's mineral sands interests, he wrote:

> We are concerned that if this takeover proceeds, the world's mineral sands industry will be dominated by South African companies, which on the basis of press reports we understand are, or can be controlled by the Oppenheimer family. We believe this could be damaging to the mineral sands industry in general and RGC's interests in particular.[30]

Through Anderson's efforts, RGC secured representations by state premiers, including the Tasmanian premier, who wrote to Australian Prime Minister Bob Hawke in October 1988 regarding the viability of Mount Lyell in the event of a Minorco takeover. Hawke met with Margaret Thatcher, the British prime minister, to ensure that there would be no threat to RGC, and Australian Government representations were also made to the United States secretary of state.[31] In September 1989, the Western Australian deputy premier wrote to the agent general in London, expressing the Western Australian Government's interest in RGC's mineral

28 Cited within In the Matter of Renison Goldfields Consolidated Limited, Brief to Advise, RGCA, 28661.

29 Minorco Bid for Consolidated Gold Fields Limited, Letter from MJ Roberts, Chairman, 12 October 1988, RGCA, Box 17848, RGC 28660.

30 MJ Roberts to Sir Gordon Borrie QC, Director General of Fair Trading, 12 October 1989, In the Matter of Renison Goldfields Consolidated Limited, Brief to Advise, RGCA, Box 17848, RGC 28660.

31 *The Sydney Morning Herald*, 13 October 1988.

sands operations, as well as the Mount Goldsworthy iron ore project in which Consolidated Gold Fields had an interest in the operating company and a 'similar proportion of the huge iron ore reserves known as Mining Area C'.[32]

A range of actions were considered, reflecting the extent to which RGC was prepared to go to defend its independence from potential Minorco control. Legal advice was sought in relation to the 'powers of the directors of RGC to enter into arrangements on behalf of the company aimed at frustrating the current contested takeover bid'.[33] A proposal developed under the pseudonym 'Fan Club' entailed a plan for 'associates of CGF to buy up to £100 million of CGF shares to prevent Minorco passing [the] 50 per cent level'. It was proposed that RGC invest up to $50 million and that Newmont and Gold Fields of South Africa purchase shares in Consolidated Gold Fields 'very late in the period for which the Minorco offer is open'.[34] Advice made reference to the question of the legality of any attempts to frustrate a bona fide bid and concluded: 'The issue of insider dealing by the directors and the advisers is one which must be viewed with concern, and it is not clear how far it can finally be resolved certainly so far as the advisers are concerned in relation to implementing this proposal'.[35]

Proceedings were commenced in the New South Wales Supreme Court by RGC against Minorco, with Consolidated Gold Fields joined in the proceedings, which contended that Minorco's acquisition of more than 50 per cent of the voting shares of Consolidated Gold Fields would result in a breach of the Companies (Acquisition of Shares) Code in the state.[36] Other plans were more exotic. They included advice from a range of advisers for mechanisms, including a management buyout by RGC staff and senior executives, associated with external institutions. Others included RGC and Newmont forming a 'special purpose joint venture

32 Office of the Deputy Premier to Hon Ron Davies, Agent General London, 23 September 1989, In the Matter of Renison Goldfields Consolidated Limited, Brief to Advise, RGCA, Box 17848, RGC 28660.

33 Allen Allen & Hemsley, In the Matter of Renison Goldfields Consolidated, Brief to Advise, RGCA, 28661.

34 Renison Goldfields Consolidated Limited, 'Minutes of Meeting of Directors', 20 April 1989, p. 1, RGCA, Box 11329, BRD38/03.

35 To Mark Bethwaite, 22 March 1989, RGCA, Box 17848, RGC 28660.

36 RGC Announcement to the Stock Exchange and Press, 18 October 1988 (copy held by the author).

company' to bid for Consolidated Gold Fields and establish a 'newco' in the United Kingdom, with assets such as Peabody Coal, Porgera and Gold Fields of South Africa sold to reduce debt.

Another proposal considered an 'alternative equity' approach, which included a variation of an institutional and RGC management buyout, with a demerger of RGC into four separate companies—each separately listed. Yet another proposal was to restructure the shape of the North Broken Hill and Energy Resources of Australia (ERA) share registers to enable Consolidated Gold Fields and RGC to acquire an interest in them and forestall a potential Elders bid for North Broken Hill and ERA. A tie-up with North Broken Hill following its merger with ERA was also considered. A proposal for a reverse takeover by Elders Resources received short shrift from Anderson, who advised the defence committee: 'The proposal had "nowhere to go"! Apart from the fact that the terms suggested … are ludicrous, I don't believe the company's assets have any attraction for us'.[37] Arrangements were planned for the disposal of the Minorco shareholding in RGC if it were to be successful, with a list of possible buyers identified, including Mount Isa Mines, Western Mining Corporation, Pioneer International, North Broken Hill, Queensland Coal Trust Resources, Bell Resources, BHP, Poseidon, Consolidated Press Holdings and Santos, as well as international groups such as DuPont and Iwatani.

Internal RGC efforts were further stimulated by correspondence received in February 1989 advising that Minorco had appointed a company in Australia, Aries Consultants, to dispose of Consolidated Gold Fields' 'passive investment' in RGC if it were successful in its acquisition plans. While RGC was considering potential buyers of a future Minorco stake, other companies were viewing a potential Minorco takeover as a means of gaining access to RGC's assets. Mount Isa Mines built a shareholding during this period and its 4.1 per cent stake, which was held until January 1994, fuelled speculation that it could be a potential acquirer of RGC, particularly as both companies had an interest in the Porgera gold project in Papua New Guinea.[38] Five Australian mining companies were reported to have approached Aries' Australian representative, while Western Mining Corporation and CRA were mooted as potential buyers of RGC's

37 Renison Goldfields Consolidated Limited, Memorandum from Campbell McC Anderson to Defence Committee, 31 March 1989, RGCA, Box 17848, RGC 28660.

38 Mount Isa Mines sold its stake in January 1994 at a reported loss on the acquisition price of $12.8 million (*The Weekend Australian*, 8–9 January 1994).

assets.[39] Westralian Sands, the other major mineral sands producer in Australia, retained an interest in acquiring or merging its own south-west Western Australian assets with those of Associated Minerals Consolidated. It approached Tioxide, the company's major shareholder and customer, to express an interest in the unfolding situation:

> Re Minorco. Could you ascertain on the grapevine: whether the Renison Goldfields sell-off is a likely outcome of the merger; who may be the purchasers; would likely purchasers be prepared to sell off Associated Minerals Consolidated, which is of interest to WSL [Westralian Sands Limited].[40]

Consolidated Gold Fields' activities in conjunction with those of Newmont were ultimately successful in thwarting Minorco. The Consolidated Gold Fields board had requested United States President Ronald Reagan to block the bid as it may harm the national security interests of the United States. However, legal action in the United States court system restrained Minorco from proceeding with its bid based on a likely breach of antitrust legislation in regard to the reduction of competition in the gold market.

On 16 May 1989, Judge Michael Mukasey of the New York District Court in Lower Manhattan decided that the injunction barring Minorco from taking over Consolidated Gold Fields would not be lifted. This legal action had been pursued by Newmont given that the British Takeover Panel had barred Consolidated Gold Fields from such legal action without a shareholder vote. Minorco conceded defeat and the company was debarred from making another takeover attempt for 12 months. The response from within RGC was ebullient. In a note to RGC directors, Anderson stated that he would not burden them with copies of the 'Magnificent Mukasey's' judgements that had dealt the 'final death blow' to Minorco. He ended his note: 'I suggest we all send him Christmas cards!!'[41]

The British media described the outcome in May 1989 as the end of 'an eight year saga of one of the world's stormiest corporate relationships coming to a sulphurous end'.[42] However, any respite for the Consolidated

39 *The Sydney Morning Herald*, 28 April 1989.
40 AC Pearson to Mr David Searles, Tioxide House, London, 2 February 1989, RGCA, File IND021.
41 Renison Goldfields Consolidated Limited, Memorandum from C McC Anderson to RGC Directors, CGF/MINORCO, 17 May 1989, RGCA, Box 01381.
42 *The Sunday Telegraph*, 25 June 1989.

Gold Fields and RGC boards from further corporate distractions was short-lived. Jamieson, in his account of the Minorco saga, wrote: 'On 17 May, the day after Minorco had thrown in the towel … [there was] a report that Lord Hanson was "sniffing around", enquiring about Minorco's stake in Gold Fields'.[43] Edwardes contacted Lord Hanson and arranged a meeting at which he was told something that made him 'catch his breath'—namely that during the course of the Minorco bid, Lord Hanson had been approached by one of Consolidated Gold Fields' advisers to be a potential white knight.[44] Minorco came to an arrangement with Hanson whereby its 29.9 per cent stake, plus the acceptances for a further 24.9 per cent of Consolidated Gold Fields' shares would be available to support a Hanson bid for Consolidated Gold Fields.[45] This arrangement was described by one observer of the events as Minorco's 'cyanide kiss of goodbye'.[46]

On 22 June 1989, Hanson made an all-cash takeover offer for Consolidated Gold Fields, having gained Minorco's 29.9 per cent holding in addition to its own. Edwardes, given the personal and professional bruising he had received, was—not unexpectedly—'delighted to accept Hanson's offer'. Minorco exited the battle to pursue its ambitions—not to be fulfilled—of becoming a major global resources company. One journalist who followed the affair observed: 'Not that Minorco was smarting. Nothing more lifted its spirits now than the vicarious prospect of Hanson taking ConsGold apart: this would be Minorco's revenge—a Hanson bludgeoning. The dismemberment, as they saw it, would be far more ruthless than anything they planned'.[47]

The Hanson offer valued Consolidated Gold Fields at £3.1 billion, which was lower in total than the Minorco cash and scrip bid, although later increased to £3.5 billion. Hanson, a conglomerate, held interests in a range of companies[48] and was described as 'one of the most fearsome corporate predators on either side of the Atlantic'.[49] The initial Hanson bid was

43 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 210.
44 ibid., p. 211.
45 Gibson, *Battlefields of Gold*, p. 47.
46 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 213.
47 *The Sunday Telegraph*, 25 June 1989.
48 Hanson then held interests in Imperial Tobacco, Ever Ready Batteries, London Brick, Butterley Brick and Crabtree Electrical. In the United States, its shareholdings included Smith Corona Typewriters, SCM Chemicals, Ground Round Restaurants, Kaiser Cement, Gove Crane, AMES Tools, Jacuzzi Whirlpool Bath and Spa Products, and Faberware Cookware.
49 Moody, *The Gulliver File: Mines, People and Land*, p. 101.

rejected by Consolidated Gold Fields. However, Agnew was reported as saying: 'Unlike Minorco, Hanson is a serious company and any approach to it has to be seriously considered'.[50] Agnew indicated his intention to 'meet Lord Hanson to impress upon him the true worth of Gold Fields'. The engagement between the two major British companies was, according to Agnew, 'perfectly correct and civilised: two great British companies meeting to discuss. It was rather old fashioned, the way things *used* to be done'.[51] Hanson, despite ownership through its American arm of SCM, a company that had pigment production capacity, displayed little interest in mining and exploration. The prime appeal of Consolidated Gold Fields was its Amey Roadstone Construction group, with its major position in road construction materials in the United Kingdom.

On the other side of the world, the RGC board was well aware of the potential implications for the Australian business. As with Minorco, these could entail the dismemberment of the Australian entity or it being auctioned off to one of the large mining groups. Mount Isa Mines remained of concern in this regard, with an internal company note describing the company as 'running around the world approaching an embarrassing number of companies to try and put a deal together' to acquire Hanson's interest in RGC.[52]

In a joint letter from Roberts and Anderson to Lord Hanson, they wrote that the RGC board had considered the implications of a Hanson takeover of Consolidated Gold Fields:

> You will no doubt be aware that the RGC board viewed the proposed takeover of CGF by Minorco as being seriously detrimental to the interests of all the Company's shareholders … the Board … recognises that if the Hanson bid for CGF succeeds there will, of necessity, be some changes … In the absence, at this time, of any indication of your company's plans for CGF's interests in RGC should your bid succeed the Board can only speculate but it believes that a sale by CGF of its interest is a not unlikely event. If that were to occur, the purchasers would almost certainly be

50 *The Sunday Telegraph*, 25 June 1989.
51 ibid., emphasis in original.
52 Briefing Note for Conversation, 1 January 1991, RGCA, Box 17848, RGC 28662.

> compelled to bid for the remainder of our shares under Australian takeover law and RGC, as presently structured, would likely cease to exist.[53]

It was indicated that a premature decision to dispose of RGC to other shareholders would not be of benefit to shareholders. It was pointed out that with the commencement of the Porgera operation in Papua New Guinea, the 'renascent tin operations in Australia' and strengthening of the mineral sands operations, 'RGC is poised on the verge of a substantial growth period'.[54]

Lord Hanson communicated to Anderson:

> Following our telephone conversation this morning I am writing to confirm that, in the event of a successful takeover of Consolidated Goldfields by Hanson, we would expect an early exchange of views with you and your board. We have no plans to dispose of Consolidated Goldfields' 46% interest in Renison … We are looking forward to a cordial relationship between our two companies in the years ahead, to our mutual benefit.[55]

On 4 July 1989, an increased offer of £3.5 billion was made by Hanson. The Consolidated Gold Fields board accepted the offer. Lord Hanson had a signed letter delivered to the chairman of Consolidated Gold Fields:

> I am sure that the recent Minorco takeover offer has been a source of concern to you. In an effort to resolve this problem to the satisfaction of all concerned, we have today concluded an agreement with Minorco for them to accept an offer from us for all their shareholding, on the condition that Hanson makes a bid for all the outstanding shares in your Company. This we propose to do and I would very much like to discuss this with you. Our own feeling is that your Company and ours would be able to work together very satisfactorily and I hope you will seriously consider recommending our offer to your shareholders?[56]

53 RGC Limited, The Lord Hanson from MJ Roberts AM Chairman and C McC Anderson Chief Executive and Managing Director, 3 July 1989, RGCA, Box 17848, RGC 28660.
54 ibid.
55 Hanson by Fax to C McC Anderson Esq from AGL Alexander, 25 July 1989, RGCA, Box 17848, RGC 28660.
56 Letter from Lord Hanson to RIJ Agnew Esq, Chairman, Consolidated Gold Fields PLC, 21 June 1989, RGCA, Box 17848, RGC 28660.

In a move out of keeping with Hanson's usual approach to former management of acquired companies, Agnew was offered and accepted a position on the Hanson board, a position he maintained until June 1991. This meant he also served as a director of RGC. Another former Consolidated Gold Fields director, Beckett, also continued to serve on the RGC board. One former Consolidated Gold Fields employee recalled that if Minorco had been successful with its bid, all employees except Agnew were likely to retain their jobs; with Hanson acquiring Gold Fields, it was the opposite outcome. Coincidentally, Sir George Harvie-Watt, a major influence on the establishment of Consolidated Gold Fields' presence in Australia from 1960, and a former chief executive and chairman of the London group, died in December 1989 just after the takeover by Hanson had been finalised.

A 102-year history of a major South African and British mining and finance house had come to an end. According to one observer: 'It was a bitter end to one of the proudest names on the London Stock Exchange'.[57] The closure and retrenchment of Consolidated Gold Fields' head office personnel and the sale of its interest in Gold Fields of South Africa followed shortly thereafter. The company's vast store of business records was also, lamentably, destroyed.

One contemporary participant recalled that a request was made of Hanson by Minorco to have the other of the two statues of Cecil Rhodes, cast for the centenary celebration of Gold Fields and located in the Consolidated Gold Fields office, provided to them. When Hanson personnel came into the Consolidated Gold Fields London office and dismissed its personnel, the statue had gone, taken for 'safe keeping' by a senior Consolidated Gold Fields employee.[58] Hanson generated £1.1 billion in the first six months associated with the 'rationalisation' of Consolidated Gold Fields' businesses. The ramifications for the shareholding of the Australian business and its existence as a diversified mining company would be profound.[59]

57 Jamieson, *Goldstrike: The Oppenheimer Empire in Crisis*, p. 220.
58 Jonathan Loraine, personal communication, 27 March 2017.
59 'Hanson Interim Report 1990', 15 May 1990, p. 2 (copy held by the author).

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.2020.17