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De Beers Consolidated Mines,

LIMITED.

*Registered under Act 23 of 1861, and incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Third Annual Report

For the year ending 30th June, 1911.

Life Governor :

SIR JULIUS WERNHER, BART.

Directors :

FRANCIS OATS, Chairman.

CHARLES E. ATKINSON, J.P.

FRANCIS BARING-GOULD.

GEORGE WM. COMPTON.

ROBERT ENGLISH.

D. J. HAARHOFF, J.P.

COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.

FRIEDRICH HIRSCHHORN.

SIR CARL MEYER, BART., Deputy Chairman.

THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B., M.L.A.

SOLOMON B. JOEL.

HARRY MOSENTHAL.

CHARLES E. NIND.

H. P. RUDD.

T. G. TYSON.

ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS.

Assistant General Managers :

I. R. GRIMMER.

J. HARBOTTLE.

Superintendent of Mines :

H. T. DICKINSON.

Mechanical Engineer :

J. LIDDELL.

Electrical Engineer :

R. W. HERR SMITH.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.

COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

HOWARD PIM, CHARTERED ACCOUNTANT, KIMBERLEY AND JOHANNESBURG.

PHILIP SALISBURY, INCORPORATED ACCOUNTANT, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON.

THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.



De Beers Consolidated Mines, Limited.

TWENTY-THIRD ANNUAL REPORT,

For the year ending 30th June, 1911.

TABLE OF CONTENTS:

- 1.—DIRECTORS' REPORT.
- 2.—BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.
- 3.—STATISTICS.
- 4.—GENERAL MANAGER'S REPORT.
- 5.—PROCEEDINGS OF GENERAL MEETING.



REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ending 30th June, 1911,

To be submitted to the Shareholders at the Twenty-Third Ordinary General Meeting to be held on 9th December, 1911.

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors have much pleasure in submitting their Twenty-Third Annual Report and Balance Sheet at 30th June, 1911, and Profit and Loss Account for the year ended 30th June, 1911.

The Balance brought forward from 30th June, 1910, was ... 728,325 2 7
During the twelve months, as will be seen from the accompanying statement, the diamonds sold, together with the increase in Stocks on hand at the end of the year taken at cost of production only, amounted to ... 4,938,086 15 3

Add to this the following:—

Dividends on Investments	...	138,614	0	3
Interest on Consols	...	27,732	1	8
Nett Revenue from House and Stand Rents	...	11,991	12	3
Profits on Investments sold	...	67,925	5	10
Revenue from other sources	...	16,155	14	6
			262,418	14 6
			£5,928,830	12 4

The ordinary expenditure was as follows:—

Mining and other Expenditure	...	2,184,063	19	8
Depreciation, including £247,180 written off claims	...	488,160	4	6
Interest on Company's Debentures and Obligations, and on Capital of Leased Companies	...	257,989	15	2
			2,930,213	19 4
			£2,998,616	13 0

Leaving a balance appropriated as follows:—

Union of South Africa Mining Taxation Act of 1910:—				
Amount paid in respect of the Company's Profits for the year ended 30th June, 1910	310,137	19	0	
Amount set aside in respect of Company's Profits for the year ended 30th June, 1911, since paid	265,458	18	1	
			575,596	17 1
Preference Dividends paid and provided for			800,000	0 0
Deferred Dividends paid and provided for			1,000,000	0 0
			£2,375,596	17 1
Balance carried forward to next year			£623,019	15 11

The results of the year's working have been as follows:—

Average yield per load for De Beers and Kimberley Mines	...	...	28 of a carat
„ value per carat	„	51/6·29	
„ „ load	„	14/5·12	
„ yield per load for Wesselton Mine	...	...	27 of a carat
„ value per carat	„	37/9·6	
„ „ load	„	10/2·47	
„ yield per load for Bultfontein Mine	...	...	38 of a carat
„ value per carat	„	35/0·52	
„ „ load	„	13/3·79	
„ yield per load for Dutoitspan Mine	...	...	21 of a carat
„ value per carat	„	73/6·5	
„ „ load	„	15/5·325	

The stock of Blue Ground and Lumps on the Floors at 30th June, 1911, was as under:—

At De Beers and Kimberley Mines	...	247,738 loads.
At Wesselton Mine	...	2,524,436 „
At Bultfontein Mine	...	2,490,665 „
At Dutoitspan Mine	...	3,758,187 „
		<u>9,021,026 loads.</u>

Shareholders were informed in the previous Annual Reports that it was the intention of your Directors to redeem on the 1st January, 1911, the balance of the Company's 5 per cent. First Mortgage Debentures, amounting to £1,216,120. They have now pleasure in reporting that this liability has since disappeared from the accounts, together with the balance of 4½ per cent. Bultfontein Obligations, £27,080, the last drawing of which took place in October, 1910.

The Reserve Fund last year stood at £968,905, and consisted of Consols of the nominal value of £1,178,000, since then your Directors have deemed it advisable to increase the Fund by an amount of £405,861 8s. 8d., represented by investments in various gilt-edged stocks.

On reference to the Profit and Loss Account shareholders will observe that the Revenue from Diamonds compared with the previous accounts shows a decrease of £476,800, this is due to a decrease in the quantity of Diamonds sold and not to a reduction in price, which your Directors are able to announce has steadily improved during the financial year.

Since the last Report was issued the Contingent Liability then appearing in the Balance Sheet of £630,000 has disappeared. The Klerksdorp-Fourteen Streams Railway Company Debentures of £600,000 have been paid off by the Union Government, and that Company is now in course of liquidation. The remaining guarantees have been cancelled.

Your Directors are pleased to report that the Cape Explosives Works, Limited, wherein the Company are the only shareholders, produced 396,936 cases of Dynamite during the year, and sold 398,914 during the same period.

The Profit and Loss Account shows an amount of £488,160 4s. 6d., written off under the heading "Depreciation." This amount represents the usual depreciation of Property and the writing down of the Company's Machinery and Permanent Works to £1, together with the transfer from Debenture Redemption Account of the Annual Redemption which is written off Claim Account. It is the intention of your Directors to continue the amortisation of the Company's properties out of the annual surplus profits.

A Report by the General Manager on the working of the Mines will be submitted to Shareholders at this Meeting.

FRANCIS OATS, Chairman,
G. W. COMPTON,
D. HARRIS,
F. HIRSCHHORN,
HARRY MOSENTHAL,
C. E. NIND,
H. P. RUDD,
A. VIALATE

} DIRECTORS.

KIMBERLEY,

13TH NOVEMBER, 1911.

DE BEERS CONSOLIDATED

Dr.

BALANCE SHEET.

CAPITAL :

800,000 Preference Shares @ £2 10s. 0d. each	...	...	2,000,000	0	0	
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	...	2,500,000	0	0	
						4,500,000 0 0

DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES,
secured by Mortgage of Assets purchased from London and
South African Exploration Company, Limited :

As per Balance Sheet, 30th June, 1910	...					1,662,495 0 0
---------------------------------------	-----	--	--	--	--	---------------

RESERVES :

Consols (per contra)	...	...	...	...	...	932,092 10 0	
Blue Ground : being amount reserved against Stocks on 1st July, 1908, at cost deposited of £2,268,266 8s. 1d. Amount Invested in Blue Ground on Floors (per Contra)	...	...	...	1,414,209	2	0	
Balance, of which £405,861 8s. 8d. is invested (as per contra)	...	...	...	854,057	6	1	
							2,268,266 8 1
Other Reserves	...	...	...	...	...	502,200 19 9	3,702,559 17 10

CREDITORS :

On Loan	...	...	...	...	...	451,412 0 0	
On Open Account	...	...	...	...	...	173,505 2 3	
Debentures and Obligations, redeemed but unpaid	...	...	...	...	...	13,798 0 0	
Unclaimed Dividends and Sundries	...	...	...	...	...	81,566 5 0	
Interest on Debentures accrued to date	...	...	...	...	...	37,406 2 8	
							757,687 9 11

UNION OF SOUTH AFRICA MINING PROFITS TAX (since paid)	...						265,458 18 1
---	-----	--	--	--	--	--	--------------

DIVIDEND FOR HALF-YEAR TO DATE, DECLARED 24th JUNE, 1911 :

Preference Shares		400,000 0 0
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BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT	...						623,019 15 11
--	-----	--	--	--	--	--	---------------

£11,911,221 1 9

We certify that all our requirements as Auditors have been complied with, and that we have audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY, 13TH NOVEMBER, 1911.

MINES, LIMITED.

30TH JUNE, 1911.

Gr.

PROPERTY :

De Beers and Kimberley Mines Claims held under Government Licenses, Dutoitspan, Bultfontein and Wesselton Mines, Wesselton Estate, Estates purchased from London and South African Exploration Company, Limited, and other interests	5,558,521	15	9
Farms and Landed Property	100,450	0	0
Offices, Compounds and Stand Property	180,000	0	0
Machinery and Permanent Works	1	0	0
	5,838,972	15	9
INVESTMENTS IN STOCKS AND SHARES	1,554,947	8	6

RESERVE INVESTMENTS :

£1,178,000 Consols @ 79½ %—market value as at 30th June, 1911—(per contra)	932,092	10	0
Other Investments (per contra)	405,861	8	8
	1,337,953	18	8

BLUE GROUND ON FLOORS (including 604,654 loads lumps) :

De Beers, 247,412 loads	57,113	0	0
Kimberley, 326 loads	114	16	0
Wesselton, 2,524,436 loads	426,998	0	0
Bultfontein, 2,490,665 loads	375,108	0	0
Dutoitspan, 3,758,187 loads	554,875	6	0
Total ... 9,021,026 loads at cost deposited on Floors	1,414,209	2	0

TIMBER, FUEL, AND OTHER MINING STORES 232,992 5 4

LIVE STOCK 64,352 12 1

DEBTORS, DIAMONDS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Debtors :

On Open Account	223,996	8	6
Short Loans against Security	30,000	0	0
	253,996	8	6
Diamonds on Hand taken at cost of production	530,313	15	0
Special Investments	134,814	11	6
Bills Receivable, since paid	415,000	0	0
Cash at Bankers and in hand—Kimberley and London	133,668	4	5
	1,467,792	19	5
	£11,911,221	1	9

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto, including the

HOWARD PIM, Chartered Accountant, }
 PHILIP SALISBURY, Incorporated Accountant, } *Auditors.*

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

DE BEERS AND KIMBERLEY MINES :

To Cost of hauling Blue Ground washed during the year and									
Sundry Mining Expenses	392,231	9	4						
„ Washing Expenses	277,913	11	6						
							670,145	0	10

WESSELTON MINE :

To Cost of hauling Blue Ground washed during the year ...	240,714	2	2						
„ Washing Expenses	118,960	2	9						
							359,674	4	11

BULTFONTEIN MINE :

To Cost of hauling Blue Ground washed during the year ...	284,701	6	9						
„ Washing Expenses	136,092	7	1						
							420,793	13	10

DUTOITSPAN MINE :

To Cost of Hauling Blue Ground Washed during the year ...	327,857	11	9						
„ Washing Expenses	250,443	8	7						
							578,301	0	4

To SPECIAL MINING EXPENSES 9,945 12 8

„ EXPENDITURE ON FARMS AND LANDED PROPERTY 26,488 5 2

„ CHARGES :

Salaries, &c., Head Office	25,092	15	9						
General Charges, Stationery, Cables, Travelling Expenses, Licenses, Agents' Expenses, and Sundries	27,636	1	8						
Legal Expenses	5,181	15	5						
Donations to Public Institutions and Relief, including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	27,502	16	8						
Special Service	2,715	0	0						
Auditors' Fees	1,400	0	0						
London Transfer Office—Net Expenses	2,507	2	8						
Directors' Fees	26,680	9	9						
							118,716	1	11

„ INTEREST ON CAPITAL OF LEASED COMPANIES 96,392 10 0

„ INTEREST ON DE BEERS FIRST MORTGAGE DEBENTURES, SOUTH
AFRICAN EXPLORATION DEBENTURES, and BULT-
FONTEIN OBLIGATIONS, including Premiums on final
redemption of First Mortgage Debentures... .. 161,597 5 2

Carried forward £2,442,053 14 10

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1911.

Gr.

By DIAMOND ACCOUNT	...	...	...	...	...	...	...	4,938,086	15	3
„ INTEREST AND DIVIDENDS ON INVESTMENTS	...	...	...	...	...	...	...	138,614	0	3
„ INTEREST ON CONSOLS	...	...	...	...	...	...	...	27,732	1	8
„ NET REVENUE FROM HOUSE AND STAND RENTS	...	...	...	...	...	...	...	11,991	12	3
„ SUNDRY RECEIPTS	...	...	...	...	...	...	...	14,963	3	0
„ TRANSFER FEES	...	...	...	...	...	...	...	1,192	11	6
„ PROFITS REALIZED ON INVESTMENTS	...	...	...	...	...	...	...	67,925	5	10

Carried forward £5,200,505 9 9

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT FOR THE

	Brought Forward	...	...	2,442,053	14	10
To DEPRECIATION :						
Claims	...	...	...	247,180	0	0
Machinery and Permanent Works	...	...	...	173,369	1	11
Property and Sundries	...	...	...	67,611	2	7
				488,160	4	6
„ BALANCE carried to Appropriation Account	...	...		2,270,291	10	5
				£5,200,505	9	9

APPROPRIATION

TO UNION OF SOUTH AFRICA MINING TAXATION ACT OF 1910 :						
Amount paid in respect of Company's Profits for the year ended 30th June, 1910	...	...	...	310,137	19	0
Amount set aside in respect of Company's Profits for the year ended 30th June, 1911 (since paid)	...	...		265,458	18	1
				575,596	17	1
„ DIVIDEND ACCOUNT :						
PREFERENCE SHARES :						
10/- per Share on 800,000 Shares for the half-year ended 31st December, 1910, declared 19th December, 1910	...	...	...	400,000	0	0
10/- per Share on 800,000 Shares for the half-year ended 30th June, 1911, declared 24th June, 1911				400,000	0	0
DEFERRED SHARES :						
10/- per Share on 1,000,000 Shares at 30th September, 1910, for the half year ending 31st December, 1910				500,000	0	0
10/- per Share on 1,000,000 Shares at 31st March, 1911, for the half year ending 30th June, 1911	...			500,000	0	0
				1,800,000	0	0
„ BALANCE, carried to Balance Sheet	...	...	...	623,019	15	11
				£2,998,616	13	0

KIMBERLEY, 13TH NOVEMBER, 1911.

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1911.—*Continued.*

Gr

Brought Forward	5,200,505	9	9
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£5,200,505 9 9

ACCOUNT.

By BALANCE transferred from Profit and Loss Account	2,270,291	10	5
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,. BALANCE unappropriated 30th June, 1910	728,325	2	7
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£2,998,616 13 0

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES.

- | | | |
|---|---|---|
| „ | „ | 2.—WESSELTON MINE. |
| „ | „ | 3.—BULTFONTEIN MINE. |
| „ | „ | 4.—DUTOITSPAN MINE. |
| „ | „ | 5.—TAILINGS AND DEBRIS. |
| „ | „ | 6.—SMALL DIAMONDS RECOVERED FROM OLD
CONCENTRATES. |

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Number of Loads of Blue Diamonds Hoisted.	Number of Loads of Blue Diamonds Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year, exclusive of Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 0 5	1.283	s. 19 d. 8.75	s. 25 d. 3.75	s. 9 d. 10.5	476,403
March 31st, 1890	2,192,226	1,251,245	1,450,605	2,330,179 16 3	1.15	32 6.75	37 2.75	8 10.5	1,576,821
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	.99	29 6	29 3.75	8 8	1,525,386
* June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	.92	25 6	23 5	7 4.3	1,624,805
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	1.05	29 0.6	30 6	6 11.6	2,606,362
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	.89	24 5.2	21 10.6	6 6.8	3,028,333
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	.85	25 6	21 8	6 10.8	2,699,233
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	.91	26 9.4	24 4.5	7 0.1	2,800,316
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	.92	26 10.6	24 8.6	7 4.3	2,304,917
June 30th 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	.80	26 6.2	21 2.1	6 7.4	2,377,913
June 30th, 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	.71	29 7.2	20 11.5	6 7.7	2,937,784
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	.67	35 10.2	23 6.9	7 6.2	2,722,595
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	.76	39 7	30 3.1	8 5	2,226,119
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	.76	46 5.7	35 6.2	8 5.6	2,326,720
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	61	48 6.3	29 9.8	7 3.1	2,135,283
June 30th, 1904	2,440,895	2,401,099	1,303,525½	3,192,798 4 1	.54	48 11.8	26 7.1	7 4.7	2,175,079
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	.46	52 10	24 2.76	7 7.93	2,204,771
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	.41	61 0.11	24 9.43	8 2.91	2,339,396
June 30th, 1907	2,103,853	1,467,456	543,752¾	1,762,080 19 10	.37	64 9.74	24 0.2	9 0.82	3,213,875
June 30th, 1908	1,208,974	1,130,673	414,121½	a822,287 11 5	.37	b58 0.8	c21 5.8	6 8.2	3,323,237

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over,

TABLE NO. 1.—DE BEERS AND KIMBERLEY MINES—Continued

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, including Lamps.
June 30th, 1909	490,112	1,402,894	6/9·87	589,303 $\frac{3}{4}$	42	46/7·79	19/7·11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5·29	693,482 $\frac{3}{4}$	38	47/9·24	18/1·83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7·67	350,662 $\frac{1}{2}$	28	51/6·29	14/5·12	247,738

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.
WESSELTON MINE.

YEAR ENDING.	Number of Loads of Blue Hauled.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year.
June 30th, 1897	271,777	...	...	£ s. d. ...	s. d. ...	s. d. ...	s. d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	20 9.3	5 8.2	2 7.1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	22 10.1	6 9.8	2 3.3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	25 0.2	7 5.9	2 7.5	1,340,313
June 30th, 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	27 3.7	8 0.6	3 0.9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	33 5.9	9 11.6	3 5.2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	34 4	10 3.2	3 3.7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	34 10.45	9 10.6	3 7.3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	36 11.13	10 6.04	3 9.74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	43 9.26	12 4.35	4 0.55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	41 1.3	13 1.76	5 8.87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	a775,088 4 11	b38 11.41	c10 6.2	4 8.73	1,907,165

(a) Includes stocks on hand at cost of production. (b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, including lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE NO. 3.
BULTFONTEIN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.		Number of Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at the close of Year, exclusive of Lumps.
				£	s. d.		s. d.	s. d.			
June 30th, 1901	148,086	...	65	146	5 0	...	45 0	...	s. d.	...	148,086
June 30th, 1902	353,042	20,194	4,486½	6,817	5 6	21	30 47	6 9	6 64	6 64	480,934
June 30th, 1903	318,410	317,185	76,573¼	118,102	3 0	24	30 10.2	7 5.4	5 9	5 9	482,159
June 30th, 1904	429,729	514,385	148,219	219,711	14 6	29	29 7.76	8 6.5	5 9	5 9	397,503
June 30th, 1905	605,730	611,491	249,002¾	434,902	15 3	41	34 11.18	14 2.69	5 10.47	5 10.47	391,742
June 30th, 1906	1,771,372	953,296	346,072	743,317	10 5	36	42 11.49	15 7.14	5 5.26	5 5.26	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485¼	1,191,551	15 4	32	43 6.34	13 9.49	6 2.4	6 2.4	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386¾	α704,741	15 4	32	641 4.8	ε13 2.97	6 1.86	6 1.86	1,846,191

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, including Lumps.
June 30th, 1909	1,214,301	1,573,118	6/7.39	602,456½	38	33/5.4	12/8.53	1,487,374
June 30th, 1910	2,099,173	1,818,509	4/3.48	667,840	37	32/1.62	11/10.68	1,768,038
June 30th, 1911	2,457,412	1,866,212	3/11.45	700,398¾	38	35/0.52	13/3.79	2,359,238

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 4.
DUTOITSPAN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at the close of Year, exclusive of Lumps.
June 30th, 1904 Development.	39,914	24,359	3,032 $\frac{1}{4}$	£ 6,457 6 5	12	s. d. ...	s. d. ...	s. d. ...	15,555
June 30th, 1905	311,499	65,784	17,121 $\frac{1}{2}$	59,846 18 8	26	69 10.93	18 2.34	12 3.56	261,270
June 30th, 1906	1,685,714	617,028	151,335 $\frac{1}{4}$	612,607 19 4	25	80 11.52	19 10.28	7 1.49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821 $\frac{1}{2}$	1,455,330 0 6	24	79 6.78	18 10.9	6 5.84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737 $\frac{3}{4}$	6612,530 6 6	23	674 5.07	617 1.4	5 6.24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, including Lumps
June 30th, 1909	Nil.	Nil.	...	115	...	57/7.52	...	2,878,530
June 30th, 1910	878,775	917,175	5/5.34	210,099 $\frac{3}{4}$	23	68/1.46	15/8.02	2,840,130
June 30th, 1911	2,780,070	2,335,240	4/7.09	482,971 $\frac{1}{2}$	21	73/6.5	15/5.325	3,284,960

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 5.
TAILINGS AND DEBRIS.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.	Value of Diamonds Produced.		
			£	s.	d.
June 30th, 1901	265,239	50,147½	58,484	12	6
June 30th, 1902	1,151,816	202,830	251,870	12	3
June 30th, 1903	1,347,115	227,477	281,433	18	0
June 30th, 1904	1,881,090	399,065½	442,771	13	5
June 30th, 1905	1,616,030	257,059¾	311,030	7	2
June 30th, 1906	2,200,964	306,190¾	428,177	0	0
June 30th, 1907	4,370,221	557,897¼	800,273	5	0
June 30th, 1908	2,986,778	385,857	a 439,876	8	5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.
June 30th, 1909	632,857	61,123¼
June 30th, 1910	1,394,641	170,919½
June 30th, 1911	2,359,021	256,631¼

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 6.
SMALL DIAMONDS RECOVERED FROM OLD CONCENTRATES.

YEAR ENDING.	No. of Carats of Diamonds found.	Estimated Value of Diamonds.		
		£	s.	d.
June 30th, 1902	18,728	4,682	0	0
June 30th, 1903	2,672	706	8	0
June 30th, 1904	7,800	1,560	0	0
June 30th, 1905	Nil.	Nil.		
June 30th, 1906	2,616	457	16	0
June 30th, 1907	Nil.	Nil.		
June 30th, 1908	Nil.	Nil.		

GENERAL MANAGER'S REPORT.

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the Twenty-third Annual Report, being for the year ended 30th June, 1911:—

DE BEERS MINE.

This mine was closed down on the 31st July, 1908, and has not been re-opened.

The surface mechanical equipment is being entirely re-modelled, and when completed will be as efficient as that of Wesselton, Bultfontein or Dutoitspan.

The winding engine from No. 1 Shaft has been altered to a Whiting Hoist, and is being placed at the Rock Shaft.

A new Riedler Compressor has been erected in the place of the compressor which was transferred to Dutoitspan Mine.

A new condensing plant is also being installed.

The boiler plant will consist of four 212 h.p. Babcock & Wilcox boilers and one Robeson-Bettington dust fired boiler of 500 h.p. capacity.

Underground.—A rock tunnel is being driven on the 1,720 foot level to connect the Rock Shaft and No. 1 Shaft. The development work done was 128 feet of rock tunnel and 173 feet of blue tunnels. A small amount of work was done in the blue ground chambers. During the year 2,623 loads of blue ground and 838 loads of reef were removed from the mine.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 4,250 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 2,040 foot level is estimated to be 2,774,000 loads.

No shaft sinking was done, and the depths of the shafts remain the same, *i.e.*:—

Rock Shaft	...	...	...	...	...	...	2,466 feet
No. 1 Shaft	...	...	...	...	...	...	1,676 feet

DE BEERS FLOORS.

The stock of blue ground at the end of last year amounted to 1,032,720 loads. 2,623 loads were deposited and 787,931 loads were washed, leaving a balance of 247,412 loads. This consists of 14,383 loads of soft blue and 233,029 loads of hard blue. Of the 14,383 loads of soft blue 11,760 loads were taken from the West end of the mine for test purposes.

Owing to the hardness of the blue ground from De Beers Mine little or no pulverisation takes place, and it was therefore decided to wash up the soft blue on the floors, and when the time comes to re-open De Beers Mine the blue ground will be treated direct without flooring, as is being done in the case of Kimberley Mine blue ground, but there is no immediate intention of re-opening this mine.

The stock of cylinder lumps at the end of last year amounted to 95,596 loads. This stock was washed during the year, leaving no lumps on the floors.

The cost of washing was 1s. 6.4d. per load, as against 2s. 1.1d. for the previous year.

Tailings.—248,107 loads of tailings were washed, yielding 27,819½ carats of diamonds, or .11 of a carat per load.

KIMBERLEY MINE.

Output of Blue Ground.—442,546 loads of blue ground were hoisted from the mine, as follows:—

2,480 foot level	...	...	...	...	97,353 loads.
2,520 "	"	"	...	...	113,249 "
2,560 "	"	"	...	...	105,116 "
2,600 "	"	"	...	...	99,778 "
2,640 "	"	"	...	...	18,169 "
2,680 "	"	"	...	...	4,229 "
2,720 "	"	"	...	...	1,470 "
2,760 "	"	"	...	...	587 "
2,800 "	"	"	...	...	1 "
2,840 "	"	"	...	...	1,271 "
2,960 "	"	"	...	...	105 "
3,040 "	"	"	...	...	222 "
3,120 "	"	"	...	...	954 "
3,470 "	"	"	...	...	5 "
3,520 "	"	"	...	...	37 "
Total	...	...	...	...	442,546 "

63,649 loads of reef or waste ground were also hoisted.

Hoisting was done from the 2,520 foot level.

When the main rock shaft was sunk from the 2,520 foot level all plans were made for a main rock tunnel to be driven to the mine on the 3,020 foot level. Subsequently it was decided not to drive the tunnel on this level, but to continue sinking to the 3,520 foot level and then drive the main rock tunnel to the mine. This naturally delayed the opening up of the levels below the 2,520 foot level, and also necessitated the hoisting of blue ground from these levels to the tramming level. Of the 442,546 loads hoisted 231,944 loads came from below the tramming level. This additional hoisting has naturally affected the cost of mining which has increased from 6s. 5.84d. for the previous year to 7s. 0.51d. for the present year. The development work below the 2,520 foot level has also been a factor in increasing the cost.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 3,120 foot level is estimated to be 1,300,000 loads.

Water.—The average quantity of water pumped from the mine was 7,033 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	2,923 feet.
Tunnels driven in blue ground	...	...	...	...	4,512 "
Passes sunk in rock	...	...	...	...	634 "
Passes sunk in blue ground	...	...	...	...	118 "
Timbering shafts	...	...	...	...	346 "
Timbering tunnels	...	...	...	...	574 "
Prospect shafts sunk	...	...	...	...	242 "
Main rock shaft sunk	...	...	...	...	64 "
Excavations (rock)	...	...	...	...	61,020 cubic feet.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

No. 10 Prospect Shaft has been sunk from the 3,120 foot level to the 3,520 foot level.

The Main Rock Tunnel on the 3,520 foot level was holed on the 15th April. The total length is 1,154 feet.

Development 3,520 foot Level.—During the year the sinking of the main shaft was completed to the 3,520 foot level and the main tunnel driven into the mine.

Development work is proceeding, but it is not yet sufficiently advanced to permit any reliable estimate to be made of the quantity of blue ground available above that level.

KIMBERLEY FLOORS.

The stock of blue ground at the end of last year amounted to 340 loads. 442,546 loads were hoisted and 442,560 loads were washed direct from the mine, leaving a balance of 326 loads in transit to the crusher.

The cost of washing blue ground was 1s. 9.17d. per load, as against 1s. 9.92d. for the previous year. The average cost of mining and washing was 8s. 9.68d. per load, as against 8s. 3.76d. for the previous year.

Tailings.—2,110,914 loads of tailings were washed, yielding 228,811 $\frac{3}{4}$ carats of diamonds, or .11 of a carat per load.

WESSELTON MINE.

Output of Blue Ground.—2,422,487 loads of blue ground were hoisted from the mine as follows:—

420 foot level	...	...	...	...	5,818 loads.
460 "	"	"	...	...	348,803 "
500 "	"	"	...	...	715,292 "
540 "	"	"	...	...	602,689 "
580 "	"	"	...	...	394,041 "
620 "	"	"	...	...	171,892 "
660 "	"	"	...	...	90,538 "
700 "	"	"	...	...	41,365 "
740 "	"	"	...	...	18,370 "
780 "	"	"	...	...	2,154 "
820 "	"	"	...	...	1,874 "
860 "	"	"	...	...	2,696 "
900 "	"	"	...	...	6,372 "
940 "	"	"	...	...	2,853 "
980 "	"	"	...	...	17,730 "
Total	...	...	...	...	2,422,487 "

38,084 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

The cost of mining and depositing was 3s. 1.03d. per load as against 4s. 5.5d. for the previous year, or a reduction of 1s. 4.47d. per load. There would have been a further reduction had it not been for the abnormal amount of development work that was done during the year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 980 foot level is estimated to be 23,000,000 loads.

Water.—The average quantity of water pumped from the mine was 40,095 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	4,965 feet.
Tunnels driven in blue ground	66,850 „
Passes sunk in rock	70 „
Passes sunk in blue ground	1,817 „
Timbering tunnels and passes	2,409 „
Main rock shaft sunk	233 „
Prospect shaft sunk	290 „
Timbering shafts	553 „
Excavations (blue ground)	6,673 cubic feet.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 291 feet.

The Main Rock Tunnel on the 980 foot level to No. 2 Main Rock Shaft was driven 868 feet during the year.

WESSELTON FLOORS.

The stock of blue ground at the end of last year amounted to 1,525,066 loads; 2,422,487 loads were deposited and 1,423,117 loads were washed, leaving a balance of 2,524,436 loads.

The cost of washing was 1s. 8.06d. per load, as against 1s. 0.32d. for the previous year.

All washing operations were stopped on these floors during the months of February, March and April owing to the blue ground not being properly pulverized. During the year only 1,423,117 loads were washed as compared with 2,139,738 loads for the previous year. In order that the stock of blue ground on the floors could be increased new depositing floors have been provided, increasing the capacity from 2,250,000 loads to 3,375,000 loads. The treating of less ground and the making of new depositing floors has greatly increased the cost per load for washing during the year.

The average cost of mining and washing was 4s. 9.09d. per load, as against 5s. 5.82d. for the previous year.

BULTFONTEIN MINE.

Output of Blue Ground.—2,457,412 loads of blue ground were hoisted from the mine as follows:—

600 foot level	253,789 loads.
640 „ „	625,687 „
680 „ „	654,481 „
720 „ „	631,085 „
760 „ „	279,369 „
800 „ „	13,001 „
Total	2,457,412 „

7,700 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

The cost of mining and depositing was 2s. 6.17d. per load, as against 2s. 11.52d. for the previous year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 1,000 foot level is estimated to be 15,000,000 loads.

Water.—The average quantity of water pumped from the mine was 18,679 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	1,283 feet.
Tunnels driven in blue ground	...	...	...	24,691 „
Passes sunk in rock	...	...	...	34 „
Passes sunk in blue ground	...	...	...	1,535 „
Timbering tunnels	...	...	...	574 „

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,084 feet.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year amounted to 1,768,038 loads; 2,457,412 loads were deposited and 1,866,212 loads were washed, leaving a balance of 2,359,238 loads.

The stock of cylinder lumps at the end of last year amounted to 155,593 loads; 24,166 loads were washed from stocks, leaving a balance of 131,427 loads.

The cost of washing was 1s. 5.28d. per load, as compared with 1s. 3.96d. for the previous year. The average cost of mining and washing was 3s. 11.45d. per load, as against 4s. 3.48d. for the previous year.

DUTOITSPAN MINE.

Output of Blue Ground.—2,780,070 loads of blue ground were hoisted from the mine as follows:—

390 foot level	...	...	...	...	116,765 loads.
430 „ „	...	...	...	...	550,715 „
440 „ „	...	...	...	...	190,860 „
470 „ „	...	...	...	...	867,913 „
510 „ „	...	...	...	...	735,346 „
550 „ „	...	...	...	...	291,614 „
590 „ „	...	...	...	...	13,867 „
630 „ „	...	...	...	...	3,295 „
670 „ „	...	...	...	...	1,564 „
710 „ „	...	...	...	...	2,735 „
750 „ „	...	...	...	...	5,396 „
Total	...	...	...	...	2,780,070 „

28,684 loads of reef or waste ground were also hoisted.

Hoisting was done from the 750 foot level.

The cost of mining and depositing was 2s. 4.02d. per load, as against 2s. 11.48d. for the previous year.

Quantity of Blue Ground in Sight.—The Quantity of Blue Ground in sight above the 750 foot level is estimated to be 18,600,000 loads.

Water.—The average quantity of water pumped from the mine was 10,958 gallons per hour.

Development work.—The following development work was done during the year:—

Tunnels driven in rock	3,208 feet.
Passes sunk in rock	6 „
Tunnels driven in blue ground	29,491 „
Passes sunk in blue ground	1,282 „
Timbering tunnels	3,453 „
Excavations (rock)	4,250 cubic feet.

The water tunnel at the 330 foot level was driven 3,005 feet during the year.

The depth of No. 1 Main Rock Shaft is 860 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year amounted to 2,840,130 loads; 2,780,070 loads were deposited and 2,335,240 loads were washed—of which 114,651 loads were returned to stock as lumps—leaving a balance of 3,284,960 loads. This consists of 3,207,606 loads of soft blue and 77,354 loads of hard blue.

The stock of cylinder lumps at the end of last year amounted to 358,576 loads; 114,651 loads were deposited, and the stock now stands at 473,227 loads.

The cost of washing was 2s. 3.07d. per load, as compared with 2s. 5.86d. for the previous year.

The cost of washing on these floors still remains abnormally high, but this is accounted for by the expenditure on machinery and plant. During the year a new washing and crushing plant has been erected, which is capable of dealing with 2,800 loads of lumps and hard blue or 3,200 loads of soft blue per day of 10 hours. This machine started work on the 24th January.

The average cost of mining and washing was 4s. 7.09d. per load, as against 5s. 5.34d. for the previous year.

GENERAL REMARKS.

Summary of Operations.—De Beers Mine has been closed down since the 31st July, 1908. A small amount of development work is being done at this mine, and 2,623 loads of blue ground were hoisted during the year.

Kimberley Mine hoisted 442,546 loads as against 431,339 loads for the previous year.

The total amount washed from De Beers and Kimberley Mines was 1,230,491 loads of blue and 95,596 loads of lumps, as compared with 1,808,734 loads of blue and 511,962 loads of lumps for the previous year.

Wesselton Mine hoisted 2,422,487 loads, as against 1,702,237 loads for the previous year. The amount washed was 1,423,117 loads, as against 2,139,738 loads for the previous year.

Bultfontein Mine Hoisted 2,457,412 loads, as against 2,099,173 loads for the previous year. The amount washed was 1,866,212 loads of blue and 24,166 loads of lumps, as against 1,818,509 loads of blue and 41,464 loads of lumps for the previous year.

Dutoitspan Mine hoisted 2,780,070 loads, as against 878,775 loads for the previous year. The amount washed was 2,335,240 loads of blue—of which 114,651 loads were returned to stock as lumps—as against 917,175 loads of blue—of which 101,133 loads were returned to stock as lumps—for the previous year.

The total amount hoisted for the year was 8,105,138 loads, as against 5,111,524 loads for the previous year.

The total amount washed for the year was 6,855,060 loads of blue ground, (114,651 returned to stock as lumps), 119,762 loads of lumps and 2,359,021 loads of tailings, in all 9,219,192 loads, as compared with 6,684,156 loads of blue ground (101,133 returned to stock as lumps), 553,426 loads of lumps and 1,394,641 loads of tailings, in all 8,531,090 loads, for the previous year.

The stock of blue ground now stands at 8,416,372 loads, and of lumps 604,654 loads, a total of 9,021,026 loads, as compared with 7,166,294 loads of blue ground and 609,765 loads of lumps, a total of 7,776,059 loads at the end of the previous year.

The Average Yield.—The average yield of diamonds was:—

From De Beers and Kimberley Mines	.28 of a carat per load.
From Wesselton Mine ... ..	.27 " "
From Bultfontein Mine ... ..	.38 " "
From Dutoitspan Mine ... ..	.21 " "

Central Power Station.—A new 4,000 k.w. Westinghouse Rotor Field Type Turbo-Alternator is being installed at the Central Power Station. This additional unit was necessary owing to the increased demand for electric current throughout the works.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 13.85 inches, as compared with 13.69 inches for the previous year. The rainfall for the last seven years was as follows:—

Year ending 30th June, 1905	... ..	12.17 inches.
" " " " 1906	... ..	16.68 "
" " " " 1907	... ..	23.45 "
" " " " 1908	... ..	14.45 "
" " " " 1909	... ..	22.68 "
" " " " 1910	... ..	13.69 "
" " " " 1911	... ..	13.85 "

For some years past the Company has obtained all the water required for mining purposes from the catchment dams and the underground workings. In order to conserve the water that falls on the Company's farms sluits of a total length of 23½ miles have been excavated, and these sluits all drain into Du Toit's Pan. It is therefore now possible, with one or two good thunderstorms, to conserve enough water to supply all requirements for about 12 months, but unfortunately, during the past rainy season no heavy rainfalls occurred, and consequently very little water was conserved. This is clearly shown by the figures in the following paragraph.

Du Toit's Pan.—The depth of water in Du Toit's Pan on the 30th June, 1911, was approximately 6.50 feet, equal to 101,750,000 gallons, as compared with, approximately 13.90 feet and 372,750,000 gallons on the 30th June, 1910.

Purified Water.—All our boiler plants were supplied with purified water from the water purifying plant at Wesselton Mine.

Vaal River Water.—Vaal River Water is now used for drinking purposes only.

Water Rushes.—There were several large rushes of water at Kimberley Mine during the year, the water coming chiefly from the 2,560 and 2,600 foot levels, and work underground was at times considerably delayed thereby.

A large rush of water also occurred at Bultfontein Mine on the 6th June. A stream of water of about 90,000 gallons per hour was struck in the water tunnel on the 1,000 foot level, and this stopped the hoisting and delayed the underground work for two days.

Mud Rush.—Early on Saturday morning, 27th May, a mud rush occurred on the 580 foot level, Wesselton Mine, and filled up over 1,000 feet of tunnels. Four natives were caught in the mud, but were rescued owing to the prompt action of the mine officials.

Employees.—The number of white employees at 1st July, 1910, was 2,207 men and 372 lads, and at 30th June, 1911, 2,361 men and 425 lads.

The number of natives employed at 1st July, 1910, was 16,904, and at 30th June, 1911, 17,654.

Native Labour.—The native labour required by the Company was practically supplied by natives voluntarily presenting themselves at the Compounds.

Native Strike.—On Thursday morning, the 8th September, the natives at Wesselton Mine Compound struck work on hearing a report that all wages were to be cut. About 300 natives out of a total of 3,700 were affected by the reduction, but it was circulated throughout the Compound by native agitators that the pay of all the natives in the Compound was to be reduced. The natives would listen to no explanation, and it became necessary on the 10th September to call out the police and Volunteers to quell the disturbance. About 1,600 of the strikers were arrested by the police, and tried before the Magistrate at Kimberley, and suitably dealt with. I have to acknowledge the valuable assistance rendered by the Government and Company officials, the police and the Volunteers in restoring order in the Compound. The British Basutos, as in the last tribal fight, were responsible for most of the trouble. The strike had little or no effect on the work, as the Compound was soon filled with other native labourers.

In conclusion, I beg to thank the Directors of the Company, the various heads of departments, and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,
General Manager.

De Beers Consolidated Mines, Limited.

Twenty-Third Ordinary General Meeting.

The Twenty-third Ordinary General Meeting of De Beers Consolidated Mines, Limited, was held in the Board Room of the Company's Offices, Stockdale Street, Kimberley, on Saturday, December 9th, at 11 a.m. The Chairman of the Company, Mr. Francis Oats, presided, and there were also present: Col. Sir David Harris (and q.q. J. B. Joel, S. B. Joel, Olive Joel and Benjamin Jonas); Messrs. T. G. Tyson, F. Hirschhorn (and q.q. Sir Julius Wernher, Bart, survivor Joint Account A. Beit, deceased, survivor Joint Account Alfred Beit and the Right Hon. C. J. Rhodes, both deceased, Sir Julius Wernher, Bart, Right Hon. Viscount Milner, Sir Lewis L. Michell, and Mr. Bouchier F. Hawksley, Sir Julius Wernher, Bart, and Mr. Friedrich Eckstein), Messrs. Harry Mosenthal, C. E. Nind, G. W. Compton, H. P. Rudd, A. Viallate, C. Newberry, Alpheus F. Williams, E. W. Weatherby, W. Pickering (q.q. A. Gloag), Giles Oats, P. Peiser (and q.q. Mrs. Kate C. Peiser), A. Brink (and q.q. C. L. Marais, J. H. Marais, Mrs. Anna F. Marais, F. R. L. Marais, and P. Roux), B. Horkheimer (q.q. G. J. S. Mosenthal and W. Mosenthal), R. Archibald. E. Oppenheimer (and q.q. F. W. Green and B. Kitzinger), T. Rowe English (and q.q. Robert English), K. C. Elliott, A. L. Franceys (q.q. C. B. Franceys), A. Siew, and the Secretary, Mr. W. Pickering.

The following proxies were held:—

Proxies representing 74,962 shares in favour of Mr. Francis Oats.
Proxies representing 81,750 shares in favour of Mr. F. Hirschhorn.
Proxies representing 49,729 shares in favour of Sir David Harris.

The Secretary (Mr. W. Pickering) read the notice convening the meeting, and then read the Minutes of the Twenty-second Annual Meeting, which were duly confirmed.

The Annual Report of the Directors, together with the Balance Sheet and Profit and Loss Account, having been printed and circulated, were, on the motion of Mr. E. W. Weatherby, seconded by Mr. Giles Oats, taken as read.

The Annual Report of the General Manager (Mr. Alpheus F. Williams) was circulated amongst the shareholders present.

The Chairman, who, on rising to move the adoption of the Report and Accounts, was received with applause, said: Gentlemen, before speaking to the subject of the motion which I shall have to propose, I wish in the first instance to apologise to you for the state of my health, which is not so good as I would like, but I shall endeavour to make my statement on the affairs of the Company as clear and lucid as it is in my power to do. I am sorry that under present circumstances we are compelled to ask the shareholders to assemble here for the proceedings of this annual meeting in the midst of Kimberley's summer heat, and I feel sure that whenever the time comes to consider whether our financial year should not be made to correspond with the calendar year, so that our annual meeting might be held under more agreeable conditions, all the shareholders present will be in favour of the change.

It is now my pleasing duty to move the adoption of the Directors' Report, Balance Sheet and Profit and Loss Account for the year ended 30th June, 1911, which have been taken as read. I propose to vary the procedure of the Chairman's speech by beginning at the end, and referring to the profits. In the Profit and Loss Statement you will see that the

balance of profit carried to Appropriation Account is £2,270,291, against £2,690,726 last year. When I spoke last year we were, as always, already six months advanced into a new year, and when on that occasion I spoke of the year we now have to deal with, I used the following language: "We do not expect that this financial year will show much improvement over its predecessor." Of course, when you see that we have £2,270,000 instead of £2,690,000 profit, you will say certainly it has not improved. But the profit of last year was made not alone on the working of that year, but by the sale of about £900,000 worth of diamonds out of stock, which fortuitously augmented the profits of that year by about £500,000; on the actual working we have made a slightly greater profit than last year. I should point out that although the price of diamonds has gone up, and is to-day higher than it was two years ago, it has taken time to get the price up to the level it has now reached. We did not have in the financial year which I am now reviewing any great rise in price—I think the average rise in price, as compared to what it was before, was only something between 3 and 4 per cent. So that when I spoke here a year ago, I spoke with knowledge in saying that we did not expect that this year would be very much better than the year before.

Bearing these facts in mind, I think it is satisfactory that we can show the profits we do on the comparatively small amount of sales which we made, because, as I shall explain later, we deliberately restricted the sales with the hope that the effect would be a higher price for our goods, and under these circumstances our statement of Profit and Loss Account is on the whole creditable to our working. Our expenses are slightly less—there is £13,000 more on account of the liquidation of debentures and paying off premiums thereon; but in other respects our expenses are somewhat less—about £100,000. On the other hand our diamond revenue is just about the same apart from the fortuitous sales of about £900,000 worth out of stock to which I have already referred, and which meant £500,000 on the profits, as a windfall which has not occurred this year. I have said we show a profit of £2,270,000, which is carried to appropriation account. At first sight that does not finish up quite so satisfactorily as one would like to see, as we have carried forward after appropriation a sum of £623,000, as against £728,000 last year, but we must bear in mind that the £728,000 carried forward last year was liable to a charge of £310,000 for Mining Profits Tax, and that during this year we have paid that, together with another sum set aside for the same purpose of £265,000; so that in effect we are carrying forward £623,000 as against about £400,000, which we really should have carried forward last year had we had information as to what the amount of the tax would have been. In the light of that explanation, it will be seen that the appropriation account is this year very much more satisfactory—we have practically carried forward £623,000 against about £400,000 last year. (Applause.)

You will notice on the debit side of the Profit and Loss Account an item of £488,000 for depreciation. That is a little more than we charged for depreciation last year—about £50,000 more. Last year the items for depreciation—depreciation of claims, machinery and plant—were separated, and did not appear together in a lump sum, but as a matter of fact I think the total was about £435,000 against £488,000 this year. So that, practically speaking, within this comparatively poor year, we have, notwithstanding, allowed £50,000 more for depreciation. For many years the Directors have been endeavouring to wipe out what appeared as an asset in our books, and was always a large amount, for machinery and permanent works. Heavy writings-off have been made in recent years, and now, this year, the Directors have decided, in their discretion, to practically wipe this item out altogether, and have left it standing for the future only at £1, just to keep the item on the books. To have done that, in the case of this great Company with all its machinery, plant, and so on, is a striking evidence of the healthy nature of our position. (Applause.) To keep that great figure on the books was not thought advisable. In the case of the liquidation of the Company these assets would in all probability have been worth very little money, and we therefore thought it right and proper to strike this item out altogether. Someone may point out that in following years we shall no longer have the writing off of machinery and plant to provide for. Of course that is true, but each year must be taken by itself. Your Directors generally feel that it is desirable to strengthen the financial position of the Company as much as possible, by reducing the book value of assets, which can be reduced with a view of obtaining a larger mobile reserve, and you will see when we turn to the Balance Sheet that we have increased our reserve in this way this year by the sum of £405,000, which is approximately the amount shown here for depreciation—nearly £500,000; but against that we have carried forward £600,000 as against £700,000, £100,000 the other way, leaving £400,000, which is practically equivalent to the additional sum we have earmarked for special reserve.

I think I have now said perhaps all that is called for on the Profit and Loss Account, and we will now turn to the Balance Sheet. You will notice that the large amount which we had still standing last year for first mortgage debentures—£1,200,000—has been paid off, and that our cash assets, which were held in reserve at the time for paying that amount off, have also disappeared, and we are left, after the £400,000 I have just referred to has been carried to reserve account, with the amount of the other liquid assets practically unchanged. We have found £400,000 during the year from these depreciations for the purpose of increasing our reserve, and have paid over £1,200,000 for the liquidation of Debentures and Bultfontein Obligations; and the other figures—that is, the other liquid assets—remain just about the same as they were a year ago. Our stock of diamonds is to-day standing a little higher than a year ago—£530,000 against £509,000, a difference of about £20,000. That figure is not the value of the diamonds, but they are taken in at the cost of production. I think I have now said all about the Profit and Loss Statement and the Balance Sheet that is called for, further than is expressed in the Directors' Report.

I will now further refer to the Directors' Report itself, and to the yield and values of our different mines. You will see that after all the values per carat are only slightly higher than the year before, and that the yields on the whole are hardly as great. What strikes one first is the drop of the Kimberley and De Beers yield from 38 carats per 100 loads to 28 this year, but when we remember that the washing of last year was mainly from Kimberley Mine, which is a better yield than De Beers, whilst this year just two-thirds of what we have washed was from De Beers Floors, you will see that these figures account for this falling off. So that on the whole the facts are easily explicable, and the drop from 38 to 28 carats does not concern us much, as our main production is now obtained from our other mines. Fluctuations and variations there must be from year to year—different parts of our mines, as we know from experience, are better or worse than other parts—we may work a poorer layer one year, and a better one the next year, or *vice versa*. You will observe as to the Wesselton Mine, that we did not wash as much as usual there, and we were forced to that position because the ground on the floors there was not sufficiently pulverised. Those of you who are practical diamond miners know that if we wash ground not sufficiently pulverised the tendency is for the yield to be less, because the small diamonds are not recovered. Mr. Williams tells me that the present yield of Wesselton is about 30, and we have no reason to believe that the yield of that mine is not going to be as good in years to come as in years past. The figure for Bultfontein Mine is practically the same—37 for the previous year, and now 38—even a little better. Bultfontein is notoriously a mine of varying values in different parts, and it can happen that if we are working in any year a larger proportion of the Bultfontein Mining Company's ground, from the better part of the mine, the yield will be better than if we worked the other end of the mine, which is poorer. There is good reason to suppose that Bultfontein will give an average of near 40 carats per 100 loads in future. Dutoitspan has fallen from 23 to 21, which I believe is attributable to working ground from parts of of the mine not quite as good as other parts at the same horizon that we worked last year. But we believe that on the whole the Dutoitspan Mine will continue to yield as formerly. If we work in a better part of a mine one year and a poorer part another year, we must expect the yields to vary a little, but to practical miners, the marvellous thing is that from year to year, dealing with such tremendous quantities of ground, the yields should so nearly correspond, one year with another, as they do. When one thinks of the immense amount of stuff we have to handle and deal with, and the minute proportion of matter in the form of diamonds in the loads washed, that they should go on year by year so nearly the same is certainly a very interesting fact, and well worthy of note. (Applause.) One does not see the same regularity of yield in other mining operations. I am not one of those who believes that any variation of yield must necessarily be in the wrong direction. I believe it is just possible that these variations may sometimes be in the right direction. (Hear, hear.)

As we said last year, we were sinking the Kimberley Mine shaft another 1,000 feet, and have been rather anxious to know whether, at a depth of 3,500 feet, there was blue ground, and if blue ground, whether there were any diamonds. We have had, as you know, a great many Job's comforters in the Press who told us more than we knew ourselves, and said that in the granite, for instance, blue ground would not exist at all, and that, at all events, if it did exist, there would be no diamonds in it. I saw in one respectable paper that it was a peculiar condition of things in Kimberley that the granite towards Dutoitspan rises, and would therefore probably come into the Dutoitspan Mine at a much shallower level. Well, we did not take these theories for granted. The General Manager has done a tremendous amount of work at Kimberley Mine in the time—the shaft has been sunk a further 1,000 feet, and a tunnel driven for 1,200 feet, and to the surprise of the croakers we struck

blue ground. We have not yet had time to develop there and to find out the area of the mine at this depth—that is still an open question, and we do not want to say anything more than we know. But the mere fact that we have got blue ground at a depth of a further 1,000 feet down into the granite is satisfactory. (Applause.) Further than that, Mr. Williams has made tests—I am quite justified in referring to them—of the blue in small quantities, and every one of those tests has shown a better yield than we have had for years past in the Kimberley Mine. (Applause.) The sum total of those tests so far shows at least double the yield that we have had from the Kimberley Mine ground for many years past. (Applause.) I want to caution shareholders not to assume that we have got a large mine down there, with the assurance of a continuance of these better yields. I am only giving you the information we have at this stage of the further development of the Kimberley Mine; it remains to be seen whether the yield from the entire area is going to be as good as from the small area we have already developed. But there it is, for what it is worth, and so far as we have gone. And it is, I think, another proof that we must be careful not to take things for granted, and to assume that yields will either go up or go down with depth. I trust that in this case we shall find that the area will not gradually decrease or shrink as we go down, but that perhaps in some place it may expand. These are open questions. Mining is always a speculation, and in this we must speculate—but we must not beforehand take it for granted that as we go deeper the average yield is necessarily going to be worse. In fact, so far as the tests in the Kimberley Mine are concerned, they point to the contrary result. (Applause.)

Now, we have been in the habit for some years past of charging to our working expenses the cost of producing the blue we take from the floors, and through that the figure we have put down for working expenses in the present statement is considerably more than the amount which the General Manager has actually spent during the year, because the blue ground washed has included ground put on the floors in previous years, and for which the cost of production was greater than it is to-day. In that way we have a sum of about £50,000 added to our cash reserves, through charging £50,000 more to working expenses this year than was our cash outlay during the year. It is, of course, very satisfactory that Mr. Williams is now able to put blue on the floors at so much cheaper a rate. The Directors' Report has told you that there is a considerable increase in the quantity of ground on the floors, while the Balance Sheet shows that despite this increase the blue on the floors stands as an asset at an amount slightly less. This arises from the fact that the blue we have taken off was, comparatively speaking, more expensive to produce, and that the blue is put on the floors to-day, thanks to Mr. Williams' economies, at a very much lower price. This is a feature of the General Manager's Report, which, as I have said, affords great cause for congratulation—that Mr. Williams has been able to reduce the cost of putting blue on the floors to the figures now shown. We have at present over nine million loads on our floors, and the amount standing against that as cost is only £1,400,000. Previously when we had ten million loads on the floors, the cost of putting it there stood at £2,268,000. In other words, we have saved no less than £800,000 owing to the reduction in cost of working to which I have referred. (Applause.) I have a statement here showing the exact position regarding the blue ground reserve, which I should like to read:—

“This stands at the same figure as last year, *i.e.*, £2,268,266 8s. 1d., but the amount invested in blue ground stocks is less by £49,358 3s. 7d., which latter figure has gone to increase the balance of the reserve from £804,699 2s. 6d. on June 30, 1910, to £854,057 6s. 1d. at June 30, 1911, which is covered by the liquid assets and the reserve investments *per contra*. This reduction in the value at cost deposited of the blue ground stocks by £49,358 3s. 7d. requires explanation in face of the fact that there has been a net increase of 1,244,967 loads, *i.e.*, from 7,776,059 loads to 9,021,026 loads.

“In the first place the stocks on Dutoitspan, Bultfontein, and Wesselton Floors at July 1, 1910, stood at a higher average rate per load (*i.e.*, 3s. 7.4d.) than the cost per load of ground deposited during the year under review (*i.e.*, 2s. 7.4d.), whilst the loads washed during the year were credited to these stocks at an average rate of 3s. 1.12d. per load, arrived at by combining the loads and money relating to the stocks on hand July 1, 1910, with the number of loads hauled, and cost thereof, during the year ended June 30, 1911. The result is that although the stocks on these particular floors were augmented to the extent of 2,125,885 loads, the corresponding money figure was increased by £153,990 10s. 2d. only. On the other hand the stocks on De Beers Floors were depleted by 880,918 loads, which had stood at the cost of 4s. 7.4d., amounting to £203,348 13s. 9d.

In other words, owing to the washing of the dearer De Beers ground, and the flooring of a large quantity of cheaper ground from the other mines, the cost of the stocks on hand at June 30, 1911, is less than that on hand at the end of the previous year by £49,358 3s. 7d.

"It should also be clearly understood that the mining charges against profit and loss appearing under the heading 'Cost of hauling blue ground washed during the year,' are calculated at the average cost of hauling during this and previous years of the ground actually washed; therefore these figures do not agree with the actual hauling expenditure for the year. Hauling expenditure is now considered to be capital expenditure, and is added to the blue ground stocks, while the loads washed are credited to blue ground stocks at an average rate arrived at as aforesaid. Therefore, although there have been substantial reductions in the hauling costs during the year under review compared with last and previous years, the profit and loss account will not get the full benefit of these lower costs until the more expensive ground has been washed off."

This very lucid statement affords one more proof of the fact that our position is an improving one, and that we shall be even better off in future than we are to-day. (Hear, hear.) I have purposely referred to the financial statement for the current year in the language of moderation, because, so far as it stands alone, it is confessedly a statement that we do not wish to swagger about, and when I spoke at the last annual meeting I foreshadowed the possibility that for the reasons then given the position now shown might not be quite such a favourable one as its predecessor had been. You will see, however, from what has been stated that as regards the financial year ending June 30 next, there is reason to hope for much better results. (Applause.)

As I stated just now, the price of diamonds was higher at the end of June last, but taking the average for the whole of the financial year there was not what could be termed a great rise in price—about 3 or 4 per cent. That the average rise for the year was not higher was perhaps partly attributable to our own action in off-loading so many diamonds as we did the year before, together with the large stocks which dealers, and especially the Syndicate, had on hand at the end of the crisis. However, we took the whole of the circumstances into consideration, and resolved that we would try, even at the cost of some self-denial, to reduce sales, in the hope that prices would respond, and fortunately that result has come about. Although the average rise for the whole year was only 3 or 4 per cent., there was a difference of about 10 per cent. at the end as compared with the beginning of the current financial year, while at the present moment—I speak advisedly—the rise now is about 20 per cent. higher than when we started the existing contract with the Syndicate. We do not regard this as the limit, but we do believe that it is a result which has come about in response to the lesser production and lesser deliveries—especially the latter—arising from the policy we considered it necessary to adopt. Our production for the present year was slightly less than for the year preceding, and the deliveries were considerably less, *i.e.*, during the year 1909-10 3,014,270 carats were sold for £5,842,000, whilst during the year now under review the sales were restricted to 2,147,000 carats, realizing £4,915,000, averaging 45s. 9d. per carat as against 38s. 9d. per carat for the preceding year. We produced for the year ending June, 1910, 2,416,000 carats; for the year ending June, 1911, our production was 2,180,000 carats. But in spite of this lesser production, and the correspondingly reduced sales, we have been able, with the help of the somewhat higher price, to make the profits we have shown. And considering that we started the current financial year with a rise of fully 10 per cent., and that at this moment the rise is about 20 per cent., which would mean at least 16 per cent. over last year, it follows that we are naturally in a very much better position. (Applause.)

It is from these reductions, there can be no doubt about it, that the price of diamonds has risen and I think it is now our turn to congratulate those producers other than ourselves in this connection, because they have, for reasons best known to themselves, reduced their production to a considerable extent during the period ending June, 1911. The net reduction of carats for the whole of the South African production is about 450,000 on a gross production of about 6,000,000 carats, which is a reduction of about 8 per cent. Well, gentlemen, we are grateful for that compliment to our policy—our friendly competitors have apparently realised that it does not follow that with a greater production you make greater profits. On the contrary, I believe that at this moment all producers are making greater profits than they were, notwithstanding their lessened production, and I only trust that they will see that that policy is desirable, and will continue it, in their own

interests and in ours as well. It is true that the class of diamonds varies, and that each producer has a market to himself to some extent, and for that reason our competitors should all the more, I think, continue to carry out the policy which they have adopted during the year under review. As far as I can see, the total reduction by our competitors is about £642,000. Against that there is the unfortunate extra production from German South-West Africa. But even there we see to-day that the extra production is not being maintained, and I feel quite sure that, producing as they do a special class of goods only, as soon as they are able to put things there on a better basis they will be able to make more profit, even with a lessened output, than by putting on the market all they can produce. Diamond mining, and the diamond market, as we have learned by experience after long study, is a special business which does not admit of the same rules being applied to it as to other businesses. The past success of our Company, and the further success which we hope is to come, and for which we have every reason to hope, is without doubt due in great part to the policy of restricting the output, and thereby making sacrifices for the general good, because when we have done that we have done something towards increasing the price for our competitors' goods as well as for ourselves. (Applause.) The question is: Ought we to follow a course like that up; ought we to keep ourselves back that these others may go forward? Well, gentlemen, I do not think that the other policy would be in our interests. (Hear, hear.) We could go on, and work a great deal more than we are doing—the De Beers Mine, for instance, is not now being worked at all—and we could also work the other mines to a much greater extent, and without difficulty place a great many more diamonds on the market than we do. But the certain result of that would be that the prices, in the course of a little time, would fall, and many who are now producers would then find that they could not even make their expenses. But at what cost would that be brought about? At the cost of upsetting the diamond market and the diamond trade, and diminishing our own reserves and revenue. So that on the whole we have adopted this policy of restricting the output—and it must be confessed that it is a generous policy—in the interest of other producers as well as ourselves. We stop our mines and others work theirs night and day, and produce every single carat they can. But we have this feeling, that most of our competitors cannot continue indefinitely producing at the cheap rate they now do. Their properties will become exhausted, and as they go deeper they will be confronted with greater expense. I do not know of any other diamond mine that has got diamonds at a depth of 3,500 feet, as at this moment we have at the end of our tunnel in the Kimberley Mine. (Applause.) Taking these facts into consideration, and having that strong position to rely upon, the Directors are satisfied it is in our interests to continue to pursue the policy they have done hitherto.

I will now refer to the future. It happens that we always have our annual meeting six months in the new year, and we can see from the facts before us that the results of the past six months compare very favourably with the results of the previous year. If we were able to have results for the next six months like those we have had for the first six months of the current year, we believe that at the end of our financial year our position will have considerably improved. We do not wish to take things for granted. We have still six months of the current year to go, but we have every reason to hope that the present state of affairs so far as the diamond market and prices are concerned, will be maintained. If they are, we shall, at the end of the current year, have a much better statement to show, and I believe we shall be quite justified in paying something more to shareholders than we have lately done. (Applause.) We are, of course, between Scylla and Charybdis in this respect, inasmuch as we have to provide on the one hand for our shareholders, and on the other for the permanent interests, the welfare and stability of the diamond market and diamond industry. We cannot necessarily pursue the one policy or the other to the utmost limit. While we have the industry to consider we have also the shareholders. There have been years in which they have had no dividends at all, and they naturally must be remembered when we can afford to remember them. But it is not desirable to put diamonds on the market wholesale, and make revenues we shall not be able to maintain, except for a very little time, and which would be to the detriment of the Company in the long run, for the purpose of having a surplus out of which to pay enormous dividends. That is not our policy either. The policy of the Board is to take a middle course in this matter, and in doing that we believe that if the price of diamonds continues good to the end of the year, and we can sell at a slightly increased value—that we shall be able to show such a balance sheet next year as will justify us in making some increased payment to our shareholders. (Applause.)

Further than that, we cannot go or say. We cannot look into the future. There have recently been troubles in Europe—happily they are past, and I trust that in our time at least they will not recur. Our interest as a diamond producing company is peace and

goodwill, and then the diamond business goes on well. But we cannot, as I say, see into the future, nor can we at this moment tell what the position will be on June 30 next. I can only reiterate that if we continue for the next six months as we have gone on during the past six months, and realise the hope that the price of diamonds will be a little higher, we shall have such a surplus as will justify us in paying an increased amount to the shareholders. I hope you will take that as satisfactory. (Applause.) We have to remember that our contracts with the Syndicate are for a fixed amount, and that the matter of selling more diamonds for something more than that fixed amount is one of negotiation between the Syndicate on the one hand and those of your Directors who are not in the Syndicate on the other. The policy of the Company, and it has, I believe, the moral support and approval of the Syndicate, is, this—that we will not sell anything above the fixed quantities unless we believe that the market will be fully maintained or improved. If we have any sort of doubt in our minds that the selling of increased quantities would have the effect of reducing the market prices for the next period, then it is our policy and feeling that such deliveries should not be made. (Hear, hear.) This is a question of policy which we think should be no secret—we want all the world to know it, and the diamond market should be strengthened by the knowledge that we are not disposed to sell diamonds if such sales may have the effect of lowering prices. Relatively there might be some lowering of prices—that we must abide by; but when selling would mean an inevitable drop in prices in the future, it is our business not to sell.

We cannot pursue a policy of that kind unless we have considerable resources and reserves. We have put £400,000 more to reserve this year in order to hold that position in the face of any contingency or crisis that may arise. This is the policy of the Company—to gradually create such mobile reserves as to provide for such contingencies, while not using all the profits that may be made for such a purpose, but at the same time allowing a part to go to shareholders in the form of increased dividends.

I hope I have made myself clear on this point. We cannot go very far to the right hand or to the left, but must have common sense ruling our policy. I have tried to make myself clear, speaking under the disability of indisposition. If we are able, as we hope to be during the remainder of the current year, to make a little more on our diamonds, I think it is my duty to tell shareholders to-day that we shall expect to pay them a little more.

I think I have gone over most of the ground that it is customary to cover at the annual meetings of the Company. I am glad to see Mr. Quinan, the Manager of our Dynamite Works at Somerset West, present to-day. (Applause.) I congratulate him on the splendid results he has obtained during the year at the factory. It does not add to our revenue a great deal, because we supply dynamite to customers at cost, plus a fixed allowance for interest and redemption, but we were able, notwithstanding the almost unprecedented high price for raw material, to supply our customers with blasting gelatine at the price of about 40s. per case, ex-factory. Well, it is all very well for people to talk and to say that the world's competition in the production of dynamite has brought dynamite down to be as cheap as it is now. But to my certain knowledge the same kind of dynamite is sold to mines in England at 55s. per case, which Mr. Quinan sells, ex-factory, at 40s. For some time some of us had doubts as to the wisdom or desirability of De Beers putting their shoulder to the wheel, and extricating mining in this country from the thralldom of the Trust, but there is this to be said. We ourselves are consuming to-day about 50,000 cases of low grade explosives per year. We have no doubt in our minds whatever that but for having our own dynamite factory we should have to pay £1 per case more for it than we are paying now. Any doubt we might have had as to the justification for entering upon the manufacture of dynamite must fall away when we realise the great decrease in the cost of blue ground produced, which we have been able to bring about partly as the outcome of the lower price of dynamite as the result of the operations of the factory. I think it is necessary to defend ourselves in this connection against the constant charges of going outside our ordinary operations. After all, £50,000 per annum is something, and we get interest and redemption on the capital in that business, and we are able to supply dynamite, ex-factory, at 40s. per case, whilst miners in England, where we expect prices to be cheaper, are paying 55s. per case.

We believe that if we had fair railway rates for carriage, our dynamite could be delivered in Johannesburg at considerably less rates than is now possible, comparably with other concerns. This is the only occasion throughout the year when we are able to defend the interests of the Company in this respect, and it is necessary that we should make our position understood. The railway rate for the carriage of dynamite is very high. Our

dynamite has to be carried a long distance. As a matter of fact the cost to the Railway Department of carrying a ton of dynamite is very little more than the cost of carrying a ton of anything else. The result is that the Union Railways get a very large addition to their net revenue out of the carriage of dynamite from our factory. The rule applied is that for dynamite made in the vicinity of Johannesburg, the raw material must be carried up at such a rate that the total cost of carriage for that raw material, which stands in the proportion of about $2\frac{1}{2}$ to 1 of the finished dynamite, is the same as that for the finished article. We have heard a good deal about this policy of railway rates being so adjusted that industries in the interior may be able to compete with those at the coast. I do not think that in the whole field of economics a more fallacious position could be taken up. To quote an illustration which I have given on a previous occasion in another place, it means this—Supposing, for the sake of argument, that a mine in Johannesburg wanted half an ounce of radium a year, and that this took 100,000 tons of raw material to produce. According to this policy, whereby factories must be established in the interior on terms which will enable them to compete with factories at the coast, and railway rates so adjusted as to provide for that, the railways would be compelled to pull up that 100,000 tons of raw material at the same rate as they would charge for half an ounce of radium. (Laughter.) It is a *reductio ad absurdum*, which shows the fallacy of the whole position I have described. As a matter of fact, these considerations should not be taken into account in the adjustment of railway rates at all. If the Commonwealth is best served by manufacture at the coast, and we pull up one ton of the finished article to the place of consumption instead of two or three tons of raw material, it is certainly in the interests of everybody concerned that the lesser rather than the greater quantity should be hauled. Our customers are injured constantly by the existing state of affairs. I take the liberty of saying this, because time after time I have seen it stated that the present system of rates is against those other factories which are situated inland. As a matter of fact, it is nothing of the kind. It is against us, and our dynamite contributes to the net revenue of the railways and of the Union Government to the extent of at least 1s. per case more than that of our competitors. This being so, we think we have a grievance against the Union Railways in this respect, and not, as is so often represented elsewhere, when we have no opportunity to reply, that our competitors are badly treated, and that we ourselves are more favourably off. The truth is just the opposite. I wish to make this point clear, and I trust that as individuals we shall, so far as our influence goes, endeavour to combat this constantly repeated assertion that the Union railways rates are in favour of De Beers dynamite, and that the factories in the interior are penalised—quite the contrary is actually the case. (Hear, hear.)

We look upon Mr. Quinan and his staff as being our saviours, because, in spite of this hardship, we are able to produce dynamite—notwithstanding the price of the raw material—at a lower price than we could obtain it before. We believe that in future—he has not come to the end of his economies—that we shall get in more revenue, and meanwhile we are saving others as well as ourselves from a monopoly which would have compelled them to erect factories of their own in order to fight it. Our factory is placed at our customers disposal practically for interest and redemption charges only.

I do not know that I will take up your time any longer, beyond merely referring to the other news recently received—received, in fact, since the Directors' Report was framed. Most of you know that some time ago we advanced money to the Chartered Company against debentures, coupled with which the privilege was granted us of obtaining any diamonds in the Chartered Company's territory, not free, or gratis, at all, but on certain fixed conditions, which were that we were to pay 30s. per claim per month, the same as to the old Exploration Company at Dutoitspan; if we did not elect to pay our right was to lapse. We accepted the conditions, and shook hands, so to say, on the agreement in absolute good faith as between man and man. But for years the Chartered Company has struggled to set aside this agreement, and through the technicalities of law and the Courts, they succeeded in the first Court and also on an appeal which we brought. But I am able now to announce that the final De Beers appeal against the Chartered Company, when carried to the House of Lords, was allowed, with all costs in all Courts, all the Lords agreeing. (Applause.) Perhaps there is not very much money in that for the moment, because as far as we know there are no diamond mines of a payable character discovered in Rhodesia, but we have the satisfaction that the bargain we made is now upheld by the highest possible tribunal, and that if diamonds are found there they are ours, subject to the amount agreed upon being paid for the claims. That, I take it, is very satisfactory, after the prolonged litigation that has taken place. (Applause.)

I will not detain you longer, but if any questions are asked, I will do what I can to reply to them. I now beg to move the adoption of the Directors' Report, and the Profit and Loss Account and Balance Sheet for the year ended 30th June, 1911.

The speech was listened to throughout with keen attention, and was punctuated by frequent applause.

Colonel Sir David Harris seconded the Chairman's motion. He said that if the Chairman had not told them at the outset that he was not in quite his usually robust health, he did not think they would have suspected the fact from the nature of his speech, which had dealt as comprehensively as on former occasions with the salient points arising on the various reports before the meeting, and had placed the whole position before them in the Chairman's usual lucid and able manner. Had the Chairman really shown in his speech any evidence of physical disability, it might have left him something to say by way of supplementing his remarks, but in the circumstances there was nothing material that he could add. The Chairman had been exceedingly cautious in his remarks with reference to the position of the Company, he had simply held out the hope to shareholders that if the present condition of affairs continued, and there was no decrease of demand in the diamond market, they might expect an increased return upon their investments during the ensuing financial year. He (the speaker) must say that considering there were £33,000,000 of capital now invested in this Company, an increased dividend would to his mind be only an adequate return for that enormous amount. He did not think, at all events, that the Chairman could be accused of being unduly optimistic in anticipating this increased return to shareholders, because he had just been looking through the General Manager's Report, and he found that above the different working levels of their five mines they had over 60,000,00 loads of blue in sight. Now if they took that in conjunction with the 10,000,000 million loads of blue they had on the floors, they had in sight, above the working levels and on the floors, sufficient blue to last this Company at the present rate of washing for twelve years. (Applause.) He did not think he need say any more—to his mind the Company was to-day in a stronger financial position than it had ever been since the day of its inception. He thought they could look forward, as the Chairman had indicated, to that position being still further strengthened in the future. With these prospects in view he had very much pleasure in seconding the adoption of the Reports and Accounts. (Applause.)

The Chairman then formally invited any shareholder present to speak to the motion, or to ask any questions, but no questions being forthcoming, the motion was put to the meeting and unanimously adopted.

Mr. Charles Newberry, one of the oldest shareholders in the Company, proposed that the following gentlemen be elected Directors for the ensuing year:—Messrs. C. E. Atkinson, F. Baring Gould, G. W. Compton, Robert English, D. J. Haarhoff, Colonel Sir David Harris, Mr. F. Hirschhorn, the Right Hon. Sir Starr Jameson, Mr. S. B. Joel, Sir Carl Meyer, Messrs. Harry Mosenthal, C. E. Nind, F. Oats, H. P. Rudd, T. G. Tyson, and A. Viallate. In moving the resolution, the speaker commented on the very pleasant nature of the duty which had fallen to his lot, and said he felt sure he was voicing the feeling of all the shareholders when he said they would like to express, through him, their thanks for the very able manner in which the Directors had managed the affairs of the Company during the past year. (Applause.)

Mr. E. Oppenheimer seconded the motion.

The Chairman, in putting the motion, said it was most satisfactory to the Directors to find one of the oldest shareholders, and one who had been connected from the earliest days with diamond mining in Kimberley, expressing the sentiments which had fallen from Mr. Newberry. (Applause.) It was a compliment which the Directors thoroughly appreciated. (Hear, hear.)

The motion was unanimously agreed to.

Mr. P. Peiser moved that in accordance with the provisions of clause 89 of the Articles of Association, the sum of £9,600 be voted to the Directors, other than Life Governors, as remuneration for their services. The mover went on to say that subject to the approval of the Directors and shareholders, he would like to add the suggestion that inasmuch as the Balance Sheet this year was "simply splendid," and in addition to that the Company had won in the action by the Chartered Company, which must have meant the saving

of a very considerable sum in costs, the Directors should take into consideration the subject of granting a bonus, by way of a Christmas box, to the office staff and employees of the Company.

Mr. Arend Brink seconded the motion in so far as it applied to the Directors' remuneration, as originally drawn up.

The Chairman pointed out that in order to put the proceedings in proper and regular form, the proposal as to the Directors' remuneration should be dealt with in a separate resolution. If the shareholders desired, as suggested by Mr. Peiser, to indicate to the Directors what they should do in regard to the staff, that could be proposed and discussed subsequently. He might say that as between the Directors and the Staff he believed the feeling was quite *con amore*, and as the shareholders had trusted the Directors in such matters hitherto, he had no doubt they would do so in the future. He had, of course, no objection to such a proposal being made—any shareholder was entitled to move a proposition at the annual meeting and any other shareholder to second it—but the two matters should certainly be separately dealt with. The Chairman further pointed out that the Company had formerly a system of bonuses, but the Directors felt it desirable to discontinue this, as it was found in practice that there was considerable difficulty in drawing the line as to where bonuses should be paid and where not. They therefore took the amount of the bonuses that had been customarily given, divided it as between those concerned, and paid it by way of increased salary. As time went on they might, of course, have to reconsider the question of salaries, and he need hardly say that in anything they did in this respect they would consider the interests of the shareholders and the staff alike. It was the interest of the Directors, and he felt sure of the shareholders as well, that the staff should be a satisfied and contented one, and he thought the shareholders could trust the Directors, who had so far managed affairs of this kind without anything in the nature of a special resolution such as Mr. Peiser had suggested, to continue to do so with satisfaction to all concerned.

Mr. Peiser said he had every confidence in the Directors, and would therefore eliminate that portion of his proposal referring to the staff and employees, leaving the matter to the Directors as before.

The Chairman, in putting the motion as to the Directors' remuneration, said it might be desirable to point out in order to avoid any possible misunderstanding, that the Life Governor's interest was commuted some time ago, and the only remaining Life Governor, Sir Julius Wernher, therefore received no part of the remuneration now proposed. In justice to the remaining Directors, he ought perhaps to add that he did not think that there was any other company having so large a revenue, and the management of whose affairs involved so great a responsibility, the Directors of which were remunerated at so modest a rate. (Hear, hear.)

The resolution was carried unanimously.

Mr. T. R. English moved, and Mr. R. Archibald seconded, that Messrs. Howard Pim and Philip Salisbury be appointed Auditors for the ensuing year, and that the remuneration to be paid to them be fixed by the Directors.

The motion was unanimously agreed to.

The Chairman said it was now his pleasant duty to propose a resolution which he hoped they would pass with no less unanimity than those which had preceded it. He had already, in the course of his speech, referred to the good services of the General Manager and Staff of the Company, and he wished to add on that point that he did not think there was ever a year in the history of the Company when a resolution embodying that recognition deserved more cordial support. (Hear, hear.) Taking an all-round view of the Company's affairs, and the position of their works, they could not but feel the greatest satisfaction with the degree of energy and enthusiasm, as well as the technical knowledge, which had been brought to bear by the General Manager and those associated with him, as also by the Secretary, Accountant, and generally speaking, by the employees of the Company in Kimberley. (Applause.) Mr. Peiser would perhaps gather from these remarks what was the feeling of the Directors on this point. He would now formally propose that the cordial thanks of the Directors and shareholders be given to Mr. Williams, and the Heads of Departments under him, for their conduct of the affairs of the Company during the past year. (Applause.)

Mr. H. Mosenthal said he had the greatest pleasure in seconding the proposal, and he had no doubt that after what the Chairman had said, Mr. Peiser's mind would entirely be at rest as to the services to the staff and employees receiving due consideration.

Continuing, Mr. Mosenthal went on to say that he was rather in the habit of doing irregular things, and perhaps they would pardon him if he did an irregular thing now, but he would like to make a further proposal which he felt sure would meet with the sympathy and approbation of all present. The Chairman had referred in passing to the fact that they had one remaining Life Governor in the person of Sir Julius Wernher. Sir Julius Wernher was his (the speaker's) oldest and most esteemed friend, and he was also the best friend of the Company. (Hear, hear, and applause.) He was, in fact, an asset to the Company of inestimable value, and even to-day, when, as they knew, the state of his health was not such as they would like it to be, the affairs of the Company were constantly in his thoughts, and he continued, as ever, watching over it and working for its best interests. Gentlemen, added Mr. Mosenthal, the irregularity I am about to commit is to ask you to send him the warmest possible message of friendship and recognition of his services and good hope for his complete restoration to health. (Loud applause.)

The Chairman said he felt sure the proposition would be received with all the sympathy which it deserved. He endorsed every word Mr. Mosenthal had said with regard to the close interest taken by Sir Julius Wernher in the affairs of the Company, and said he felt sure that at the present moment, when Sir Julius was in far from good health, he would be much gratified to receive a cable showing that he was in their thoughts, and had their best wishes for his speedy recovery. (Applause.)

The resolution was carried by acclamation.

This concluded the business before the meeting, and the Chairman having thanked those present for their attendance, and a vote of thanks having, on the motion of Mr. E. Weatherby, been accorded to the Chairman for presiding, the proceedings terminated.

De Beers Consolidated Mines,

LIMITED.

*Registered under Act 23 of 1861, and incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Fourth Annual Report

For the year ending 30th June, 1912.

Directors :

FRANCIS OATS, Chairman.
CHARLES E. ATKINSON, J.P.
FRANCIS BARING-GOULD.
GEORGE WM. COMPTON.
ROBERT ENGLISH.
D. J. HAARHOFF, J.P.
COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.
FRIEDRICH HIRSCHHORN.

SIR CARL MEYER, BART., Deputy Chairman.
THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B., M.L.A.
SOLOMON B. JOEL.
HARRY MOSENTHAL.
CHARLES E. NIND.
H. P. RUDD.
T. G. TYSON.
ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS.

Assistant General Managers :

I. R. GRIMMER.

J. HARBOTTLE.

Superintendent of Mines :

H. T. DICKINSON.

Mechanical Engineer :

J. LIDDELL.

Electrical Engineer :

R. W. HERR SMITH.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.

COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

HOWARD PIM, CHARTERED ACCOUNTANT, KIMBERLEY AND JOHANNESBURG.

PHILIP SALISBURY, INCORPORATED ACCOUNTANT, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON.

THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.



De Beers Consolidated Mines, Limited.

TWENTY-FOURTH ANNUAL REPORT,

For the year ending 30th June, 1912.

TABLE OF CONTENTS:

- 1.—DIRECTORS' REPORT.
- 2.—BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.
- 3.—STATISTICS.
- 4.—GENERAL MANAGER'S REPORT.
- 5.—PROCEEDINGS OF GENERAL MEETING.

REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ending 30th June, 1912,

To be submitted to the Shareholders at the Twenty-Fourth Ordinary General Meeting to be held on 14th December, 1912.

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors have much pleasure in submitting their Twenty-Fourth Annual Report and Balance Sheet at 30th June, 1912, and Profit and Loss Account for the year ended 30th June, 1912.

The Balance brought forward from 30th June, 1911, was	...	...	...	623,019	15	11
During the year, as will be seen from the accompanying Statement, the diamonds sold, less the decrease of Stocks (taken at cost of production) amounted to...	...	...	...	5,465,887	13	4
Add to this the following:—						
Dividends on Investments	...	...	...	145,358	3	9
Nett Revenue from House and Stand Rents	...	...	...	9,825	2	9
Revenue from other sources	...	...	...	9,897	8	5
					165,080	14 11
					£6,253,988	4 2
Less expenditure as follows:—						
Mining and other Expenditure	...	...	...	2,014,284	13	10
Depreciation	...	...	...	678,050	7	5
Interest on Company's 4½% South African Exploration Debentures, and on Capital of Leased Companies	...	...	...	170,982	19	7
Sinking Fund to provide for the repayment of the 4½% South African Exploration Debentures at January 1st, 1930	...	...	...	65,115	8	0
Union of South Africa Mining Taxation Act of 1910:—						
Balance paid in respect of year ended 30th June, 1911	...	...	...	10,591	4	11
Amount set aside in respect of profit for the year ended 30th June, 1912	...	...	...	347,564	3	8
				358,155	8	7
					3,286,588	17 5
Leaving a balance of	...	...	...		2,967,399	6 9
Out of which the following dividends and bonus have been paid and provided for:—						
Preference Shareholders—Dividends	...	...	...	800,000	0	0
Deferred Shareholders:—						
Dividends	...	...	...	1,000,000	0	0
Bonus	...	...	...	125,000	0	0
				1,125,000	0	0
					£1,925,000	0 0
Balance carried forward to next year	...				£1,042,399	6 9

The results of the year's working have been as follows:—

Average yield per load for De Beers and Kimberley Mines	...	...	31 of a carat.
„ value per carat „ „ „	...	53/11.47	
„ „ load „ „ „	...	16/8.72	
„ yield per load for Wesselton Mine	...	...	29 of a carat.
„ value per carat „ „ „	...	45/3.12	
„ „ load „ „ „	...	13/1.5	
„ yield per load for Bultfontein Mine	...	...	41 of a carat
„ value per carat „ „ „	...	40/8.24	
„ „ load „ „ „	...	16/8.18	
„ yield per load for Dutoitspan Mine	...	...	23 of a carat.
„ value per carat „ „ (a) ...	...	83/0.13	
„ „ load „ „ „	...	19/1.11	

(a) Based on blue and mixed crusher diamonds sold.

The stock of Blue Ground and Lumps on the Floors at 30th June, 1912, was as under:—

At De Beers and Kimberley Mines	...	192,745 loads.
At Wesselton Mine	... ..	3,077,543 „
At Bultfontein Mine	... ..	2,702,452 „
At Dutoitspan Mine	... ..	4,443,689 „
		<hr/>
		10,416,429 loads.
		<hr/>

On reference to the Profit and Loss Account, Shareholders will observe that the revenue from diamonds compared with the previous report has increased £527,800, which is due to our commencing the year with higher prices than the average of the year before, and to a continued upward tendency of prices since then.

The results for the year enabled your Directors to announce in March, 1912, payment of the usual dividend of 10/- and a bonus of 2/6 on the Deferred Shares. At the same time they announced their decision of reverting to the declaration of dividends on Deferred shares in the months of December and June.

After the crisis of 1907-08, which compelled the payment of dividends on Deferred shares to be suspended, your Directors, desirous of resuming payment at the earliest possible moment, put forward the date of declaration and declared the dividend in August, 1909, instead of December, and the following March instead of June. This practice has continued up to now, but had the drawback of necessitating the declaration of final dividends three months before the end of our financial years, which has been found inconvenient. In future the declaration of dividends on the Deferred shares will be made during the last week of December and June in each year, but the current financial year, in order to avoid inconvenience to

Shareholders owing to the change of the date of payment of dividends, your Directors have decided to declare two interim dividends, the first at the end of September, and the second at the end of December, and the final dividend will be declared at the end of June, 1913. As almost the whole of these shares are now to Bearer, dividends on which are paid in London, the Bearer Share dividends will be paid from our London Transfer Office about a fortnight following the dates of declaration.

The profits realised during the financial year 1911-12, after the declaration of the dividend and bonus in March last, justified your Directors in declaring in September a further bonus of 2/6 per share, making 5/- in all for the financial year ended 30th June, 1912, thus making the total amount paid on the Deferred shares for the financial year 1911-12, 25/-, that is to say 20/- dividend and 5/- bonus. Your Directors also declared the sum of 7/6 for the first interim dividend for the year 1912-13 at the end of September, so that, notwithstanding the change of date for payment of dividends in future, Shareholders will have received for the calendar year 1912, 22/6 per share, against 20/- in the previous year.

The Profit and Loss Statement shows an amount of £678,050 7s. 5d. written off under the heading of depreciation, and the permanent reserve has been increased by £100,000 to an amount of £1,437,953 18s. 8d., which is represented by Consols and other first-class securities. Further, your Directors have decided to create a Special Reserve Fund with a view to providing for the accumulation of the sum necessary for paying off the 4½ per cent. De Beers South African Exploration Debentures, which in terms of their issue have to be all redeemed by the 30th June, 1930, at the latest. An adequate amount is now to be set aside annually for this fund, and the first instalment figures in this year's Balance Sheet as £65,115 8s. 0d. This fund is invested in first-class securities which are specially appropriated for that purpose, or otherwise for buying these Debentures in the open market if a favourable opportunity occurs.

The Blue Ground Reserve of £2,268,266 8s. 1d. remains intact; of this amount £1,508,802 is invested in blue ground stocks on the floors.

During recent years a very large number of the Company's Deferred shares have been converted from Registered to Bearer Shares. Until recently the London Stock Exchange gave a quotation for registered shares only, and this was, as regards share transactions, an inconvenience to holders of Bearer shares and to Dealers. A large number of the latter made representations of this inconvenience to your Directors, who decided to invite the holders of registered shares to accept Bearer shares in exchange for nominative, and offered up to 30th June, 1912, to make the exchange free of expense, the result being that at the present time 90 per cent. of the Deferred share capital of the Company is in bearer shares, and the London Stock Exchange have now granted a quotation for Deferred Bearer Shares in addition to the existing quotation for registered shares.

Your Directors now recommend an alteration in the Articles of Association of the Company in respect of the period for which Directors are elected; the present rule pro-

vides for the retirement of all the Directors annually. It is proposed that the Articles be altered in such a way as to provide for the retirement annually of a quarter of the Directorate only, and an Extraordinary Meeting of Shareholders will be convened for the purpose of confirming or otherwise this and other proposed alterations to the Articles of Association, of which due notice will be given.

Your Directors are pleased to announce that the vexed question of British Income Tax has at last been finally settled with the Authorities in respect of their profits up to 30th June, 1909, from which date the Company will no longer be taxed except as to their share of the profit derived from the sale of diamonds by the Diamond Syndicate as between the Company's sale price and the Syndicate's actual realisation in London in accordance with the terms of the Company's agreement with them. The liability the Company will have to meet as between the previous Income Tax payment in 1908 and 30th June, 1909, has not yet been assessed, but a portion of the balance carried forward this year will be used to meet that payment.

The amount set aside to meet the Profits Tax payable to the Union Government of South Africa for the services of the year ended 30th June, 1912, as shown in the Profit and Loss Account is £347,564 3s. 8d., as compared with last year's payment of £276,050 3s. 0d.

The Cape Explosives Works, Ltd., which is owned by your Company, has profitably continued its operations throughout the year, and has increased its production to 423,729 cases of explosives, and its sales to 425,461 cases.

Your Directors, however, regret that so far they have not succeeded in obtaining the establishment of a lower railway rate on explosives to consuming centres. This still remains, including haulage of raw material over the short distance from Cape Town to the Factory, at the enormous figure of over £12 per ton from the Factory to Johannesburg, whilst many classes of goods are being carried over similar distances for 15/- a ton. Naturally we do not expect explosives to be carried over the railways at the lowest rates, but we submit there is no sufficient reason for such a difference.

Since the last Annual Meeting of Shareholders a General Meeting of members of the Klerksdorp-Fourteen Streams Railway Company, Ltd., was held on 13th January, 1912, when the Liquidator reported that the whole of the Debentures of the Klerksdorp-Fourteen Streams Railway Company which your Company had guaranteed, had been paid off, that the railway had been transferred to the Government, and the Company had been finally wound up.

It is with profound grief and great regret your Directors have to record the death on 21st May last of Sir Julius Wernher, Bart., the last remaining Life Governor of the Company.

One by one our Life Governors—Mr. Barnato, The Right Hon. Cecil Rhodes, Mr. Alfred Beit, and now Sir Julius Wernher—have all passed away. Sir Julius Wernher's loss

to the Company will long be felt. His long experience and knowledge of our mines from the early days of the Diamond Fields, and his wise counsels were at all times most helpful to his colleagues, and his untiring energy and unflagging interest in the affairs of the Company continued almost until the end; at the same time he was the valued personal friend of each member of the Board.

A Report by the General Manager on the working of the mines will be submitted to Shareholders at this meeting.

FRANCIS OATS, <i>Chairman</i> ,	}	<i>Directors.</i>
D. J. HAARHOFF,		
F. HIRSCHHORN,		
C. E. NIND,		
H. P. RUDD,		
T. G. TYSON,		

Kimberley,

7th October, 1912.

DE BEERS CONSOLIDATED

Dr.

BALANCE SHEET,

CAPITAL :

800,000 Preference Shares @ £2 10s. 0d. each	...	...	2,000,000	0	0	
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	...	2,500,000	0	0	
						4,500,000 0 0

DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES, secured by Mortgage of Assets purchased from London and South African Exploration Company, Limited :

As per Balance Sheet 30th June, 1911	...	...	1,662,495	0	0	
Less redeemed by purchase during year	...	...	27,000	0	0	
						1,635,495 0 0

RESERVES :

General Fund	...	...	...	932,092	10	0
Blue Ground : being amount reserved against Stocks on 1st July, 1908, at cost deposited of £2,268,266 8s. 1d. Amount Invested in Blue Ground on Floors (per Contra)	...	...	...	1,508,802	0	0
Balance	...	...	...	759,464	8	1
				2,268,266	8	1

Sinking Fund : To provide for the reimbursement of the 4½% South African Exploration Debentures, at 1st Jan., 1930,

First Instalment	...	...	...	65,115	8	0
						3,265,474 6 1

SUSPENSE LIABILITY under agreements with Leased Companies...

70,117 13 1

CREDITORS :

On Loan	...	...	...	181,144	17	6
On Open Account	...	...	...	120,896	18	2
Debentures and Obligations, redeemed but unpaid	...	...	...	2,375	0	0
Unclaimed Dividends and Sundries	...	...	...	85,544	11	10
Interest on Debentures accrued to date	...	...	...	36,798	12	9
						426,760 0 3

UNION OF SOUTH AFRICA MINING PROFITS TAX (since paid)

347,564 3 8

DIVIDEND FOR HALF-YEAR TO DATE, DECLARED 21st JUNE, 1912 :

Preference Shares	400,000	0	0
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BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT

1,042,399 6 9

NOTE.—The Company's liability for British Income Tax, when determined, will be provided for out of this unappropriated balance.

£11,687,810 9 10

We certify that all our requirements as Auditors have been complied with, and that we have audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY, 5th OCTOBER, 1912

MINES, LIMITED.

30TH JUNE, 1912.

Gr.

PROPERTY :

De Beers and Kimberley Mines Claims held under Government Licenses, Dutoitspan, Bultfontein and Wesselton Mines, Wesselton Estate, Estates purchased from London and South African Exploration Company, Limited, and other interests

4,963,835 17 8

Farms and Landed Property 90,222 13 7

Offices, Compounds and Stand Property 30,000 0 0

Machinery and Permanent Works 1 0 0

5,084,059 11 3

INVESTMENTS IN STOCKS AND SHARES

1,641,543 17 1

RESERVE INVESTMENTS, valued at market prices, 30th June, 1912, (including £1,000,000 Consols, valued at £763,750) ...

1,437,953 18 8

SPECIAL RESERVE :

Amount invested to provide for the reimbursement of the 4½% South African Exploration Debentures at 1st Jan., 1930, First Instalment

65,115 8 0

BLUE GROUND ON FLOORS :

10,416,429 loads at cost deposited on Floors

1,508,802 0 0

TIMBER, FUEL, AND OTHER MINING STORES

255,351 17 0

LIVE STOCK

59,033 9 10

DIAMONDS on hand at cost of production

471,393 0 0

DEBTORS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Debtors :

On Open Account 206,224 10 4

Short Loans against Security 508,000 0 0

714,224 10 4

Special Investments

180,380 15 9

Bills Receivable

240,000 0 0

Cash at Bankers and in hand—Kimberley and London

29,952 1 11

1,164,557 8 0

£11,687,810 9 10

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto including the

HOWARD PIM, Chartered Accountant,
PHILIP SALISBURY, Incorporated Accountant, } *Auditors.*

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

DE BEERS AND KIMBERLEY MINES:

[illegible]

WESSELTON MINE :

To Cost of hauling Blue Ground washed during the year	...	...	...	...	322,551	12	2
„ Washing Expenses	...	...	...	...	164,090	2	3
					486,641	14	5

BULTFONTEIN MINE :

To Cost of hauling Blue Ground washed during the year	...	293,789	10	5	
„ Washing Expenses	... ..	152,779	7	5	
					446,568 17 10

DUTOITSPAN MINE:

To Cost of Hauling Blue Ground Washed during the year	...	273,886	12	4	
„ Washing Expenses	... ..	191,814	1	2	
					465,700 13 6

To SPECIAL MINING EXPENSES	12,384	7	10
----------------------------	-----	-----	-----	-----	--------	---	----

31	EXPENDITURE ON FARMS AND LANDED PROPERTY	42,256	4	0
----	--	-----	--------	---	---

CHARGES :

Salaries, &c., Head Office	...	...	...	...	25,241	11	10
Special Bonuses to Employees	...	...	...	...	24,006	2	5
General Charges, Stationery, Cables, Travelling Expenses, Licenses, Agents' Expenses, and Sundries	...	...	...	...	39,894	10	6
Legal Expenses	...	...	...	...	1,571	17	9
Donations to Public Institutions and Relief, including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	...	...	...	...	35,932	14	0
Special Service	...	...	...	...	1,892	10	0
Auditors' Fees	...	...	...	...	1,400	0	0
London Transfer Office—Net Expenses	...	...	...	...	1,839	5	6
Directors' Fees	...	...	...	...	26,215	13	10
						157,994	5 10

„ INTEREST ON CAPITAL OF LEASED COMPANIES	96,392	10	0
---	-----	-----	--------	----	---

INTEREST ON DEBENTURES	74,590	9	7
------------------------	-----	-----	-----	-----	--------	---	---

... SINKING FUND for Repayment of Debentures	65,115	8	0
--	-----	-----	--------	---	---

UNION OF SOUTH AFRICA MINING TAXATION ACT OF 1910:

Balance paid in respect of Company's Profits for year ended 30th June, 1911	...	...	...	...	10,591	4	11
Amount set aside in respect of Company's Profits for the year ended 30th June 1912—since paid	347,564	3	8	
							358,155 8 7

Carried forward	£2,608,538 10 0
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MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1912.

Gr.

By DIAMOND ACCOUNT	5,465,887	13	4
„ INTEREST AND DIVIDENDS ON INVESTMENTS	...	...	...	...	...	...	145,358	3	9
„ NET REVENUE FROM HOUSE AND STAND RENTS	...	...	...	...	...	...	9,825	2	9
„ SUNDRY RECEIPTS	...	...	...	...	...	...	4,609	3	11
„ TRANSFER FEES	...	...	...	...	...	...	1,459	2	6
„ PROFITS REALIZED ON INVESTMENTS	...	...	...	...	...	...	3,829	2	0

Carried forward £5,630,968 8 3

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT FOR THE

	Brought Forward	...	...	2,608,538 10 0
To DEPRECIATION :				
Claims	...	...	...	161,992 11 5
Offices, Compounds, Stand Property, and Sundries	...	...	...	166,592 12 11
Investments	...	...	...	349,465 3 1
				678,050 7 5
„ BALANCE carried to Appropriation Account	...	...	...	2,344,379 10 10
				<u>£5,630,968 8 3</u>

APPROPRIATION

To DIVIDEND ACCOUNT:

PREFERENCE SHARES :

10/- per Share on 800,000 Shares for the half-year ended 31st December, 1911, declared 21st December, 1911	...	...	...	400,000 0 0
10/- per Share on 800,000 Shares for the half-year ended 30th June, 1912, declared 26th June, 1912	...	...	...	400,000 0 0

DEFERRED SHARES :

10/- per Share on 1,000,000 Shares at 30th September, 1911, for the half year ending 31st December, 1911	...	...	...	500,000 0 0
10/- per Share on 1,000,000 Shares at 31st March, 1912, for the half year ending 30th June, 1912	...	...	...	500,000 0 0
Bonus of 2/6 per Share on 1,000,000 Shares at 31st March, 1912	...	...	...	125,000 0 0
				1,925,000 0 0
BALANCE, carried to Balance Sheet	...	...	...	1,042,399 6 9

£2,967,399 6 9

KIMBERLEY, 5th OCTOBER, 1912

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1912.—*Continued.*

Gr.

Brought Forward	5,630,968	8	3
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£5,630,968 8 3

ACCOUNT.

By BALANCE transferred from Profit and Loss Account	2,344,379	10	10
---	-----	-----	-----	-----------	----	----

„ BALANCE unappropriated 30th June, 1911	623,019	15	11
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£2,967,399 6 9

W. PICKERING, *Secretary.*
JNO. A. NEVILLE, *Chief Accountant.*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE NO. 1.—DE BEERS AND KIMBERLY MINES.

- | | | |
|---|---|---|
| „ | „ | 2.—WESSELTON MINE. |
| „ | „ | 3.—BULTFONTEIN MINE. |
| „ | „ | 4.—DUTOITSPAN MINE. |
| „ | „ | 5.—TAILINGS AND DEBRIS. |
| „ | „ | 6.—SMALL DIAMONDS RECOVERED FROM OLD
CONCENTRATES. |

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year, exclusive of Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 s. d. 0 5	1.283	s. d. 19 8.75	s. d. 25 3.75	s. d. 9 10.5	476,403
March 31st, 1890	2,192,226	1,251,245	1,450,605	2,330,179 16 3	1.15	32 6.75	37 2.75	8 10.5	1,576,821
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	.99	29 6	29 3.75	8 8	1,525,386
*June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	.92	25 6	23 5	7 4.3	1,624,805
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	1.05	29 0.6	30 6	6 11.6	2,606,362
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	.89	24 5.2	21 10.6	6 6.8	3,028,333
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	.85	25 6	21 8	6 10.8	2,699,233
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	.91	26 9.4	24 4.5	7 0.1	2,800,316
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	.92	26 10.6	24 8.6	7 4.3	2,304,917
June 30th 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	.80	26 6.2	21 2.1	6 7.4	2,377,913
June 30th 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	.71	29 7.2	20 11.5	6 7.7	2,937,784
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	.67	35 10.2	23 6.9	7 6.2	2,722,595
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	.76	39 7	30 3.1	8 5	2,226,119
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	.76	46 5.7	35 6.2	8 5.6	2,326,720
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	61	48 6.3	29 9.8	7 3.1	2,135,283
June 30th, 1904	2,440,895	2,401,099	1,303,525¼	3,192,798 4 1	.54	48 11.8	26 7.1	7 4.7	2,175,079
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	.46	52 10	24 2.76	7 7.93	2,204,771
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	.41	61 0.11	24 9.43	8 2.91	2,339,396
June 30th, 1907	2,103,853	1,467,456	543,752¾	1,762,080 19 10	.37	64 9.74	24 0.2	9 0.82	3,213,875
June 30th, 1908	1,208,974	1,130,673	414,121½	α822,287 11 5	.37	658 0.8	α21 5.8	6 8.2	3,323,237

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over.]

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding dumps.
June 30th, 1909	490,112	1,402,894	6/9.87	589,303 $\frac{3}{4}$	42	46/7.79	19/7.11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5.29	693,482 $\frac{3}{4}$	38	47/9.24	18/1.83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7.67	350,662 $\frac{1}{2}$	28	51/6.29	14/5.12	247,738
June 30th, 1912	323,621	378,614	13/6.78	119,013	31	53/11.47	16/8.716	192,745

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.
WESSELTON MINE.

YEAR ENDING.	Number of Loads of Blue Haunted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year.
June 30th, 1897	271,777	...	...	£ s. d. ...	...	s. d. ...	s. d. ...	s. d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	·27	20 9·3	5 8·2	2 7·1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	·30	22 10·1	6 9·8	2 3·3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	·30	25 0·2	7 5·9	2 7·5	1,340,313
June 30th 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	·295	27 3·7	8 0·6	3 0·9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	·30	33 5·9	9 11·6	3 5·2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	·30	34 4	10 3·2	3 3·7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	·28	34 10·45	9 10·6	3 7·3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	·284	36 11·13	10 6·04	3 9·74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	·28	43 9·26	12 4·35	4 0·55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	·32	41 1·3	13 1·76	5 8·87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	6775,088 4 11	·27	638 11·41	c10 6·2	4 8·73	1,907,165

(a) Includes stocks on hand at cost of production. (b & c) Calculated on basis of diamonds sold only.

TABLE No. 2.—WESSELTON MINE—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436
June 30th, 1912	2,573,398	2,020,291	4/7.576	581,973½	29	45/3.12	13/1.504	3,077,543

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 3.
BULTFONTEIN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of Blue on Floors at the close of Year, exclusive of Lumps.
June 30th, 1901	148,086	...	65	£ 146 5 0	...	s. d. 45 0	s. d. ...	s. d. ...	148,086
June 30th, 1902	353,042	20,194	4,486½	6,817 5 6	21	30 47	6 9	6 64	480,934
June 30th, 1903	318,410	317,185	76,573½	118,102 3 0	24	30 10.2	7 5.4	5 9	482,159
June 30th, 1904	429,729	514,385	148,219	219,711 14 6	29	29 77.6	8 6.5	5 9	397,503
June 30th, 1905	605,730	611,491	249,002¾	434,902 15 3	41	34 11.18	14 2.69	5 10.47	391,742
June 30th, 1906	1,771,372	953,296	346,072	743,317 10 5	36	42 11.49	15 7.14	5 5.26	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485½	1,191,551 15 4	32	43 6.34	13 9.49	6 2.4	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386¾	670,474 15 4	32	641 4.8	13 2.97	6 1.86	1,846,191

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	1,214,301	1,573,118	67.39	602,456½	38	33/5.4	12/8.53	1,487,374
June 30th, 1910	2,099,173	1,818,509	43.48	667,840	37	32/1.62	11/10.68	1,768,038
June 30th, 1911	2,457,412	1,866,212	311.45	700,398¾	38	35/0.52	13/3.79	2,359,238
June 30th, 1912	2,334,720	2,025,450	311.357	834,760½	41	40/8.242	16/8.179	2,668,508

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 4.
DUTOITSPAN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of Blue on Floors at the close of Year, exclusive of Lumps.
June 30th, 1904 Development.	39,914	24,359	3,032½	£ 6,457 6 5	s. d. ...	s. d. ...	s. d. ...	15,555
June 30th, 1905	311,499	65,784	17,121½	59,846 18 8	69 10.93	18 2.34	12 3.56	261,270
June 30th, 1906	1,685,714	617,028	151,335½	612,607 19 4	80 11.52	19 10.28	7 1.49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821½	1,455,330 0 6	79 6.78	18 10.9	6 5.84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737¾	612,530 6 6	674 5.07	617 1.4	5 6.24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	Nil.	Nil.	...	115	...	57/7.52	...	2,878,530
June 30th, 1910	878,775	917,175	5/5.34	210,099¾	23	68/1.46	15/8.02	2,840,130
June 30th, 1911	2,780,070	2,335,240	4/7.09	482,971½	21	73/6.5	15/5.325	3,284,960
June 30th, 1912	2,718,703	1,845,796	3/10.665	428,213½	23	*83/0.132	19/1.11	4,096,394

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Based on Blue and Mixed Crusher Diamonds Sold.

TABLE No. 5.
TAILINGS AND DEBRIS.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.	Value of Diamonds Produced.
			£ s. d.
June 30th, 1901	265,239	50,147 $\frac{1}{2}$	58,484 12 6
June 30th, 1902	1,151,816	202,830	251,870 12 3
June 30th, 1903	1,347,115	227,477	281,433 18 0
June 30th, 1904	1,881,090	399,065 $\frac{1}{2}$	442,771 13 5
June 30th, 1905	1,616,030	257,059 $\frac{3}{4}$	311,030 7 2
June 30th, 1906	2,200,964	306,190 $\frac{3}{4}$	428,177 0 0
June 30th, 1907	4,370,221	557,897 $\frac{1}{4}$	800,273 5 0
June 30th, 1908	2,986,778	385,857	<i>a</i> 439,876 8 5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.
June 30th, 1909	632,857	61,123 $\frac{1}{4}$
June 30th, 1910	1,394,641	170,919 $\frac{1}{2}$
June 30th, 1911	2,359,021	256,631 $\frac{1}{4}$
June 30th, 1912	1,440,914	123,431 $\frac{1}{2}$

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

GENERAL MANAGER'S REPORT

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the Twenty-fourth Annual Report, being for the year ended 30th June, 1912.

DE BEERS MINE.

This mine was closed down on the 31st July, 1908, and has not been re-opened.

Underground.—A small amount of work was done in the blue ground chambers during the year, and 28,606 loads of blue ground were removed from the 1,720 foot and 1,760 foot levels.

10,036 loads of reef or waste ground were also hoisted.

Hoisting was done from the 2,040 foot level.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	752 feet.
Tunnels driven in blue ground	73 „
Raising No. 1 Shaft (from 1,720 foot level) ...	34 „
Stripping Main Rock Shaft... ..	2,660 cubic feet.

The rock tunnel connecting the Main Rock Shaft with No. 1 Shaft on the 1,720 foot level was completed on the 13th May. The total distance driven was 880 feet.

Raising No. 1 Shaft from the 1,720 foot level was commenced on the 14th May, the distance up is 34 feet, and the depth from the surface 1,670 feet, leaving 16 feet to hole.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 3,163 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of Blue Ground in sight above the 2,040 foot level is estimated to be 2,750,000 loads.

The depth of the Rock Shaft is 2,466 feet.

The depth of No. 1 Shaft is 1,670 feet.

DE BEERS FLOORS.

The stock of blue ground at the end of last year was 247,412 loads. 18,657 loads were deposited, 9,949 loads were washed direct from the mine and 74,422 loads were washed from stock, leaving a balance of 191,647 loads, of which 11,760 loads are from the West end of the mine, having been taken out for test purposes.

The cost of washing was 4s. 8.7d. per load, as against 1s. 6.4d. for the previous year.

The total floor expenses are included in this cost, but only a small quantity of ground was washed during the latter six months of the year. This accounts for the high cost per load.

Tailings.—165,356 loads of tailings were washed, yielding 17,847½ carats of diamonds, or .11 of a carat per load.

KIMBERLEY MINE.

Output of Blue Ground.—295,015 loads of blue ground were hoisted from the mine as follows:—

2,480 foot level	...	...	...	...	5,261 loads.
2,520 "	"	"	"	"	17,864 "
2,560 "	"	"	"	"	44,386 "
2,600 "	"	"	"	"	64,753 "
2,640 "	"	"	"	"	73,975 "
2,680 "	"	"	"	"	49,119 "
2,720 "	"	"	"	"	28,370 "
2,760 "	"	"	"	"	3,863 "
2,800 "	"	"	"	"	2,177 "
2,840 "	"	"	"	"	81 "
2,960 "	"	"	"	"	38 "
3,040 "	"	"	"	"	810 "
3,120 "	"	"	"	"	77 "
3,170 "	"	"	"	"	14 "
3,470 "	"	"	"	"	45 "
3,520 "	"	"	"	"	4,182 "
Total	...	...	...	...	295,015 loads.

45,373 loads of reef or waste ground were also hoisted.

Hoisting was done from the 2,520 foot level until the 10th February. The gear was then dropped to the 3,520 foot level, and hoisting started from this level on the 19th February.

The cost of mining and depositing was 11s. 4.969d. per load, as against 7s. 0.51d. for the previous year.

Practically the whole output for this year and a large proportion of the output for the previous year came from levels below the 2,520 foot level, entailing double handling of the ground until hoisting was started from the 3,520 foot level. This double handling, together with the development charges and the equipping of the mine for hoisting from the 3,520 foot level, is responsible for the high costs.

Quantity of Blue Ground in Sight.—The quantity of Blue Ground in sight above the 3,520 foot level is estimated to be 2,200,000 loads.

Water.—The average quantity of water pumped from the mine was 7,393 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	1,849 feet
Tunnels driven in blue ground	...	...	...	4,924 "
Passes sunk in rock	...	...	...	1,078 "
Passes sunk in blue ground	...	...	...	143 "
Timbering shafts	...	...	...	80 "
Timbering tunnels	...	...	...	446 "
Excavations (rock)	...	...	...	44,080 cubic feet.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

KIMBERLEY FLOORS.

The stock of blue ground at the end of last year was 326 loads. 295,015 loads were hoisted and 294,243 loads were washed direct from the mine, leaving a balance of 1,098 loads in transit to the crusher.

The cost of washing was 2s. 2.232d. per load, as against 1s. 9.17d. for the previous year.

The average cost of mining and washing was 13s. 7.201d. per load, as against 8s. 9.68d. for the previous year.

Tailings.—740,176 loads of tailings were washed, yielding 73,467 $\frac{1}{4}$ carats of diamonds, or .10 of a carat per load.

WESSELTON MINE.

Output of Blue Ground.—2,573,398 loads of blue ground were hoisted from the mine as follows:—

460 foot level	...	...	...	...	...	65,999 loads.
500 " "	...	...	...	...	...	370,645 "
540 " "	...	...	...	...	...	554,090 "
580 " "	...	...	...	...	...	679,691 "
620 " "	...	...	...	...	...	439,173 "
660 " "	...	...	...	...	...	246,415 "
700 " "	...	...	...	...	...	149,405 "
740 " "	...	...	...	...	...	33,620 "
780 " "	...	...	...	...	...	10,637 "
820 " "	...	...	...	...	...	4,632 "
860 " "	...	...	...	...	...	1,961 "
900 " "	...	...	...	...	...	4,561 "
940 " "	...	...	...	...	...	2,496 "
980 " "	...	...	...	...	...	10,073 "
Total ...	...	...	...	...	...	2,573,398 loads.

71,083 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

The cost of mining and depositing was 3s. 0.083d. per load, as against 3s. 1.03d. for the previous year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 980 foot level is estimated to be 20,500,000 loads.

Water.—The average quantity of water pumped from the mine was 38,441 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	4,130 feet.
Tunnels driven in blue ground	...	...	...	...	59,715 "
Passes sunk in rock	...	...	...	...	852 "
Passes sunk in blue ground...	...	...	...	...	2,304 "
Timbering tunnels	...	...	...	...	8,063 "
No. 2 Main Rock Shaft sunk	...	...	...	...	691 "
Prospects shafts sunk	...	...	...	...	305 "
Timbering shafts	...	...	...	...	983 "
Excavations (rock)	...	...	...	...	9,005 cubic feet.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 988 feet.

The Main Rock Tunnel on the 980 foot level to No. 2 Main Rock Shaft holed on the 13th July, 1911.

The total length of the tunnel is 1,092 feet.

WESSELTON FLOORS.

The stock of blue ground at the end of last year was 2,524,436 loads; 2,573,398 loads were deposited and 2,020,291 loads were washed, leaving a balance of 3,077,543 loads.

The cost of washing was 1s. 7.493d. per load, as against 1s. 8.06d. for the previous year.

The average cost of mining and washing was 4s. 7.576d. per load, as against 4s. 9.09d. for the previous year.

BULTFONTEIN MINE.

Output of Blue Ground.—2,334,720 loads of blue ground were hoisted from the mine as follows:—

600 foot level	...	...	...	...	...	154,053 loads.
640. " "	...	...	...	...	...	298,546 "
680 " "	...	...	...	...	...	365,361 "
720 " "	...	...	...	...	...	502,955 "
760 " "	...	...	...	...	...	729,916 "
800 " "	...	...	...	...	...	279,600 "
840 " "	...	...	...	...	...	4,080 "
1,000 " "	...	...	...	...	...	209 "
Total	...	...	...	...	...	2,334,720 loads.

5,937 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

The cost of mining and depositing was 2s. 6.085d. per load, as against 2s. 6.17d. for the previous year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 1,000 foot level is estimated to be 13,000,000 loads.

Water.—The average quantity of water pumped from the mine was 27,686 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	204 feet.
Tunnels driven in blue ground	...	...	...	...	25,376 "
Passes sunk in rock	...	...	...	...	62 "
Passes sunk in blue ground	...	...	...	...	442 "
Timbering tunnels	...	...	...	...	1,807 "
Prospect shaft sunk	...	...	...	...	239 "
Timbering shafts	...	...	...	...	218 "
Excavations (rock)	...	...	...	...	9,900 cubic feet.

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,084 feet.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year was 2,359,238 loads; 2,334,720 loads were deposited and 2,025,450 loads were washed, leaving a balance of 2,668,508 loads.

The stock of cylinder lumps at the end of last year was 131,427 loads; 97,483 loads were washed from stocks, leaving a balance of 33,944 loads.

The cost of washing was 1s. 5.272d. per load, as against 1s. 5.28d. for the previous year. The average cost of mining and washing was 3s. 11.357d. per load, as against 3s. 11.45d. for the previous year.

DUTOITSPAN MINE.

Output of Blue Ground.—2,718,703 loads of blue ground were hoisted from the mine as follows:—

390 foot level	...	...	...	...	...	10,878 loads.
430 "	"	"	...	...	...	182,513 "
440 "	"	"	...	...	...	99,097 "
470 "	"	"	...	...	...	735,666 "
510 "	"	"	...	...	...	854,361 "
550 "	"	"	...	...	...	595,298 "
590 "	"	"	...	...	...	224,864 "
630 "	"	"	...	...	...	2,587 "
670 "	"	"	...	...	...	574 "
710 "	"	"	...	...	...	4,662 "
750 "	"	"	...	...	...	8,203 "
Total ...	...	...	...	...	...	2,718,703 loads.

38,360 loads of reef or waste ground were also hoisted.

Hoisting was done from the 750 foot level.

The cost of mining and depositing was 2s. 4.037d. per load, as against 2s. 4.02d. for the previous year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 750 foot level is estimated to be 16,000,000 loads.

Water.—The average quantity of water pumped from the mine was 9,531 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	3,936 feet.
Tunnels driven in blue ground	...	...	...	...	38,019 "
Passes sunk in rock	...	...	...	...	23 "
Passes sunk in blue ground...	...	...	...	...	1,867 "
Timbering tunnels	...	...	...	...	6,408 "
Timbering shafts	...	...	...	...	100 "
Prospect shaft sunk	...	...	...	...	171 "
No. 1 Main Rock Shaft sunk	...	...	...	...	140 "

The water tunnel at the 330 foot level was driven 3,340 feet during the year.

The depth of No. 1 Main Rock Shaft is 1,000 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year was 3,284,960 loads; 2,718,703 loads were deposited, 1,845,796 loads were washed and 61,473 loads of hard blue were transferred to lump stock, leaving a balance of 4,096,394 loads.

NOTE.—The 61,473 loads of hard blue had been unavoidably mixed with a large stock of lumps, and for convenience it was decided to treat them as part of our lump stock.

The stock of cylinder lumps at the end of last year was 473,227 loads. 61,473 loads were transferred from hard blue and 187,405 loads were washed, leaving a balance of 347,295 loads.

The cost of washing was 1s. 6.628d. per load, as against 2s. 3.07d. for the previous year.

The average cost of mining and washing was 3s. 10.665d. per load, as against 4s. 7.09d. for the previous year.

Tailings.—535,382 loads of tailings were washed, yielding 32,117 carats of diamonds, or .06 of a carat per load.

GENERAL REMARKS.

Summary of Operations.—De Beers Mine has been closed down since the 31st July, 1908. Development work to a small extent, is being done at this mine, and 28,606 loads of blue ground were hoisted during the year.

Kimberley Mine hoisted 295,015 loads as against 442,546 loads for the previous year.

The total quantity washed from De Beers and Kimberley Mines was 378,614 loads of blue, as against 1,230,491 loads of blue and 95,596 loads of lumps for the previous year.

Wesselton Mine hoisted 2,573,398 loads, as against 2,422,487 loads for the previous year. The quantity washed was 2,020,291 loads, as against 1,423,117 loads for the previous year.

Bultfontein Mine hoisted 2,334,720 loads, as against 2,457,412 loads for the previous year. The quantity washed was 2,025,450 loads of blue and 97,483 loads of lumps, as against 1,866,212 loads of blue and 24,166 loads of lumps for the previous year.

Dutoitspan Mine hoisted 2,718,703 loads, as against 2,780,070 loads for the previous year. The quantity washed was 1,845,796 loads of blue and 187,405 loads of lumps, as against 2,335,240 loads of blue—of which 114,651 loads were returned to stock as lumps—for the previous year.

The total quantity hoisted for the year was 7,950,442 loads, as against 8,105,138 loads for the previous year.

The total quantity washed for the year was 6,270,151 loads of blue ground, 284,888 loads of lumps and 1,440,914 loads of tailings, in all 7,995,953 loads, as against 6,855,060 loads of blue ground (114,651 returned to stock as lumps), 119,762 loads of lumps and 2,359,021 loads of tailings, in all 9,219,192 loads for the previous year.

The stock at 30th June was 10,035,190 loads of blue ground and 381,239 loads of lumps, a total of 10,416,429 loads, as against 8,416,372 loads of blue ground and 604,654 loads of lumps, a total of 9,021,026 loads at the end of the previous year.

Average Yield.—The average yield of diamonds was:—

From De Beers and Kimberley Mines	.31 of a carat per load.
From Wesselton Mine ... ..	.29 " "
From Bultfontein Mine... ..	.41 " "
From Dutoitspan Mine ... ..	.23 " "

Central Power Station.—The new 4,000 K.W. Westinghouse-Rateau Turbo-Generator set was put on load on the 15th January, and is working very satisfactorily.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 16.83 inches, as compared with 13.85 inches for the previous year.

The rainfall for the last seven years was as follows:—

Year ending 30th June, 1906	...	...	...	16.68 inches
" " " " 1907	...	...	...	23.45 "
" " " " 1908	...	...	...	14.45 "
" " " " 1909	...	...	...	22.68 "
" " " " 1910	...	...	...	13.69 "
" " " " 1911	...	...	...	13.85 "
" " " " 1912	...	...	...	16.83 "

The rainfall during the summer was abnormally low and we were compelled to use larger quantities of Vaal River water during January. The rain in February, however, enabled us to revert to the normal quantity.

The late rains in March and April replenished our dams, and we had more water conserved at the 30th June than we had at the end of the previous year.

Purified Water.—All our boiler plants were supplied with purified water from the water purifying plant at Wesselton Mine.

Employees.—The number of white employees at 1st July, 1911, was 2,361 men and 425 lads, and at 30th June, 1912, 2,222 men and 353 lads.

The number of natives employed at 1st July, 1911, was 17,654, and at 30th June, 1912, 14,712.

Native Labour.—The native labour required by the Company was practically supplied by natives voluntarily presenting themselves at the Compounds.

Appointments.—Mr. Charles E. Hopley was appointed Compound Manager at Dutoitspan Mine on the 1st August in succession to the late Mr. M. J. Crosby.

Mr. J. N. F. Armstrong was appointed Assistant Superintendent of Mines on the 1st February.

Earthquake.—At 3.5 p.m. on Tuesday, the 20th February, a severe earthquake was experienced, lasting about 30 seconds, followed by a lesser tremor about half an hour afterwards. This is the most serious earthquake on record in the Kimberley district, but fortunately no damage was done to the Company's works, either underground or on the surface—though considerable damage was sustained by dwelling houses, especially at Kenilworth.

In conclusion, I beg to thank the Directors of the Company, the various heads of departments and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,

General Manager.

Kimberley, 2nd December, 1912.

De Beers Consolidated Mines, Limited.

Twenty-Fourth Ordinary General Meeting.

The Twenty-fourth Annual General Meeting of Shareholders in the De Beers Consolidated Mines, Limited, was held in the offices of the Company, Stockdale Street, Kimberley, on Saturday, December 14th, 1912, at 10.30 a.m. Mr. Francis Oats, Chairman of the Company, presided (and held proxies representing 120,257 shares), and there were also present, Colonel Sir David Harris (and q.q. S. B. Joel and Barnato Bros., and the holder of proxies representing 65,605 shares), Mr. F. Hirschhorn (and q.q. Mrs. G. Thompson, Eileen Thompson and Nancy Thompson), Mr. D. J. Haarhoff (and q.q. Hester J. Lange and S. E. Orpen), Mr. C. E. Nind, Mr. H. P. Rudd, Mr. A. Viallate, Mr. A. Brink (and q.q. J. H. Marais, M.L.A., C. L. Marais, F. R. L. Marais, A. F. Marais and P. J. Roux), Mr. E. Oppenheimer, Mr. I. Dreyfus (and q.q. H. Mosenthal, Mr. C. Newberry, Mr. E. C. Lardner Burke (q.q. Emily Shilling), Mr. Francis F. Oats, Mr. E. W. Weatherby, Mr. H. Rose-Innes, Mr. Henry Swift, Mr. Alpheus F. Williams, Mr. E. F. Raynham, Mr. A. L. Franceys (q.q. C. B. Franceys), Mr. Isidore Mendelssohn, Mr. W. Pickering (q.q. A. Gloag), Mr. R. Archibald, and the Secretary, Mr. W. Pickering.

The Secretary, having read the notice convening the meeting, laid on the table a Statement of Income and Expenditure, and the Balance Sheet for the period June 30 to September 30, 1912, in terms of clause 129 of the Articles of Association.

The minutes of the last Annual Meeting were read, and on the motion of Mr. E. Oppenheimer, seconded by Mr. I. Dreyfus, were duly confirmed.

Mr. A. Brink proposed that the Directors' Report and Statement of Accounts, copies of which had been circulated, be taken as read, Mr. E. Weatherby seconded, and the motion was agreed to.

The Chairman, who was received with applause on rising to move the adoption of the Report, Profit and Loss Account and Balance Sheet, said:—Before proceeding with the ordinary business I will refer to a melancholy fact mentioned in the Directors' Report—the death of our late colleague, Sir Julius Wernher. In the minutes of the last Annual Meeting was a reference by Mr. H. Mosenthal to the fact that our then one remaining Life Governor, Sir Julius Wernher, was not in such a state of health as we would have liked him to be, and a message of friendship and recognition of his services, and good hope for his restoration to health, was forwarded from the meeting. In the Report now before you, you will find that the Directors said: "It is with profound grief and great regret your Directors have to record the death on 21st May last of Sir Julius Wernher, Bart., the last remaining Life Governor of the Company. One by one our Life Governors—Mr. Barnato, the Right Hon. Cecil Rhodes, Mr. Alfred Beit, and now Sir Julius Wernher—have all passed away. Sir Julius Wernher's loss to the Company will long be felt. His long experience and knowledge of our mines from the early days of the Diamond Fields, and his wise counsels, were at all times most helpful to his colleagues, and his untiring energy and unflagging interest in the affairs of the Company continued almost until the end: at the same time he was the valued personal friend of each member of the Board." I feel that every one of us will endorse the words used by the Directors, and when you adopt the Directors' Report—as I hope you will later on—I feel that you will remember that paragraph, and keep in your minds that it represents the feelings of the shareholders generally, as well as of the Directors themselves, concerning the great loss the death of Sir Julius Wernher was to us. Subsequent to the writing of the Report during last month, another colleague of ours passed away in the person

of Captain T. G. Tyson, whose death occurred rather suddenly. Captain Tyson was well known to everyone in Kimberley, and his loyalty to the Company and to Kimberley was universally recognised. His loss was a matter of deep regret to the Board, and we were all very sorry that an untimely act of Providence should have taken from amongst us one who worked with us so long. I am sure you will agree with me that the Directors have done the right thing in expressing as they have done in the minutes of the Board the sense of the deep loss they have sustained, and communicating that to the late Captain Tyson's relatives. I may say that the vacancy caused by the death of Sir Julius Wernher will not be filled, because he himself was the last Life Governor, and we are appointing no more. The vacancy on the Board arising from Captain T. G. Tyson's death has been filled by the election of Mr. L. Breitmeyer. (Applause.)

Having disposed of this rather melancholy portion of my duties to-day, I will turn to the business part of our meeting. I may say that one approaches the statements I have to refer to with a great deal of satisfaction. We have before us a statement better than any we have had for some considerable time. In 1906, when my friend Colonel Sir David Harris took the chair at the Annual Meeting of the Company, he said he had a very good year to speak about in the accounts that were then being passed, but at the subsequent yearly meeting I ventured to think that the following year the position would not be so satisfactory. I have had the honour of being Chairman of the Company since 1908, and each year I have been able to speak encouraging words regarding the future. We have carried out a policy which we determined to pursue—a policy which was perhaps questioned in the minds of some of our friends, and about which even in the minds of many of ourselves there was a certain amount of misgiving, and I think the Directors can very well point to the statement before us to-day with a great measure of satisfaction as justifying the policy which has been pursued. On the occasion of the last Annual Meeting, towards the end of my speech I said:—"I will now refer to the future. It happens that we always have our Annual Meeting six months in the new year, and we can see from the facts before us that the results of the past six months compare very favourably with the results of the previous year. If we are able to have results for the next six months like those we have had for the first six months of the current year, we believe that at the end of our financial year our position will have considerably improved. We do not wish to take things for granted. We still have six months of the current year to go, but we have every reason to hope that the present state of affairs, so far as the diamond market and prices are concerned, will be maintained. If they are, we shall, at the end of the current year, have a much better statement to show, and I believe that we shall be quite justified in paying something more to shareholders than we have lately done. We are, of course, between Scylla and Charybdis in this respect, inasmuch as we have to provide on the one hand for our shareholders, and on the other for the permanent interests, the welfare and stability of the diamond market and diamond industry. We cannot necessarily pursue the one policy or the other to the utmost limit. While we have the industry to consider, we have also the shareholders. There have been years in which they have had no dividends at all, and they naturally must be remembered when we can afford to remember them. But it is not desirable to put diamonds on the market wholesale, and make revenues we shall not be able to maintain, except for a very little time, and which would be to the detriment of the Company in the long run, for the purpose of having a surplus out of which to pay enormous dividends. That is not our policy either. The policy of the Board is to take a middle course in this matter, and in doing that we believe that if the price of diamonds continues good to the end of the year, and we can sell at a slightly increased value—that we shall be able to show such a balance sheet next year as will justify us in making some increased payment to our shareholders." That is what I said a year ago, and I think the statement which is before you has proved sufficient justification for the statement then made. (Applause.) I think, as we go through the Statement we have to discuss, I must go, as usual, into matters in some detail, but you will, I think, see that we were quite justified in making that statement, and I trust that when I have finished to-day I may be able to state something in the same sense with regard to the year of which six months have at present elapsed. (Applause.)

Well, referring to the Directors' Report—I do not think that I am liberty to go far beyond that in referring to any subject, because I think it should be understood by the shareholders that the Report is the act of the Board, and that neither the Chairman, nor, perhaps, any other Director, has any right to go far away from what has been agreed upon between the various members of the Board. You will see from the Appropriation Account that we brought forward £623,019 from the previous year. That is a comparatively small sum, which was due to the fact that we had in the immediate preceding year provided for two years' profit taxes to the Union Government. From the Statement of Revenue you will see that £5,465,887 13s. 4d. is the item of revenue from diamonds. I should explain that that is

nett revenue from diamonds—we actually sold something more than that. We have for years past taken our stock of diamonds on hand at cost of production, but whether that stock is increased or diminished at the end of the year makes some difference to our general statement. The amount of diamonds actually sold during the year was not £5,465,887 but £5,524,475. The difference is explained by the fluctuation in the stock, and the cost of production. As a matter of fact more explanation is required; I am afraid our shareholders will not quite follow it—the fair impression a shareholder would have in his mind from this statement is that the stock of diamonds on hand has been reduced. Well, that is not quite correct—as a matter of fact it is marvellous how equal the stocks on hand are in the respective years. The sales were 2,058,397 carats in 1911-12 and the diamonds produced were 2,087,392, or 30,000 carats more in stock than we had before. In other words, our stocks have not been reduced, but because the stocks we have on hand now are produced at lower cost than formerly, being mostly from the Dutoitspan, Wesselton and Bultfontein mines, where we work more cheaply, we thus get this result, that although the value of diamonds on hand, taken at the cost of production, is slightly less than the year before, still the quantities of diamonds in stock were a little more at the end of the year. We do not want an incorrect impression to get abroad that we have reduced our stocks of diamonds on hand in order to effect this profit which we have been able to make this year. There are also other items of revenue, *i.e.*, interest and dividends on investments, £145,358; revenue from house and stand rents, £9,825, and from other sources £9,897—a total of £165,000. These figures do not call for much reference from me. I am quite aware that with the amount of money we have in reserve someone might expect a little further increase in dividends and investments as compared with last year. As a matter of fact, last year we had a windfall of £40,000 towards the end of the year through the liquidation of the Fourteen Streams Railway Co., which does not occur this year, and therefore our dividends and investments revenue, when compared with last year, does not amount to as much as might be expected, considering that we have an increase of revenue-producing investments from amounts set to reserve. On the other side, our expenditure is about the same as last year—if anything a shade less. Our work has been done a little bit cheaper. You know that we have for some time past been trying to provide for a reserve fund to uphold the interests of the Company, and without increasing the capital and without borrowing more money, the most feasible way of effecting this is by depreciating our assets in some degree with the effect of creating that reserve, and for the purpose of providing for the acquisition of other properties, to which subject I shall refer later.

Touching the figure of £678,050 under the heading of depreciation, I will now explain to you that after the £161,992 has been applied towards claim values, and £166,592 to offices, compounds and stand properties, there is a sum of £349,465 used for reduction of values of investments. We have acquired interests in other and poorer mines, in pursuance of our policy of restricting production in order to uphold prices. With that object in view we have felt justified in acquiring these interests at a figure much above their intrinsic value. Someone may ask why pay more for a thing than it is worth? I will come to that point presently. In the first place let me say that the people who sold those properties to us have done the right thing in their own interests, because it was never possible for them to get a return which would have justified them in holding these concerns at the prices which we have paid. I will take the case of the Voorspoed Diamond Mine, which we have agreed, subject to confirmation by their shareholders, to acquire. That mine has been working for years, and has not paid, nor do we believe it can now pay, any profit on the money invested in it. But there was this contingency to be faced—that if the mine became, financially speaking, *in extremis*, some people might have been foolish enough to find a lot of money for the purpose of continuing its working, and throwing its diamonds on the market to, not only our detriment, but to the detriment of every other diamond producer, making it increasingly difficult to maintain prices at the level we desire; or, in other words, compelling us to pursue our policy of restricting production to a greater degree than would otherwise be the case.

It was therefore in the best interests of the De Beers' shareholders that we should acquire this property, and already we have been justified in some measure by what has since occurred, inasmuch as our friends, the Diamond Syndicate have increased their fixed purchases from us from £375,000 to £400,000 per month, giving us the additional profit derived from these further sales. If that quantity was sold by a more or less unremunerative mine, it could not be thrown on the market without a disturbing effect. For that reason we consider ourselves justified in paying more than the intrinsic value for such concerns as the Voorspoed, in order to uphold the market for the time being, and also in the hope that at some future period the price of diamonds may perhaps rise to such an extent as to make the acquisition of these interests to some extent remunerative, both to ourselves and to the Government, who are part owners of the mine. I think this explanation is necessary, because

one hears it said that "even De Beers Company would never give so much money for a mine unless they could make it pay." I want it to be understood that there is no truth whatever in that statement. We can refer to examples in our previous history, where we have charged ourselves with large annual payments for the purpose of acquiring the Dutoitspan and Bultfontein Mines. They were mines which in great part were not payable at the time they were acquired, but their acquisition enabled us to uphold the market, and keep up the prices of the De Beers and Kimberley product. In that way our act was justified, and so I believe in the long run this one will be. I want to say further that the policy of De Beers Company in doing this is not altogether a selfish one, as some people are willing to represent. It is in the interest of other diamond producers in this country as well as ourselves that diamonds should not be produced at a loss, and that unless they can be produced at a profit they should be allowed to remain in the ground until such time as this can be done. De Beers Company no longer contribute 70, 80 or 90 per cent. of the total number of carats produced. We have to take a more modest position, and content ourselves by saying that so far as the total output in carats is concerned we do not produce half. But the benefit of the restriction is felt no less by our competitors than by ourselves. Some shareholders may ask why we should take a course from which our competitors reap a share of the benefit, but if we know that De Beers Company gains on the balance by our so doing—and as Directors we have no doubt about that—then it is clearly the policy which we ought to adopt. To take the opposite course, and pursue a policy of trying to hurt our competitors, would be no satisfaction at all to the De Beers Board, nor would the best interests of the Company be served thereby. What the De Beers Board want to do is to uphold the diamond market by restricting production to the limits of what the market will take, and I think they are quite justified, if necessary, in paying cash to reduce the output of poorer properties, and producing as much more as the market will take from their own mines. This is a question which is being ventilated now, and as we do not have many opportunities of speaking on this subject, what we want to say is that we trust, as the years go on, these properties, although now quite useless for profit-making purposes, will be of some use to us by and by owing to a still better price being obtainable for diamonds. This is not only to the benefit of the diggers along the Vaal River, or such concerns as the Jagersfontein Company, and all other diamond producers, but also to the benefit of the Government. If all these people make a profit—and especially the mines in which the Government are largely interested, through the policy of De Beers, it is not for them or anyone interested in the Government to say that such action would have a tendency to reduce the Government's revenue. I know people will speak of diamonds as they do of gold or any other mineral production, but we know perfectly well that the diamond business is a peculiar one—we have paid for our experience, and paid very dearly; we had the experience of 1908, when people did not want diamonds. If people have not the money to buy, diamonds are not a necessity of life, and if we see the trade bad in the world, we may expect that the demand will not be as good as it is now. The Board does not attribute the whole of the rise that has taken place in the price of diamonds to their own action in restricting production, because we know that during this time the world's trade has very much improved, and that the prices of most things besides diamonds have risen in the market; it is not merely owing to the policy of restricting production that the large amount of money is available for the purchase of diamonds that are produced in South Africa. I have said that we are using £349,000 for investment in this direction. Because of this we have come to the conclusion that this expenditure is one which should be charged, in part at any rate, from year to year against the production of our diamonds. Of course there are limits to everything, and we cannot follow this policy of upholding the price of diamonds too far—we must have regard to surrounding circumstances. There are so many qualifying circumstances that it is not possible for the Board to advocate any policy quite *à l'outrance*. There are certain qualifying conditions we must have respect for, but within certain limits I do feel that this policy is justified. (Applause.)

The shareholders have had a little increase in the payments to them this year, and I hope that state of affairs will be maintained. For the purpose of protecting the interests of shareholders, and for the purpose of avoiding such a catastrophe as occurred in 1907-8, it is absolutely necessary that this Company should have large mobile reserves. This idea is not new—the late Cecil J. Rhodes many years ago conceived it, and made up the reserve to nearly £1,000,000, though unfortunately through the depreciation in value of the Consols in which it was invested, it does not stand at so much to-day. But then the principle was established, though it has not, perhaps, been followed so much as some of us would like. We feel we must do this, and that in doing so we are serving the interests of everyone except perhaps the person who wants to sell out his shares next year. But in pursuing that policy we feel that we are serving the interests of everyone who is a bona-fide investor in the Company, and not only that, but that we are serving the interests of the diamond trade, and that our friends the Syndicate will know that the money will be used—and perhaps the

credit of the Company as well if it is found necessary—so that their diamonds need not be sold at a loss.

The effect of the creation of these reserves would be to keep the courage of the Syndicate up, so that a time of depression would not induce them to sell diamonds at a loss, but engender a feeling of confidence. It is all very well to say that we are determined to uphold the price of diamonds, but it is impossible for us to do that in time of stress unless we have considerable reserves to effect that end; £100,000 more has been set aside for that purpose, as you will see from the Report, and another £65,000 has been found for the purpose of providing for the first instalment towards the liquidation of the De Beers South African Exploration debentures. In all these steps you will see that measures of protection are taken against the recurrence of a crisis such as was experienced in 1908, when as you know there was a reduction in diamond values of about 30 per cent. I myself have no doubt that if we had been in a position then of being able to continue refusing to sell our diamonds, the value would not have fallen to anything like that degree.

I will now direct your attention to a reference in the General Manager's Report to the yield and value of the diamonds found. During the year our diamonds have realised better prices than the year before. It is very difficult to make comparisons, but it so happens that the quality of our diamonds and the production from our mines has not varied very considerably, because if we stopped producing from Dutoitspan and went to work and produced more largely from Bultfontein, the value per carat would be very different—the quality of the diamonds from each mine has to be taken into consideration. One must always remember these facts—that the diamonds from the various mines differ very much in quality and value, and thus if a larger or smaller quantity is produced from this or that mine we might see a good deal of difference in the price we make per carat, quite apart from fluctuations in the market price. In this case it so happens that we have not varied our production from each mine very greatly, nor have we brought in a large quantity of tailings production for the year under review, or the previous year. Here we find a most encouraging feature in the General Manager's Report—that not only have the prices and value per load increased owing to the increase in the price of diamonds which has been effected, but there are greater values per load, because the yield of the mines has improved. (Applause.) That feature of the Report is one from which I hope shareholders will take heart of grace, because we have been told by prophets of evil and croakers that the mines will not last for ever, and that the yield would gradually go down and down as the mines are deepened until there is no value at all. We can to-day describe those croakers as prophets of evil; the yield of the Kimberley and De Beers Mines last year was 0.28 carats per load; for the year under review it was 0.31 carats per load, and I think this is quite satisfactory, because the year before there was very little of De Beers produced—nor is there much this year—but the production was chiefly from the mine which I find condemned—the Kimberley Mine. Whilst on the subject of the Kimberley Mine, I have had a note given to me by the General Manager of the results of some tests he has made at the 3,500 feet level there. The average of these tests, made with three separate lots of blue ground, is 0.42 carats per load. (Applause.) We washed three lots of blue ground for the tests; one lot of 591 loads, which I referred to last year, gave a result of 0.75 carats per load; a second test of 1,034 loads from another part of the mine gave a production of 0.24 carats per load; and we recently washed a further 950 loads, which gave 0.43 carats per load. So that from 2,575 loads of blue from the 3,520 feet level the average yield was 0.42 carats per load. (Applause.)

It is not so very long since I had to stand here and defend the Company against the suggestion that a mine must necessarily become poorer, or necessarily become smaller, at greater depths. I have held this—that it is very probable that mines may vary in yield, and may vary in size, at depth, but I have at the same time held that it does not necessarily follow that they will always vary in the wrong direction. In the present instance, we found that the diamondiferous ground at 3,500 feet was not quite of the same appearance as the ground encountered in the early workings of Kimberley Mine. But the character of the ground matters little, so long as we have the diamonds, and here we have at this extreme depth 42 carats per 100 loads, a figure which the average yield from Kimberley Mine has not reached for years past. I have here a piece of hard blue from the deepest part of the mine, I suppose the deepest working level from which a diamond has ever been obtained in any part of the world, viz., 3,500 feet, in which a very nice stone of about £100 value was found. (Here the Chairman handed the piece of blue ground, with the diamond in it, round the room for the inspection of those present, and it was examined with much interest.) With regard to the diamondiferous area at this depth, the lowest workings, from the 3,000 feet to the 3,500 feet level, have indicated some material expansion. We do not want to set too much store upon that. It is possible that as we go down deeper still the area may again

contract. But the facts are at all events sufficient to show that the opposite state of things may also be possible, and to warrant our retaining the hope that with greater depth greater areas may yet be reached. It is true that when we talk of 3,500 feet we are speaking of a depth beyond what most of us ever contemplated in the early days of the Kimberley Mine. I see amongst those present my old friend Mr. Newberry, who, when he worked his claims by daylight, never anticipated a period when those claims would be worked to a depth of 3,500 feet. Nevertheless, such is the fact, and the latest indications at this depth are apparently favourable for further expansion—I would not like to say more than that.

I now come to Wesselton Mine. There the yield has improved from .27 to .29 of a carat per load. We never believed that .27 was a permanent figure for that mine. We have had higher yields in times past. Here, again, the improvement to .29 goes to show that the tendency is not necessarily towards a decline as time goes on. The striking and really marvellous feature is that these mines should be so constant in their yield as they are, and that the percentages recovered from year to year should correspond so nearly, bearing in mind the very large area over which the mines extend and the quantities of ground worked. For example, .30, .27 and .29 are about the average yields from Wesselton for the past three years.

The next mine referred to in the Report shows a still more favourable advance. I refer to Bultfontein, where the improvement has been from .38 to .41 carats. I believe the General Manager would tell you that this increased yield has to some extent been due to the ground having been better pulverised, owing to its having been longer on the floors—in other words, that under the same conditions a corresponding yield might have been obtained for the previous year.

The Dutoitspan Mine, I think, gives the best negative possible to those who say that the mines will always become poorer as they go deeper. Many of you will remember that in the old times the Dutoitspan Mine did not yield anything like $\frac{1}{4}$ carat per load taking it altogether, but here we have come very near this, as the yield is now 0.23 carat per load—and the price of the diamonds produced there is much better than that realised by diamonds from other mines. I think the fact that the Dutoitspan Mine is improving in yield goes a great way towards proving that the mines do not necessarily become poorer at greater depth. (Applause.) I think the results of our working are very satisfactory, and though the increased price of diamonds has helped us, the improved yield of our mines has also helped, and I want you to bear this in mind, because though it has been suggested that the mines must become poorer as they go deeper, it does not always happen, and it has not occurred here. (Applause.) I desire to speak with great diffidence, because no one can see through the earth or what is going to occur, and I admit that it is possible we might have to say next year that there has been a decrease in yield. But we have this satisfaction—we do not get any very violent changes in yield. We have reason to anticipate that when a certain amount of blue ground is put on the floors, from past experience, we can expect it when washed to yield so many diamonds. Although changes in yield do occur, they are not violent. (Applause.)

Coming to the more financial aspect of the Report, during the year the Directors felt it was very awkward and very inconvenient that we should declare dividends in March and September in anticipation of what would be earned the following June and December. As the Directors have said, there were reasons why that system was instituted. After years of no dividends at all, it was felt that as soon as we had the money we should pay out some to the shareholders, and we never came to the time when we seemed able to discontinue the system that thus arose. About a year ago, however, we stood in a better position, and then intimated that we should like to revert to the payment of dividends in June and December. Naturally there was a difficulty in the way of doing that, because it might happen that shareholders who expected dividends every six months would have to wait a little time—perhaps three months—when the change was effected. The Directors did all they could to obviate any harm or inconvenience coming to shareholders through this change. As stated in the Report, the better price realised for our diamonds improved our profits a little, and we were therefore able to bring about this change without putting shareholders in a worse position as the result of the change. We have gained that three months, in fact, and in future shall be able to continue our dividends at the end of the year. (Applause.) As a matter of fact, last year in March we declared a 10/- dividend and a 2/6 bonus, and when June came, we had done better, and it was thought by the Directors that 2/6 per share could be set apart for a further bonus, which was paid in the following September as a result of the previous year's working. (Applause.) Now we are in this position—that we do not declare our dividends until the Syndicate's option is declared, which, under the terms of our contract, is always

done a month preceding each half year, so that in future we are able to declare our dividends without holding our breath, as we would be doing if we declared them in March, with the uncertainty as to whether something might not happen by June, such as happened in December, 1907, on account of which the Syndicate might not be able to exercise their option. Having resolved to pay our dividend, we should, under such circumstances, be in an awkward position. Under this altered system of declaring the dividends, in point of time, we are in a safer position if it came to a crisis. If the Syndicate were unable at the end of any six months to exercise the option, it might be very convenient for us to withhold our dividend during the period of depression, and so strengthen the Company's position. But under existing circumstances we have no reason at all to anticipate any such eventuality. The members of the Syndicate assure me that the market is very healthy. They have just declared their option for another six months, and I hope they will make as much money as in the past six months, in which we, under the working of our contract, participate.

I have already referred to the new item in the Profit and Loss Account, of £65,000 set aside towards the liquidation of the De Beers South African Exploration debentures. As the whole of that amount has to be provided for by the 1st January, 1930, the Directors feel that it is desirable to commence making such provision now, and to continue to put aside instalments for the purpose year by year.

Our blue ground reserve continues to be shown at £2,268,266, of which the amount invested in blue ground on the floors is £1,508,802, the balance of £759,464 being included in our general assets.

During the past year the Directors felt it to be desirable that the shares should be held in a larger degree in the form of bearer rather than nominative shares. We have taken special measures to encourage our shareholders to convert their shares from nominative to bearer shares, with the result that nearly all the shares of the Company are now held in the latter form.

I have one more bit of good news; I am pleased to say that the vexed question of British Income Tax, which has been hanging over us for a number of years, is now settled. (Applause.) It is settled on these terms—that the British Government have accepted a payment of £110,000 for the claims which they alleged they had upon the Company from April 5, 1908, to April 4, 1912, and our representatives in London inform us that they have arranged that the basis for arriving at a settlement in future shall be on a three years' average of the profits received by the Company from the Diamond Syndicate. This is an amount we have never demurred to paying. The outcome of this British Income Tax settlement is satisfactory to the Company, and we are to all intents and purposes a Colonial Company, and have the benefits in England of being a Colonial Company, so that shareholders here have no longer to pay the tax in Great Britain. Naturally those who live in Great Britain will have to pay that tax. We all along contended that being a Colonial Company the British Government had no right to tax Colonial or foreign shareholders living outside the United Kingdom, and had no right to tax further "profits" which we never admitted to be profits at all. I think we can be satisfied that this settlement has been come to, as it secures what we were working for, after years of patience. (Applause.)

In our last annual statement we intimated the approach of the final liquidation of the Fourteen Streams Railway Company. I have here a statement of the results of our going into that undertaking, which is now at an end so far as we are concerned. The nett result is that we have made for our Company, after paying all expenses, including interest on borrowed money, about £127,000; and we could have made more if we had been obstreperous—we had the right to carry on the railway for some years to come, and in the one year we did work the railway we made a very good profit—a gross profit of about £100,000. We could have claimed the right to the continuance of the working of the line for years to come, but the Government made representations to us that we should hand the line over without making that claim, which we did. One hears often of the shortcomings of De Beers Company, but I do not believe that there is any other company in South Africa that would have yielded to the Government—as the De Beers Company did in the public interest—an asset worth at least £300,000 to the Company. (Applause.) It is very difficult to bring these things to the public notice except by the statement of the Chairman on such an occasion as this, and the public should note this action of the Company, and the fact that we are always willing to consider the public interests. (Applause.) I do say that in handing over the railway to the Government at the time we did we sacrificed £300,000 for the purpose of gaining the goodwill of the public of this country and of the Government. I think, therefore, there is something to be said for the Company; the goodwill of the people of this country we are constantly endeavouring to obtain and retain. (Applause.)

Our conduct as a Company is one of fair consideration for other interests as well as our own, and in further proof of this I need only say that whilst during the depression our employees accepted a reduction of one-sixth in their pay or time, since we have been able to do a little better—during the past year—we have restored to every employee, even hunting up those who had subsequently left our service, the amount they then voluntarily surrendered, costing the Company in all £24,000. (Applause.) At the last annual meeting of the Company Mr. Peiser referred to the workmen, as set out in the minutes, and I then said that the Directors had the matter in hand; and my colleagues have cheerfully agreed to pay back this amount, as we thought that though it was not our business as Directors to waste the shareholders' money and fling it about, it should be our best endeavour, within reasonable limits, to keep the goodwill of our employees. Our Heads of Departments and Staff generally have instructions written, verbally or generally understood, that to all their subordinates throughout the works the fairest treatment shall be given; that every fair consideration shall be given to the workpeople. (Applause.) We want to strengthen the loyalty of our employees towards the Company, and we feel sure that is best attained by such actions as the payment of this sum which I have referred to. I believe the money has been received by the men in the spirit in which it was meant, that throughout the Company's service a better state of feeling between employers and employees never existed than exists to-day. (Applause.)

I have said that with regard to our own employees; with regard to the town of Kimberley, naturally we have always had consideration—we can claim to have always been considerate towards the town. (Applause.) I do not think that the people of Kimberley have ever been more satisfied—perhaps never so well satisfied—as now. The considerate treatment the De Beers Company has endeavoured to show towards the town and trade of Kimberley, and also towards the farming community of the neighbourhood, is evidenced in several ways I may indicate here. First there is the large stud farm, which, as you know, is now in an advanced stage of development, where we endeavour to improve the breed of horses, and to give the farmers around the benefit of that institution. Further, during the past year the Directors voted the substantial sum of £5,000 towards the Agricultural Show which is being started in Kimberley. (Applause.) In all these directions we are trying, as well as we can, to be considerate without being, from our shareholders' point of view, extravagant, and I submit, with respect, that our shareholders should not object to that policy, because it is well that the Company should have the goodwill of those who are our immediate neighbours—it means a very great deal towards the smooth working of our Company. (Applause.)

To return for a moment to the subject of the Fourteen Streams Railway, you will readily understand that this undertaking involved a great deal of work on the part of those Directors who were also Directors of the Railway Company, apart altogether from the ordinary business of the De Beers Board. The money required was raised in London by some of our Directors there. A great deal of time and labour was devoted to the matter. There was a great deal of discussion with the authorities as to the construction of the railway. The Government, as you know, carried out the work, but it was our money that was being spent, and naturally in the carrying out of such a project there was a great deal of labour involved. The period of our active interest in the matter extended from January, 1905, down to a recent date, or a period of about seven years. A sum of about £5,000 was set aside for the remuneration down to that period of the ten Directors concerned, but as a matter of fact they did not receive the whole of that amount—only about £4,800—the balance going to the officials engaged. Now that the liquidation has been effected, and the line taken over by the Government, it has been resolved by those Directors of De Beers Company who were not Directors of the Fourteen Streams Railway Company that a further sum of £4,650 be paid by way of further remuneration for their services. Considering that we made, as I have already told you, a nett income of £127,000, I do not think the shareholders will demur to the ten Directors who did all this work receiving in all about £1,000 each for the seven years during which they were engaged in looking after the Company's interests in this respect. But as these amounts have necessarily been practically voted by some of our Directors to other of their co-Directors, we felt it our duty to bring the matter before the shareholders, as none of the Directors wish to receive remuneration of any kind as to which the shareholders are not fully informed.

Now, gentlemen, a few words with regard to the future, and I take it you are after all more interested in the future than in the past. It is never wise to prophesy unless you know. With regard to the affairs of the diamond industry I think I may claim, in Scriptural phraseology, that we at least "know in part," even if we can never speak with actual certainty of what the future may bring forth. We have now gone through six months of

the current financial year, and I am pleased to be able to tell you that the results of our working during these six months have been slightly better than those of the last six months of the preceding year. We have good reason to hope that the ensuing six months will show results at least equally good. There are, as you know, many contingencies to be faced. We have heard a good deal lately about troubles in Europe. There has naturally been some amount of uncertainty as to what the outcome might be. The later indications have pointed towards a peaceful solution of these problems, and one sincerely trusts that the preservation of peace may be ensured. At the same time, these are contingencies the result of which in the nature of things we cannot foresee. When the issue is one of peace or war, there is no need to point out that should there unhappily at any time come a breach of the peace amongst the nations of Europe, it could not but have an adverse effect upon the diamond industry, and the affairs of the Company in which we are concerned. I do not wish to be thought a prophet of evil in saying this. All the information we have leads us, as I have already said, to hope and believe that there is at present no serious likelihood of the nations of Europe being so foolish as to fly at one another's throats, but that they will find some reasonable and satisfactory method of adjusting the questions at issue without the arbitrament of war. Assuming then, that the affairs of the world in general continue to proceed normally, we have good reason to believe that our own affairs during the remainder of the current financial year will be at least equally as successful as those of the six months already past. The past year practically provided a dividend for fifteen months, and we hope to be able to pay at least as much as that, either in the form of dividend or bonus, a detail regarding which, so long as they get the money shareholders will not be greatly concerned. We shall, I hope, be able to pay in one form or the other at least as much during the current twelve months as we did for the preceding financial year. (Applause.)

I want to be on the safe side, but I do feel that I am justified in describing our position as a comparatively good one to-day, and that I can speak with greater assurance of the successful results of our working than I was able to do a few years ago. Unfortunately, when a company is able to show successful results there are always people ready to talk as though they ought not to be successful, or at any rate, to speak as though it would be quite right and fair to take the proceeds of their enterprise or investment, and use it for themselves. I can only say that should that policy ever come into general acceptance in this country it will mean the death knell of all enterprises, more especially those of a speculative nature. People who are prepared to risk their money in mining and similar enterprises do so with the full realisation of the fact that they may either lose what they have or make more. If when they lose, they are to lose, but when they are so fortunate as to make, someone else is to come along and mulct them of a considerable share of their profit, it stands to reason that mining or other enterprise is not going to be encouraged or developed. For example, we have the man who is perhaps not taxed at all, to any material extent, at present, saying in effect: "I am not going to pay anything if I can help it; I am going to vote for the man who will let me off, and put my share of taxation on the mines instead." I hope the people of this country, as a whole, will be more patriotic, and see the wisdom of taking a broader view than that. I hope they will recognise that in the best interests of the country at large it is well to be reasonable, fair, and just to all alike. The burden of whatever taxation it is necessary to impose should be fairly distributed all round. The mining industry does not object, and has never objected, to pay its fair share, but I do submit under existing circumstances that if further taxation must come about it is not yet our turn to be taxed. (Hear, hear.) There are many other interests which do not pay anything. We already pay ten per cent. on our profits to the Government, and we think that if fresh taxation is to be imposed it is the turn of some of those who do not at present pay to come next. Should the country at any time undergo the misfortune to be again in financial straits, we recognise that we should be rightly called upon to contribute our share. But as things are at present we do say this—that until the profits on many other interests than diamond mining are taxed, we ought not to be taxed further than we are. In saying this, I believe I am representing your views as shareholders, and the views of most of the people in Kimberley, and I am sure of all just and equitable men throughout South Africa. Until other interests which are producing and making profits are taxed, it is not the duty of the Government to increase the taxation already cast upon the mining industry. (Applause.) Last year we paid £347,000, and I hope that when another year comes round the Government will still receive more from the Company. The Government is the largest individual shareholder of the Company, as it takes 10 per cent. of our profits, which is more than ten per cent. of the dividends, because they include as profits items which we in many cases do not include in that term.

I am asked by my colleagues to give you one more piece of information, and to say that we have resolved to pay to deferred shareholders registered on the 31st inst., a further

interim dividend of 7/6 per share. (Applause.) We have not declared dividends at Christmas time on the deferred shares for some years. I hope that at the end of our financial year in June next our dividends and bonus together will actually show a return to shareholders, at least as much—I hope something more—than they received last year. I think this is due to shareholders, because there were years when they received nothing at all in dividends. We had the courage to restrict the sale of diamonds in order to uphold prices and bring about the present state of affairs, and that policy rendered benefit not alone to this Company, but to all other producers of diamonds, and enabled them to see in Kimberley now a more or less settled and prosperous community compared with a situation which was just the contrary in 1908. (Applause.) Therefore I feel that everybody will recognise that this little extra return which shareholders are now getting is their due, and very properly made. Speaking for myself and my colleagues, I can say that we have had a great deal of responsibility in the last three or four years. We have had rocks to the right and to the left, but we have endeavoured to steer the ship of De Beers clear of these dangers, and we now, I hope—barring the unsettled state of affairs in Europe—are in smooth waters, without much risk of coming to grief.

I had intended to say something on the question of dynamite, which is referred to in the Report, but I will refrain, beyond saying that we are constantly being maligned in that connection. Our statements are described as fables, but we speak with a great sense of responsibility—we do not utter fables—at least, not knowingly—and when we speak of saving £60,000 a year as the result of the establishment of the Explosives Factory at Somerset West, we say only what we can prove conclusively from figures, and are uttering not fables, but what is absolutely correct. I know it is said that we do not save the 12/6 import duty—but we do; as if we had not built the factory we should no doubt have had to pay import duty up to now on all our supplies. We should still have had to bring dynamite from Europe, and still have had to pay the duty. Our saving on dynamite is at least £1 per case, and as we consume about 60,000 cases annually, it is not incorrect to say that the Company is saving about £60,000 on that item. I will go further and say in reply to the discussion that is going on anent the subject—I do not think that we should ever have put up a factory in this country for the manufacture of dynamite if the 12/6 duty had not existed. We have done good to the country by starting an industry at Somerset West, which everyone acquainted with the subject knows is of great benefit to the country. (Applause.)

I thank you for the patience with which you have listened to me, and I shall be glad to reply to any questions shareholders may desire to put to me regarding the financial statements to which I have referred; and I will conclude by moving the adoption of the Report and Statements of Accounts. (Applause.)

Colonel Sir David Harris, M.L.A., seconded the adoption of the Reports and Financial Statements. He said: Mr. Oats has so fully dealt with the practical, technical and financial affairs of the Company in his able speech that there is no necessity for elaboration on my part, and it is perhaps the more complimentary to him that I need not explain anything away. I will, in the few remarks I have to make, confine myself to the present position of De Beers Company. I may say, in addition to what has fallen from the Chairman in regard to the diamond trade, that the war in the Balkans has not in the slightest degree affected the diamond trade. Of course, if it assumed further dimensions it might have some effect, but it could not possibly have the effect upon the diamond trade that the financial crisis in America some years ago unfortunately had. I should like to point out to shareholders, and I think it will be very pleasing to them to know, that we have blue in sight above our present working levels and on the floors amounting to something over 65,000,000 loads—sufficient for the requirements of the Company, if we continued to carry on our washing operations at the same rate as at the present time, for the next 11 years. I think that fact alone is sufficient reply to those croakers to whom the Chairman referred, and to their criticisms of about five years ago that the Company could not possibly have a life of 20 years. It is sufficient reply to all such croakings, uttered for the purpose of bringing down the shares, and I have no doubt that those who indulged in such croakings were very big bears of De Beers shares at the time. I believe that I am correct in stating further that the increase in the yield from the different mines during the year under review, and to which the Chairman referred in his speech, has been fully maintained since July 1 last, or in other words, since we entered upon the current financial year. This also, I should think, will be regarded as very satisfactory. I, with the Chairman, should like to express my delight that the protracted dispute and controversy between this Company and the British Government with regard to the income tax has been settled. I dealt with that question very fully when I had the honour of presiding at the annual meeting of the Company a few years ago. I have always felt that we, as a Colonial Company, having our works here,

having what I may call the mechanical brains of the Company, the element which really brings about the production of our diamonds here, were legitimately entitled to regard ourselves as a purely Colonial Company domiciled here, and that even if, through the technicalities of the law, the British Income Tax authorities could legally make a claim against us, they should not have done so in reliance upon any mere technicality of that nature. (Hear, hear.) I have not the exact figures showing the amount which we have been compelled to pay—

The Chairman: Enough to build a Dreadnought. (Laughter.)

Sir D. Harris: I believe the amount is something over a million sterling which this Company in the course of a few years has paid to the British Government in the shape of English Income Tax, an amount which I was going to point out, as the Chairman has already said, is sufficient to build an up-to-date Dreadnought. If we have paid a large sum of money, to which we think the British Government are not entitled, we have at least the satisfaction of knowing that the De Beers Consolidated Mines have subscribed sufficient to add another Dreadnought to the naval forces of the Empire. (Applause.)

It would be a very poor compliment to the Chairman if I were to address you at any length, or to attempt to add anything more to the remarks that have fallen from him during his speech, and I feel sure that on this, as on previous occasions, you will unanimously adopt the Directors' Report, Balance Sheet, and Statement of Accounts. (Applause.)

The Chairman invited questions, and none being forthcoming, put the motion for the adoption of the Report and Financial Statements to the vote, when it was carried unanimously.

Mr. C. Newberry moved: "That the following gentlemen be elected Directors: C. E. Atkinson, F. Baring-Gould, L. Breitmeyer, G. W. Compton, Robert English, D. J. Haarhoff, Colonel Sir David Harris, F. Hirschhorn, the Right Hon. Sir Starr Jameson, S. B. Joel, Sir Carl Meyer, Harry Mosenthal, C. E. Nind, F. Oats, H. P. Rudd and A. Viallate."

Mr. I. Dreyfus seconded, and the motion was carried unanimously.

Mr. I. Mendelssohn moved: "That in accordance with the provisions of clause 89 of the Articles of Association the sum of £9,600 be voted to the Directors as remuneration for their services."

Mr. E. Oppenheimer seconded, and the motion was agreed to.

Mr. F. F. Oats proposed: "That Messrs. Howard Pim and Philip Salisbury be appointed Auditors for the ensuing year, and that the remuneration to be paid them be fixed by the Directors."

Mr. H. Swift seconded, and the motion was agreed to.

The Chairman said: It affords me much pleasure to say that I think we should heartily agree to accord a vote of thanks to the staff of the Company. I have had much to do with them, and I think that the present state of the Company's affairs and its prospects, as compared with former years, are very satisfactory, and that our thanks are due to the officials and the staff for their efficient services—if possible with more appreciation because of the results so far as the working of the Company is concerned. They cannot help the price of diamonds fluctuating, or the mistakes of the Directors—(laughter)—but they are working to reduce our working costs as far as possible, and to prevent the escape of diamonds in any way whatever—and there are still methods of loss which they and we are doing our utmost to circumvent. I think the cordial thanks of the shareholders should be given to the Staff for their good services to the Company during the past year. I trust that Mr. Alpheus Williams, as General Manager, will convey this expression of appreciation to the Staff. (Applause.)

Mr. C. E. Nind seconded, and the motion was agreed to.

This concluded the business of the Ordinary General Meeting.

EXTRAORDINARY GENERAL MEETING.

AMENDMENT OF ARTICLES OF ASSOCIATION.

The Chairman: We have now completed the business of the Ordinary Meeting, and notice has been given that an Extraordinary General Meeting will now be held for the purpose of Altering the Articles of Association.

The Secretary read the notice convening the Extraordinary Meeting, which was as follows:—

Notice is hereby further given that immediately after the termination of the above meeting an Extraordinary General Meeting of the Shareholders of this Company will be held in the Offices of the Company in Kimberley, in terms of Articles 152 and 153 of the Articles of Association of the Company, when the subjoined resolution for the purpose of amending the Articles of Association of the Company will be submitted, viz.:—

That the Articles of Association of the Company be altered in manner following:

- (1) In Article 3 the words "Union of South Africa" shall be substituted for the words "Colony of the Cape of Good Hope" in the second line, and the word "Union" shall be substituted for "Colony" where the latter word occurs elsewhere in the said Article.
 - (2) In Article 19 the words "or the Branch Register hereinafter referred to" shall be deleted.
 - (3) Article 21 shall be cancelled.
 - (4) In Article 28 the word "Province" shall be substituted for the word "Colony" in the second line, and the words "or of the Union of South Africa" shall be inserted after the word "Hope" in the same line.
 - (5) The words "Union of South Africa" shall be substituted for "Colony of the Cape of Good Hope" wherever the latter words occur in Articles 49, 78, 105, 106, 109 and 114.
 - (6) Until varied by the Board of Directors under Article 29, the conditions as to the issue of Share Warrants to Bearer for Deferred Shares fixed by the Directors at a Board Meeting held on the 11th July, 1912, shall remain in force, and accordingly Article 79 is hereby cancelled.
 - (7) In Article 80 the words "Union of South Africa" shall be substituted for "Cape Colony," and the words "twenty-four hours" shall be substituted for "three clear days" in the third line.
 - (8) Articles 84, 88, 89, 90, 97, 98, 99, 100, 101 and 104 are hereby cancelled, and the following Article shall have effect in lieu thereof:—
- 84 (a) Until otherwise determined by a General Meeting, the number of Directors shall not be more than sixteen:
- (b) At the Ordinary General Meeting to be held in the year 1913, and at every succeeding Ordinary General Meeting, one-fourth of the Directors, or if their number is not a multiple of four, then the nearest to, but not exceeding one-fourth, shall retire from office;
 - (c) The one-fourth or other nearest number to retire at the Ordinary Meeting to be held in the year 1913 shall, unless the Directors agree among themselves, be determined by lot. In every subsequent year the one-fourth or other nearest number who have been longest in office shall retire. As between two or more who have been in office an equal length of time the Director or Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election.

- (d) The Company at any General Meeting at which any Director retires or Directors retire in manner aforesaid shall fill up the vacated offices by electing a like number of persons to be Directors, and without notice in that behalf may fill up any other vacancies.
- (e) If at any General Meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled up, the retiring Directors, or such of them as have not had their places filled up, shall, if willing, continue in office until the Ordinary General Meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting on due notice to reduce the number of Directors.
- (f) The Company in General Meeting may from time to time increase or reduce the number of Directors, and may alter their qualification, and may also determine in what rotation such increased or reduced number is to go out of office.
- (g) Any casual vacancies occurring among the Directors may be filled up by the Directors, but any person so chosen shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred.
- (h) No person not being a retiring Director shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him has at least six weeks before the meeting left at the office a notice in writing, duly signed, signifying his candidature for the office, or the intention of such member to propose him.
- (i) The Directors shall be paid out of the funds of the Company by way of remuneration for their services at the rate of £1,000 per annum each, and such payment shall be made half-yearly on the 30th June and 31st December in each year.
- (9) The following words shall be added to Article 91:—"Any Director desirous of qualifying as such by reason of his being the holder of share warrants of the nominal value of £2,000, or share warrants and shares together of the nominal value of £2,000, shall be allowed to do so provided that such Director shall deposit and leave such share warrants with the Secretary of the Company at its Head Office in Kimberley, or with the London Secretary at the London Transfer Office, during such time as such Director shall remain in office, and upon such Director demanding and receiving re-delivery of such share warrants, he shall *ipso facto* cease to be a Director unless he shall be otherwise qualified to hold office as such under the Articles of Association."
- (10) In Article 110 the words "The Union of" shall be inserted between "in" and "South" in the second line.
- (11) There shall be added at the end of Article 117 the following clause:—"22. To open an agency or Branch Office of the Company in London or elsewhere to be known as the "London Transfer Office" for the registration and transfer of shares, and the issue of certificates pursuant to any such transfer, and to appoint an Agent or Agents to represent the Company there."
- (12) In Article 124 the words "to the registered members" and the words "of the local" shall be deleted.

The numbers of the articles above mentioned are those used in the printed Articles as amended in March, 1908.

Dated at Kimberley, this 11th day of October, 1912.

By order of the Board,

W. PICKERING,
Secretary.

N.B.—Holders of Deferred Share Warrants to Bearer are notified that in order to be able to attend and vote at the above meeting in person or by proxy they must observe the terms of condition 14 of the conditions fixed at Kimberley on 11th July, 1912, as above mentioned.

Mr. E. Oppenheimer proposed:—"That the draft of the amendments to the Company's Articles of Association as published in the 'Diamond Fields Advertiser' on 14th October, 16th November, and 14th December, be taken as read."

Mr. E. W. Weatherby seconded, and the motion was agreed to.

Mr. C. Newberry proposed, and Mr. I. Drayfus seconded:—"That in terms of Articles 152 and 153 of the Articles of Association of the Company, the Company's Articles of Association be altered in the manner as published."

The Chairman: These amendments have been published, and in that way brought to the notice of shareholders generally, but at the same time I think it is desirable that we should have on the records of this meeting, which, of course, will be published, some more detailed statement as to the nature of the alterations, which I think may preferably be made by the Company's legal adviser, Mr. Burke.

Mr. E. C. Lardner Burke accordingly addressed the meeting. He said it gave him great pleasure to accede to the request of the Chairman, and to do what he could to elucidate the notice given as to the amendments, which might otherwise be to some extent an enigma to the shareholders generally. The Articles of Association of the Company were to be amended under certain twelve sections, and it would make the matter clearer if he pointed out in the first place that these twelve sections grouped themselves under three heads. Under the first heading would be comprised amendments Nos. 1, 4, 5, 7 and 10, which dealt with the alterations it had been deemed necessary to effect consequent upon the union of the various Provinces of South Africa. Put in a few words, the nett result of these amendments of the Articles would be to provide that the Head Office of the Company might be in Kimberley or anywhere else in the Union of South Africa; that the general meetings of the shareholders of the Company might be held in Kimberley or anywhere in South Africa as the Directors might determine, and similarly that the meetings of Directors might be held in Kimberley or anywhere in the Union. So much for the alterations comprised in sections 1, 4, 5, 7 and 10.

The amendments which grouped themselves under the second heading dealt with the Transfer Office in London. It would be remembered that in December, 1907, Mr. Hawksley addressed a meeting of the shareholders in that room, and referred at length to the reasons why it was deemed necessary that certain alterations should then be made in the Articles of Association of the Company. At that time the Company were threatened with certain large claims in the form of British income tax, owing in a great measure to the terms of its constitution as it then existed, and it was thought desirable that extensive alterations should be made in the Articles of Association, so as to obviate as far as possible liabilities of that nature. One of these alterations provided for the creation of a separate share register in London. The effect was that there were two registers—the principal register at the Head Office in Kimberley, and the branch register at the Transfer Office in London. A very peculiar provision was inserted in Clause 21, which it was now proposed to cancel, to the effect that no transfer of any share on the one register could be made on the other, as long as such share remained registered on the former register. The effect of that was that the shares registered on the branch register in London could not be transferred here in Kimberley, and shares registered in Kimberley could not be transferred on the branch register in London. This led to a great deal of dissatisfaction, and now that the question of the British Income Tax had, as they had heard from the Chairman and Sir David Harris, been satisfactorily settled, it was considered that there was no longer any need for this additional and very arduous provision to remain in force. It was accordingly proposed to revert to the old conditions, so that the shares should again be interchangeable as between the two registers, and to that end the special provisions to which he had alluded were being cancelled. He now came to the amendments under the last of the three headings, which were really the most important of all. He referred to the amendments specified in clause 8 of the notice dealing with the number of Directors and the method of their retirement, &c. These amendments might appear at first sight to be very sweeping, but as a matter of fact the greater portion of the provisions comprised in the new clause were already incorporated in the Articles as they stood. They had merely been grouped together in one section, 84, for the purpose of giving them greater force and clearness of expression. The sub-sections (d), (e), (f), (g) and (h) all appeared in the old Articles, although perhaps in somewhat different terms—they were nothing new. The new provisions were those embodied in sub-sections (b) and (c). Sub-section (a) fixed the number of Directors at 16, as has been the case for years past. Sub-sections (b) and (c) made a very material alteration, inasmuch as they provided that one-fourth of the Directors should retire every year, so that the retirement of the whole by rotation would take four years to complete. It was not for him to suggest why this had been done, but he presumed it was in order that the method of retirement should be brought into line with that obtaining in the case of the majority of companies in this country. The retirement of all the directors of a company simultaneously was certainly the exception rather than the rule to-day. The substitution of the plan now proposed would presumably tend, if need be, to ensure greater continuity in the policy of the Company, and make its administra-

tion more uniform. The effect of clauses (b) and (c) was that one-fourth of the Directors would retire every year, from the date of the next annual meeting. As regards clause (i), the remuneration of the Directors had been increased from a minimum of £600 to £1,000, to date from July 1 last. He did not think he need say anything more, except in regard to clause (9). That embodied a provision which was common to nearly all companies having bearer share warrants, the effect being that the Directors should be entitled to qualify as such by the deposit of certain bearer shares. The remaining amendments were merely verbal alterations, rendered necessary owing to the other changes made.

Sir David Harris said that before these alterations were put to the meeting *en bloc* he would like to propose an amendment, which was simply necessitated by the fact that two unnecessary words had been inserted, which might be misconstrued. The amendment was that in clause 11, line three, after the word "London," the words "or elsewhere" be deleted.

Mr. F. Hirschhorn seconded.

The Chairman: We all feel that the words "or elsewhere" are unnecessary and inadvisable, and the opinion of our legal adviser is to the same effect.

The Chairman put the amendment that these two words be deleted, and it was unanimously agreed to.

The Chairman then, as a matter of form, put the original motion as first proposed by Mr. Newberry and seconded by Mr. Dreyfus, providing for the adoption of the amendments as published.

This was negatived.

The Chairman then finally put the motion for the adoption of the alterations as amended by the proposal of Sir David Harris, and this was unanimously agreed to.

This concluded the business of the Extraordinary General Meeting.

Mr. I. Dreyfus moved a vote of thanks to the Chairman for presiding at this meeting, and for the interesting review of the Company's position which he had given to the shareholders.

Mr. E. Oppenheimer seconded, and the motion was carried by acclamation.

The Chairman made a brief response, thanking those present for their attendance, and going on to say that he was glad they had met under such auspicious circumstances, and with the prospects of the Company better than they were a few years since. He added an expression of the hope that they would take advantage of any opportunity which presented itself to them, as they went about the country, of defending the Company against any unjust criticism or undeserved attack, so far as it lay in their power so to do.

The proceedings then terminated.



De Beers Consolidated Mines,

LIMITED.

*Registered under Act 23 of 1861, and Incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Fifth Annual Report

For the year ending 30th June, 1913.

Directors :

FRANCIS OATS, Chairman.

SIR CARL MEYER, BART., Deputy Chairman.

CHARLES E. ATKINSON, J.P.

FRANCIS BARING-GOULD.

LUDWIG BREITMEYER.

GEORGE WM. COMPTON.

ROBERT ENGLISH.

D. J. HAARHOFF, J.P.

COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.

FRIEDRICH HIRSCHHORN.

THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B.

SOLOMON B. JOEL.

HARRY MOSENTHAL.

CHARLES E. NIND.

H. P. RUDD.

ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS.

Assistant General Managers :

IRVINE R. GRIMMER.

JOHN HARBOTTLE.

HAROLD T. DICKINSON.

Mechanical Engineer :

JOHN LIDDELL.

Electrical Engineer :

ROBERT W. HERR SMITH.

Mining Engineer :

JOHN N. F. ARMSTRONG.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.

COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

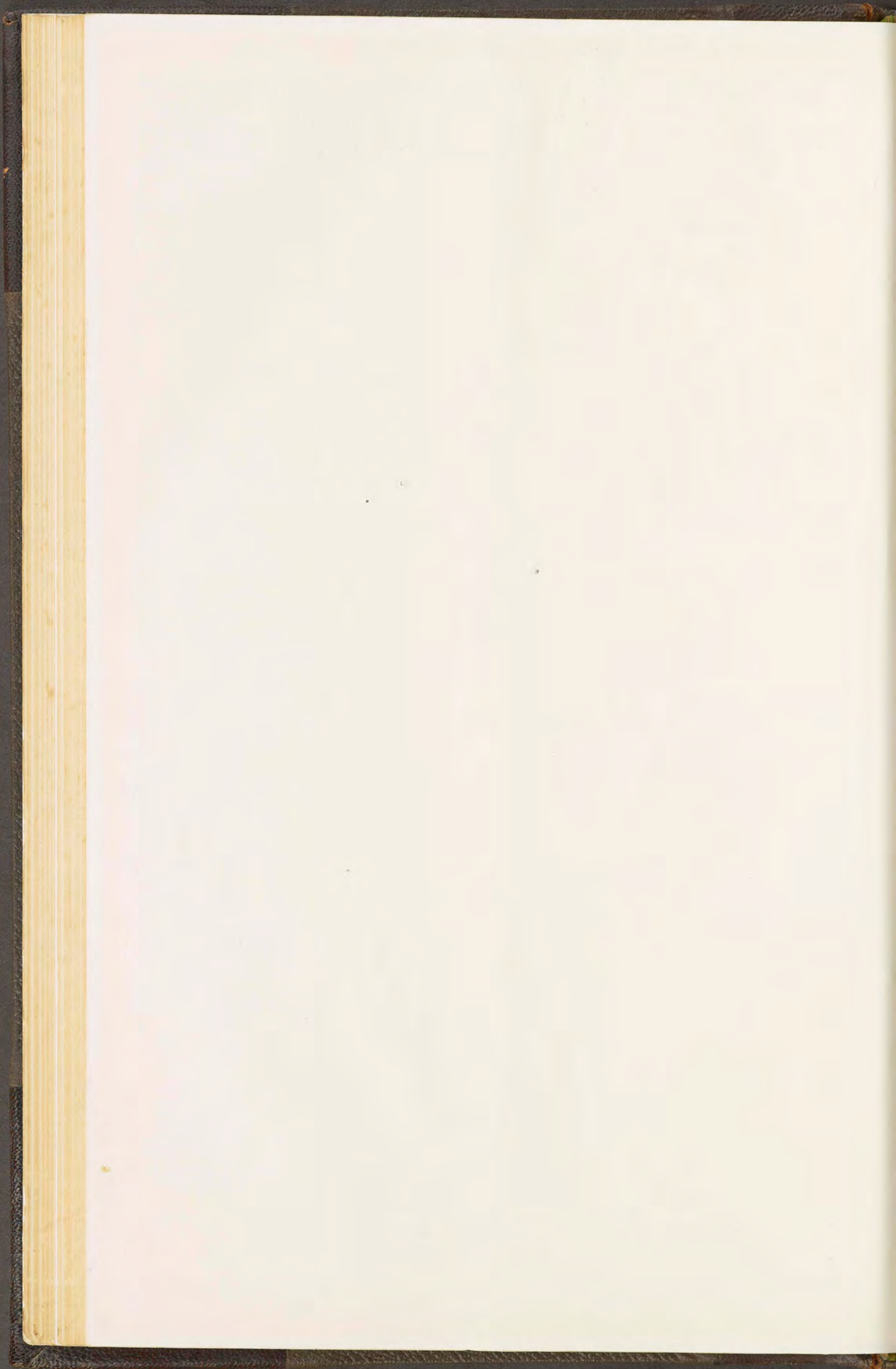
HOWARD PIM, CHARTERED ACCOUNTANT, KIMBERLEY AND JOHANNESBURG.

PHILIP SALISBURY, INCORPORATED ACCOUNTANT, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON.

THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.



De Beers Consolidated Mines, Limited.

TWENTY-FIFTH ANNUAL REPORT,

For the year ending 30th June, 1913.

TABLE OF CONTENTS:

- 1.—DIRECTORS' REPORT.
- 2.—BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.
- 3.—STATISTICS.
- 4.—GENERAL MANAGER'S REPORT.
- 5.—PROCEEDINGS OF GENERAL MEETING.

Dr. David H. Burton

THE LITTLE AMERICAN

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REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ended 30th June, 1913,

To be submitted to the Shareholders at the Twenty-Fifth Ordinary General Meeting to be held on 25th November, 1913.

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors have much pleasure in submitting their Twenty-Fifth Annual Report and Balance Sheet at 30th June, 1913, and Profit and Loss Account for the year ended 30th June, 1913.

The Balance brought forward from 30th June, 1912, was	...	...	...	1,042,399	6	9
Out of which the following had to be provided:—						
Bonus of 2/6 per share on Deferred Shares declared out of Profit for the year ended 30th June, 1912	...	...	...	125,000	0	0
British Income Tax from 5th April, 1908 to 5th April, 1912	...	...	...	110,010	10	5
					235,010	10 5
					807,388	16 4
During the year, as shewn by the accompanying Statement, the diamonds sold, plus the increase of Stocks taken at cost, amounted to	...	...	...		6,297,782	0 10
Add to this the following:—						
Dividends on Investments	...	...	...	122,239	0	4
Nett Revenue from House and Stand Rents	...	...	...	10,715	12	8
Revenue from other sources	...	...	...	10,113	11	6
					143,068	4 6
					7,248,239	1 8
Less expenditure as follows:—						
Mining and other Expenditure	...	...	...	2,080,622	3	7
Depreciation	...	...	...	706,035	12	8
Interest on Company's 4½% South African Exploration Debentures, and on Capital of Leased Companies	...	...	...	169,989	15	6
Sinking Fund to provide for the repayment of the 4½% South African Exploration Debentures	...	...	...	65,942	12	0
Mining Profits Tax—Union of South Africa	...	...	...	426,465	7	10
					3,449,055	11 7
Leaving a balance of	...	...	...		3,799,183	10 1
Which has been dealt with as follows:—						
Suspense Profit—Diamonds unsold, at cost	...	...	...	595,601	9	5
Transferred to credit of General Reserve Fund	...	...	...	140,060	1	11
Dividends and Bonus declared out of the year's profit, as follows:—						
Preference Shareholders...	...	...	...	800,000	0	0
Deferred Shareholders:—						
Dividends	...	...	1,500,000	0	0	
Bonus	...	...	250,000	0	0	
			1,750,000	0	0	
				2,550,000	0	0
					3,285,661	11 4
Balance carried forward to next year	...				513,521	18 9

The results of the year's working have been as follows:—

Average yield per load for De Beers and Kimberley Mines	...	...	...	29 of a carat
„ value per carat	„	„	67/3.74	
„ „ load	„	„	19/6.24	
„ yield per load for Wesselton Mine	...	...	...	27 of a carat
„ value per carat	„	„	51/2.88	
„ „ load	„	„	13/10.02	
„ yield per load for Bultfontein Mine	...	...	...	42 of a carat
„ value per carat	„	„	45/9.29	
„ „ load	„	„	19/2.70	
„ yield per load for Dutoitspan Mine	...	...	...	23 of a carat
„ value per carat	„	„ (a)	93/0.45	
„ „ load	„	„	21/4.78	

(a) Based on blue and mixed crusher diamonds sold.

The stock of Blue Ground and Lumps on the Floors at 30th June, 1913, was as under:—

De Beers Mine	...	...	124,211 loads.
Wesselton Mine	...	...	3,160,468 „
Bultfontein Mine	...	...	2,920,311 „
Dutoitspan Mine	...	...	4,598,064 „
			<hr/>
			10,803,054 loads.

Shareholders will observe on reference to the Profit and Loss Account that the revenue from diamonds has increased £831,894 as compared with the previous annual report.

The result of the year's operations has been most satisfactory, and your Directors felt justified in declaring two interim dividends in September and December, 1912, of 7/6 per share each to Deferred Shareholders, and a final dividend in June, 1913, of 15/- per share, together with a bonus of 5/- per share, making in all 35/- per share for the financial year on Deferred Shares. The fixed dividend of 20/- per share was also paid to Preference Shareholders.

Your Directors have also made a very substantial increase in the Permanent Reserve Fund, which now stands at £1,800,000. The Reserve consists of Consols and other first-class securities. £67,068 12s. 0d. has also been set aside this year towards the Fund to redeem the De Beers South African Exploration Debentures. This fund now stands at £132,184, and is also represented by first-class securities.

The Blue Ground Reserve of £2,268,266 8s. 1d. remains intact. Of this amount £1,540,419 is represented by Blue Ground stocks on the floors, and the balance, £727,847 8s. 1d., is merged in the Permanent Reserve.

The Profit and Loss Account shows an amount of £706,035 12s. 8d. written off to Depreciation. This has been applied in the reduction of claims, £270,000; Offices, Compounds and Stand Property, &c., £56,728, 8s. 5d.; and Mining Investment Values, £379,307 4s. 3d.

The amount set aside to meet the Profits Tax payable to the Union Government for the year ended 30th June, 1913, as shown in the Profit and Loss Account is £426,465 7s. 10d., as against £347,564 3s. 8d. paid last year.

Shareholders were informed last year of the representations which were made to the Company to convert Registered Deferred Shares to Bearer Shares. Encouraged by the success of this conversion, your Directors decided in February last to extend the operation to Preference Shares, which has been equally successful, the Company offering to make the exchange free of expense in respect of all Certificates deposited prior to 31st March, 1913.

The Cape Explosives Works, Limited, in which your Company owns all the shares, has continued its operations successfully during the past year, and has increased its production to 436,055 cases of explosives, and its sales were 423,679 cases.

With reference to the remarks made by the Chairman in his speech at the last Annual Meeting regarding the purchase of the Voorspoed Diamond Mine, your Directors now beg to report that transfer of that Company's property was only effected on 7th July last, and therefore the cost of acquisition can only appear in next year's accounts.

It is with deep regret that your Directors have to report the death of their colleague, Captain T. G. Tyson, on 19th November, 1912. The vacancy thereby created on the Board was filled by the appointment of Mr. Ludwig Breitmeyer.

A report by the General Manager on the working of the Mines is submitted to Shareholders at this Meeting.

In terms of clause 84, sub-section (c) of the Company's Articles of Association, four Directors retire, viz.:—Robert English, D. Harris, F. Hirschhorn and C. E. Nind, but, being eligible, they offer themselves for re-election.

G. W. COMPTON,	}	Directors.
D. J. HAARHOFF,		
D. HARRIS,		
F. HIRSCHHORN,		
C. E. NIND,		

Kimberley,

29th September, 1913.

DE BEERS CONSOLIDATED

Dr.

BALANCE SHEET,

CAPITAL :

800,000 Preference Shares @ £2 10s. 0d. each	...	...	2,000,000	0	0
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	...	2,500,000	0	0
				4,500,000	0 0

DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES, secured by Mortgage of Assets purchased from the London and South African Exploration Company, Limited, redeemable by 1st January, 1930	1,635,495	0 0
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RESERVES (per Contra) :

General Fund	1,800,000	0	0
Redemption Fund : South African Exploration Debentures	132,184	0	0
				1,932,184	0 0
Blue Ground Stocks, 1st July, 1908, at cost	2,268,266	8	1		
Less Amount, since released, transferred to General Fund	...	...	727,847	8	1
				1,540,419	0 0
				3,472,603	0 0

SUSPENSE LIABILITY under Agreements with Leased Companies...	70,117	13	1
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CURRENT LIABILITIES :

Loan	170,969	11	6
Open Accounts	134,081	7	10
Debentures and Obligations, redeemed but unpaid	2,167	0	0
Unclaimed Dividends and Sundries	...	...	41,747	0	4
Interest on Debentures accrued to date	...	...	36,596	2	9
Commissioner of Inland Revenue—Union of South Africa	...	...	426,000	0	0
Preference Shareholders—Dividend declared 25th June, 1913	...	...	400,000	0	0
Deferred Shareholders—Dividend and Bonus declared, 25th June, 1913	...	...	1,000,000	0	0
				2,211,561	2 5

SUSPENSE PROFIT ACCOUNT represented by Diamonds, per contra, unsold at date	595,601	9 5
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BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT	513,521	18 9
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£12,998,900 3 8

We certify that all our requirements as Auditors have been complied with, and that we have audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY, 22nd September, 1913

MINES, LIMITED.

30TH JUNE, 1913.

Gr.

PROPERTY :

De Beers and Kimberley Mining Claims held under Government Licenses, Dutoitspan, Bultfontein and Wesselton Mines, Wesselton Estate, and other Mining Interests	3,058,340	17	8
Estates purchased from the London and South African Exploration Company, Limited	1,635,495	0	0
Farms and other Landed Property	88,700	0	0
Machinery, Permanent Works, Offices, Compounds and Stand Property	1	0	0
		4,782,536	17 8

INVESTMENTS IN STOCKS AND SHARES	1,339,309	6	6
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RESERVES (per Contra) :

Investments, valued at market prices, 30th June, 1913, representing Funds per contra	1,932,184	0	0
Blue Ground on Floors:			
10,803,054 loads at cost deposited on Floors	1,540,419	0	0
		3,472,603	0 0

TIMBER, FUEL, AND OTHER MINING STORES	237,728	9	9
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LIVE STOCK	58,493	15	4
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DEBTORS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Debtors :

Open Account	430,289	4	10
Short Loans against Security	1,037,000	0	0
	1,467,289	4	10
Special Investments	575,436	1	2
Bills Receivable	449,000	0	0
Cash at Bankers and in hand—Kimberley and London	20,901	19	0
		2,512,627	5 0

DIAMONDS on hand at cost of production	595,601	9	5
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£12,998,900 3 8

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto including the

HOWARD PIM, Chartered Accountant, }
PHILIP SALISBURY, Incorporated Accountant, } *Auditors.*

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

DE BEERS AND KIMBERLEY MINES :

To Cost of hauling Blue Ground washed during the year and Sundry Mining Expenses	214,335	17	3	
„ Washing Expenses	227,782	17	9	
				442,118 15 0

WESSELTON MINE :

To Cost of hauling Blue Ground washed during the year	337,699	18	3	
„ Washing Expenses	137,118	12	9	
				474,818 11 0

BULTFONTAIN MINE :

To Cost of hauling Blue Ground washed during the year	285,124	16	11	
„ Washing Expenses	150,922	7	1	
				436,047 4 0

DUTOITSPAN MINE :

To Cost of Hauling Blue Ground Washed during the year	313,292	6	6	
„ Washing Expenses	179,435	10	6	
				492,727 17 0

To SPECIAL MINING EXPENSES				5,866 12 4
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„ EXPENDITURE ON FARMS AND LANDED PROPERTY				74,781 17 10
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„ CHARGES :

Salaries, &c., Head Office	25,825	11	3	
General Charges, Stationery, Cables, Travelling Expenses, Licenses, Agents' Expenses, and Sundries	49,596	11	6	
Legal Expenses	1,099	8	0	
Donations to Public Institutions and Relief, including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	33,466	10	3	
Compensation	7,791	14	10	
Auditors' Fees	1,400	0	0	
London Transfer Office—Net Expenses	3,369	13	5	
Directors' Fees	31,711	17	2	
				154,261 6 5

„ INTEREST ON CAPITAL OF LEASED COMPANIES				96,392 10 0
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„ INTEREST ON DEBENTURES				73,597 5 6
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„ SINKING FUND for Repayment of Debentures				65,942 12 0
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„ MINING PROFITS TAX: Union of South Africa				426,465 7 10
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Carried forward				£2,743,019 18 11
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MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1913.

Gr.

By DIAMOND ACCOUNT	6,297,782	0	10
„ INTEREST AND DIVIDENDS ON INVESTMENTS after adjusting Reserve and Special Investments to Market Prices, 30th June, 1913	...	...	...	...	...	...	122,239	0	4
„ NET REVENUE FROM RENTS	...	...	...	...	...	...	10,715	12	8
„ SUNDRY RECEIPTS	...	...	...	...	...	...	9,242	1	6
„ TRANSFER FEES	...	...	...	...	...	...	871	10	0

Carried forward £6,440,850 5 4

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT FOR THE

	Brought Forward	...	...	2,743,019 18 11
To DEPRECIATION :				
Claims	...	...	...	270,000 0 0
Offices, Compounds, Stand Property, Farms and Sundries	...	...	...	56,728 8 5
Investments	...	...	...	379,307 4 3
				<u>706,035 12 8</u>
„ BALANCE carried to Appropriation Account	...	...	...	2,991,794 13 9
				<u>£6,440,850 5 4</u>

APPROPRIATION

To SUSPENSE PROFIT ACCOUNT :				
Diamonds unsold, at date, at cost	...	...	...	595,601 9 5
„ RESERVES :				
Amount transferred to credit of General Fund	...	...	...	140,060 1 11
„ PREFERENCE DIVIDEND ACCOUNT :				
10/- per Share on 800,000 Shares for the half-year ended 31st December, 1912	...	...	...	400,000 0 0
10/- per Share on 800,000 Shares for the half-year ended 30th June, 1913	...	...	...	400,000 0 0
				<u>800,000 0 0</u>
„ DEFERRED DIVIDEND AND BONUS ACCOUNT :				
Bonus of 2/6 per Share on 1,000,000 Shares, declared out of profit for year ended 30th June, 1912	...	...	...	125,000 0 0
Dividend of 7/6 per Share on 1,000,000 Shares, for quarter ended 30th September, 1912	...	...	...	375,000 0 0
Dividend of 7/6 per Share on 1,000,000 Shares, for quarter ended 31st December, 1912	...	...	...	375,000 0 0
Dividend of 15/- per Share on 1,000,000 Shares, for half-year ended 30th June, 1913	...	...	...	750,000 0 0
Bonus of 5/- per Share on 1,000,000 Shares, for year ending 30th June, 1913	...	...	...	250,000 0 0
				<u>1,875,000 0 0</u>
„ BALANCE, carried to Balance Sheet	...	...	...	513,521 18 9
				<u>£3,924,183 10 1</u>

KIMBERLEY, 22nd September, 1913

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1913.—*Continued.*

Gr.

Brought Forward	6,440,850	5	4
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£6,440,850 5 4

ACCOUNT.

By BALANCE transferred from Profit and Loss Account	2,991,794	13	9
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„ BALANCE unappropriated 30th June, 1912	1,042,399	6	9
--	-----	-----	-----------	---	---

Less British Income Tax paid in final settlement of all claims from 5th April, 1908, to 5th April, 1912	110,010	10	5
--	-----	-----	---------	----	---

932,388 16 4

£3,924,183 10 1

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE No. 1.—DE BEERS AND KIMBERLY MINES.

- | | | |
|---|---|---|
| „ | „ | 2.—WESSELTON MINE. |
| „ | „ | 3.—BULTFONTEIN MINE. |
| „ | „ | 4.—DUTOITSPAN MINE. |
| „ | „ | 5.—TAILINGS AND DEBRIS. |
| „ | „ | 6.—SMALL DIAMONDS RECOVERED FROM OLD
CONCENTRATES. |

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year, exclusive of Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 0 5	s. d. 19 8 75	s. d. 25 3 75	s. d. 9 10 5		476,403
March 31st, 1890		1,251,245	1,450,605	2,330,179 16 3	32 6 75	37 2 75	8 10 5	1,576,821	
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	29 6	29 3 75	8 8	1,525,386	
*June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	25 6	23 5	7 4 3	1,624,805	
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	29 0 6	30 6	6 11 6	2,606,362	
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	24 5 2	21 10 6	6 6 8	3,028,333	
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	25 6	21 8	6 10 8	2,699,233	
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	26 9 4	24 4 5	7 0 1	2,800,316	
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	26 10 6	24 8 6	7 4 3	2,304,917	
June 30th 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	26 6 2	21 2 1	6 7 4	2,377,913	
June 30th, 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	29 7 2	20 11 5	6 7 7	2,937,784	
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	35 10 2	23 6 9	7 6 2	2,722,595	
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	39 7	30 3 1	8 5	2,226,119	
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	46 5 7	35 6 2	8 5 6	2,326,720	
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	48 6 3	29 9 8	7 3 1	2,135,283	
June 30th, 1904	2,440,895	2,401,099	1,303,525½	3,192,798 4 1	48 11 8	26 7 1	7 4 7	2,175,079	
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	52 10	24 2 76	7 7 93	2,204,771	
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	61 0 11	24 9 43	8 2 91	2,339,396	
June 30th, 1907	2,103,853	1,467,456	543,752¾	1,762,080 19 10	64 9 74	24 0 2	9 0 82	3,213,875	
June 30th, 1908	1,208,974	1,130,673	414,121½	£ 822,287 11 5	658 0 8	21 5 8	6 8 2	3,323,237	

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over.]

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	490,112	1,402,894	6/9·87	589,303 $\frac{3}{4}$	42	46/7·79	19/7·11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5·29	693,482 $\frac{3}{4}$	38	47/9·24	18/1·83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7·67	350,662 $\frac{1}{2}$	28	51/6·29	14/5·12	247,738
June 30th, 1912	323,621	378,614	13/6·78	119,013	31	53/11·47	16/8·716	192,745
June 30th, 1913	351,347	419,881	11/0·67	120,514 $\frac{3}{4}$	29	67/3·74	19/6·24	124,211

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.

WESSELTON MINE.

YEAR ENDING.	Number of Loads of Blue Haired.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of "Blue" on Floors at close of Year.
June 30th, 1897	271,777	...	...	£ s. d. ...	...	s. d. ...	s. d. ...	s. d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	27	20 9·3	5 8·2	2 7·1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	30	22 10·1	6 9·8	2 3·3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	30	25 0·2	7 5·9	2 7·5	1,340,313
June 30th, 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	295	27 3·7	8 0·6	3 0·9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	30	33 5·9	9 11·6	3 5·2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	30	34 4	10 3·2	3 3·7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	28	34 10·45	9 10·6	3 7·3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	284	36 11·13	10 6·04	3 9·74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	28	43 9·26	12 4·35	4 0·55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	32	41 1·3	13 1·76	5 8·87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	a775,088 4 11	27	b38 11·41	c10 6·2	4 8·73	1,907,165

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

TABLE No. 2.—WESSELTON MINE—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436
June 30th, 1912	2,573,398	2,020,291	4/7.576	581,973½	29	45/3.12	13/1.504	3,077,543
June 30th, 1913	2,226,157	2,143,232	4/4.45	576,458	27	51/2.88	13/10.02	3,160,468

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE NO. 3.
BULTONTEIN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.		Number of Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.		Number of Loads of "Blue" on Floors at the close of Year, exclusive of Lumps.
				£	s. d.		s. d.		s. d.	s. d.		
June 30th, 1901	148,086	...	65	146	5 0	...	45 0	...	...	...	...	148,086
June 30th, 1902	353,042	20,194	4,486½	6,817	5 6	21	30 47	6 9	6 64	6 64	...	480,934
June 30th, 1903	318,410	317,185	76,573¼	118,102	3 0	24	30 10.2	7 54	5 9	5 9	...	482,159
June 30th, 1904	429,729	514,385	148,219	219,711	14 6	29	29 77.6	8 6.5	5 9	5 9	...	397,503
June 30th, 1905	605,730	611,491	249,002¾	434,902	15 3	41	34 11.18	14 2.69	5 10.47	5 10.47	...	391,742
June 30th, 1906	1,771,372	953,296	346,072	743,317	10 5	36	42 11.49	15 7.14	5 5.26	5 5.26	...	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485¼	1,191,551	15 4	32	43 6.31	13 9.49	6 2.4	6 2.4	...	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386¾	6704,741	15 4	32	641 4.8	613 2.97	6 1.86	6 1.86	...	1,846,191

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	1,214,301	1,573,118	6/7.39	602,456½	38	33/5.4	12/8.53	1,487,374
June 30th, 1910	2,099,173	1,818,509	4/3.48	667,840	37	32/1.62	11/10.68	1,768,038
June 30th, 1911	2,457,412	1,866,212	3/11.45	700,398¾	38	35/0.52	13/3.79	2,359,238
June 30th, 1912	2,334,720	2,025,450	3/11.357	834,760½	41	40/8.242	16 8.179	2,668,508
June 30th, 1913	2,313,477	2,096,378	4/1.28	874,430¼	42	45/9.29	19/2.7	2,885,607

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE NO. 4.
DUTOITSPAN MINE.

YEAR ENDING.	Number of Loads of Blue Hoisted.	Number of Loads of Blue Washed.	Number of Carats of Diamonds found.	Value of Diamonds produced.	Number of Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Number of Loads of Blue on Floors at the close of Year, exclusive of dumps.
June 30th, 1904 Development.	39,914	24,359	3,032½	£ 6,457 6 5	12	s. d. ...	s. d. ...	s. d. ...	15,555
June 30th, 1905	311,499	65,784	17,121½	59,846 18 8	26	69 10 93	18 2 34	12 3 56	261,270
June 30th, 1906	1,685,714	617,028	151,335½	612,607 19 4	25	80 11 52	19 10 28	7 1 49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821½	1,455,330 0 6	24	79 6 78	18 10 9	6 5 84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737¾	σ 612,530 6 6	23	674 5 07	σ 17 1 4	5 6 24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Hauling and Washing per Load for the Year.	Carats of Diamonds found.	Yield per 100 Loads of Blue.	Selling Value per Carat.	Value per Load.	Stocks of Blue Ground on Floors at close of year, excluding dumps.
June 30th, 1909	Nil.	Nil.	...	115	...	57/7 52	...	2,878,530
June 30th, 1910	878,775	917,175	5/5 34	210,099¾	23	68/1 46	15/8 02	2,840,130
June 30th, 1911	2,780,070	2,335,240	4/7 09	482,971½	21	73/6 5	15/5 325	3,284,960
June 30th, 1912	2,718,703	1,845,796	3/10 665	428,213½	23	*83/0 132	19/1 11	4,096,394
June 30th, 1913	2,491,235	2,330,234	4/2 09	540,033	23	*93/0 45	21/4 78	4,257,395

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Based on Blue and Mixed Crusher Diamonds Sold.

TABLE No. 5.
TAILINGS AND DEBRIS.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.	Value of Diamonds Produced.		
			£	s.	d.
June 30th, 1901	265,239	50,147½	58,484	12	6
June 30th, 1902	1,151,816	202,830	251,870	12	3
June 30th, 1903	1,347,115	227,477	281,433	18	0
June 30th, 1904	1,881,090	399,065½	442,771	13	5
June 30th, 1905	1,616,030	257,059¾	311,030	7	2
June 30th, 1906	2,200,964	306,190¾	428,177	0	0
June 30th, 1907	4,370,221	557,897¼	800,273	5	0
June 30th, 1908	2,986,778	385,857	a 439,876	8	5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	No. of Loads of Tailings Washed.	No. of Carats of Diamonds found.
June 30th, 1909	632,857	61,123¼
June 30th, 1910	1,394,641	170,919½
June 30th, 1911	2,359,021	256,631¼
June 30th, 1912	1,440,914	123,431½
June 30th, 1913	1,705,938	182,032½

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

GENERAL MANAGER'S REPORT.

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the General Manager's Twenty-fifth Annual Report on the mining operations of the Company for the year ended 30th June, 1913.

DE BEERS MINE.

The mining of blue ground in this mine was suspended on the 31st July, 1908, and has not yet been resumed.

Development Work.—The following development work was done during the year:—

Timbering shaft	2,087 feet.
Stripping Main Rock Shaft	52,960 cubic feet.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 3,535 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 2,040 foot level is estimated to be 2,750,000 loads.

The depth of the Rock Shaft is 2,466 feet.

The depth of No. 1 Shaft is 1,670 feet. To complete the shaft to the 1,720 foot level, 16 feet remain to hole, 34 feet having been raised from the 1,720 foot tunnel.

DE BEERS FLOORS.

The stock of blue ground at the end of last year was 191,647 loads. 67,436 loads were washed, leaving a balance of 124,211 loads, of which 11,760 loads are from the west end of the mine, having been taken out for test purposes.

The cost of washing was 3s. 7.45d. per load, as against 4s. 8.7d. for the previous year.

Tailings.—11,314 loads of tailings were washed, yielding $2,573\frac{1}{2}$ carats of diamonds, or .23 of a carat per load. The tailings washed consisted of an old bridge embankment, which contained a proportion of lumps.

KIMBERLEY MINE.

Output of Blue Ground.—351,347 loads of blue ground were hoisted from the mine as follows:—

2,600 foot level	49,850 loads.
2,640 „ „	101,328 „
2,680 „ „	80,818 „
2,720 „ „	71,355 „
2,760 „ „	40,288 „
2,800 „ „	2,542 „
2,880 „ „	240 „
3,520 „ „	4,926 „
Total	351,347 loads.

23,036 loads of reef or waste ground were also hoisted.

Hoisting was done from the 3,520 foot level.

The cost of mining and depositing was 7s. 2.3d. per load, as against 11s. 4.969d. for the previous year.

The cost shows a reduction of 4s. 2.669d. per load, as compared with that of the previous year, due to a lesser amount of development work. The cost would have been further reduced but for the fire in September and the two serious mud rushes in January and April.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 3,520 foot level is estimated to be 2,000,000 loads.

Water.—The average quantity of water pumped from the mine was 7,872 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	1,818 feet.
Tunnels driven in blue ground	2,173 „
Passes sunk in rock	164 „
Timbering shafts	656 „
Timbering tunnels	457 „
Excavations (rock)	19,968 cubic feet.
Sinking Incline Shaft... ..	441 feet.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

The Incline Shaft from the surface to the Water Tunnels was completed in April.

Mud Rushes.—A serious mud rush took place on Thursday, the 23rd January, on the 2,760 foot level, causing the death of six natives. The mud, which filled about 1,100 feet of tunnels, came out without warning. The miner in charge was blasting lumps only a few minutes before the occurrence.

Another mud rush occurred on the same level on Monday, the 21st April, filling 1,955 feet of shafts and tunnels. A great deal of damage was done to the Prospect Shaft, but fortunately no lives were lost.

Owing to the recurrence of mud rushes in this mine, and as it was impossible to definitely locate the source of the water, which, combined with loose reef, causes the mud rushes, it was decided to stop mining blue ground, and to concentrate all work on the removal of reef on a large scale. This course will secure the safety of the employees underground, and will also ensure an uninterrupted output of blue ground later on.

In the process of mining a certain quantity of blue ground was left behind, and has become mixed with the aforementioned reef, and it has therefore been decided to wash the mixture so as to recover whatever diamonds it may contain. The hoisting of this mixture was started on the 22nd May from the 2,520 foot level, and at 30th June 52,923 loads had been hoisted.

Fire.—At 8.30 on Sunday morning, 15th September, a fire broke out in the engine house. At the moment of the outbreak the driver of the man engine, John Spence, showing great presence of mind, sounded the alarm whistle, shut off steam from the engine, turned on steam for the fire service, and notified the banksman. In a very short time the engine house was one mass of flames, and the skip and cage ropes were burnt through almost instantaneously. The east blue ground skip, which was hanging in the headgear, was precipitated to the 3,520 foot level, and the man cage dropped from the 2,520 foot level to the 3,520 foot level. Unfortunately one man, named Daniel Cox, was killed. He was in the cage when it dropped to the bottom of the shaft. Comparatively little damage was done to the shaft, and neither of the engines was seriously damaged. The necessary repairs to the engine house, engines and shaft were completed on 22nd September, and hoisting was resumed on Monday morning, 23rd September.

Great praise is due to the Kimberley Fire Brigade, and to the Company's workmen who quickly extinguished the fire. A good supply of water was available.

Jigging Plant.—A direct treatment Jigging Plant is in course of erection. This plant will be able to treat 5,000 loads in 24 hours. The plant consists of three stages of crushers and jigs, and is designed so that the blue ground is made to run by gravity from one stage of treatment to another throughout the process of concentration.

KIMBERLEY FLOORS.

During the year 352,445 loads of blue ground, including 1,098 loads brought forward from last year, were washed direct from the mine.

The cost of washing blue ground and tailings was 2s. 1.534d. per load, as against 2s. 2.232d. for the previous year.

The average cost of mining and washing blue ground was 11s. 7.15d. per load, as against 13s. 7.201d. for the previous year.

Tailings.—1,664,017 loads of tailings were washed, yielding 177,623 $\frac{3}{4}$ carats of diamonds, or .11 of a carat per load.

WESSELTON MINE.

Output of Blue Ground.—2,226,157 loads of blue ground were hoisted from the mine as follows:—

500 foot level	...	...	...	...	...	...	24,940 loads.
540	..	..	...	...	...	...	119,978 ..
580	..	..	...	...	...	...	395,175 ..
620	..	..	...	...	...	...	637,729 ..
660	..	..	...	...	...	...	496,990 ..
700	..	..	...	...	...	...	341,425 ..
740	..	..	...	...	...	...	132,484 ..
780	..	..	...	...	...	...	56,663 ..
820	..	..	...	...	...	...	4,786 ..
860	..	..	...	...	...	...	376 ..
900	..	..	...	...	...	...	525 ..
940	..	..	...	...	...	...	57 ..
980	..	..	...	...	...	...	15,029 ..
Total							2,226,157 loads.

67,589 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

The cost of mining and depositing was 3s. 1.122d. per load, as against 3s. 0.083d. for the previous year.

Compared with the previous year there is an increased cost of 1.039d. per load. This is due to a reduction in output of 347,241 loads.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 980 foot level is estimated to be 18,000,000 loads.

Water.—The average quantity of water pumped from the mine was 42,423 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	...	5,212 feet.
Tunnels driven in blue ground	...	...	...	...	...	45,135 ..
Passes sunk in rock	...	...	...	...	...	946 ..
Passes sunk in blue ground	...	...	...	...	...	1,569 ..
Timbering Tunnels	...	...	...	...	...	13,025 ..
No. 2 Main Rock Shaft sunk	...	...	...	...	...	437 ..
Prospect shafts sunk	...	...	...	...	...	295 ..
Timbering shafts...	...	...	...	...	...	671 ..
Excavations (rock)	...	...	...	...	...	4,537 cubic feet.
Timbering passes	...	...	...	...	...	155 feet.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 1,425 feet.

WESSELTON FLOORS.

The stock of blue ground at the end of last year was 3,077,543 loads; 2,226,157 loads were deposited, and 2,143,232 loads were washed, leaving a balance of 3,160,468 loads.

The cost of washing was 1s. 3.35d. per load, as against 1s. 7.493d. for the previous year.

The average cost of mining and washing was 4s. 4.45d. per load, as against 4s. 7.576d. for the previous year.

BULTFONTEIN MINE.

Output of Blue Ground.—2,313,477 loads of blue ground were hoisted from the mine as follows:—

600 foot level	...	...	...	...	...	...	84,875 loads.
640 "	"	"	...	...	...	...	136,593 "
680 "	"	"	...	...	...	...	179,399 "
720 "	"	"	...	...	...	...	300,169 "
760 "	"	"	...	...	...	...	621,031 "
800 "	"	"	...	...	...	...	641,497 "
840 "	"	"	...	...	...	...	345,424 "
880 "	"	"	...	...	...	...	1,724 "
1,000 "	"	"	...	...	...	...	2,066 "
1,600 "	"	"	...	...	...	...	699 "
Total							2,313,477 loads.

44,147 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

The cost of mining and depositing was 2s. 8d. per load, as against 2s. 6.085d. for the previous year.

The cost shows an increase of 1.915d. per load over that of the previous year, which is more than accounted for by the extra amount of underground development during this year, entailing an increased expenditure of £32,517 17s. 9d., which is equal to 3.373d. per load. The development work done during the year which caused this increase was as follows:—

No. 2 Main Rock Shaft sunk from 1,084 feet to a depth of 1,607 feet, and the 1,600 foot station partly opened out.

The Rock Prospect Shaft sunk from the 1,000 foot to the 1,600 foot level, and stations opened out.

The Main Rock Tunnel driven 687 feet north from the Rock Prospect Shaft.

The Blue Prospect Shaft sunk 475 feet below the 1,000 foot level.

Mud Rush.—A mud rush occurred at 4 p.m. on the 14th May, on the east side of the mine on the 840 foot level. Five natives were imprisoned in one of the chambers, the mud having cut off all possible escape. Work was started at once, and at 2 a.m. on the 15th May the boys were rescued none the worse for their experience. A mud rush in this mine was most unexpected, in fact it was the last mine in which I should have anticipated such an occurrence. An extraordinary feature was that the mud was very hot, in fact so hot that it was almost impossible to handle it, and it was feared that even if the imprisoned natives had made their way to the top of a chamber the heat would overcome them. For many years past the shale in Bultfontein Mine has been burning, owing to spontaneous combustion set up by water coming into contact with the iron pyrites contained in the black shale, and presumably this accounts for the high temperature of the mud.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 1,000 foot level is estimated to be 12,000,000 loads.

Water.—The average quantity of water pumped from the mine was 24,083 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	1,097 feet.
Tunnels driven in blue ground	...	...	...	...	25,512 „
Passes sunk in blue ground	...	...	...	...	312 „
Timbering tunnels	...	...	...	...	1,149 „
Prospect shafts sunk	...	...	...	...	886 „
Timbering shafts	...	...	...	...	1,366 „
Excavations (rock, 23,800 c. ft.)					
(blue, 2,208 c. ft.)	...	...	...	...	26,008 cubic feet.
No. 2 Main Rock Shaft sunk	...	...	...	...	523 feet.

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,607 feet.

The Main Rock Tunnel on the 1,600 foot level was started in November, and has been driven 754 feet.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year was 2,668,508 loads; 2,313,477 loads were deposited, and 2,096,378 loads were washed—of which 760 loads were returned to stock as lumps—leaving a balance of 2,885,607 loads.

The stock of cylinder lumps at the end of last year was 33,944 loads; 760 loads were deposited, leaving a balance of 34,704 loads.

The cost of washing was 1s. 5.28d. per load, as against 1s. 5.272d. for the previous year. The average cost of mining and washing was 4s. 1.28d. per load, as against 3s. 11.357d. for the previous year.

DUTOITSPAN MINE.

Output of Blue Ground.—2,491,235 loads of blue ground were hoisted from the mine as follows:—

430 foot level	...	...	...	...	20,159 loads.
470 „ „	...	...	...	...	348,143 „
510 „ „	...	...	...	...	766,868 „
550 „ „	...	...	...	...	905,034 „
590 „ „	...	...	...	...	434,899 „
630 „ „	...	...	...	...	3,386 „
670 „ „	...	...	...	...	144 „
710 „ „	...	...	...	...	1,618 „
750 „ „	...	...	...	...	10,984 „

Total ... 2,491,235 loads.

49,350 loads of reef or waste ground were also hoisted.

Hoisting was done from the 750 foot level.

The cost of mining and depositing was 2s. 7.9d. per load, as against 2s. 4.037d. for the previous year.

There has been an increase of 3.863d. per load as compared with the previous year, which is more than accounted for by:—

First.—A reduction in output of 227,468 loads.

Second.—An increase in machinery expenditure of £19,155 11s. 6d., equal to 1.845d. per load.

Third.—An increase in the expenditure on underground development of £23,923 10s. 1d., equal to 2.305d. per load.

The total increase due to additional machinery and underground development amounts to 4.15d. per load. This expenditure for machinery includes the cost of a new compressor and the re-modelling of the old boiler plant. The development work done during the year was as follows:—

No. 1 Main Rock Shaft sunk from 1,000 foot to the 1,350 foot level, and the main station and pump chamber cut. This shaft was very expensive to sink owing to the large amount of water struck.

The Rock Prospect Shaft sunk 350 feet, with stations every 50 feet.

The Blue Prospect Shaft sunk 364 feet below the 750 foot level.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 750 foot level is estimated to be 15,000,000 loads.

Water.—The average quantity of water pumped from the mine was 8,496 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	2,498 feet.
Tunnels driven in blue ground	...	...	...	...	22,976 „
Passes sunk in rock	...	...	...	...	640 „
Passes sunk in blue ground	...	...	...	...	474 „
Timbering tunnels	...	...	...	...	5,457 „
Timbering shafts	...	...	...	...	1,430 „
Prospect shafts sunk	...	...	...	...	872 „
No. 1 Main Rock Shaft sunk	...	...	...	...	383 „
Excavations (rock, 54,600 c. ft.)					
(blue, 8,912 c. ft.)	...	...	...	...	63,512 cubic feet.

The water tunnel on the 330 foot level was driven 1,695 feet during the year.

The depth of No. 1 Main Rock Shaft is 1,383 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year was 4,096,394 loads; 2,491,235 loads were deposited, and 2,330,234 loads were washed, leaving a balance of 4,257,395 loads.

The stock of cylinder lumps at the end of last year was 347,295 loads. 6,626 loads were washed, leaving a balance of 340,669 loads.

The cost of washing was 1s. 6.19d. per load, as against 1s. 6.628d. for the previous year.

The average cost of mining and washing was 4s. 2.09d. per load, as against 3s. 10.665d. for the previous year.

Tailings.—30,607 loads of tailings were washed, yielding $1,835\frac{1}{4}$ carats of diamonds, or .06 of a carat per load.

GENERAL REMARKS.

Summary of Operations.—Only development work was done at De Beers Mine.

Kimberley Mine hoisted 351,347 loads, as against 295,015 loads for the previous year.

The total quantity washed from De Beers and Kimberley Mines was 419,881 loads of blue, as against 378,614 loads for the previous year.

Wesselson Mine hoisted 2,226,157 loads, as against 2,573,398 loads for the previous year. The quantity washed was 2,143,232 loads, as against 2,020,291 loads for the previous year.

Bultfontein Mine hoisted 2,313,477 loads, as against 2,334,720 loads for the previous year. The quantity washed was 2,096,378 loads of blue—of which 760 loads were returned to stock as lumps—as against 2,025,450 loads of blue and 97,483 loads of lumps for the previous year.

Dutoitspan Mine hoisted 2,491,235 loads, as against 2,718,703 loads for the previous year. The quantity washed was 2,330,234 loads of blue and 6,626 loads of lumps, as against 1,845,796 loads of blue and 187,405 loads of lumps for the previous year.

The total quantity of blue ground hoisted for the year was 7,382,216 loads, as against 7,950,442 loads for the previous year.

The total quantity washed for the year was 6,989,725 loads of blue ground (760 loads returned to stock as lumps), 6,626 loads of lumps and 1,705,938 loads of tailings, in all 8,702,289 loads, as against 6,270,151 loads of blue ground, 284,888 loads of lumps, and 1,440,914 loads of tailings, in all 7,995,953 loads for the previous year.

The stock at 30th June was 10,427,681 loads of blue ground and 375,373 loads of lumps, a total of 10,803,054 loads, as against 10,035,190 loads of blue ground and 381,239 loads of lumps, a total of 10,416,429 loads at the end of the previous year.

Average Yield.—The average yield of diamonds was:—

From De Beers and Kimberley Mines	.29 of a carat per load.
From Wesselson Mine ... ..	.27 of a carat per load.
From Bultfontein Mine ... ..	.42 of a carat per load.
From Dutoitspan Mine ... ..	.23 of a carat per load.

Central Power Station.—Owing to the increased installation of electrical apparatus in the various departments of the Company's works, it has been necessary to order a 6,000 k.w. Westinghouse-Rateau Turbo-Generating Plant, and in order to increase the efficiency of our Power Station we have ordered a new Boiler Plant. These units are now in the course of construction, and we hope to have them in operation early in 1914.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 14.49 inches, as compared with 16.83 inches for the previous year.

The rainfall for the last seven years was as follows:—

Year ending 30th June, 1907	...	23.45 inches.
„ „ „ „ 1908	...	14.45 „
„ „ „ „ 1909	...	22.68 „
„ „ „ „ 1910	...	13.69 „
„ „ „ „ 1911	...	13.85 „
„ „ „ „ 1912	...	16.83 „
„ „ „ „ 1913	...	14.49 „

The rainfall during the year was again below the average, and for two weeks at the end of January and the beginning of February the dams were empty, and we had to augment our mine water with Vaal River water to supply washing requirements.

The amount of water in the dams at 30th June was only sufficient for our requirements to the end of September, and was less than in any previous year at that date.

Du Toit's Pan.—The depth of water in Du Toit's Pan on the 30th June, 1913, was approximately 2.30 feet, equal to 43,438,000 gallons, as compared with approximately 5.80 feet, and 149,125,000 gallons on the 30th June, 1912.

Purified Water.—All our boiler plants were supplied with water from the purifying plant at Wesselton Mine.

Employees.—The number of white employees at 1st July, 1912, was 2,222 men and 353 lads, and at 30th June, 1913, 2,519 men and 339 lads.

The number of natives employed at 1st July, 1912, was 14,712, and at 30th June, 1913, 15,890.

Native Labour.—The native labour required by the Company was practically supplied by natives voluntarily presenting themselves at the Compounds.

Leave of Absence to Daily-paid Employees.—The Board of Directors have resolved to commemorate the twenty-fifth anniversary of the formation of this Company by granting to daily, weekly and fortnightly paid employees, including apprentices, who have been in the Company's service continuously for at least one year, a holiday of two consecutive weeks annually on full pay for fourteen days. This privilege to be cumulative, but not to exceed six weeks' leave.

Appointments.—Mr. H. T. Dickinson, lately Superintendent of Mines, was appointed Assistant General Manager, Mining Department, on the 7th May.

Mr. J. N. F. Armstrong, lately Assistant Superintendent of Mines, was appointed Mining Engineer on the same date.

In conclusion, I beg to thank the Directors of the Company, the various heads of departments, and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,
General Manager.

KIMBERLEY,
23rd October, 1913.

De Beers Consolidated Mines, Limited.

Twenty-Fifth Ordinary General Meeting.

The Twenty-fifth Annual General Meeting of Shareholders in the De Beers Consolidated Mines, Limited, was held in the offices of the Company, Stockdale Street, Kimberley, Tuesday morning, 25th November, 1913. Mr. Francis Oats, Chairman of the Company, presided (and held proxies representing 153,888 shares), and there were also present:—Colonel Sir David Harris (and q.q. S. B. Joel, J. B. Joel, F. Barnato, Barnato Bros., L. Abrahams), Messrs. D. J. Haarhoff (and q.q. estate W. Shilling, Hilda Haarhoff), G. W. Compton, C. E. Nind, B. Horkheimer (and q.q. Harry Mosenthal), A. Westcott and q.q. F. Hirschhorn), A. Brink (and q.q. C. L. Marais, J. H. Marais, F. R. L. Marais, A. F. Marais, P. J. Rous), E. C. Lardner Burke (q.q. H. J. Lange and S. G. Orpen), Giles Oats, Henry Swift, T. Rowe English (and q.q. Robert English), E. Weatherby, K. Hirsche, Alpheus F. Williams, Walker Marshall, H. Rose-Innes, E. Oppenheimer (q.q. Leon Sutro), J. J. T. King (q.q. estate C. A. E. Meyer, Mrs. R. Macfarland), W. Pickering (q.q. Andrew Gloag), E. F. Raynham, Andrew Kiddie, A. L. Franceys (q.q. C. B. Franceys), and the Secretary, W. Pickering. Colonel Sir David Harris held proxies representing 87,844 shares. Mr. Brink held proxies representing 12,104 shares.

The Secretary read the notice convening the meeting, and laid upon the table the Report and Balance Sheet for the past year. The Secretary also read the minutes of the last Annual Meeting and the Extraordinary Meeting which immediately followed the last Annual Meeting. These were confirmed.

The Chairman said there was a great deal of matter contained in the Directors' Report and Accounts, which would take a long time to read. He supposed they had all read them, and he would be glad if some shareholder would propose that they be taken as read.

Mr. E. W. Weatherby moved, and Mr. E. Oppenheimer seconded, that the Report and Accounts be taken as read, and this was agreed to.

The Chairman, who was received with applause on rising to move the adoption of the Directors' Report, Balance Sheet and Profit and Loss Account, said: It is customary for the Chairman, when proposing this resolution at the annual meeting, to make some remarks on the subject. Fortunately our accounts have been circulated throughout the world all in good time, so that our shareholders at a distance might be able to be represented here to-day by proxy, and, if there are any dissentients to those statements, that they might give instructions for their differences to be heard and taken notice of. That being so, it makes it unnecessary for me to speak at very great length, although having so much matter to refer to there is always a temptation to speak at greater length than one intends to. I must claim your indulgence, first, while I refer to the salient points in the Directors' Report. Once a year we have to meet you and give an account of our stewardship, and we are pleased to meet you to-day, because the results of the financial year have been very satisfactory. The Directors' Report you have taken as read, notwithstanding which, I shall read from it from time to time. Our financial statement has varied a little in form, and for that reason it is rather difficult at once to compare the results of this year with the previous year. But these changes have been made at the instance of our Chief Accountant, Mr.

Neville, whose recommendations have been adopted by the Board; the results not being affected in any way, but the means by which the accounts and forms show these results are not quite the same, so that I cannot very well make comparisons with last year's statements. For the future it will be easier to make comparisons, because the basis on which the accounts have been prepared this year will be continued. You will see that we brought forward from last year £1,042,000, and carry forward only £513,000, but this great falling off in the amount carried forward is only apparent and not real, because in the previous year, when we carried forward £1,042,000, there was £471,000 of diamond stocks included in the £1,042,000, and while we carry forward £513,000 in this statement, the diamond stocks, amounting to £595,000, being placed to Suspense Profits Account until they are realised, and after making allowance for this, makes the result £66,000 better. You will remember that out of the account carried forward last year we immediately took from it £125,000, which was a bonus to deferred shareholders on the profits of the year before. We had also an amount of £110,000 to pay for British income tax, being an accumulation for past years. These sums brought the £1,042,000 down to £807,000, and if we take off the value of diamond stocks at the end of that year, viz., £470,000, it left only £330,000 to be carried over from last year in the same sense as we are carrying over £513,000 this year. Instead of our carrying forward a lesser amount, we are carrying over this year about £200,000 more than last year. During the year the diamonds sold, plus the increase of stocks, have amounted to £6,297,000, and I have ascertained that the increase of stocks is £124,000, at cost of production, leaving the amount of diamonds sold £6,173,000. I am quoting round figures for the sake of simplicity. The year before we sold diamonds to the value of £5,524,000, as stated in my speech last year, so that we actually sold this year an amount of £649,000 more than last year. As a matter of fact we have put upon the market a little less in carats than the year before. We sold up to June 30, 1912, 2,058,000 carats, and we sold up to June 30, 1913, 2,034,000 carats. I want you to bear this in mind, because we have been accused of putting an extra quantity of diamonds upon the market, and at the same time reflecting upon others for doing so. This accusation is not correct, and I am speaking advisedly when I say we have put on the market 24,000 carats less this year than the year before. Our production this year was a little more than last year, about 200,000 carats, but this went to increase stocks; whether that increase was on the floors or in the safes it did not affect the market in any adverse degree. We have some influence with other mines, and this influence has been directed in the way of endeavouring to keep back production, with a view to upholding prices. The prices for this past year were about 10 per cent. greater than the year before. The rise or fall of prices does not take place immediately on the rise or fall of production, but it takes a bit of time for this to work round, and this 10 per cent. increase for the year is attributable to our self-denial or our courage in refusing to put larger quantities of diamonds on the market in years before. I think I am right now in drawing attention to the fact that, although we have put less diamonds on the market through our own production, and although we have influenced the Koffyfontein and the Voorspoed Mines in not putting such large quantities as they might on the market, other mines have increased their production, the whole of which has been placed on the market. I am speaking very guardedly now, because I am answering the criticism made against the Board that they are endeavouring to get others to do what they don't do themselves. Everyone knows we have De Beers Mine standing idle, and everyone knows our other mines can be worked night and day to a greater degree, and it would not be difficult for us to waste our resources and exhaust the mines rapidly and produce double the quantity we are doing at the present time. But we do not do this; on the contrary, we have regard for the future. What would be the outcome of such a policy? It seems almost a work of supererogation for me to labour this point, because we have referred to it year after year in the past. But while we have been restricting our production in a degree in order to uphold the price of diamonds, which is everything to us, we have found that other producers have been riding on our backs, and have been producing every diamond they could, and placing it on the market. This applies with the greatest force to those mines which produce small goods and also goods of the lowest quality. Consequently our stocks are greatly composed of this class of goods to-day. We know, further, that the market cannot take over a long period such quantities of these goods, and the outcome must be a reduction in their value. I want to speak encouragingly to our shareholders, because their income is not made to a great degree from this class of diamonds. Our income is made, fortunately, from a class of diamonds others are not able to produce to any great degree; they cannot satisfy their customers with diamonds that go four or five to the carat, when they want larger goods, so that we are not affected very seriously. But affected we are, and in this way: the cutting of larger diamonds creating as a bye-product small pieces, and because of the sympathy which exists between the approximate classes of diamonds; and, of course, there is also our own production of the smaller and inferior class of goods.

Now, according to the statistics that we have and are able to obtain—and some of these are absolutely correct and others are estimates upon which we rely—the production of diamonds throughout South Africa—and by South Africa I mean German South-West Africa also—for year ended 30th June, 1912, was 5,642,230 carats. The production for the year ended June 30, 1913, is 6,483,000 carats. Although 6,483,000 represents the output, 250,000 carats of this quantity produced by De Beers have not been put upon the market at all, so that the increase is made entirely by other concerns, an increase of 792,000 carats, and the amount of money which the public has paid for the diamonds marketed this year has been £13,400,000, against £10,169,000 for last year. The whole of that money naturally is not attributable to the increased production; as I said before, our diamonds have sold at 10 per cent. higher than the year before, and so have those of all our competitors as well. The folly of producing such a large quantity and putting them on an unwilling market is felt to-day, because there is a certain amount of uneasiness in the market about this large quantity of inferior goods and small stuff; and there is no disguising the fact that it is a question for us whether we should continue the policy of restricting our production of this class of goods and stock them, as we are now doing, not in the interests of ourselves so much as in the interests of other producers, who so far have not listened to reason, who must be aware that they are able to make what they have made through the policy of De Beers, but there are certain limits beyond which we ought not to go. The question is whether we should protest, and by protesting say, “Unless you diminish the production or the quantity you put upon the market we shall produce against you”; and there will be no reason why we should not do it to-morrow, except that De Beers Board are most reluctant to do that sort of thing. I may say partly, if not entirely, out of consideration for those customers who have bought these goods—and have large quantities of stock, whether cut or uncut, in their businesses. The effect of doing so would be to reduce the value of their stocks, and it would be a very serious loss to them. As these customers are not only customers for this class of goods, but also for better goods, it would only be in *dernier ressort* that the De Beers Company would ever adopt such action in putting that class of goods on the market in increased quantity, which would have the effect of lowering the prices of their goods very materially. It is a very delicate subject, but naturally a great many people outside think they have a ready cure for all the ills, uncertainties and difficulties which are before us. But there are many pros and cons. No action will be taken, I can assure you, which will not be maturely considered, and I do hope that reason will prevail with the producers of this class of goods, and that for the future they will only produce such quantities as the market will readily absorb; this policy is more imperative in the interest of our competitors than even for ourselves. The life of our mines is—as Colonel Sir David Harris well pointed out some years ago—very, very long. We have worked Kimberley Mine down to 3,000 feet deep, and so far as I know it might be worked 3,000 feet deeper; but with poorer mines the trouble is the increased cost which will attend underground working. Their future is not so assured. With open workings you can work at a certain low cost, but working underground we know perfectly well the costs of working are dearer; and surface deposits, being more limited, are naturally exhausted sooner. It is for them a very serious matter, and they should not exhaust their more limited resources by flooding the market and making their own prices in consequence lower. We, notwithstanding the great length of life we can see before our mines, are very jealous on that point, and do not want to pull the ground out of the mines and finish them without making the best out of them for the time being. Suppose it was possible to work out the whole of the mines next year, and put all the diamonds on the market, how much profit would De Beers get? Suppose it was possible to do that, and we were to do so, we should get no benefit from this as against our present method of working, i.e., producing just the quantity of diamonds the market will take without lowering prices. It is no business of ours to be a party to that sort of thing. We have to conserve the interests of the shareholders by lengthening the life of the mines as long as we can. Take De Beers Mine, for instance. We have not worked that mine since 1908, and I suppose we could get greater profit by working that mine than we do from Wesselton. In other directions also we have reduced our working very considerably, and all this has the effect of prolonging the life of our mines and upholding the diamond market. On the other hand, we cannot go on in this way restricting our production, or increasing our diamond and blue ground stocks, unless we get other concerns who are collectively producing more carats than we are—considerably more—to take some concerted action in the same direction.

I am speaking advisedly, and with the Board behind me, when I say on the question of small diamonds there is a certain amount of uneasiness on account of the over-production of small goods from outside sources, for which De Beers are not responsible. I am here to defend the De Beers Company, and we have not often an opportunity of putting

our case before our shareholders and the world in general. While this is the position with regard to small goods, notwithstanding the large quantities which were taken in August owing to the American tariff coming on, and the values paid through not having a sufficient quantity of the better class goods to meet that demand, the price has risen; and now the tariff has come into force, the natural result will be that there will be a little easing off in the demand from our great customer, America. But we are informed, notwithstanding the tariff and the considerable stocks taken into America in anticipation of the coming into effect of the tariff, the demand is now greater than had been expected, and if the world goes on in peace and quiet—and there is no doubt the wealth of the world is increasing—the quantities of diamonds required from year to year will become gradually more. I will not say each year it will be greater, because it is often the case that a year of better times is followed by a year not quite so prosperous—and while each year perhaps will not represent an increased amount of money available for diamonds, still in the long run this increase, I believe, will go on. As our esteemed friend, the late Sir Julius Wernher, once said: “The world’s wealth is increasing, and the demand for diamonds is increasing, so that it can stand a new mine now and again, and stand increased production.” If anyone had told us that the world would pay £13,000,000 for uncut diamonds in one year some time ago in the history of Kimberley, such a statement would have been laughed at. I do not say it will be £13,000,000 this year, but I believe in the long run they will take that amount or more in a year. I fancy I hear someone say: “Why have this regard at all?” Well, other mines are producing more than half the carats, and they are producing just half the value, and that being the case, it is better for us to seek to get them to co-operate with us, and it is in this direction that I am speaking. I hope my voice will reach quarters far away from here, and it is our business to try and get our competitors, or some of them, to co-operate in this direction. If this rate of production is continued, and our competitors market the whole of their production, the prices will fall so that some of them will find that their great rate of production cannot be sustained for very long, owing to the lower prices they would bring about.

Coming back to the accounts, our diamond account for the year includes £124,000, representing increased stocks at cost of production. The £595,000 I have spoken of, which is carried forward in suspense profit, of course, includes the £124,000, but this is not a subject for congratulation, as this amount is tied up in diamond stocks it is not available for dividends.

Now we turn to the other side of the Profit and Loss Account—our expenditure on mining is a little more, about £37,000; this has arisen through our doing more underground development, and spending more money on machinery than during the preceding year, and is not attributable to any increase in our direct cost of mining; in fact, to the credit of our General Manager, the direct cost per load is a little less. We have set aside against our profit £706,000 for depreciation. Unfortunately, our investments in stocks and shares fell, in common with almost every other investment you can refer to, to a considerably lower figure than they were valued at previously, and consequently we have had to employ a sum of money from ordinary profits to make up for the depreciation in the value of our securities. In other directions we have written off very considerably also. Shareholders will see that the acquisition of a mine such as we have made is not a proper charge to be put to capital account. For instance, we have acquired the Voorspoed Mine, and we know very well that we cannot go on working this mine getting profit out of it as we expect to do from an ordinary investment. I know there are certain fire-eaters who say we should work the mine, even though we make less profit. Why do they think so? Simply because we have put money out to buy it. Their suggestion is we should not be so foolish as to put our money into a mine that does not pay. That is not a correct view. I have been long enough in the Company to know that we incurred millions of debt, and a charge of nearly £100,000 a year in interest, on acquiring the Bultfontein and Dutoitspan Mines, which in those days would pay, or nearly pay, but we did not work them for 15 years, with the view to uphold the price of diamonds; and really the success of this Company dates from that time;—it got on its legs, so to speak, and this is attributable to the foresight of those gentlemen who have now passed away, but with whom I was a humble co-adjutor at the time in acquiring these mines, to stop their production, which was keeping down the price of goods of our richer Kimberley and De Beers mines, and at the same time making little or no profit for themselves. It is from that point of view that we are not working the Voorspoed to-day. That is why we have put money into it, because if the Voorspoed had been bought and worked by others it would have been worked at no profit, and there would also be the injurious production. It is also asked, as it has been worked at no profit or a considerable loss, why do we buy the mine, if we can only work it at a loss? Why? Because we don’t want others to go on working that mine, and

making numerous statements about the quantity of production, and frightening the market, and putting £200,000 or £300,000 value of stuff in the market of no good to themselves, and to our detriment. I think this explains to you, and through you, the public generally, that it is quite justifiable for us to pay for a mine more than it is worth to anyone else, rather than that the mine should be worked, and its produce of diamonds thrown into the market against our own. I think the company who had the mine and sold it can congratulate themselves to-day that De Beers were willing to pay the price they did. They could have worked it themselves by raising more money, and still more would have been lost. Touching the figure of depreciation: As we cannot take the amounts we have paid for these concerns into account as ordinary capital investments, therefore they are practically a charge upon our working, and a charge against what we are getting for diamonds to-day, which price would be less if this production of diamonds went into the market, not immediately, but ultimately so, and that being so, whilst it is not right to write off the full amount these concerns cost us in the year, Profit and Loss must bear this charge gradually. It is because we have interests of this nature, together with the reduction of values of other investments we have, that the amount of depreciation is so high as £706,000.

There is an amount of £169,000 for interest on both the South African Exploration Company debentures and on capital of leased companies; there is also a charge of £65,000 towards the debenture sinking fund, all charged to the debit of Profit and Loss Account. Mining profits were taxed by the Government to the amount of £426,000 for the year, which is more than we have ever paid to the Union Government at any time before. This contribution to Government depended on the profits made, and we can argue from this how much it is to the interest of the public generally and the Government for the time being to consider the wisdom of so working the diamond mines as to produce the greatest amount of profit and for the longest time this can be done. The policy of the De Beers Company is one which promotes this. The Government of this country could be considered almost as the largest individual shareholder, and almost as the one most interested in the profits of our working. If we suicidally produce double as much, and work every mine which some of the public tell us to work, the £426,000 of Government revenue will soon rapidly decrease, and taxation will come on every member of the community to make up for this. I want to impress on the public generally that this £426,000 of profit has come about through the policy of De Beers in not working to so great an extent as we could do the properties which we own. I would like to impress on the Government and our shareholders generally, that having acquired Voorspoed, as time goes on, I am satisfied that the quantity of diamonds put on the market thereby being decreased, and as the world's wealth increases, the demand for diamonds must be more: the prices will rise, because there is no upward limit for the price of diamonds. Mines could be exhausted to-day without any profit to Government for their 40 per cent. interest in them, but by careful management and restraint they will later on be remunerative both to Government and ourselves, as Dutoitspan and Bultfontein are now turning out.

I have explained the Suspense Profit Account of £595,000 in the profit of £3,799,000 as stated in the Directors' Report. There is also an amount of £140,000 which has been taken from our Appropriation Account to increase our General Reserve Fund to £1,800,000. There is £800,000 paid for the year to preference shareholders, and £1,750,000 has been paid to deferred shareholders, in addition to the bonus of £125,000 taken out of the balance brought forward from last year. I congratulate the shareholders for having something made up to them for years of hardship and patience they had to exercise when no dividends at all were paid on deferred shares.

In this year something has been done towards paying them back. We don't say that such an amount will be paid every year: in fact, so far as we can see—and as the sales are going on—the amount we shall receive for diamonds this current year will probably be less than the past year, although in years to come our sales may be greater, especially if we can get our competitors who are producing *ad libitum* to take a sensible view of the situation. With regard to the £1,800,000 at which our General Reserve Fund stands now, the amount we have added out of profits this year, as I have already pointed out, is only £140,000. We transferred from our liquid assets further securities, amounting to £362,000, in order to bring our reserve investments up to the figure of £1,800,000 represented by gilt-edged securities. Our blue ground reserve, which was created some years ago, amounting to £2,268,000, is represented by blue ground on the floors costing £1,500,000, and the difference of £720,000 of that reserve is merged in the General Reserve Fund; and it now follows that the general reserve will be increased or diminished according to the diminution or increase of our blue ground on the floors, or rather the cost of our blue on the floors. So that when the Directors say that the £2,268,000 blue ground reserve remains intact, it

remains intact in this sense, that £1,540,000 represents money spent on blue ground now on the floors, and the other £720,000 is in this £1,800,000. So that in fact the net amount of increase of our reserve is £140,000 from the Profit and Loss Account, which is added to the General Reserve, and £65,000 to the fund for liquidating our debenture debt, which is just what is required per annum until the total amount becomes due. Naturally, when the amount is paid off this fund will be used for it, and will disappear from our accounts.

The Directors have a paragraph in their Report regarding the conversion of shares. It was thought desirable by many shareholders of the Company that having regard to the ease with which bearer shares could be dealt with in the market that they should change their shares from nominative to bearer shares. The shareholders having taken advantage of the opportunity, extensive conversions of both preference and deferred nominative shares into bearer shares have taken place.

Our Dynamite Works have produced more this year than the year before, but our net revenue from most of our customers is a fixed one, irrespective of the quantity we produce, although the larger the quantity we produce the lower the price comes to our customers. We have been handicapped by the very high price for glycerine, which has made the charging out prices higher, but we hope in time to come the price will be lower for the reason that the price of glycerine will be less. But we were also handicapped by the fact that the troubles of our customers, owing to the recent strike and the scarcity of labour, have made them take less from our factory than they otherwise would; consequently the fixed charge was spread over a lesser quantity of dynamite. This is the cause of the price not going down as we should like to see it.

I must now refer to the death of our late colleague, Captain Tyson, who had been in Kimberley for all the years almost we have been here, one who was well known to us, and who knew our position and circumstances. In the course of Nature, our old friend had to go, and it is to our regret that we have lost in him an old friend, whom we all knew and appreciated so well. The Directors appointed Mr. Breitmeyer in his place, and Mr. Breitmeyer is also a gentleman who knows the whole situation of our diamond mining, and the diamond trade, as well, if not better, than anyone, and he is personally acquainted with all our staff and every Director, and was at one time alternate on the Board for Mr. Beit in the years gone by, and since then he has always been connected with the diamond trade and Syndicate.

Before finishing my speech, I would like to refer, if you will excuse me for doing so, because it is very seldom we have an opportunity of clearing the atmosphere—to our position with regard to the Diamond Syndicate. It has been said that the Company is managed by the Syndicate, that we are all more or less dependent upon the Syndicate, and accept their dictation. Well, gentlemen, it is not for me to blow our own trumpets exactly, but I know while the Syndicate have no doubt about the loyalty of every Director of the Company who is not on the Syndicate, they know perfectly well that that part of the Directorate which has to do with the sale of diamonds is not altogether amenable to the Syndicate or the Syndicate's interests. What actuates them is the Company's interests. The Company's interests and those of the Syndicate are very often identical, therefore when we co-operate with the Syndicate nothing should be said against us; but when we make a contract, and discuss in that contract what margin of profit the Syndicate should be entitled to, then the Directors of the Company who are not members of the Syndicate stand up for the Company, as the representatives of the Syndicate will tell you. As a matter of fact they could tell you nothing less than that the Company is guided and its interests protected by the Directors. We have gone perhaps as far as we could go in making contracts without making a rupture. Someone will say, why don't you make a rupture? Well, it is clear that unless there are substantial reasons it is a grave step to take. That the Syndicate should make some money out of dealings with our goods, anyone who does business with us, anyone who takes our diamonds for sale does so not for philanthropic purposes, that is clear. Those who expect the Syndicate to make nothing when they take risks and take our diamonds for sale, giving their whole time, carrying on the correspondence, and retaining the goodwill of the customers—because they know the buyers—that they should do all for love or nothing is unreasonable. We must admit that, so I should like to assure the shareholders in our dealings with the Syndicate, that when a contract has to be made we have gone, in my opinion, as near as we could go at the time to the line without having a rupture with the Syndicate. On the other hand, when a contract is made and our interests are alike regarding the acquiring of other diamonds, and with regard to the preventing of the pushing of diamonds on the market for ourselves or for other people in an unwise degree, we have taken some risks, and we will

in the future, as in the past, endeavour to co-operate with the Syndicate and maintain the prices of diamonds. That policy, I believe, the Syndicate are perfectly loyal in endeavouring to carry out. I don't see how they can do otherwise—they have no other interests—and they can rely upon the Board doing their utmost to co-operate with them towards the end in view. When we are faced with the production of small goods to the extent which is shown this year, the Syndicate feel the position the same as we do ourselves; and it may be necessary that we should co-operate with the Syndicate. It is not for the world to take it for granted that because we co-operate in a common interest that the diamonds of De Beers are at the disposal of the Syndicate at such prices as they choose to give us. Nothing of the kind, and I am glad to have this opportunity of making these remarks. I say further that the object of the reserves which we have created, so far as I understand the policy of the Board, is to enable the Company to uphold the price so that if the Syndicate, for some cause or another which we cannot foresee, should find some temporary difficulty in disposing of the diamonds, with our money we should be able to stand by the Syndicate, who have customers all over the world, and so prevent the lowering of the prices of diamonds to the detriment of our customers and their interests as well as ours.

We have as a Board to fulfil two functions, one function being to work the mines as reasonably and cheaply as circumstances will allow, and the other to gradually write off and take from the Profit and Loss Account certain moneys to increase our reserves, so that if an emergency comes we have some resources. It is no use our saying: "We will not sell diamonds lower" if we have not money at our back to maintain the mines. We want these resources to work upon, and not to be brought again into the same condition as we were in 1908. Since then we have all felt how necessary it was the Company should increase its reserves. In addition to the first function of producing diamonds at the cheapest rate at which it can be done, we also have a duty to regulate the diamond trade and the diamond prices. It is owing to this second part of our work we have been able to make profits on this year and the year before to the extent we have by restricting production and using our reserves to uphold the Company, and letting the world know we will not give way as easily as before; because we have now more money at our back. That part of our assets represented by investments in stocks and shares to the amount of £1,339,000, is not mobile. Take for instance the Cape Explosives Company, the Koffyfontein Mine and Estate shares we have bought, and the Voorspoed shares; they are included in this. We have now a reserve which is mobile, that reserve investment of £1,800,000 to which I have referred before, and which we can use for the purpose of carrying on the mines; supposing we are faced with a situation which creates a danger that we may have to reduce the price of diamonds. We will not reduce the price of diamonds if we can help it. It would be better to go on working, and make lesser profits for the moment, so that we may make greater profits hereafter. I am glad to have the opportunity of making this statement, and answering charges made in one direction or another. We must remember De Beers is a great concern, and the responsibility of the Directors is very serious. Every Director feels this, and is perfectly loyal to the Company. I know—and I am well known to you: and my word will be taken here—they are endeavouring to work as well as they can, and loyally in the interests of the shareholders. They do not profess that every step they have taken is the right one; but in every step taken the majority of the Board took the step with a full sense of responsibility, and according to their judgment, in the interests of the shareholders. I thank you for your patient hearing, and formally move the adoption of the Report and Balance Sheet. (Applause.)

Colonel Sir David Harris, K.C.M.G., M.L.A., V.D., said:—Mr. Chairman and Gentlemen,—After the eloquent, exhaustive and comprehensive statement and speech which has fallen from the Chairman, I do not think it necessary to detain you at any length in seconding the adoption of the Report, Balance-sheet, and Profit and Loss Account. It would be a poor compliment to the Chair were I to do so; but some of the remarks which fell from the Chairman set me thinking. Forty-two years ago to-day—the 25th November, 1871—I sailed for the first time from England with the late Sir Julius, then Mr. Wernher. When we arrived at Table Bay we were told that the Diamond Fields were played out, that there were no more diamonds, and that people were trekking away as fast as they could to get to their homes. Yet to-day we hear from the Chairman that the complaint is as to over-production of diamonds—not from the De Beers Company mines, but from those—I will put it—of our competitors. There is no question but that the outside companies have during good times and bad times produced the maximum quantity of diamonds that it was possible for them to get out of their mines and holdings. But De Beers Company, with due regard to its interests and the interests of their shareholders, the diamond trade, and the interests of the country, have controlled to a very great degree the quantity of diamonds they have put

on the market. Even in the very best year De Beers Company has reduced the quantity of diamonds placed upon the market by 24,000 carats; that is to say, for the year ended June 30, 1913, while other concerns, as the Chairman has told you, have increased their output by 792,000 carats during the same period. Well, this cannot go on for ever; there must be some point at which De Beers Company have the right to say to these companies, "You are producing such a large quantity of diamonds that you are not alone injuring yourselves, but you are injuring us"; and then it will be time for De Beers Company to fully consider the matter—which is a serious matter—and to say to these companies: "Hold, enough!" and to come to some decision as to the policy to be followed. Now, I don't wish to detain you. The De Beers Company's mines, you are aware, are in a very excellent position. Our Balance Sheet discloses a stronger position all round than at any other time during the existence of the Company. It is the aim and desire of the Board of Directors to maintain the Company in that position, and whatever we may do we shall be influenced by that desire to keep the Company in as strong a position as possible, so that we can conserve your interests, and maintain confidence right throughout the diamond industry. I have very much pleasure in seconding the adoption of the Report, Balance-sheet, and Profit and Loss Account, as moved by the Chairman. (Applause.)

The Chairman: Before putting this motion, there is one further point to which I wish to refer, by way of correction of something which occurred in my speech at our annual meeting in a former year. In the course of that speech I used a word, in speaking of our relations with the Diamond Syndicate, which did not accurately express my meaning. I said that one of the most odious duties of the Chairman was to make contracts with the Diamond Syndicate. I should have said, one of the most unpleasant duties. What I intended to convey was that I had to study the interests of De Beers Company, and to oppose, very often, the interests of gentlemen whom I have always looked upon as among my best friends. The word "odious" was a wrong word to use, and it has been taken up in quite another sense to that which I intended. "Unpleasant" would have been the better word. It must necessarily be unpleasant when duty comes into conflict with sentiment. My friendship for most of the members of the Diamond Syndicate is of very long standing, and I am here to-day as Chairman, in a very large measure, because they, as substantial shareholders, have given me their confidence. So that I would like to take the opportunity of withdrawing the word "odious," and substitute "unpleasant" instead.

The Chairman then invited comments on the motion for the adoption of the Report and Accounts, and, none being forthcoming, put the motion, which was carried unanimously.

The Chairman thanked the meeting for the unanimous vote, and expressed the hope that in years to come they would have equally satisfactory statements. Continuing, the Chairman said:—We are again well on towards six months in the new financial year. Owing to the large amounts which were expended on diamonds in America before the new tariff came into force, and with a view to its possible effects on the market, we have not sold so freely during the time that has expired of the current financial year as during the corresponding period of last year. I do not think there is anything serious about that. It is simply an eddy in the trade, due to the circumstances I have stated. I believe we shall, as time goes on, sell as many diamonds as in the past. We may not see the same rate of increase year by year, but in the long run I have every confidence that we shall go on increasing the value of our sales, while at the same time I hope the quantity of our carats will be less, so as to conserve the life of our mines as long as possible.

When I make this reference to conserving the life of our mines, I hope no shareholder will suppose that we have any misgiving as to the resources of our mines; quite the contrary. We have every confidence on this point, as Sir David Harris spoke in so sanguine a strain on this point some years ago, I need not go over his remarks again.

We may have the more confidence with regard to the future on account of the news we have just received regarding the Syndicate. As you know, the Syndicate have the option of withdrawing from their contract at the end of every six months. We are now in November, and they have just signified to us that they have exercised their option again for the first six months in 1914. We may rest assured that they do not buy these diamonds, at the prices they have to pay, without some reasonable prospect of being able to sell them again at a good profit. I trust that during the next six months they may make more money than they have ever made before. (Hear, hear, and laughter.) We have made our bargain with the Syndicate, and needless to say none of us grudge whatever profit the Syndicate may be able to make. On the contrary, we feel that we must help the Syndicate in every possible way to attain this.

In terms of the Company's Articles of Association, four of the Directors retired at this meeting, namely, Mr. Robert English, Sir David Harris, Mr. F. Hirschhorn, and Mr. C. E. Nind, but, being eligible, offered themselves for re-election.

Mr. E. Oppenheimer accordingly proposed, and Mr. Arend Brink seconded: "That Mr. Robert English, Sir David Harris, Mr. F. Hirschhorn, and Mr. C. E. Nind be re-elected Directors of the Company."

There were no other nominations, and the Chairman declared the retiring Directors duly re-elected.

Mr. B. Horkheimer proposed: "That Messrs. Howard Pim & Hardy, and Salisbury & Beaton, be appointed Auditors for the ensuing year, and that the remuneration to be paid them be fixed by the Directors."

Mr. Giles Oats seconded, and the motion was unanimously agreed to.

The Chairman stated that since the last meeting, Mr. Pim had taken Mr. Hardy into partnership, while Mr. Salisbury had entered into partnership with Mr. Beaton. Hence the changes in the names of these firms respectively.

This concluded the business before the Meeting.

Mr. E. Oppenheimer moved a vote of thanks to the Chairman, and welcomed him back to Kimberley after his holiday, expressing the hope that he had spent a very pleasant time. (Applause.)

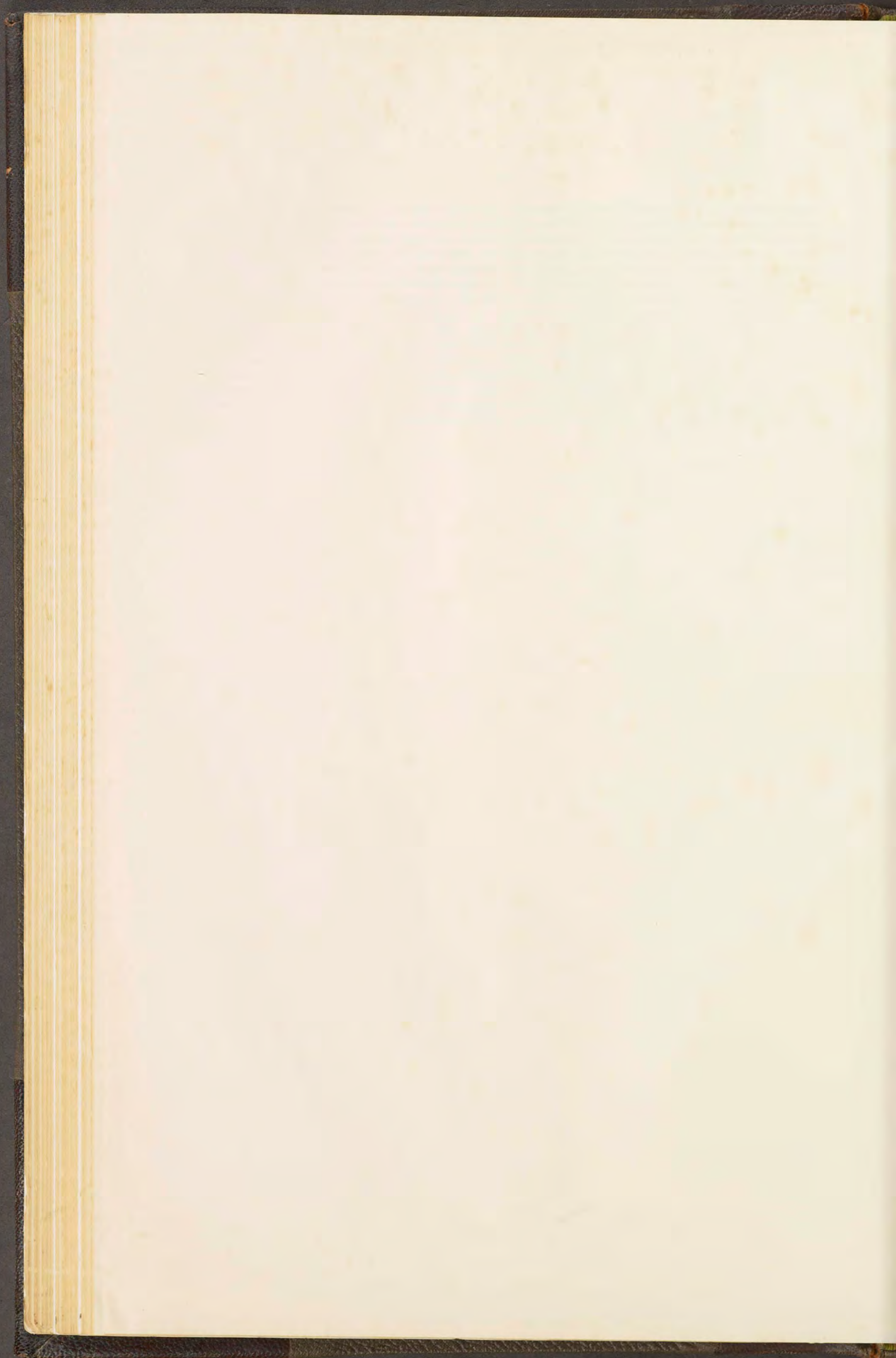
The Chairman, in appropriate terms, acknowledged the compliment.

Continuing, the Chairman said: Whilst I am responding, one other point has occurred to me, upon which it is, perhaps, desirable that I should make a few remarks. We have during the year made certain concessions to our employees, with a view to enabling the European section to take a holiday annually. If they are not able to do this in one particular year, they can, within certain limits, allow the holiday to accumulate, and take it later on. I was not here at the time when the announcement to this effect was made, but I was, of course, consulted upon it. It was, perhaps, unfortunate that the time for giving effect to it should have coincided with the trouble which occurred in Johannesburg. I can assure you, however, that it was not at all on account of the trouble in Johannesburg that this concession was granted. It was discussed and agreed upon before the troubles in Johannesburg came about, and, as a matter of fact, before I went to England in April last. We thought it wiser not to give effect to it at a moment when it might be thought that we were doing it from fear of our own workmen, or in competition with employers in Johannesburg. We did it because we thought it was a proper thing to do. We all know that Kimberley is not precisely a health resort. We felt that it was sound policy to do all we could to induce good men, the best men, to remain here and work for the Company. To that end we thought it desirable that our European employees should have an opportunity of getting away once in a while from the Kimberley heat and dust for health and relaxation. It is, of course, a matter of considerable expense to the Company, but I am not so sure that we lose much by it in the long run. There are circumstances under which giving does not diminish the resources of the giver, and although this concession costs us £20,000 odd per annum, I feel sure that our men are all the better from being able to get away for two or three weeks in each year. I am also fully in sympathy with the principle of making the holiday cumulative in the way that has been done. It was a novel concession, one which comes from the Directors; it was not pressed upon us in any way, but we thought we ought to endeavour to do this in order to make our men feel that the Directors have at heart the welfare of their employees, and believe it is desirable they shall not be bound down to the dusty floors and in dirty holes underground all the time. If a man wishes to go to England, his two, four, or six weeks are there, and the rest of his holiday would be at his own cost. As time goes on, I hope in these days of strife and violence we shall find a spirit of conciliation and consideration for one another more general, and that we shall have less strikes and violence. In fact, perhaps, De Beers Company is less concerned than any company has need to be about strikes. We shall do our best, and have done our best to promote between the employees and the Company hearty sympathy and co-operation, without which it is not possible for a diamond company to work to the best advantage. Every European and every kind of employee is more than an ordinary workman and employee; he is a trusted agent for this Company to look after the diamonds, and see

the Company gets them. We must promote the spirit of confidence between our employees and the Directors, and encourage them to ventilate and discuss any grievances they may have, so as to find a solution without resort to violent measures, as has been done at other places in recent times. We have, as Directors, to face many matters; we have to face our workpeople; we have to prove to our workpeople we are not hard task masters, that we are reasonable, and we want to get a reasonable service for what we give them, but at the same time we have to do our part as employers. There is the town of Kimberley. We have done something in the interests of the town of Kimberley, and we propose as years go on—Mr. Mayor being present—to do something again. (The Mayor: Hear, hear.) We have responsibilities, and we have endeavoured to acknowledge these—not so much, perhaps, as some would wish, but to some extent. We have relations with the Government, and we have to stand up in the shareholders' interests, and, of course, we have our relations with the Syndicate. I thank you for your appreciation, and before I sit down I should like to thank our General Manager and staff for their services during the year, and to express to them the shareholders' high appreciation of their services. (Applause.)

This terminated the meeting.









De Beers Consolidated Mines, LIMITED.

*Registered under Act 23 of 1861, and Incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Sixth Annual Report

For the year ending 30th June, 1914.

Directors :

FRANCIS OATS, **Chairman**,
CHARLES E. ATKINSON, J.P.
FRANCIS BARING-GOULD.
LUDWIG BREITMEYER.
GEORGE WM. COMPTON.
D. J. HAARHOFF, J.P.
COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.
FRIEDRICH HIRSCHHORN.

SIR CARL MEYER, BART., **Deputy Chairman**,
THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B.
SOLOMON B. JOEL.
HARRY MOSENTHAL.
CHARLES E. NIND.
ROBERT PHILIPSON-STOW.
H. P. RUDD.
ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS,

Assistant General Managers :

IRVINE R. GRIMMER,
JOHN HARBOTTLE,
HAROLD T. DICKINSON.

Mechanical Engineer : **Electrical Engineer :**
JOHN LIDDELL. ROBERT W. HERR SMITH.

Mining Engineer :
JOHN N. F. ARMSTRONG.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.
COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

HOWARD PIM AND HARDY, KIMBERLEY AND JOHANNESBURG.
SALISBURY AND BEATON, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON.
THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.

De Beers Consolidated Mines, Limited.

TWENTY-SIXTH ANNUAL REPORT,

For the year ending 30th June, 1914.

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REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ended 30th June, 1914,

*To be submitted to the Shareholders at the Twenty-Sixth Ordinary General Meeting to be held
on 29th December, 1914.*

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors beg to submit their Twenty-Sixth Annual Report and Balance Sheet at 30th June, 1914, and Profit and Loss Account for the year ended 30th June, 1914.

The Balance brought forward from 30th June, 1913, was	...	...	...	£513,521	18	9
Out of which British Income Tax for the year ended that date had to be paid subsequently	...	...	...	15,647	9	11
				497,874	8	10

During the year, as shewn by the accompanying Statement, the diamonds sold, plus the increase of Stocks taken at cost, amounted to	5,123,335	10	7
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Add to this the following:—

Dividends on Investments	205,510	18	7
Nett Revenue from Rents	5,252	15	6
Revenue from other sources	...	...	...	...	18,006	9	6
					228,770	3	7
					5,849,980	3	0

Less Expenditure as follows:—

Mining and other Expenditure	...	...	...	...	2,205,985	4	6
Depreciation	...	...	...	...	253,700	6	5
Interest on Company's 4½% South African Exploration Debentures, and on Capital of Leased Companies	...	...	...	...	169,989	15	6
Sinking Fund for Repayment of Debentures	...	...	...	...	64,911	0	0
Mining Profits Tax—Union of South Africa	...	...	...	...	262,125	10	8
British Income Tax for the year ending 30th June, 1914	...	...	...	...	20,431	12	0
					2,977,143	9	1
					2,872,836	13	11

Leaving a balance of ...
which has been dealt with as follows:—

Suspense Profits:

Diamonds unsold 30th June, 1914	...	919,320	4	11
Less Diamonds unsold 30th June, 1913	...	595,601	9	5

323,718 15 6

Transferred to credit of General Reserve Fund ...

51,253 11 1

Dividends declared out of the year's profits as follows:—

Preference Shareholders	...	800,000	0	0
Deferred Shareholders	...	1,250,000	0	0

2,050,000 0 0

2,424,972 6 7

Balance carried forward to next year ...

£447,864 7 4

The results of the year's working have been as follows:—

DE BEERS MINE.

This mine is still closed down, but a small quantity of Blueground from the Floors was washed during the year, reference to which is made in the General Manager's Report.

KIMBERLEY MINE.

This Mine has not been worked in the ordinary way, the operations being confined to the hauling and washing of loose Reef containing a small percentage of Blueground, which is also referred to in the General Manager's Report.

BULTFONTEIN MINE.

Yield per load	.38 of a carat
Value per carat	40/10.47
Value per load	15/ 6.38

DUTOITSPAN MINE.

Yield per load	.21 of a carat
Value per carat	84/ 0. 9
Value per load	17/ 7.87

WESSELTON MINE.

Yield per load	.28 of a carat
Value per carat	45/ 7.62
Value per load	12/ 9.33

The stock of Blueground and Lumps on Floors at 30th June, 1914, was as under:—

De Beers Mine	48,396 loads
Wesselton Mine	3,450,638 „
Bultfontein Mine	3,133,134 „
Dutoitspan Mine	4,698,854 „
	<hr/> 11,331,022 loads

The Profit and Loss Account discloses a fall in the revenue from Diamonds as compared with last year of £1,174,446 10s. 3d., consequently your Directors only declared a dividend of 25s. per share on the Deferred Shares for the period under review, and the fixed dividend of 20s. per share to the Preference Shareholders.

The Permanent Reserve Fund remains at £1,800,000, comprising Consols and other first-class securities. The fund to redeem the De Beers South African Exploration Debentures stands now at £201,265, and is also represented by first-class securities.

The Blueground Stocks Reserve of £2,268,266 8s. 1d. remains intact. Of this amount £1,616,701 is represented by Blueground on the Floors, and the balance, £651,565 8s. 1d., is merged in the Permanent Reserve.

The Profit and Loss Account shows an amount of £253,700 6s. 5d. written off to depreciation. This has been applied in reduction of claims, £200,000, and investment values, etc., £53,700 6s. 5d.

The Profits Tax for the year ended 30th June, 1914, payable to the Union Government is estimated to be £262,125 10s. 8d.

The Cape Explosives Works, Limited, which is owned and controlled by your Company, has continued its operations during the year. The industrial unrest at Johannesburg

in July last year and in January of this year adversely affected the consumption of explosives. In consequence of this the factory sold 377,526 cases as against 423,679 cases the previous year.

The purchase price, including transfer fees and other charges of the Voorspoed Diamond Mining Company, Limited, amounting to £394,023 16s. 3d., appears in the accounts this year. Your Directors, although fully satisfied that the Voorspoed Mine was unpayable, considered it desirable to purchase it, and in the interests of the diamond industry not to resume mining operations. The Government, however, objected to this course, and under the terms of Section 52 of the "Mining of Precious Stones Ordinance, 1904," of the Orange River Colony, appointed a Board to enquire and decide whether "the bona-fide mining and working expenses of the Mine cannot be met by the sale of the precious stones found therein when realised at their true and fair market value." This Board met in Johannesburg early in April last, and, after taking evidence, decided that the working of the Mine would result in substantial loss. In consequence, the Mine remains closed.

In the interests of the diamond market your Directors decided to participate in the purchase of German South-West Africa diamonds by the Diamond Syndicate.

With a view to regulating the production and sale of diamonds, a Conference of Diamond Producers assembled in London on 12th June last, to discuss this important subject. The Union of South Africa and German Governments were represented, and representatives were appointed by the New Jagersfontein, Premier and De Beers Companies. Several meetings took place, and since the close of the financial year a draft provisional agreement was concluded on 30th July last between the producers' representatives. Since then war was declared, which has prevented the adoption of the provisional agreement.

A further consequence of the war is that the Diamond Syndicate, under the terms of their agreement with the Company, cancelled their contract on 5th August last, and the Diamond Market, having in effect come to a standstill, your Directors much regret that they were obliged to suspend the ordinary working of the Mines.

It is with great regret that your Directors have to report the death of Mr. Robert English on 1st April, who had been a Director since the inception of the Company. The vacancy in the Directorate thereby created was filled by the appointment of Mr. Robert Philipson-Stow, a son of the late Sir F. S. Philipson-Stow, Bart., who at one time was a Life Governor of the Company.

A Report by the General Manager on the working of the Mines is submitted to Shareholders at this meeting.

In terms of Clause 84, Sub-section (c) of the Company's Articles of Association, four Directors retire, viz., Solomon Barnato Joel, Harry Mösenthal, Ludwig Breitmeyer, Daniel Johannes Haarhoff, but, being eligible, they offer themselves for re-election.

FRANCIS OATS, Chairman,	}	Directors.
D. J. HAARHOFF,		
D. HARRIS,		
C. E. NIND,		
ROBERT PHILIPSON-STOW,		
H. P. RUDD,		

KIMBERLEY,

16th November, 1914.

DE BEERS CONSOLIDATED

BALANCE SHEET,

CAPITAL :

800,000 Preference Shares @ £2 10s. 0d. each	...	...	2,000,000	0	0
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	...	2,500,000	0	0
				4,500,000	0 0

DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES,
secured by Mortgage of Assets purchased from the London and
South African Exploration Company, Limited, redeemable by
1st January, 1930

1,635,495 0 0

RESERVES (per Contra) :

General Fund	...	...	1,800,000	0	0
Redemption Fund : South African Exploration					
Debentures	...	...	201,265	0	0
				2,001,265	0 0
Blue Ground Stocks, 1st July, 1908, at cost	2,268,266	8	1		
Less Amount, since released, transferred to					
General Fund	...	...	651,565	8	1
				1,616,701	0 0
					3,617,966 0 0

SUSPENSE LIABILITY under Agreements with Leased Companies...

70,117 13 1

CURRENT LIABILITIES :

Loan	...	...	...	179,257	1	0
Open Accounts	...	...	...	233,481	6	3
Unclaimed Dividends and Sundries	...	...	...	25,787	10	10
Interest on Debentures accrued to date	...	...	...	36,798	12	9
Commissioner of Inland Revenue—Union of South Africa	...	...	...	262,125	10	8
Preference Shareholders—Dividend declared 25th June, 1914	400,000	0	0			
Deferred Shareholders—Dividend declared, 25th June, 1914	500,000	0	0			
					1,637,450	1 6

SUSPENSE PROFIT ACCOUNT :

Diamonds, per contra, unsold at date	919,320	4	11
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BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT

447,864 7 4

£12,828,213 6 10

We certify that all our requirements as Auditors have been complied with, and that we have Audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY. 8th October, 1914.

MINES, LIMITED.

30TH JUNE, 1914.

PROPERTY :

De Beers and Kimberley Mining Claims held under Government Licenses, Dutoitspan, Bultfontein and Wesselton Mines.

Wesselton Estate, and other Mining Interests ... 3,252,364 13 11

Estates purchased from the London and South

African Exploration Company, Limited ... 1,635,495 0 0

Farms and other Landed Property ... 91,700 0 0

Machinery, Permanent Works, Offices, Com-

pounds and Stand Property ... 1 0 0

4,979,560 13 11

INVESTMENTS IN STOCKS AND SHARES

1,487,577 18 9

RESERVES (per Contra):

Investments, representing Funds per contra ... 2,001,265 0 0

Blue Ground on Floors:

11,331,022 loads at cost deposited on Floors ... 1,616,701 0 0

3,617,966 0 0

TIMBER, FUEL, AND OTHER MINING STORES

303,765 2 8

LIVE STOCK

52,591 8 6

DEBTORS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Open Accounts ... 74,633 19 11

Short Loans against Security ... 487,000 0 0

Special Investments ... 380,066 11 5

Bills Receivable ... 228,500 0 0

Cash at Bankers and in hand—Kimberley and London 24,328 5 1

1,194,528 16 5

PARTICIPATION IN GERMAN SOUTH WEST AFRICA DIAMONDS

272,903 1 8

DIAMONDS on hand at cost of production

919,320 4 11

£12,828,213 6 10

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto including the

HOWARD PIM & HARDY, } *Auditors.*
SALISBURY & BEATON. }

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

DE BEERS AND KIMBERLEY MINES :

To Cost of hauling Mixed Ground washed during the year and Sundry Mining Expenses	278,444 14 11	
„ Washing Expenses	290,398 2 1	
		568,842 17 0

WESSELTON MINE :

To Cost of hauling Blue Ground washed during the year ...	329,630 3 10	
„ Washing Expenses	148,438 17 6	
		478,069 1 4

BULTFONTEIN MINE :

To Cost of hauling Blue Ground washed during the year ...	287,426 0 4	
„ Washing Expenses	155,026 19 10	
		442,453 0 2

DUTOITSPAN MINE :

To Cost of Hauling Blue Ground Washed during the year...	320,344 15 0	
„ Washing Expenses	182,918 3 4	
		503,262 18 4

To EXPENDITURE ON FARMS AND LANDED PROPERTY		49,854 9 7
--	--	------------

„ CHARGES :

Salaries, &c., Head Office	26,251 8 8	
General Charges, Stationery, Cables, Travelling Expenses, Licenses, Agents' Expenses, and Sundries	40,054 1 8	
Legal Expenses	1,115 10 3	
Donations to Public Institutions and Relief including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	36,954 3 2	
Compensation	8,142 13 10	
Auditors' Fees	1,400 0 0	
London Transfer Office—Net Expenses	3,064 16 4	
Directors' Fees	30,433 6 8	
Annual Leave Wages	15,149 6 1	
Defence Force Wages	937 11 5	
		163,502 18 1

„ INTEREST ON CAPITAL OF LEASED COMPANIES		96,392 10 0
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„ INTEREST ON DEBENTURES		73,597 5 6
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„ SINKING FUND for Repayment of Debentures		64,911 0 0
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„ MINING PROFITS TAX : Union of South Africa, for year ending 30th June, 1914		262,125 10 8
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„ BRITISH INCOME TAX for year ending 30th June, 1914		20,431 12 0
---	--	-------------

Carried forward		£2,723,443 2 8
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MINES. LIMITED.

YEAR ENDING 30TH JUNE, 1914.

Gr.

By DIAMOND ACCOUNT	5,123,335	10	7
„ INTEREST AND DIVIDENDS ON INVESTMENTS after adjusting Reserve and Special Investments to Market Prices, 30th June, 1914	...	...	...	...	...	...	205,510	18	7
„ NET REVENUE FROM RENTS	...	...	...	...	...	...	5,252	15	6
„ SUNDRY RECEIPTS	...	...	...	...	...	...	7,120	4	3
„ TRANSFER FEES	...	...	...	...	...	...	338	4	0
„ PROFITS REALISED ON INVESTMENTS	...	...	...	...	...	...	10,548	1	3

Carried forward

£5,352,105 14 2

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT FOR THE

	Brought Forward	...	...	2,723,443	2	8
To DEPRECIATION :						
Claims ...	...	...	...	200,000	0	0
Investments ...	...	...	...	50,238	7	9
Sundries ...	...	...	...	3,461	18	8
				253,700	6	5
„ BALANCE carried to Appropriation Account	...	...		2,374,962	5	1
				£5,352,105	14	2

APPROPRIATION

To SUSPENSE PROFIT ACCOUNT :						
Diamonds unsold, at date, at cost ..	...	...		919,320	4	11
„ RESERVES :						
Amount transferred to credit of General Fund	...			51,253	11	1
„ PREFERENCE DIVIDEND ACCOUNT :						
10/- per Share on 800,000 Shares for the half-year ended 31st December, 1913	...	...	...	400,000	0	0
10/- per Share on 800,000 Shares for the half-year ended 30th June, 1914	...	...	...	400,000	0	0
				800,000	0	0
„ DEFERRED DIVIDEND ACCOUNT :						
15/- per Share on 1,000,000 Shares, for the half year ended 31st December, 1913	...	...	...	750,000	0	0
10/- per Share on 1,000,000 Shares, for the half year ended 30th June, 1914	...	...	...	500,000	0	0
				1,250,000	0	0
„ BALANCE, carried to Balance Sheet	...	...	...	447,864	7	4
				£3,468,438	3	4

KIMBERLEY, 8th October, 1914.

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1914.—*Continued.*

Gr.

Brought Forward ... 5,352,105 14 2

£5,352,105 14 2

ACCOUNT.

By BALANCE transferred from Profit and Loss Account	...	...	...	2,374,962	5	1
„ BALANCE unappropriated 30th June, 1913	...	513,521	18	9		
<i>Less</i> British Income Tax for year ended 30th June, 1913	...	15,647	9	11		
				497,874	8	10
„ SUSPENSE PROFIT:						
Diamonds unsold 30th June, 1913, now written back	...	...	...	595,601	9	5

£3,468,438 3 4

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE NO. 1—DE BEERS AND KIMBERLEY MINES COMBINED.

- | | | |
|---|---|---------------------------|
| „ | „ | 2—DE BEERS MINE. |
| „ | „ | 3—WESSELTON MINE. |
| „ | „ | 4—BULTFONTEIN MINE. |
| „ | „ | 5—DUTOITSPAN MINE. |
| „ | „ | 6—TAILINGS. |
| „ | „ | 7—KIMBERLEY MIXED GROUND. |

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 0 5	1.283	s. d. 19 8.75	s. d. 25 3.75	s. d. 9 10.5	476,403
March 31st, 1890	2,192,226	1,251,245	1,450,605	2,330,179 16 3	1.15	32 6.75	37 2.75	8 10.5	1,576,821
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	.99	29 6	29 3.75	8 8	1,525,386
*June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	.92	25 6	23 5	7 4.3	1,624,805
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	1.05	29 0.6	30 6	6 11.6	2,606,362
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	.89	24 5.2	21 10.6	6 6.8	3,028,333
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	.85	25 6	21 8	6 10.8	2,699,233
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	.91	26 9.4	24 4.5	7 0.1	2,800,316
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	.92	26 10.6	24 8.6	7 4.3	2,304,917
June 30th 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	.80	26 6.2	21 2.1	6 7.4	2,377,913
June 30th, 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	.71	29 7.2	20 11.5	6 7.7	2,937,784
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	.67	35 10.2	23 6.9	7 6.2	2,722,595
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	.76	39 7	30 3.1	8 5	2,226,119
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	.76	46 5.7	35 6.2	8 5.6	2,326,720
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	.61	48 6.3	29 9.8	7 3.1	2,135,283
June 30th, 1904	2,440,895	2,401,099	1,303,525½	3,192,798 4 1	.54	48 11.8	26 7.1	7 4.7	2,175,079
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	46	52 10	24 2.76	7 7.93	2,204,771
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	.41	61 0.11	24 9.43	8 2.91	2,339,396
June 30th, 1907	2,103,853	1,467,456	543,752¼	1,762,080 19 10	.37	64 9.74	24 0.2	9 0.82	3,213,875
June 30th, 1908	1,208,974	1,130,673	414,121½	4822,287 11 5	.37	658 0.8	21 5.8	6 8.2	3,323,237

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over.]

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	490,112	1,402,894	6/9.87	589,303 $\frac{3}{4}$	42	46/7.79	19/7.11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5.29	698,482 $\frac{3}{4}$	38	47/9.24	18/1.83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7.67	350,662 $\frac{1}{2}$	28	51/6.29	14/5.12	247,738
June 30th, 1912	323,621	378,614	13/6.78	119,013	31	53/11.47	16/8.716	192,745
June 30th, 1913	351,347	419,881	11/0.67	120,514 $\frac{3}{4}$	29	67/3.74	19/6.24	124,211

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.—DE BEERS MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1914	Nil.	75,815	6/7.34	27,346 $\frac{1}{2}$	36	80/10.21	29/1.28	48,396

TABLE No. 3.
WESSELTON MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
June 30th, 1897	271,777	...	...	£ s. d. ...	...	s. d. ...	s. d. ...	s. d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	·27	20 9·3	5 8·2	2 7·1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	·30	22 10·1	6 9·8	2 3·3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	·30	25 0·2	7 5·9	2 7·5	1,340,313
June 30th 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	·295	27 3·7	8 0·6	3 0·9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	·30	33 5·9	9 11·6	3 5·2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	·30	34 4	10 3·2	3 3·7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	·28	34 10·45	9 10·6	3 7·3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	·284	36 11·13	10 6·04	3 9·74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	·28	43 9·26	12 4·35	4 0·55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	·32	41 1·3	13 1·76	5 8·87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	677,508 4 11	·27	638 11·41	c10 6·2	4 8·73	1,907,165

[Continued over.]

(a) Includes stocks on hand at cost of production. (b & c) Calculated on basis of diamonds sold only.

TABLE No. 3.—WESSELTON MINE—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors as close of year, excluding lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436
June 30th, 1912	2,573,398	2,020,291	4/7.576	581,973½	29	45.3.12	13/1.504	3,077,543
June 30th, 1913	2,226,157	2,143,232	4/4.45	576,458	27	51/2.88	13/10.02	3,160,468
June 30th, 1914	2,373,522	2,083,352	4/7.28	593,305	28	45/7.62	12/9.33	3,450,638

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 4.
BULTFONTEIN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.		Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.		Loads of Blue Ground on Floors at close of Year, excluding Lumps.
June 30th, 1901	148,086	...	65	£	s. d.	...	s. d.	...	s. d.	...	...	148,086
June 30th, 1902	353,042	20,194	4,486½	146	5 0	21	45	0	6 9	6 6·4	...	480,934
June 30th, 1903	318,410	317,185	76,573½	6,817	5 6	24	30	4·7	7 5·4	5 9	...	482,159
June 30th, 1904	429,729	514,385	148,219	118,102	3 0	29	30	10·2	8 6·5	5 9	...	397,503
June 30th, 1905	605,730	611,491	249,002½	219,711	14 6	41	29	7·76	14 2·69	5 10·47	...	391,742
June 30th, 1906	1,771,372	953,296	346,072	434,902	15 3	36	34	11·18	15 7·14	5 5·26	...	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485½	743,317	10 5	32	42	11·49	13 9·49	6 2·4	...	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386½	1,191,551	15 4	32	43	6·34	413 2·97	6 1·86	...	1,846,191

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Cost of Production per Load.		Carats per 100 Loads	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	1,214,301	1,573,118	602,456½	6/7·39	...	38	33/5·4	12/8·53	1,487,374
June 30th, 1910	2,099,173	1,818,509	667,840	4/3·48	...	37	32/1·62	11/10·68	1,768,038
June 30th, 1911	2,457,412	1,866,212	700,398½	3/11·45	...	38	35/0·52	13/3·79	2,359,238
June 30th, 1912	2,334,720	2,025,450	834,760½	3/11·357	...	41	40/8·242	16 8·179	2,668,508
June 30th, 1913	2,313,477	2,096,378	874,430½	4/1·28	...	42	45/9·29	19/2·7	2,885,607
June 30th, 1914	2,279,838	2,069,552	788,510½	4/4·29	...	38	40/10·47	15/6·38	3,095,893

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 5.
DUTOITSPAN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.		Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.		Loads of Blue Ground on Floors at close of Year, excluding Lumps.
				£	s. d.		s.	d.		s.	d.	
June 30th, 1904 Development.	39,914	24,359	3,032½	6,457	6 5	·12	...	...	...	...	...	15,555
June 30th, 1905	311,499	65,784	17,121½	59,846	18 8	·26	69	10·93	18 2·34	12	3·56	261,270
June 30th, 1906	1,685,714	617,028	151,335½	612,607	19 4	·25	80	11·52	19 10·28	7	1·49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821½	1,455,330	0 6	·24	79	6·78	18 10·9	6	5·84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737¾	661,253	6 6	·23	67½	5·07	17 1·4	5	6·24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Cost of Production per Load.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	Nil.	Nil.	115	...	...	57/7·52	...	2,878,530
June 30th, 1910	878,775	917,175	210,099¾	5/5·34	23	68/1·46	15/8·02	2,840,130
June 30th, 1911	2,780,070	2,335,240	482,971½	4/7·09	21	73/6·5	15/5·325	3,284,960
June 30th, 1912	2,718,703	1,845,796	428,213½	3/10·665	23	83/0·132	19/1·11	4,096,394
June 30th, 1913	2,491,235	2,330,234	540,033	4/2·09	23	93/0·45	21/4·78	4,257,395
June 30th, 1914	2,513,469	2,412,679	497,459	4/1·49	21	84/0·9	17/7·87	4,358,185

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 6.
TAILINGS.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.	Value of Diamonds Produced.		
			£	s.	d.
June 30th, 1901	265,239	50,147½	58,484	12	6
June 30th, 1902	1,151,816	202,830	251,870	12	3
June 30th, 1903	1,347,115	227,477	281,433	18	0
June 30th, 1904	1,881,090	399,065½	442,771	13	5
June 30th, 1905	1,616,030	257,059¾	311,030	7	2
June 30th, 1906	2,200,964	306,190¾	428,177	0	0
June 30th, 1907	4,370,221	557,897¼	800,273	5	0
June 30th, 1908	2,986,778	385,857	a 489,876	8	5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1909	632,857	61,123¼
June 30th, 1910	1,394,641	170,919½
June 30th, 1911	2,359,021	256,631¼
June 30th, 1912	1,440,914	123,431½
June 30th, 1913	1,705,938	182,032½
June 30th, 1914	765,880	82,488¼

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 7.
KIMBERLEY MIXED GROUND.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1914	1,104,577	94,276¼

GENERAL MANAGER'S REPORT.

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the General Manager's Twenty-sixth Annual Report on the mining operations of the Company, being for the year ended 30th June, 1914.

DE BEERS MINE.

The mining of blue ground in this mine was suspended on the 31st July, 1908, and has not yet been resumed.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	3 feet.
Tunnels driven in blue ground	...	...	...	...	89 „
Rock Shaft sunk	...	...	...	...	174 „
No. 1 Shaft sunk	...	...	...	...	24 „
Timbering Shafts	...	...	...	...	402 „
Stripping Main Rock Shaft	...	...	...	...	11,172 cubic feet.

The Rock Shaft is now a five compartment shaft. The stripping of the shaft to the 2,440 foot level was completed during the year, and 200 feet were sunk, making a total depth of 2,640 feet.

No. 1 Shaft was holed between the 1,400 foot and 1,720 foot levels.

Plant.—The skip engine, air compressor and boiler plant, together with the coal bunkers and coal handling plant have been erected. A new man engine and a new head gear are on the site ready for erection. The engine and boiler-houses have been completed.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 3,321 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 2,040 foot level is estimated to be 2,750,000 loads.

The depth of the Rock Shaft is 2,640 feet.

The depth of No. 1 Shaft is 1,728 feet.

DE BEERS FLOORS.

The stock of blue ground at the end of last year was 124,211 loads. 75,815 loads were washed, leaving a balance of 48,396 loads, of which 11,760 loads are from the west end of the mine, having been taken out for test purposes.

The cost of washing was 1s. 11.94d. per load, as against 3s. 7.45d. for the previous year.

KIMBERLEY MINE.

Output of Blue Ground.—No blue ground was hoisted from the mine during the year.

As mentioned in the report of last year, owing to the recurrence of mud rushes in this mine, it was decided to stop mining blue ground, and to concentrate all work on the removal of mixed reef and blue from the open mine.

Output of Mixed Reef and Blue.—1,638,352 loads of mixed reef and blue were hoisted from the mine as follows:—

2,160 foot level	...	...	...	...	295,576 loads.
2,200 "	"	"	...	...	152,048 "
2,240 "	"	"	...	...	197,090 "
2,280 "	"	"	...	...	247,031 "
2,320 "	"	"	...	...	223,697 "
2,360 "	"	"	...	...	220,617 "
2,400 "	"	"	...	...	161,729 "
2,440 "	"	"	...	...	139,610 "
2,520 "	"	"	...	...	406 "
2,760 "	"	"	...	...	260 "
2,800 "	"	"	...	...	288 "
Total					1,638,352 loads.

Hoisting was done from the 2,520 foot level.

The cost of mining and depositing was 2s. 7.64d. per load.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 3,520 foot level is estimated to be 2,000,000 loads.

Water.—The average quantity of water pumped from the mine was 6,909 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	2,334 feet.
Passes sunk in rock	...	...	585 ,,
Timbering shafts	...	...	145 ,,
Excavations (rock)	...	...	16,741 cubic feet.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

The average depth of the Open Mine is 1,200 feet from the surface, and 897 feet from the top of the hard rock. The deepest point is 1,293 feet from the surface.

KIMBERLEY FLOORS.

No blue ground was washed during the year.

During the year 1,104,577 loads of mixed reef and blue were washed, yielding 94,276 $\frac{1}{4}$ carats of diamonds, or .085 of a carat per load.

The cost of washing mixed reef and blue was 3s. 0.37d. per load.

The average cost of mining and washing mixed reef and blue was 5s. 8.01d. per load.

Jigging Plant.—The Jigging Plant mentioned in the report of last year was completed, and started treating mixed reef and blue in December, 1913.

Tailings.—765,880 loads of tailings were washed, yielding 82,488 $\frac{1}{4}$ carats of diamonds, or .11 of a carat per load.

WESSELTON MINE.

Output of Blue Ground.—2,373,522 loads of blue ground were hoisted from the mine as follows:—

540 foot level	...	...	65,125 loads.
580	,,	,,	86,264 ,,
620	,,	,,	328,618 ,,
660	,,	,,	475,995 ,,
700	,,	,,	607,541 ,,
740	,,	,,	424,460 ,,
780	,,	,,	259,864 ,,
820	,,	,,	100,791 ,,
860	,,	,,	3,931 ,,
980	,,	,,	13,295 ,,
1,550	,,	,,	7,638 ,,

Total 2,373,522 loads.

85,996 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

The cost of mining and depositing was 3s. 2.18d. per load, as against 3s. 1.122d. for the previous year.

Compared with the previous year there is an increase in cost of 1.06d. per load. This is due to an increased expenditure on machinery and on development below the 980 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 980 foot level 16,000,000 loads. It is estimated that between the 980 foot level and the 1,550 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 41,935 gallons per hour.

Development Work.—The following development work was done during the year:

Tunnels driven in rock	8,334 feet.
Tunnels driven in blue ground	46,249 „
Passes sunk in rock	703 „
Passes sunk in blue ground	1,385 „
Timbering tunnels	16,860 „
No. 2 Main Rock Shaft sunk	242 „
Prospect shafts sunk	461 „
Timbering shafts... ..	739 „
Excavations (rock)	31,978 cubic feet.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 1,667 feet.

WESSELTON FLOORS.

The stock of blue ground at the end of last year was 3,160,468 loads; 2,373,522 loads were deposited, and 2,083,352 loads were washed, leaving a balance of 3,450,638 loads.

The cost of washing was 1s. 5.1d. per load, as against 1s. 3.35d. for the previous year.

The average cost of mining and washing was 4s. 7.28d. per load, as against 4s. 4.45d. for the previous year.

BULTFONTEIN MINE.

Output of Blue Ground.—2,279,838 loads of blue ground were hoisted from the mine as follows:—

640 foot level	32,599 loads.
680 „ „	97,233 „
720 „ „	235,652 „
760 „ „	482,111 „
800 „ „	594,075 „
840 „ „	693,568 „
880 „ „	126,307 „
1,600 „ „	18,293 „
Total	<u>2,279,838 loads.</u>

50,847 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

The cost of mining and depositing was 2s. 10.29d. per load, as against 2s. 8d. for the previous year.

The cost shows an increase of 2.29d. per load over that of the previous year, which is accounted for by an increased expenditure on machinery and on development below the 1,000 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 1,000 foot level 10,500,000 loads. It is estimated that between the 1,000 foot level and the 1,600 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 20,628 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	... ..	2,731 feet.
Tunnels driven in blue ground	... ..	29,253 „
Passes sunk in rock	... ..	208 „
Passes sunk in blue ground	... ..	1,101 „
Timbering tunnels	... ..	1,736 „
Prospect shaft sunk	... ..	116 „
Timbering shafts	... ..	225 „
Excavations (rock)	... ..	1,041 „
Excavations (rock)	... ..	61,866 cubic feet.
No. 2 Main Rock Shaft sunk	... ..	108 feet.

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,715 feet.

The Main Rock Tunnel on the 1,600 foot level, between the Rock Prospect Shaft and No. 2 Main Rock Shaft, was started in November, 1912, and holed on the 17th August, 1913. The total distance between the shafts is 1,188 feet, 434 feet having been driven during the year.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year was 2,885,607 loads; 2,279,838 loads were deposited, and 2,069,552 loads were washed—of which 2,537 loads were returned to stock as lumps—leaving a balance of 3,095,893 loads.

The stock of cylinder lumps at the end of last year was 34,704 loads; 2,537 loads were deposited, making a balance of 37,241 loads.

The cost of washing was 1s. 6d. per load, as against 1s. 5.28d. for the previous year. The average cost of mining and washing was 4s. 4.29d. per load, as against 4s. 1.28d. for the previous year.

DUTOITSPAN MINE.

Output of Blue Ground.—2,513,469 loads of blue ground were hoisted from the mine as follows:—

430	foot	level	...	...	...	...	...	...	...	34,574	loads.
470	...	...	...	...	...	...	...	...	...	508,561	...
510	...	...	...	...	...	...	...	...	...	461,222	...
550	...	...	...	...	...	...	...	...	...	965,847	...
590	...	...	...	...	...	...	...	...	...	474,653	...
630	...	...	...	...	...	...	...	...	...	32,776	...
670	...	...	...	...	...	...	...	...	...	182	...
750	...	...	...	...	...	...	...	...	...	5,528	...
800	...	...	...	...	...	...	...	...	...	104	...
850	...	...	...	...	...	...	...	...	...	101	...
900	...	...	...	...	...	...	...	...	...	1,736	...
950	...	...	...	...	...	...	...	...	...	23	...
1,000	...	...	...	...	...	...	...	...	...	253	...
1,100	...	...	...	...	...	...	...	...	...	2,088	...
1,200	...	...	...	...	...	...	...	...	...	2,829	...
1,250	...	...	...	...	...	...	...	...	...	4,382	...
1,300	...	...	...	...	...	...	...	...	...	18,438	...
1,350	...	...	...	...	...	...	...	...	...	172	...
Total										2,513,469	loads.

51,933 loads of reef or waste ground were also hoisted.

Hoisting was done from the 750 foot level.

The cost of mining and depositing was 2s. 7.3d. per load, as against 2s. 7.9d. for the previous year.

Quantity of Blue Ground in Sight.—We have in sight above the 750 foot level 13,500,000 loads. It is estimated that between the 750 foot level and the 1,300 foot level there are 25,000,000 loads.

Water.—The average quantity of water pumped from the mine was 8,185 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	... ..	4,678 feet.
Tunnels driven in blue ground	... ..	37,618 "
Passes sunk in rock	... ..	628 "
Passes sunk in blue ground	... ..	858 "
Timbering tunnels	... ..	3,427 "
Timbering shafts	... ..	541 "
Prospect shafts sunk	... ..	440 "
No. 1 Main Rock Shaft sunk	... ..	41 "
Excavations (rock)	... ..	16,912 cubic feet.

The water tunnels on the 330 foot level were driven 2,015 feet during the year.

The depth of No. 1 Main Rock Shaft is 1,424 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year was 4,257,395 loads; 2,513,469 loads were deposited, and 2,412,679 loads were washed, leaving a balance of 4,358,185 loads.

The stock of cylinder lumps remains the same as at the end of last year, i.e., 340,669 loads.

The cost of washing was 1s. 6.19d. per load, as against 1s. 6.19d. for the previous year.

The average cost of mining and washing was 4s. 1.49d. per load, as against 4s. 2.09d. for the previous year.

SUMMARY OF OPERATIONS.

LOADS OF BLUE GROUND HOISTED.

	PRESENT YEAR.	PREVIOUS YEAR.
De Beers and Kimberley Mines	—	351,347
Wesselton Mine	2,373,522	2,226,157
Bultfontein Mine	2,279,838	2,313,477
Dutoitspan Mine	2,513,469	2,491,235
Total	7,166,829	7,382,216

LOADS BLUE GROUND AND LUMPS WASHED.

	BLUE.		LUMPS.		TOTAL.	
	PRESENT YEAR.	PREVIOUS YEAR.	PRESENT YEAR.	PREVIOUS YEAR.	PRESENT YEAR.	PREVIOUS YEAR.
De Beers and Kimberley Mines .	75,815	419,881	—	—	75,815	419,881
Wesselton Mine ...	2,083,352	2,143,232	—	—	2,083,352	2,143,232
Bultfontein Mine .	2,069,552	2,096,378	—	—	2,069,552	2,096,378
Dutoitspan Mine .	2,412,679	2,330,234	—	6,626	2,412,679	2,336,860
Total	6,641,398	6,989,725	—	6,626	6,641,398	6,996,351

STOCKS.—LOADS.

	BLUE.		LUMPS.		TOTAL.	
	30th JUNE, 1914.	30th JUNE, 1913.	30th JUNE, 1914.	30th JUNE, 1913.	30th JUNE, 1914.	30th JUNE, 1913.
De Beers Mine ...	48,396	124,211	—	—	48,396	124,211
Kimberley Mine ...	—	—	—	—	—	—
Wesselton Mine ...	3,450,638	3,160,468	—	—	3,450,638	3,160,468
Bultfontein Mine .	3,095,893	2,885,607	37,241	34,704	3,133,134	2,920,311
Dutoitspan Mine .	4,358,185	4,257,395	340,669	340,669	4,698,854	4,598,064
Total	10,953,112	10,427,681	377,910	375,373	11,331,022	10,803,054

AVERAGE YIELD PER LOAD OF BLUE GROUND WASHED.

	Present Year.	Previous Year.
De Beers Mine ... ..	.36 ct.	.36 ct.
Kimberley Mine	— „	.27 „
Wesselton Mine ... ..	.28 „	.27 „
Bultfontein Mine... ..	.38 „	.42 „
Dutoitspan Mine... ..	.21 „	.23 „

LOADS TAILINGS WASHED.

	Present Year.	Previous Year.
De Beers and Kimberley Mines	765,880	1,675,331
Wesselton Mine	—	—
Bultfontein Mine... ..	—	—
Dutoitspan Mine... ..	—	30,607
Total	765,880	1,705,938

LOADS MIXED REEF AND BLUE—KIMBERLEY MINE.

Present Year.		Previous Year.	
Hoisted.	Washed.	Hoisted.	Washed.
1,638,352	1,104,577	52,923	—

GENERAL REMARKS:

Central Power Station.—The erection of the new 6,000 K.W. Westinghouse-Rateau Turbo-Generator and the new Boiler Plant was completed at the end of September, 1914. We hope to put these into service about the end of the year (December, 1914).

Tramways.—We acquired the tramway system of the Victoria Tramways Company on the 1st July, 1914. Penny fares have been introduced in place of the former three-penny fares, the innovation making the travelling the cheapest in the country. The Company's workmen are carried to and from work free of charge.

Electric Lighting of Kimberley.—The current consumption shows a substantial increase. The supply to the Kimberley City Council for the year under review amounted to 897,882 units, as against 768,088 units for the previous year.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 10.82 inches, as compared with 14.49 inches for the previous year.

The rainfall for the last seven years was as follows:—

Year ending 30th June, 1908	...	14.45 inches.
" " " " 1909	...	22.68 "
" " " " 1910	...	13.69 "
" " " " 1911	...	13.85 "
" " " " 1912	...	16.83 "
" " " " 1913	...	14.49 "
" " " " 1914	...	10.82 "

The rainfall during the year was the lowest recorded for the last 29 years, and our reservoirs were empty from the end of September until the end of February.

In order to supply washing requirements during these months we had to augment our mine water with about 125 million gallons of Vaal River water.

Du Toit's Pan.—The depth of water in Du Toit's Pan on the 30th June, 1914, was approximately 6 feet, equal to 146,875,000 gallons, as compared with approximately 2.30 feet, and 43,438,000 gallons on the 30th June, 1913.

Purified Water.—All our boiler plants were supplied with water from the purifying plant at Wesselton Mine.

Employees.—The number of white employees at 1st July, 1913, was 2,519 men and 339 lads, and at 30th June, 1914, 2,652 men and 311 lads.

The number of natives employed at 1st July, 1913, was 15,890, and at 30th June, 1914, 16,719.

Native Labour.—The native labour required by the Company was practically supplied by natives voluntarily presenting themselves at the Compounds.

In conclusion, I beg to thank the Directors of the Company, the various heads of departments, and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,
General Manager.

KIMBERLEY,
10th November, 1914.

De Beers Consolidated Mines, Limited.

Twenty-Sixth Ordinary General Meeting.

The Twenty-sixth Ordinary General Meeting of De Beers Consolidated Mines, Limited, was held in the Board Room at the Company's Offices in Stockdale Street, Kimberley, on Tuesday morning, 29th December, 1914, at 11 o'clock. Mr. Francis Oats, Chairman of the Company, presided, and there were also present:—Mr. A. Brink (and q.q. C. L. Marais, J. H. Marais, A. F. Roux and P. J. Roux), Mr. D. J. Haarhoff (and q.q. H. Haarhoff, Estate W. Shilling, Hester J. Lange and Susanna E. Orpen), Sir David Harris, K.C.M.G., V.D., M.L.A., (and q.q. S. B. Joel, Barnato Bros., and Mrs. Barbara M. Wilson), Mr. G. W. Compton, Mr. H. P. Rudd, Mr. F. Hirschhorn (and q.q. Central Mining and Investment Corporation, Limited), Mr. R. Philipson-Stow (and q.q. Lady Florence H. and Sir Elliot Philipson-Stow, Bart.), Mr. I. R. Grimmer (q.q. T. Rowe English), Mr. E. F. Raynham, Mr. John Harkan (q.q. Estate C. A. E. Meyer, Mrs. R. McFarland and D. van Ulsen), Mr. B. H. D. Horkheimer (and q.q. Harry Mosenthal), Mr. E. W. Weatherby, Mr. P. Peiser (and q.q. Kate C. Peiser), Mr. George A. Hay, Mr. W. Pickering (q.q. Andrew Gloag), Mr. H. Rose-Innes, Mr. Alfred Rogaly (q.q. H. J. Krauss), Mr. Isidore Mendelssohn, Mr. A. L. Franceys (q.q. Clara B. Franceys), Mr. H. E. Clark (q.q. E. Oppenheimer), Mr. A. Siew, Mr. E. C. Lardner Burke, of Messrs. Haarhoff, Hertog and Burke, Solicitors to the Company, and the Secretary, Mr. W. Pickering.

Mr. Francis Oats held proxies representing 134,769 deferred shares; Colonel Sir David Harris held proxies representing 92,084 deferred shares; Mr. Arend Brink held proxies representing 9,962 deferred shares; Mr. Friedrich Hirschhorn held proxies representing 14,000 deferred shares; Mr. R. Philipson-Stow held proxies representing 6,288 deferred shares.

The Secretary read the notice convening the meeting, and afterwards the minutes of the last Annual General Meeting, held on November 25th, 1913.

Mr. G. A. Hay said that before the business was proceeded with he would like to ask with reference to the Trust Deed, Clause 129, whether there had been any modification or cancellation of its operations. He had not had an opportunity of making a close examination of the Trust Deed, and therefore had put the question in this way.

The Chairman said he was not in a position to answer questions with reference to the Articles of Association off-hand.

The Secretary said that in reference to Clause 129 it was his intention to lay on the table a Statement showing the Balance Sheet as at September 30th. This was done at every Annual Meeting.

Mr. Hay said the accounts in Shareholders' hands only covered the period up to the end of June, and he wanted to know if the Statement up to the end of September was available to the Shareholders.

The Chairman said if the question had been put in so many words, instead of referring to a particular clause, it could have been answered straight away. The minutes of the last meeting showed that in accordance with Clause 129 of the Company's Trust Deed a Financial Statement was laid upon the table giving the results from June 30th to September 30th, 1913. It was the minutes of that meeting they were now asked to confirm.

The minutes were unanimously confirmed.

Mr. Hay : I take it that these figures from June to September are at our disposal.

As is usual, the Secretary then formally, in accordance with Clause 129 of the Trust Deed, put on the table a statement of income and expenditure for the period June 30th to September 30th, 1914, and Balance Sheet as at 30th September, 1914 ; and also laid on the table a list of registered Deferred Shareholders.

The Chairman then suggested that the proceedings would be shortened if the Directors' Report and Statement of Accounts (which had been circulated among the Shareholders) were taken as read.

On the motion of Mr. E. W. Weatherby, seconded by Mr. P. Peiser, the Report and Statement referred to were taken as read.

The Chairman then rose to move the adoption of the Directors' Report, Balance Sheet, and Profit and Loss Account for the year ended June 30th, 1914. In so doing he said : In the first place I want to make a personal explanation. As Chairman I feel it my duty as well as I can to represent the views of my colleagues on the Board, whatever my own personal opinions may be, and in that light I hope that whatever I may say will be accepted. I wish further to say that in the present circumstances we do not feel that it is desirable to canvass too freely the affairs of the past year. We are to-day faced with a very difficult situation. I must explain before proceeding why our meeting has been held so late in the year. We at first endeavoured to hold it in the month of October. It was thought that in face of the great crisis that has come over the affairs of the world, it might perhaps be desirable to call the meeting, and then adjourn to a period when we might have had more light on the situation. On second thoughts, it was considered that we had perhaps better transact the formal business, inasmuch as meetings have to be held once a year, the Directors have to be elected, and so on. It is, however, the general feeling of the Directors that in the existing circumstances we cannot discuss the affairs of the Company at the same length as we have done in previous years. Last year we went exhaustively into the circumstances of the Company and its relations with the Diamond Syndicate. There is no necessity to go into those matters again to-day, and in moving the adoption of the statements before us, I shall take only a cursory glance at what has happened during the past year.

At our last annual meeting we pointed out that the amount which would be received from the sale of diamonds for the year would probably be less than for the year before. Unfortunately, during the last six months of the year business became worse still. We sold a considerably less quantity of diamonds, and we sold them for a somewhat lower price. You will notice, too, that not only were the prices of our diamonds less, but that the yield, generally speaking, from all our mines, was less also. The result was that our profits for the year now under consideration were less than for the preceding year. To-day we are onlookers at the greatest crisis the world has ever known. As to how long that crisis may continue we can have no foreknowledge. I have to tell you, however, that since the declaration of war we have sold no diamonds at all. We have to recognise that we are a Company producing a luxury, which naturally does not find a sale in circumstances like

those which we have to face to-day. We are perforce compelled to mark time. We have faith that things will eventually right themselves, and that our product will be again in demand. But to-day we have to face the fact that no demand exists. We have therefore been obliged to ask ourselves, shall we go on working without selling diamonds? To do so would merely be to denude ourselves of what reserves we have at our command. I need scarcely tell you that the position has been very anxiously discussed. There have been differences of opinion among the Directors, but in the end we came to the conclusion that while this state of things lasted we must as far as possible confine ourselves to marking time, and not further increase the stock of unsold diamonds already on hand. With that decision, naturally, there arose a question which concerned Kimberley very closely—the employment of our workpeople. On that matter we have done the best we could under the circumstances. I do not say that what we did has met with the approval of everyone interested. But what we have done we have done after careful deliberation, and we believe it to have been in the best interests of all concerned. The Directors claim your sympathy in the crisis they have already gone through, and in that which is yet to come.

At the moment of closing our work down there was no money to be obtained. Our Consols were unsaleable. The bank rate in London was at that time ten per cent. We were faced with difficulties on every hand. The question of what we were to do with our workpeople was not the least part of the problem with which we had to deal.

We have been charged personally, as Directors, with callousness and indifference to the needs and circumstances of those whom we employ. That suggestion we entirely repudiate. The responsibilities of a director are of course complicated. He has to study the interests of his principals, the shareholders. At the same time he must not be callous or indifferent to the claims of those whom his Company employs, and in the present instance I think I can fairly claim that we have not been indifferent to the needs of those who have so loyally and well-served the De Beers Company for many years past. (Applause). We tried all we could to find a *via media*, and I believe that our employees themselves feel that we did what we could under the circumstances, both for them and for the future of the diamond industry. They realise, as well as we do, that it is no use producing diamonds, increasing stocks, and spending what little money we have, when diamonds are not in demand. The position has been a very anxious one for financial interests throughout the world. What we have felt, in view of the prevailing uncertainty, is that we must husband our resources, until circumstances may throw more light on the situation than we have to-day. (Applause).

With regard to our men, a return has just been put into my hands which shows that of the 2,700 Europeans previously in the service of the Company we have assisted about 699 to go elsewhere to obtain employment. Hardly any of these men went away without having received some financial consideration at the hands of the Company.

Mr. G. A. Hay: Have they gone beyond the Union, sir?

The Chairman: Not many. A few perhaps. We felt, at all events, that it was our business to help these men to find employment if we could, and we have done so. The men, to whom I have referred, may be divided into two sections. There were 108 who left before the decision as to half pay had been come to. In their case our expenditure was less. We expected at the time the decision as to half pay was come to that a number would have left, but it came at a time when work elsewhere was not abundant, and they did not go away. We assisted them to leave by monetary considerations, which varied in amount. The first 108 left before we adopted the rule that anyone who took the opportunity of leaving should be paid up to December 31st. There was a certain amount of leave to which these men were entitled also, but for which we were not bound to make any payment, but in the men's interest we decided that they should not go away to seek work elsewhere without some monetary consideration. This giving of assistance to 591 men going away cost us £23,500, or about £40 on an average for each man who left our employ, these together with 108 previously

mentioned cost us £24,600. Then there comes in another class of men—over one thousand in number—those who came forward and patriotically gave their services to the country in time of need. These are times when nearly everyone, with the exception of those who, like Sir David Harris and myself, are too old, has gone to the front. A number of our men went to the front, and in their cases we decided, in the exercise of our discretion as Directors, and acting in the spirit which we felt confident our Shareholders would approve, that they should not lose pecuniarily by their patriotism. They were receiving half pay, and we told them that as long as they continued on active service the difference between their military pay and the half pay they were receiving from the Company should be made good. (Applause.) That comes to about £7,000 a month—(applause)—which is some assistance both to our men and to the field forces, and constitutes a further contribution which the Company is making in deference to the situation which exists to-day. We knew, of course, that we should have to come to the Shareholders for an indemnity, but we had no doubt in the world that it would be readily given. The fact that De Beers Company have done this is something for which I think the Company is legitimately entitled to take due credit. We have been asked to subscribe to various patriotic funds, but it is perhaps not remembered, generally speaking, that in this manner De Beers Company is subscribing more largely to these objects than perhaps any other Company in South Africa, or even all other Companies combined. (Applause.) The war may last one, two, or, as Lord Kitchener said was possible, three years, but whatever the period may be we shall have to pay our men this £7,000 a month so long as they are on active service, despite the fact that at this moment we have practically speaking no income. Under these circumstances, I do not think that any reflection can be cast upon the Company on the ground of its not having done its share to assist the country in the national emergency by which we are all faced. I may further point out that this sum of £7,000 a month is being paid out continuously to the wives, children and other dependents of the men who have gone to the front, and is therefore answering the same purposes which the various funds that have been specially organised are intended to meet. So far as these men are concerned it is in spirit, if not in actual form, a contribution to the Governor-General's Fund. (Applause.)

Apart from those already mentioned, we have nearly 1,000 men left. We had already promised these men that the arrangements we had made with them, that they should receive half pay, would go on to the end of December, and we have just issued a further notice to the effect that as things are still so uncertain we will take a little further time to consider what shall be done. Meanwhile the existing arrangements shall go on to January 31st, and during that month the Directors will carefully consider what further changes may be necessary.

We now feel, however—and on this point I want to be perfectly frank with the Shareholders—that there is little or no hope that we shall resume diamond mining in the ordinary course for a long time to come. We have a large stock of diamonds on hand. The trade also holds considerable stocks. We have, further, a very large stock of blue ground on the floors, greater, I think you will see from the General Manager's Report, than we ever had before. In these circumstances it cannot be regarded as probable that we shall resume mining under normal conditions for some time to come. I cannot presume to forecast the duration of the war. Each of you is in as good a position as I am to form a judgment. All we can say is that the period is entirely uncertain, and for that reason we have to proceed very carefully and, as I have already said, husband our resources.

A further question which necessarily came up for decision was what should be done with regard to the payment of the interim dividends which in the ordinary course would have been declared at the end of December. This also has been a subject of very great anxiety to your Directors. The statement before you will show that we have made very little profits for the first three months of the new financial year, while for the second three months, which are now coming to an end, we have made none at all, and in view

of these facts, while realising the inconvenience to the Preference Shareholders who have looked upon their income from De Beers Company as reliable, we have felt that we should not be justified in paying a dividend on preference shares, which in the ordinary course would have amounted to £400,000. The money stands in favour of the Shareholders concerned, and it will have to be paid to them before any of the Deferred Shareholders can get a dividend. But in the present state of uncertainty the Directors feel that we must keep what resources we have in hand. We know from experience the difficulty of obtaining financial assistance under existing conditions, and economists tell us that even after the war is over still greater depression may be expected to ensue. I hope that at all events it won't last long, and for my own part I don't believe it will.

Now, I have spoken to you sufficiently in a discouraging light. I trust you will go away with the hope that the war will be ended sooner than anyone anticipated; that the result will be satisfactory to our and our Allies' arms; that the menace which the world has suffered from for many years will be removed; that the trade will go cheerfully along its course; and that in future less money will be spent on armaments, and more money spent on industrial developments. (Applause). I think this is a moment when we can stand on a higher platform than as mere Shareholders in a financial Company. The country to which we belong is now in the throes of a life and death struggle with an enemy whom we want to see vanquished. No such trouble has ever been known before, and we trust that no such trouble will ever occur to us again. We all trust that when this war is ended it will be concluded with the assurance to all parties concerned that it cannot recur, at any rate for a long time to come. (Applause). As to our industry, we believe that diamonds, which have been an article of luxury in the world from time immemorial, will come into use again, and that the trade will go ahead. But it is no use for us, as producers of diamonds, saying we will produce for sale unless there is some one to buy. (Hear, hear). At this moment we know perfectly well that the world is so preoccupied with the great war crisis that there is no disposition to buy diamonds at all—I was almost going to say at any price. It is therefore much better for us, and it will serve the Company's interests better, to wait until the clouds roll by. I suppose everyone of us is confident that in time the Allies will obtain the peace they desire, but it is not for us to do anything to press them to conclude a peace prejudicial to what we would like to have, or a peace that will not be a permanent peace.

To come back to the crisis, the town of Kimberley was also concerned in this, as well as our own people. A great deal of talk went round as to what the Company should do, and what it should not do, and anent this I may say that most people know how to manage other people's affairs better than their own. (Hear, hear). It was represented to us that the town and trade of Kimberley would suffer very much owing to the suddenness of our stopping, and we at once met that state of affairs as well as we could. The Mayor (Councillor Oppenheimer) took the matter in hand so far as the town was concerned, and started a Mayor's Fund for helping the poorer people of Kimberley to tide over the trouble which would naturally arise on the stoppage of work by the De Beers Company. The Mayor went round and collected all he could, and he also represented the case to De Beers Company. The De Beers Company gave the Mayor £1,000 a week for ten weeks as a contribution towards his fund for finding employment for people who otherwise would be out of employment. All I can say about the Mayor is that not only in the matter of the Mayor's Fund, but also in dealing with the tramways, and especially in arranging for an extension of these to be made, during the present depressed period, we must all feel a deep debt of gratitude to the Mayor for what he has done, and the way he has worked night and day in the interests of the people of the town. The Mayor had to go to the natives and deal with them, and he had also to deal with the Government, and the way he did so, and the success he obtained were such that we are very much indebted to him as a Company, and on behalf of those present residing in Kimberley I feel I should not be doing my duty here unless I expressed our indebtedness to him for his good services. (Applause).

I may tell you, further, that, owing to his persistency, he got us to take the tramways over from Messrs. Gibson Brothers—a very good thing for Messrs. Gibson I think. That was done before war was declared, and with the purchase of the tramways we agreed that the fares should be reduced practically from 3d. to 1d. We did not expect to make any profit out of the transaction; but I am not so sure that the tramways in ordinary times will not make as much at the 1d. fares as at 3d. fares. Unfortunately the war broke out soon after we took over the system, and we have no criterion as to what the result will be.

I would like to point out in passing that some people constantly ask what do De Beers Company do with the profits from the compounds. My answer is that we contribute in many ways to the public benefit of Kimberley very much in excess of any possible profits from the compounds—indeed, I might say two or three times in excess. We do not expect any revenue to come from the £35,000 we paid for the tramways. It is £35,000 contributed for the benefit of Kimberley; we do not think the penny fares will leave a profit. There is a chance that in good times they may, but I do not think anyone else in the world would have reduced the fares. We did it, however, in the interest of Kimberley, and in the interest of the workpeople, for whom we provided free fares from their homes to their work. Reverting to the question of compound profits, it seems to be in the minds of some people that the Company is making much out of it, but I might point to two or three things. Take Alexandersfontein Hotel and grounds. They are put there for the benefit of the people of Kimberley; they cost us with the tramway connection over £60,000 and we get not a farthing return. They are, as a matter of fact, costing us two or three thousand a year to run. I could refer you to other things to impress upon you the fact that De Beers are taking no mean advantage of the public in any shape or form. Not only did the Company subscribe £10,000 to the Mayor's Fund, but the Directors also have done their share individually, so as to prove to those gentlemen who call them callous that they are not callous—perhaps their critics manifest a great deal more callousness to the people of Kimberley not directly employed by De Beers Company. I think we can claim your sympathies as Directors. We have tried to conserve the property of the Company so that at the end of the war it shall be solvent, and shall earn dividends for you as before.

I have carefully avoided going through much of the work of the year, because it is to a great extent past history. We have entered upon another scene and another experience. As to diamonds, it is said in the Report that we are not selling diamonds. At the present time we have no contract with the Diamond Syndicate. We only wish we could sell our diamonds at the same prices as before. I perhaps have had as much to say with regard to the Syndicate as anyone in times gone by; but I can say that the Syndicate have been friends of the Company, and have enabled us to sell diamonds when otherwise, perhaps, we could not have sold them at all. One does not expect the Syndicate to sell diamonds for nothing. I think we can say we are going to do what we can within reasonable limits to stick to the Syndicate, and are not going to throw diamonds on to the market anyhow, because we must remember we are not the only persons concerned in the diamond trade. There are people all over the world with stocks of diamonds, cut and uncut, and it is not to our interest that those people shall lose by our throwing diamonds on the market and depreciating the prices. (Applause).

Sir David Harris, in seconding said: I do not think it is necessary for me to amplify anything that has fallen from Mr. Oats, because this is not the time for making long speeches. No one can estimate or determine how long this war will continue. I should like to say, expressing my own opinion, it will be some time after the conclusion of hostilities before we shall see normal conditions established in the diamond market. Diamonds, as you are aware, are an article of extreme luxury, and at the conclusion of the war those people who formerly bought our diamonds will be borrowing money to put their houses in order and pay their debts. That will take some time. Still I have every confidence, as your Chairman has, that normal conditions will reassert themselves, and when the world is put in order after the terrible ordeal it will have passed through there will be the same demand for diamonds, and they will be as fashionable as ever they were before. As a large Shareholder of this

Company, and one who has been connected with it almost from its inception, I am very much consoled by the knowledge of the great recuperative powers of De Beers Consolidated Mines. I feel confident that when we are in happier times it will not take the Company very long to re-establish the strong financial position that it was in on the 30th June, 1914. (Applause). I beg to second the adoption of the Report and Balance Sheet.

The Chairman said that before he put the motion, if any Shareholder desired to have information on any particular point he would be glad to give it so far as he was able.

Mr. G. A. Hay said there were two or three little things in connection with the accounts that he should like information upon. First, he would have liked that the Directors should have attached to the Report issued to the Shareholders the figures dealing with the finances up to September this year. Such Shareholders who could get to the meeting had of course an opportunity of seeing them, but he was speaking for the absentee Shareholders, and he would ask the Secretary to make a note of his request in the report of the proceedings. He did not want to go into general matters and take up their time, but he might say there was no doubt the Directorate had the very deepest sympathy of the whole country on the load they were carrying. He would like to dissassociate himself from any hostile criticism of the Directors of the De Beers Company in South Africa. He had frequently defended them as the best employers in South Africa. He would not say he had not had his ideas of what might have been done, but he had always defended their attitude towards their men. He would also mention in passing that the Chairman's whole speech showed the evil to the country of depending upon mining entirely for its success. However successful mining was, the country should have an expansion of industries. They had taken £200,000,000 of diamonds out of the soil, and they looked round for their industries and found they had extracted their value, and had no industries. This was a luxury, and when there was a failure, then it recoiled on them. While they might be very kind indeed to their employees in finding them money to go away with, and look for employment elsewhere, they must remember that the whole of the country was suffering, and that there were parts that had complained bitterly of De Beers Company finding money for railway tickets for men to go and look for employment elsewhere. That was why he asked if the Directorate had helped employees to go beyond the Union. If they had merely found railway tickets to move to other parts of the country, they had simply made the burdens of those centres a little heavier. If the men had obtained occupations he could quite understand the policy, but if it was merely a policy of shifting the responsibility, then, however unpleasant it might be, it was theirs to bear. The men had served them and served the Shareholders—he was speaking as a Shareholder—and the liability was on them. Proceeding, Mr. Hay said that whereas the Directors had an intimate acquaintance with the affairs of the Company, this was the Shareholders' only opportunity of asking for information. There was no doubt a great deal had been expected from De Beers, and they had done a great deal. In the published accounts, of course, they were perfectly within their rights according to the Trust Deed, but he thought it would be an advantage to the Shareholders if they gave particulars of their investments instead of lumping the sum of £3,500,000 together. If he remembered rightly, in times past they mentioned the sums invested in Consols, etc. His reason for asking was that it would to his mind remove a good deal of the criticism they had. There was the dynamite factory, for instance; why not say so? Then he understood they had an interest in the Bechuanaland railways. He noticed that the Chairman shook his head, but that only showed the value of giving such information. He was only expressing what the general public understood. It was thought the Company was also interested in Rhodesian railways—the Cape-to-Cairo idea—and also interested in the Chartered Company, and the Smartt Syndicate, which had been highly praised for what it had done for irrigation. Shareholders always thought that if the Company were interested in that Syndicate it should have some of the credit, as well as Sir Thomas Smartt. There were other things they were interested in, such as newspapers, etc. He would point out how much better it would be if they detailed investments in South Africa. The Company had no doubt investments in Government stock. Why not show it? He would like specific information with regard to special investments of £380,000. Passing to the accounts, Mr. Hay said he noticed

particularly that there was an increase for stores. No doubt De Beers had to have extensive stores, but the amount had gone up by £60,000 to £300,000. He came to the question of current liabilities, etc., and he saw the Company loaned half a million of money, which might be a very good loan and very good business, but on the other side he saw they had borrowed £180,000. One naturally asked, did they borrow to lend, or had they to borrow because they had lent. The amount was a somewhat large one. When they came to see the actual cash resources, they found only £24,000, and as their expenditure was about £180,000 a month, that amount would not pay for half a week, and one could naturally understand how quickly they had got into the position of having to shut down, and having to face the question, as Sir David Harris said, of having no income. He did not understand how they could have no income, as some of their investments were remunerative. He saw they had Bills receivable over £228,000. Shareholders were under the impression the Company did not discount bills or carry on a banking business. They understood they got a cheque for diamonds, and one naturally asked what were the bills receivable for that quarter of a million of money. If they drew against their diamonds then it was easily explainable, but Shareholders were under the impression that the Buying Syndicate were immensely wealthy people, and were paying cash for what they had. He inquired if the £272,903 of German South-West diamonds, which they apparently participated in purchasing, formed part of the £919,000 of diamonds unsold to date. Then there were the donations and relief of £36,000 or £37,000. He knew according to resolutions of previous meetings he had no right to ask, nor did he ask, what they did with the compound profits—it was in their discretion to decide what was a public object—but Shareholders had a right to ask how much of the £36,000 donations and relief came out of mining profits. Were Shareholders taking credit for being philanthropists when they were getting the money from the compounds? He had always thought if there was any compound profit which partook of this nature, it should be credited to the natives, and not to Shareholders. He thought they would like it indicated in the Report how much of the amount distributed was derived from mining profits. There was another item—the Directors' fees of £30,000. He agreed that the labourer was worthy of his hire, but he pointed out that the fees had gone up within a very few years from £15,000 a year to £30,000 a year. According to the latest amendment to the Trust Deed, it was provided that the number of Directors should be sixteen, and that they should be paid as remuneration for their services £1,000 per annum. He knew there was a proviso which enabled them to pay for special services, and also very strangely to pay specially those Directors who lived outside the Union—in other words, to give bonuses to those gentlemen apparently for living away from South Africa, scarcely a patriotic thing. He thought they should pay those who did the work here. The latest amendment of the Trust Deed made it definite that the Directors were entitled to £16,000 a year, but he would not press the matter, except to point out the dangers. They had eight Directors resident in London, or Europe, who were removed from any obligation of attending any meeting; in fact, no meeting of Directors could be held out of the Union. They paid these gentlemen, who apparently had no responsibility, more than their local Directors, and as a South African Shareholder he rather protested against that. It was a South African Company; Kimberley was the head office of the Company, and they were paying more to those who lived out of the country, and he thought he was entitled to protest. He hoped the Directors would put themselves on the same level as the Shareholders who were getting no dividend, and also put themselves into the same position as their employees, who were only getting half-pay. He presumed the staff was also being cut down. In better times they could recognise the debt they owed to the Directors, and make it up to them, but at the present time he thought he was justified in asking them to recognise the conditions. He wished that somewhere in the Report they could find the numbers they employed of Europeans and natives respectively, and the wages they paid; in the Report the figures were not detailed. Now, he came to an exceedingly important question, concerning the Diamond Conference in London. They saw it published that there had been a Conference. They saw the Chairman was not present, as they thought he should have been, but others were there representing De Beers, and a Conference was held to deal with the whole question. But they were told nothing, and he thought the Shareholders were entitled to ask them not to keep the information to themselves, but to say frankly what the proposals and policy were. They knew, as the Chairman said, that the time would come when the industry would be

restored to prosperity, and the Shareholders wanted to know whether they were going on as they had gone on previously, or whether they were going to adopt the resolutions arrived at by the Conference. They understood from the financial Press of London that they had agreed with reference to the distribution of their allotment, and Shareholders had a right to ask what the Conference did, what the Directorate proposed to do, and what the future position would be. The Conference seemed to be dominated by the German position. It seemed to him that the Germans had been too much for them. They seemed to have been entirely in their hands. He asked if the German allotment on a lower average of production was higher than for the Premier on a higher average of production. They had already had references to the very difficult position the Board were in when dealing with the London Buying Syndicate. He could quite appreciate the difficulty of those Directors who had to deal with other Directors, one lot representing the Buying Syndicate, and the other lot merely representing the sellers; it was an exceedingly delicate, exceedingly difficult, and he should say, exceedingly distasteful position. What was the future policy? It was quite apparent now that what Sir David Harris said some time ago, that the Diamond Syndicate only bought when it could sell, was perfectly true. They had the same thing in 1908; they had to carry the burden; it was thrown back on them. The Diamond Syndicate had always been posing as gentlemen who found mythical millions to support the industry, and support the market, but when it came to a crisis, what occurred? The Diamond Syndicate did not take their stuff, and Sir David Harris was quite right in saying that they only bought when they could sell.

Sir David Harris: Did I say that?

Mr. Hay said they came back to the point as to whether the Company could not do better. Sir David Harris pointed out at the last meeting that it was satisfactory to know that the Buying Syndicate, in November, had already given them notice that they would exercise their option to take the whole of their product up to the end of June, the first six months of the year.

Sir David Harris: I think you are mistaken. I did not say so.

Mr. Hay, referring to last year's Report, said he found it was the Chairman's remark.

Proceeding, Mr. Hay said the accounts showed that up to the end of June they had in hand at cost about £1,000,000 of diamonds; he did not know whether that included the German South West stock, which they had evidently been persuaded to buy, but some explanation was required. When people exercised an option, to take their six months' production, how was it that at the end of June they had £1,000,000 diamonds, at cost, or £2,500,000 at market value, on their hands? They did not shut down until August, and he inquired if the Buying Syndicate entered into a contract for the second six months of the year. If so, he said it was hard lines when they had these enormously wealthy men, who posed as finding millions for them, that they should find themselves with only £24,000 to carry on with, and they should get a cablegram to shut down the mines. They shut down the mines when they apparently had diamonds in hand which the Diamond Syndicate should have taken from them. If they had an option to cancel the contract apparently whenever they liked, then that contract was not running now.

The Chairman: I will answer your questions afterwards.

Mr. Hay, continuing, said he surmised the contract was not running now. Speaking of the contract that was passed, he asked the Directors to frankly tell the Shareholders what the contract was. What was the contract? What did the Company get, and what did the Company do? He had it—he stood to be corrected—that the Syndicate had some commission privilege, he thought 4 per cent. outright. Then there was some sort of system of dividing the profits.

When did this start? After the 4 per cent. had been deducted, or after the Syndicate had obtained a certain amount for the diamonds? They did not know, and they asked for information. They knew from the accounts that they paid an income tax of £20,000 on the top of what they had already paid, which, as had been said, was enough to pay for a Dreadnought. The ordinary rate for income tax was 1s. 2d. in the £, so they were paying on £350,000, which would mean they also got £350,000 plus 4 per cent., and may be plus something else. (A voice: "Bosh!") Well, he was asking for information, and the Directorate were the only people who could give it. Now was the time to tell them, and put the whole position frankly before them. The Shareholders thought the Diamond Syndicate got an advantage. If they did not put up the mythical millions, if they threw back the product when it was unsaleable, the Shareholders would like Directors to consider whether the policy of the Company should not be—as it had to carry the responsibility, to take the whole responsibility—to go into the question of relative allotment among producers, and take the whole responsibility of selling, and do without the Buying Syndicate. If they got a minimum of £350,000, and in addition the Company paid a commission of 4 per cent., then the Syndicate were making a very easy half million. The Company could do the work and carry it out and save a large sum of money. There was no sentiment in business whatever. It was purely a question of business, and he thought they were perfectly right in asking the Directors to adopt that policy. He had left to the last the question of German influence in regard to these diamonds. According to the accounts they had been persuaded to go into a speculation of buying diamonds which, according to the Trust Deed, they had a right to do, and their participation came to an amount of £270,000. They had seen that the German people had secured the sale of their diamonds at an advance from 29 marks last year to 46 marks, an advance of 50 per cent. They said the Buying Syndicate had tendered, and that an Antwerp Syndicate tendered 46 marks, the largest offer tendered, and beyond the Syndicate price of 45 marks, and got it. Now they found De Beers in it, and the Buying Syndicate in it. Evidently they took over that contract, unless the financial papers were wrong. It looked to him as if the Germans had come along and collared their cash; they had got the advantage, and then after the money was gone they had this result, that they had not taken them out of the market. The financial papers again reported that the Germans had been with 500,000 carats to New York, which was still a fairly good market, as New York took half the normal rate for the first eight months of this year. They went to New York and also to Amsterdam, so it seemed to him that the Germans had been quite too much for them in this matter. It was a serious question whether the finances of the Company should be run apparently as an annexe of the operations in London. Surely it was not a reasonable position for a Company of this importance to find itself with £24,000 in hand, as Sir David Harris said, with no income. It was apparent the money had been locked up, and he thought they should take exception unless it was explained. The financial position of the Company could have been retained advantageously in a much stronger position. He would submit the questions as part of the proceedings, so that other Shareholders could see that they had been raised, and no doubt the answer to them would be satisfactory. He thanked the Chairman for his kindly hearing, and trusted they would not look upon his remarks as obtrusive. He was animated by the best interests of the Shareholders and Company. He would conclude by asking them to weigh very seriously the question of cutting themselves adrift from the Buying Syndicate.

There were no other questions.

The Chairman, in replying, said he wished the gentleman had taken an opportunity of seeing him (the Chairman) or other of the Directors; in that way they could have saved considerable time. He (Mr. Oats) was not at liberty to confess to the world or to the Shareholders what the Directors did not put before them. He had submitted to them the Reports and Accounts, and he had no authority to go into the questions in detail of investments: if they were not detailed in the report, then it was because the Directors

thought they were serving the interests of Shareholders when these things were not done. They had their Auditors who went into these things carefully, and they had their Report. As to the explanation of the loan of £487,000 and of the special investment of £380,000, these were amounts which were subject to constant change, as the Company had occasion to either borrow or lend, but the position had been fully explained in their Reports. The money which the Dynamite Company had on hand was generally loaned to this Company—it was all one concern, and it had been fully explained in the Reports. The question had been raised whether they could not reduce the capital of the Explosives Company, but the position in that respect had been explained over and over again. It was quite pardonable, however—and he thanked the questioner for the spirit in which he had framed his remarks—that queries should arise in the mind of one who had not followed closely the reports and transactions of the Company for years past.

With regard to the question of what portion of the amount paid out by way of donations and relief was derived from mining profits, the answer was that with the exception of what came from compound profits, it was all derived from mining. Precisely what share came from compound profits they had considerable difficulty in estimating. It had been worked out that they got no profits from the compounds at all, as they cost so much to keep up and supervise. However, it mattered little whether these donations came from compound profits or the funds of the Company. The position was that the Directors in their discretion considered that it was the duty of the Shareholders to contribute certain sums to various objects. Some little proportion, no doubt came from compound profits, but a great deal more came from mining profits. (Applause.) Then they were asked what was the reason for the increase in the total amount of Directors' fees to £30,000. On this point he was glad the speaker had forced him to say that if they put up the Directors' work to tender they would in all probability get the work done for less, but they could not expect men to accept responsibilities of that character, and to discharge those duties here in Kimberley for less. The speaker (Mr. Hay) was in error in saying that the Directors at Home were paid more than those in Kimberley. £1,000 each was paid to the Directors away from here, but the local Directors were paid a local allowance to assist them to live here. He might tell them, however, that since September the Directors had taken only half the amount they had taken before. The staff of the Company, and everybody else as far as he (the Chairman) knew, had also accepted half of what they had before. If only the speaker who asked the questions had obtained that information from him (the Chairman) before, there would have been no difficulty in telling him privately. With regard to the Diamond Conference, he (the Chairman) had said little. They saw in the Reports what there was.

Mr. Hay: Is it going to be resuscitated?

Mr. Oats: I am a Britisher, and I trust that whenever it is resuscitated the Union Government will take the place of the German Government. (Applause.) Continuing, he said he trusted they would find that the Union Government of South Africa would have the same interest in the price of diamonds as they (De Beers) had, on account of the various large interests they (the Government) had in the profits of diamonds. The German Government, he believed, were taking about one million pounds of revenue from the diamond concerns of German South West Africa. He hoped that the Union Government would participate in future to the same extent. With regard to the Diamond Conference, this did not get any further than to recommend the conclusions to their principals. As the war came on, the Conference recommendations fell to the ground. The Directors of De Beers had never discussed those recommendations; if they had done, there would be a lot to say. It was unnecessary to say anything now because the thing was dead. With regard to Mr. Hay's remark about the Buying Syndicate and De Beers, he (the Chairman) wanted to be perfectly fair. During the co-operation of the Company and the Syndicate the price of diamonds had risen from 20/- to 50/- per carat practically, and this was a result which they should not ignore. Diamonds were not like other things. He (the Chairman) once pressed upon Mr. Rhodes the idea now voiced by the last

speaker as to the sale of their diamonds in London on commission, appointing some of the members of the Syndicate as commission agents. Mr. Rhodes consulted others, and said to him (Mr. Oats) in reply: "I like your idea, but it is this way: Diamonds have to be sold, and after they are sold they have to be again circulated through numerous channels before they reach the consumers' hands, and there has to be machinery for the purpose," and it was considered by Mr. Rhodes that it would, to close those channels, be a dangerous thing to do. He (Mr. Oats) warned the speaker that so far as he was concerned it would be a dangerous thing to break with the Syndicate which had so much connection with the diamond trade to-day. Of course, there was the idea of the survival of the fittest. There was something to be said for that, but in the wisdom of the Directors they had gone on as they had, and the result had not been entirely unsatisfactory. It was, after all, better to deal with the gentlemen they knew than the gentlemen they did not know. Still, he would like them to understand that the members of the Board who were members of the Syndicate did study as far as they could the interest of the Company in their dealings with the Company. However, it was contemplated at that Conference that the whole of the diamonds should be sold by one agency, and that it would be simpler to pay the Syndicate members a fairly liberal commission on their sale. Well, it was not all so nice as it looked. He (Mr. Oats) said that under the contracts made they were not such tools of the Syndicate as some people imagined. Every contract that had been entered into had been an improvement on the one made by Mr. Rhodes, but it was only right he thought that the people who sold their diamonds should have an interest in the rise of prices they helped to bring about. He (Mr. Oats) thought that was a very good point. If they cut the Syndicate away from a share of the rise in the profits, the Syndicate perhaps would have a tendency to sell as many diamonds as they could, with less regard to price. It was not such a simple matter after all, but of this he was sure that the Company had done what they could for the best, and the results had not been unsatisfactory. With regard to the future, in his opinion, whatever was done they should give the sellers a considerable interest in the rise in prices, which he felt they more than anyone else could bring about. Referring to the Diamond Contract, there were limits to the clauses in the contract. The Syndicate could take only a certain quantity per month. Some months they had wanted more, but the Company had said: No, we want the market to be scarce, and you get your money by a rise in prices. But we produced in excess of the quantity that the contract compelled the Syndicate to take, so we had increased the stocks of diamonds in our safes to the extent of about £300,000 at cost of production during the past financial year.

Mr. Hay: Did they extend their contract?

Mr. Oats: In May last they extended their option for six months more, but it was provided in the contract that in the event of a great war they could retire from their contract, and when war broke out they gave De Beers notice accordingly. With regard to the investments of the Company, these changed from time to time, and under certain circumstances they did not want to divulge where they had their investments. He believed that the business of the Company was divulged to the Shareholders in detail as much as and perhaps more than that of any other Company, but in this matter it was not thought desirable to publish the whole of their investments. They were sellers as well as buyers. As to their connection with the Smartt Syndicate, sometimes—he had never thought it worth mentioning—they had been charged with promoting this Syndicate in the interests of irrigation, to their credit by some and others to their discredit. He could tell them, however, that not a penny of De Beers money was ever in the Smartt Syndicate, and there was none to-day. Mr. Rhodes had some of his private money in it, and that would perhaps give colour to the statement that De Beers were interested. With regard to the railways in Rhodesia and Bechuanaland, they did have investments, but they realised them, and they made a very good profit. On the whole, he thought the Company could congratulate itself that the profits on the investments had been tolerably good. With regard to the money relations with the Syndicate, he had found that nothing but absolute good faith existed on the part of the Syndicate towards the

Company. He had never found anything at all like sharp practice or chicanery. The Diamond Syndicate paid cash here for their diamonds, but whenever it suited us to buy their Bills we did so, against which there was always ample security lodged, but this was quite a separate transaction from the purchase of diamonds, and resulted in a mutual saving in exchange to both parties.

He thought they had a very keen set of Directors, and the Diamond Syndicate expected to find the De Beers Directors not on the Syndicate very careful of the interests of the Company. If he vacated his position to-morrow he could tell them he had no secrets of a doubtful character to confess to anyone as to the relations of the Syndicate and De Beers Company. These were, so far as he knew, as clean as they could be; he would be no party to them if he thought otherwise. (Applause). As to newspapers, they had some long standing investments, but so far as he remembered he did not think they had a farthing invested in newspapers.

Mr. Hay: I am afraid we have very few South African investments.

Mr. Oats said, other than diamond mines, their big investment was the dynamite works, and there were several outside things they had an interest in, but against the revenue from these investments and reserves they had certain liabilities amounting to approximately the same annual amount. They had the leased Companies, which cost £96,000 a year, and they had to meet the interest on our South African Exploration debentures of £73,000 a year, and the revenue from this investment about met the liability on the other. They tried to be as careful as they could, and he was glad to have had this opportunity of removing some of the misapprehensions of the last speaker. He hoped they would gain the questioner's confidence that they had tried to do in the circumstances as well as they could. With regard to the participation of the Syndicate in the purchase of German South-West diamonds, as matters had now turned out perhaps it was a mistake, but it was thought that if the diamonds were held by one seller it would be to the advantage of the producer, and it was with this object the move was made. They had no anticipation then that the war was coming upon them.

Mr. Hay: I am afraid the Germans had.

Mr. Oats said he thought the Germans had an idea it might occur in process of time. They had got those diamonds, and the sale of them was left to the discretion of the Syndicate, who were partners in the transaction. These were not included in the £919,000 referred to in the balance sheet. He had tried to answer the questions frankly, because he appreciated the spirit in which the questions were asked. He was glad they had been asked, because he thought his explanation might remove misapprehension that existed in the public mind. (Applause.)

Mr. Hay: I thank you for your courtesy, sir.

The Report and Statement of Accounts were then unanimously adopted.

On the motion of Mr. B. Horkheimer, seconded by Mr. A. Brink, it was unanimously resolved that Mr. Solomon B. Joel, Mr. Harry Mosenthal, Mr. Ludwig Breitmeyer, and Mr. D. J. Haarhoff be re-elected as Directors of the Company.

Mr. I. Mendelssohn proposed, and Mr. H. Rose-Innes seconded, that Messrs. Howard Pim & Hardy and Messrs. Salisbury & Beaton be appointed auditors for the ensuing year, and that the remuneration to be paid them be fixed by the Directors.

The Chairman said he must mention before the motion was put that the auditors had also agreed to accept less on this occasion.

The resolution was carried.

The Chairman said that that closed the formal business of the meeting. He trusted if they lived to meet there next year they would assemble under much better auspices, and that all the troubles they were now suffering would have disappeared, and they would look back upon the present as a nightmare only.

Mr. Brink moved a vote of thanks to Mr. Oats for presiding.

Mr. Hay seconded.

In reply, Mr. Oats said he took it for granted they were satisfied with the way in which the business had been conducted. He was particularly pleased that the last speaker was also satisfied. Mr. Hay had given him an opportunity of ventilating some things which otherwise he might not have mentioned. He would like before concluding, to pay a compliment to the staff and officials, who were cheerfully abiding by the reduction in salary which had been made, and co-operating with the Directorate in every way. He proposed that the thanks of the meeting be tendered to them.

Mr. Compton seconded, and the motion having been adopted, the gathering dispersed.



De Beers Consolidated Mines, LIMITED.

*Registered under Act 23 of 1861, and Incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Seventh Annual Report

For the year ending 30th June, 1915.

Directors :

FRANCIS OATS, **Chairman.**
CHARLES E. ATKINSON, J.P.
FRANCIS BARING-GOULD.
LUDWIG BREITMEYER.
GEORGE WM. COMPTON.
D. J. HAARHOFF, J.P.
COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.
FRIEDRICH HIRSCHHORN.

SIR CARL MEYER, BART., **Deputy Chairman.**
THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B.
SOLOMON B. JOEL.
CHARLES E. NIND.
ROBERT PHILIPSON-STOW.
H. P. RUDD.
ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS,

Assistant General Managers :

IRVINE R. GRIMMER,
JOHN HARBOTTLE,
HAROLD T. DICKINSON.

Mechanical Engineer : **Electrical Engineer :**
JOHN LIDDELL. ROBERT W. SMITH.

Mining Engineer :
JOHN N. F. ARMSTRONG.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.
COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

HOWARD PIM AND HARDY, KIMBERLEY AND JOHANNESBURG.
SALISBURY AND BEATON, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON.
THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.

De Beers Consolidated Mines, Limited.

TWENTY-SEVENTH ANNUAL REPORT,

For the Year ending 30th June, 1915.

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- 2.—BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.
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Dr. J. H. Thompson, Editor

TWENTY-SEVENTH ANNUAL REPORT

For the Year ending June 30, 1912

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REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ended 30th June, 1915,

To be submitted to the Shareholders at the Twenty-Seventh Ordinary General Meeting to be held on 28th December, 1915.

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors beg to submit their Twenty-Seventh Annual Report and Balance Sheet at 30th June, 1915, and Profit and Loss Account for the year ended 30th June, 1915.

During the year, as shown by the accompanying Statement, the diamonds sold, less decrease in

Stocks, at cost, amounted to	574,398 16 9
Interest and Dividends on Investments	142,002 11 10
Net Revenue from Rents	8,235 1 3
Revenue from other sources	10,813 1 8

Giving a total Revenue for the year of

£735,449 11 6

The expenditure for the year is summarised as follows:—

Mining Expenditure, 1st July to 8th August, 1914

204,218 13 0

Expenditure on Farms, Kimberley-Alexandersfontein Electric Railway, and Charges, including Donations

173,649 1 5

Interest on Debentures, and on Capital of Leased Companies... ..

169,989 15 6

Sinking Fund for Repayment of Debentures

70,329 12 0

Expenditure consequent on the War:—

As detailed in Profit and Loss

Account 375,613 4 2

Depreciation of Reserve and

Special Investments, &c. 250,246 15 0

625,859 19 2

1,244,047 1 1

Balance, being the loss for the year, carried to Appropriation Account... ..

£508,597 9 7

The Unappropriated Balance from last year was

447,864 7 4

Amount transferred from General Fund

581,666 18 3

Diamonds unsold 30th June, 1914, transferred from

Suspense Profit Account

919,320 4 11

£1,948,851 10 6

This Balance has been used as follows:—

Loss for the year transferred from Profit and

Loss Account

508,597 9 7

Suspense Profit Account:—

Diamonds unsold 30th June, 1915

848,428 1 10

Unrealised portion of our participation in South-

West Africa Diamonds... ..

302,561 12 9

Balance unappropriated carried to next year

1,150,989 14 7

289,264 6 4

£1,948,851 10 6

The Stock of Blue Ground and Lumps on the Floors at 30th June, 1915, was as under:—

De Beers Mine	48,396 loads.
Wesselton Mine	3,448,845 „
Bultfontein Mine	3,176,063 „
Dutoitspan Mine	4,702,869 „
	<hr/>
	11,376,173 loads.
	<hr/>

Your Directors in their previous Annual Report mentioned that, in consequence of the War, and the Diamond Market having thereby come to a standstill, they were obliged to suspend the ordinary working of the Mines as from the middle of August, 1914.

The conditions for the period this Report covers were unfortunately practically the same, the Mines remained closed, and there was very little demand for diamonds.

The Profit and Loss Account shows that the revenue from diamonds amounted to £574,398 16s. 9d. This revenue was obtained (with the exception of one parcel sold just prior to the close of the financial year, valued at £124,074 2s. 8d.) in July, 1914, the month preceding the declaration of war. The revenue from all other sources amounted to £161,050 14s. 9d., bringing the total revenue for the year to £735,449 11s. 6d.

The Mining Expenditure during the period 1st July to 8th August, 1914, was £204,218 13s. 0d.; Charges and Expenditure on Farms and Landed Property, together with the purchase of the Tramways in Kimberley, amounted to £126,574 6s. 6d.; Interest on Capital of Leased Companies, the Interest on Debentures, and the Sinking Fund for repayment of De Beers Exploration Debentures totalled £240,319 7s. 6d.; Donations to Public Institutions and Relief, Compensation and Annual Leave payments to Employees amounted to £47,074 14s. 11d.; whilst the Expenditure consequent on the war amounted to no less a sum than £375,613 4s. 2d., and this represented the provision of work for employees and convicts after the closing of the Mines, wages paid to employees on Active Service, gratuities to employees on their resigning the Company's service, contribution to the Mayors' Relief Fund of £10,000 consequent on the closing of the Mines to relieve other than the Company's employees, livestock presented to the Government, and services rendered to them gratuitously during the deplorable Rebellion and the German South-West Campaign.

The Total Expenditure amounted to £993,800 6s. 1d., as against Revenue £735,449 11s. 6d., the result being a loss of £258,350 14s. 7d. for the year.

In addition to this loss, shareholders will observe on reference to the Profit and Loss Account, that a sum of £250,246 15s. 0d. has been written off the Company's Reserves and Special Investments, being the depreciation of Stocks as at 30th June, 1915, owing to the War.

It will thus be seen that the Company have suffered to the extent of £508,597 9s. 7d., and have been unable to declare any dividends during the period under review; consequently there is no liability to the Government under Profits Tax this year.

The General Reserve Fund now stands at £1,211,745 5s. 0d., and the Fund to redeem the De Beers Exploration 4½ % Debentures has been increased to £272,418 7s. 0d., the two Funds are represented by securities at the market prices prevailing at 30th June, 1915.

Since the close of the Company's financial year your Directors considered it would be an advantage to the Company, and at the same time an assistance to the British Government, to convert their English Consols (£1,000,000 nominal) into the new 4½% War Loan. The conversion, together with your Company's subscription, brings their investment in the New War Loan up to £998,000.

The Cape Explosives Works, Ltd., which is owned and controlled by your Company, continued its operations during the year though its production was adversely affected in consequence of *all* diamond mines being closed down. The sales of explosives amounted to 321,241 cases, as against 377,526 cases the previous year.

It is worthy of note that during the campaign in German South-West Africa, and during the period of the Rebellion in the Union, 1,315 of the Company's employees volunteered for Active Service, and were paid half their ordinary Company's pay, with a minimum of 7s. 6d. a day, less their Defence Force pay, during the whole period they were under arms. Since the termination of the Rebellion and the German South-West campaign, 138 employees have joined the Overseas Contingent—the conditions of pay being the same, with the addition that they retain their military pay for their own benefit. It is as well to record, also, that the Government have publicly thanked our men for their excellent services in the field and elsewhere.

Your Directors much regret to have to record the death in action and from disease during the Rebellion and the German West campaign, of six of the Company's employees, and they sympathise most sincerely with the relatives and dependents who mourn their loss.

Your Directors purchased through the City Council in July, 1914, the Tramways belonging to Messrs. Gibson Brothers at a cost of £38,642 18s. 2d., and linked them up with the Company's Alexandersfontein and Kenilworth sections.

It is with sincere regret your Directors have to report the death of Mr. Harry Mosenthal on 12th January last. Mr. Mosenthal had been a Director of the Company since its inception, he was much esteemed, and his loss is very keenly felt by his colleagues.

A Report by the General Manager on the work that the Company resolved to continue, notwithstanding the closing of the Mines, is submitted at this Meeting.

In terms of Clause 84, sub-section (c), of the Company's Articles of Association, four Directors retire, namely:

Achille Viallate.

Charles Edward Atkinson.

The Right Honourable Sir Starr Jameson, Bart., P.C., C.B.

Sir Carl Meyer, Bart.

but being eligible they offer themselves for re-election.

FRANCIS OATS (Chairman),

G. W. COMPTON,

DAVID HARRIS,

D. J. HAARHOFF,

F. HIRSCHHORN,

L. STARR JAMESON,

C. E. NIND,

ROBT. PHILIPSON-STOW,

} Directors.

Kimberley,

22nd November, 1915.

DE BEERS CONSOLIDATED

BALANCE SHEET,

CAPITAL :

800,000 Preference Shares @ £2 10s. 0d. each	...	...	2,000,000	0	0	
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	...	2,500,000	0	0	
						4,500,000 0 0

DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES,
secured by Mortgage of Assets purchased from the London and
South African Exploration Company, Limited, redeemable by
1st January, 1930

1,635,495 0 0

RESERVES (per Contra) :

General Fund	...	...	1,211,745	5	0	
Redemption Fund : South African Exploration						
Debentures	...	...	272,418	7	0	
						1,484,163 12 0
Blue Ground Stocks, 30th June, 1915, at cost						1,624,287 2 3
						3,108 450 14 3

SUSPENSE LIABILITY under Agreements with Leased Companies...

70,117 13 1

CAPE EXPLOSIVES WORKS, LIMITED

203,876 2 5

CURRENT LIABILITIES :

Loans and Open Accounts]	...	...	...	...	164,695	3	4	
Unclaimed Dividends and Sundries	...	...	...	...	54,516	1	11	
Interest on Debentures accrued to date	...	...	...	...	36 798	12	9	
								256,009 18 0

SUSPENSE PROFIT ACCOUNT :

Diamonds, per contra, unsold at date	...	...	...	...	848,428	1	10	
Participation in South West Africa Diamonds unrealized								
at date	...	...	...	...	302,561	12	9	
								1,150,989 14 7

BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT ...

289,264 6 4

£11,214,203 8 8

We certify that all our requirements as Auditors have been complied with, and that we have Audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY, 22nd November, 1915.

MINES, LIMITED.

30TH JUNE, 1915.

PROPERTY :

De Beers and Kimberley Mining Claims held under Government Licences, Dutoitspan, Bultfontein and Wesselton Mines,

Wesselton Estate, and other Mining Interests ... 3,251,298 10 8

Estates purchased from the London and South

African Exploration Company, Limited ... 1,635,495 0 0

Farms and other Landed Property ... 91,775 0 0

Machinery, Permanent Works, Offices, Com-

pounds and Stand Property ... 1 0 0

4,978,569 10 8

INVESTMENTS IN STOCKS AND SHARES ...

1,424,703 1 9

RESERVES (per Contra) :

Investments, representing Funds per contra at Market Prices

30th June, 1915 ... 1,484,163 12 0

Blue Ground on Floors :

11,376,173 loads at cost deposited on Floors ... 1,624,287 2 3

3,108,450 14 3

TIMBER, FUEL, AND OTHER MINING STORES ...

277 676 9 7

LIVE STOCK ...

17,127 4 8

DEBTORS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Open Accounts ... 60,064 1 8

Special Investments at Market Prices 30th June, 1915 ... 113,083 0 0

Bills Receivable ... 62,000 0 0

Cash at Bankers and in hand—Kimberley and London ... 21,539 11 6

256,686 13 2

DIAMONDS on hand at cost of production ...

848,428 1 10

PARTICIPATION IN SOUTH WEST AFRICA DIAMONDS ...

302,561 12 9

£11,214,203 8 8

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto including the

HOWARD PIM & HARDY, }
SALISBURY & BEATON, } *Auditors.*

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

To MINING EXPENDITURE DURING PERIOD OF PRODUCTION :

DE BEERS AND KIMBERLEY MINES :

Cost of hauling Mixed Ground and Sundry				
Mining Expenses	...	...	25,831	18 4
Washing Expenses	...	...	25,515	10 9
			51,347	9 1

WESSELTON MINE :

Cost of hauling Blue Ground washed			34,835	15 5
Washing Expenses	...	...	14,615	9 8
			49,451	5 1

BULTFOONTEIN MINE :

Cost of hauling Blue Ground washed...			29,744	17 3
Washing Expenses	...	...	15,399	13 2
			45,144	10 5

DUTOITSPAN MINE :

Cost of Hauling Blue Ground washed...			34,489	18 0
Washing Expenses	...	...	23,785	10 5
			58,275	8 5

204,218 13 0

„ EXPENDITURE ON FARMS, LANDED PROPERTY AND KIMBERLEY-ALEXANDERSFONTEIN RAILWAY ...

73,377 15 0

„ CHARGES :

Salaries, &c., Head Office	...	...	10,447	11 2
General Charges, Stationery, Cables, Travelling Expenses, Licences, Agents' Expenses, and Sundries	...	...	16,580	19 0
Legal Expenses	...	...	891	6 7
Donations to Public Institutions and Relief, including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	...	...	25,776	16 7
Compensation	...	...	4,575	3 4
Auditors' Fees	...	...	816	13 4
London Transfer Office—Net Expenses	...	...	4,285	11 5
Directors' Fees	...	...	20,174	10 0
Annual Leave	...	...	16,722	15 0

100,271 6 5

„ INTEREST ON CAPITAL OF LEASED COMPANIES ...

96,392 10 0

„ INTEREST ON DEBENTURES ...

73,597 5 6

„ SINKING FUND for Repayment of Debentures ...

70,329 12 0

Carried forward ... £618,187 1 11

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1915. Gr.

By DIAMOND ACCOUNT	...	...	...	...	...	...	...	574,398	16	9
„ INTEREST AND DIVIDENDS ON INVESTMENTS	...	...	...	...	...	...	...	142,002	11	10
„ NET REVENUE FROM RENTS	...	...	...	...	...	...	...	8,235	1	3
„ SUNDRY RECEIPTS	...	...	...	...	...	...	...	8,058	15	8
„ TRANSFER FEES	...	...	...	...	...	...	...	494	6	0
„ PROFITS REALIZED ON INVESTMENTS	...	...	...	...	...	...	...	2,260	0	0
„ BALANCE CARRIED TO APPROPRIATION ACCOUNT	...	...	...	...	...	...	...	508,597	9	7

Carried forward £1,244,047 1 1

DE BEERS CONSOLIDATED

Dr.

PROFIT AND LOSS ACCOUNT FOR THE

Brought Forward	...	...	618,187	1	11
TO EXPENDITURE CONSEQUENT ON THE WAR AND MINING					
EXPENDITURE AFTER STOPPING PRODUCTION :					
Work, &c., provided for Employees after stopping production					
of Diamonds	..	...	248,294	2	9
Convict Labour	...	...	25,721	9	8
Gratuities to Employees resigning	...	...	17,933	7	10
Remounts presented to Government	...	...	1,750	0	0
Loss on Live Stock commandeered by Government	...	...	3,255	7	9
Medical Comforts, &c., supplied to Defence Force	...	...	409	10	6
Gratuitous services rendered locally to Defence Department	...	...	394	15	5
Salaries and Wages of Employees on Active Service	...	...	67,854	10	3
Mayor's Relief Fund	...	...	10,000	0	0
Decrease in values of Reserve and Special Investments and					
Sundries...	...	...	250,246	15	0
				625,859	19 2
				£1,244,047	1 1

APPROPRIATION

TO BALANCE transferred from Profit and Loss Account	...	508,597	9	7
„ SUSPENSE PROFIT ACCOUNT :				
Diamonds unsold, at date, at cost	...	848,428	1	10
Participation in South West Africa Diamonds unrealized				
at date...	...	302,561	12	9
			1,150,989	14 7
„ BALANCE, carried to Balance Sheet	...	289,264	6	4
			£1,948,851	10 6

KIMBERLEY, 22nd November, 1915.

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1915.—*Continued.*

Gr

Brought Forward ... 1,244,047 1 1

£1,244,047 1 1

ACCOUNT.

By BALANCE unappropriated 30th June, 1914	...	...	447,864 7 4
„ AMOUNT transferred from General Fund	...	...	581,666 18 3
„ SUSPENSE PROFIT:			
Diamonds unsold 30th June, 1914, now written back	...	...	919,320 4 11

£1,948,851 10 6

W. PICKERING, *Secretary.*
JNO. A. NEVILLE, *Chief Accountant.*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE NO. 1—DE BEERS AND KIMBERLEY MINES COMBINED

- | | | |
|----|----|---------------------------|
| 22 | 22 | 2—DE BEERS MINE. |
| 22 | 22 | 3—WESSELTON MINE. |
| 22 | 22 | 4—BULTFONTEIN MINE. |
| 22 | 22 | 5—DUTOITSPAN MINE. |
| 22 | 22 | 6—TAILINGS. |
| 22 | 22 | 7—KIMBERLEY MIXED GROUND. |

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 0 5	1.283	s. d. 19 8.75	s. d. 25 3.75	s. d. 9 10.5	476,403
March 31st, 1890	2,192,226	1,251,245	1,450,605	2,330,179 16 3	1.15	32 6.75	37 2.75	8 10.5	1,576,821
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	.99	29 6	29 3.75	8 8	1,525,386
*June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	.92	25 6	23 5	7 4.3	1,624,805
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	1.05	29 0.6	30 6	6 11.6	2,606,362
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	.89	24 5.2	21 10.6	6 6.8	3,028,333
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	.85	25 6	21 8	6 10.8	2,699,233
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	.91	26 9.4	24 4.5	7 0.1	2,800,316
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	.92	26 10.6	24 8.6	7 4.3	2,304,917
June 30th, 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	.80	26 6.2	21 2.1	6 7.4	2,377,913
June 30th, 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	.71	29 7.2	20 11.5	6 7.7	2,937,784
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	.67	35 10.2	23 6.9	7 6.2	2,722,595
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	.76	39 7	30 3.1	8 5	2,226,119
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	.76	46 5.7	35 6.2	8 5.6	2,326,720
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	.61	48 6.3	29 9.8	7 3.1	2,135,283
June 30th, 1904	2,440,895	2,401,099	1,303,525½	3,192,798 4 1	.54	48 11.8	26 7.1	7 4.7	2,175,079
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	.46	52 10	24 2.76	7 7.93	2,204,771
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	.41	61 0.11	24 9.43	8 2.91	2,339,396
June 30th, 1907	2,103,853	1,467,456	543,752¾	1,762,080 19 10	.37	64 9.74	24 0.2	9 0.82	3,213,875
June 30th, 1908	1,208,974	1,130,673	414,121½	as 22,287 11 5	.37	658 0.8	c21 5.8	6 8.2	3,323,237

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over.]

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	490,112	1,402,894	6/9.87	589,303 $\frac{3}{4}$	42	46/7.79	19/7.11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5.29	693,482 $\frac{3}{4}$	38	47/9.24	18/1.83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7.67	350,662 $\frac{1}{2}$	28	51/6.29	14/5.12	247,738
June 30th, 1912	323,621	378,614	13/6.78	119,013	31	53/11.47	16/8.716	192,745
June 30th, 1913	351,347	419,881	11/0.67	120,514 $\frac{3}{4}$	29	67/3.74	19/6.24	124,211

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.—DE BEERS MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1914	Nil.	75,815	6/7.34	27,346 $\frac{1}{2}$	36	80/10.21	29/1.28	48,396
June 30th, 1915	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	48,396

TABLE No. 3.
WESSELTON MINE.

YEAR ENDING.	Lods of Blue Ground Hoisted.	Lods of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Lods of Blue Ground on Floors at close of Year, excluding Lumps.
June 30th, 1897	271,777	...	...	£ ... s. ... d. ...	...	s. ... d. ...	s. ... d. ...	s. ... d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	·27	20 9·3	5 8·2	2 7·1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	·30	22 10·1	6 9·8	2 3·3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	·30	25 0·2	7 5·9	2 7·5	1,340,313
June 30th 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	·295	27 3·7	8 0·6	3 0·9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	·30	33 5·9	9 11·6	3 5·2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	·30	34 4	10 3·2	3 3·7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	·28	34 10·45	9 10·6	3 7·3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	·284	36 11·13	10 6·04	3 9·74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	·28	43 9·26	12 4·35	4 0·55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	·32	41 1·3	13 1·76	5 8·87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	a775,088 4 11	·27	b38 11·41	c10 6·2	4 8·73	1,907,165

[Continued over.]

(a) Includes stocks on hand at cost of production. (b & c) Calculated on basis of diamonds sold only

TABLE No. 3.—WESSELTON MINE—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436
June 30th, 1912	2,573,398	2,020,291	4/7.576	581,973½	29	45/3.12	13/1.504	3,077,543
June 30th, 1913	2,226,157	2,143,232	4/4.45	576,458	27	51/2.88	13/10.02	3,160,468
June 30th, 1914	2,373,522	2,083,352	4/7.28	593,305	28	45/7.62	12/9.33	3,450,638
*June 30th, 1915	217,483	219,276	4/8.6	56,359½	26	37/7.13	9/9.29	3,448,845

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended, 8th August, 1914, owing to the war.

TABLE No. 4.
BULTFONTEIN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.		Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.		Loads of Blue Ground on Floors at close of Year, excluding Lumps.
				£	s. d.		s. d.		s. d.	s. d.		
June 30th, 1901	148,086	...	65	146	5 0	...	45 0	...	...	...	...	148,086
June 30th, 1902	353,042	20,194	4,486½	6,817	5 6	21	30 4.7	6 9	6 9	6 6.4	...	480,934
June 30th, 1903	318,410	317,185	76,573½	118,102	3 0	24	30 10.2	7 5.4	5 9	5 9	...	482,159
June 30th, 1904	429,729	514,385	148,219	219,711	14 6	29	29 7.76	8 6.5	5 9	5 9	...	397,503
June 30th, 1905	605,730	611,491	249,002½	434,902	15 3	41	34 11.18	14 2.69	5 10.47	5 10.47	...	391,742
June 30th, 1906	1,771,372	953,296	346,072	743,317	10 5	36	42 11.49	15 7.14	5 5.26	5 5.26	...	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485½	1,191,551	15 4	32	43 6.34	13 9.49	6 2.4	6 2.4	...	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386½	α704,741	15 4	32	641 4.8	613 2.97	6 1.86	6 1.86	...	1,846,191

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	1,214,301	1,573,118	6/7.39	602,456½	38	33/5.4	12/8.53	1,487,374
June 30th, 1910	2,099,173	1,818,509	4/3.48	667,840	37	32/1.62	11/10.68	1,768,038
June 30th, 1911	2,457,412	1,866,212	3/11.45	700,398½	38	35/0.52	13/3.79	2,359,238
June 30th, 1912	2,334,720	2,025,450	3/11.357	834,760½	41	40/8.242	16/8.179	2,668,508
June 30th, 1913	2,313,477	2,096,378	4/1.28	874,430½	42	45/9.29	19/2.7	2,885,607
June 30th, 1914	2,279,838	2,069,552	4/4.29	788,510½	38	40/10.47	15/6.38	3,095,893
*June 30th, 1915	256,950	214,021	4/2.4	76,084	35	33/6.86	11/9	3,138,321

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended 8th August, 1914, owing to the war.

TABLE No. 5.
DUTOITSPAN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground at close of Year, excluding dumps.
June 30th, 1904 Development.	39,914	24,359	3,032½	£ 6,457 6 5	·12	s. d. ...	s. d. ...	s. d. ...	15,555
June 30th, 1905	311,499	65,784	17,121½	59,846 18 8	·26	69 10·93	18 2·34	12 3·56	261,270
June 30th, 1906	1,685,714	617,028	151,335½	612,607 19 4	·25	80 11·52	19 10·28	7 1·49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821½	1,455,330 0 6	·24	79 6·78	18 10·9	6 5·84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737¾	α612,530 6 6	·23	674 5·07	ε17 1·4	5 6·24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding dumps.
June 30th, 1909	Nil.	Nil.	...	115	...	57/7·52	...	2,878,530
June 30th, 1910	878,775	917,175	5/5·34	210,099¾	23	68/1·46	15/8·02	2,840,130
June 30th, 1911	2,780,070	2,335,240	4/7·09	482,971½	21	73/6·5	15/5·325	3,284,960
June 30th, 1912	2,718,703	1,845,796	3/10·665	428,213½	23	83/0·132	19/1·11	4,096,394
June 30th, 1913	2,491,235	2,330,234	4/2·09	540,033	23	93/0·45	21/4·78	4,257,395
June 30th, 1914	2,513,469	2,412,679	4/1·49	497,459	21	84/0·9	17/7·87	4,358,185
*June 30th, 1915	264,039	260,024	4/5·2	55,609¾	20	68/6·25	13/8·45	4,341,900

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended 8th August, 1914, owing to the war.

TABLE No. 6.
TAILINGS.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.	Value of Diamonds Produced.
			£ s. d.
June 30th, 1901	265,239	50,147½	58,484 12 6
June 30th, 1902	1,151,816	202,830	251,870 12 3
June 30th, 1903	1,347,115	227,477	281,433 18 0
June 30th, 1904	1,881,090	399,065½	442,771 13 5
June 30th, 1905	1,616,030	257,059¾	311,030 7 2
June 30th, 1906	2,200,964	306,190¾	428,177 0 0
June 30th, 1907	4,370,221	557,897¼	800,273 5 0
June 30th, 1908	2,986,778	385,857	a 439,876 8 5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1909	632,857	61,123¼
June 30th, 1910	1,394,641	170,919½
June 30th, 1911	2,359,021	256,631¼
June 30th, 1912	1,440,914	123,431½
June 30th, 1913	1,705,938	182,032½
June 30th, 1914	765,880	82,488¼
*June 30th, 1915	3,956	411

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 7.
KIMBERLEY MIXED GROUND.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1914	1,104,577	94,276¼
*June 30th, 1915	153,257	12,218½

*Productive operations suspended 8th August, 1914, owing to the war.

GENERAL MANAGER'S REPORT.

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the General Manager's Twenty-seventh Annual Report on the mining operations of the Company, being for the year ended 30th June, 1915.

Owing to the European War all work was suspended in August. Washing was stopped on the 7th and mining operations on the 8th August, and only underground development work to a limited extent has been done since. Although but little work was done during the year, the following information is given for the purpose of record.

DE BEERS MINE.

The mining of blue ground in this mine was suspended on the 31st July, 1908, and has not yet been resumed.

Development Work.—No development work was done during the year.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 2,892 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 2,040 foot level is estimated to be 2,750,000 loads.

The Rock Shaft has been completely overhauled to the 820 foot level, and where necessary steel sets or new timbers have been put in.

The depth of the Rock Shaft is 2,640 feet.

The depth of No. 1 Shaft is 1,728 feet.

DE BEERS FLOORS.

No blue ground was washed during the year, and the stock remains at 48,396 loads.

KIMBERLEY MINE.

A quantity of water is finding its way into the loose mass of mixed reef and blue in the pipe above the underground works, and causing a risk of mud rushes.

The danger cannot be entirely removed until the water is controlled, and in order to discover its source it is necessary to remove this loose ground, and, as stated in a previous report, the mining of blue ground has been suspended.

Output of Mixed Reef and Blue.—The output of mixed reef and blue was 137,735 loads, as follows:—

2,160 foot level	...	...	...	...	...	20,078 loads.
2,200 „ „	...	...	...	...	...	18,492 „
2,240 „ „	...	...	...	...	...	16,229 „
2,280 „ „	...	...	...	...	...	23,776 „
2,320 „ „	...	...	...	...	...	21,071 „
2,360 „ „	...	...	...	...	...	19,397 „
2,400 „ „	...	...	...	...	...	18,692 „
Total						137,735 loads

Hoisting was done from the 2,520 foot level.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 3,520 foot level is estimated to be 2,000,000 loads.

Water.—The average quantity of water pumped from the mine was 6,456 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	14 feet.
Passes sunk in rock	...	...	...	26 „

The Main Rock Shaft has been completely overhauled, and large numbers of perished timber sets have been replaced by steel sets.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

The average depth of the Open Mine is 1,200 feet from the surface, and 897 feet from the top of the hard rock. The deepest point is 1,293 feet from the surface.

KIMBERLEY FLOORS.

No blue ground was washed during the year.

During the year 153,257 loads of mixed reef and blue were washed, yielding 12,218½ carats of diamonds, or .08 of a carat per load.

Tailings.—3,956 loads of tailings were washed, yielding 411 carats of diamonds, or .10 of a carat per load.

WESSELTON MINE.

Output of Blue Ground.—The output of blue ground was 217,483 loads as follows:—

540 foot level	...	...	...	...	...	7,830 loads.
580 "	"	"	...	...	...	7,078 "
620 "	"	"	...	...	...	12,829 "
660 "	"	"	...	...	...	38,285 "
700 "	"	"	...	...	...	41,224 "
740 "	"	"	...	...	...	51,410 "
780 "	"	"	...	...	...	34,195 "
820 "	"	"	...	...	...	19,212 "
860 "	"	"	...	...	...	1,563 "
900 "	"	"	...	...	...	102 "
940 "	"	"	...	...	...	98 "
980 "	"	"	...	...	...	869 "
1,550 "	"	"	...	...	...	2,788 "
Total						217,483 loads.

12,378 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 980 foot level 15,782,000 loads. It is estimated that between the 980 foot level and the 1,550 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 41,126 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	1,237 feet.
Tunnels driven in blue ground	...	...	...	5,165 "
Passes sunk in rock	...	...	...	20 "
Passes sunk in blue ground	...	...	...	245 "
Timbering tunnels	...	...	...	285 "
Excavations (rock)	...	...	...	40,100 cubic feet.

The Main Rock Tunnel on the 1,600 foot level was driven 102 feet from No. 2 Main Rock Shaft.

In No. 1 Rock Shaft all timber sets down to the hard rock—a distance of 160 feet—have been replaced by steel sets.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 1,667 feet.

WESSELTON FLOORS.

The stock of blue ground at the end of last year was 3,450,638 loads; 217,483 loads were deposited, and 219,276 loads were washed leaving a balance of 3,448,845 loads.

BULTFONTEIN MINE.

Output of Blue Ground.—The output of blue ground was 256,950 loads, as follows:

680 foot level	...	...	...	...	...	7,955 loads.
720 "	"	"	...	...	...	25,787 "
760 "	"	"	...	...	...	50,545 "
800 "	"	"	...	...	...	53,543 "
840 "	"	"	...	...	...	67,736 "
880 "	"	"	...	...	...	45,394 "
920 "	"	"	...	...	...	2,232 "
1,050 foot to 1,550 foot levels (development)						1,480 "
1,600 foot level	...	...	...	...	...	2,278 "
Total						256,950 loads.

8,693 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 1,000 foot level 10,243,000 loads. It is estimated that between the 1,000 foot level and the 1,600 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 19,973 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	...	1,150 feet.
Tunnels driven in blue ground	...	...	...	...	2,327 "
Passes sunk in rock	...	...	...	...	53 "
Passes sunk in blue ground	...	...	...	...	30 "
Timbering tunnels	...	...	...	...	421 "
Excavations (rock)	...	...	...	...	23 cubic feet.

New pumps have been installed on the 1,600 foot level, and new cables and transformers were put down for the plant. A new air compressor has been installed, and is working very satisfactorily.

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,715 feet.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year was 3,095,893 loads; 256,950 loads were deposited, and 214,522 loads were washed—of which 501 loads were returned to stock as lumps—leaving a balance of 3,138,321 loads.

The stock of cylinder lumps at the end of last year was 37,241 loads; 501 loads were deposited, making a balance of 37,742 loads.

DUTOITSPAN MINE.

Output of Blue Ground.—The output of blue ground was 264,039 loads, as follows:

430 foot level	...	...	...	...	...	304 loads.
470 "	"	"	...	...	...	38,952 "
510 "	"	"	...	...	...	47,879 "
550 "	"	"	...	...	...	89,296 "
590 "	"	"	...	...	...	73,027 "
630 "	"	"	...	...	...	5,257 "
750 "	"	"	...	...	...	172 "
800 "	"	"	...	...	...	886 "
850 "	"	"	...	...	...	462 "
900 "	"	"	...	...	...	1,302 "
950 "	"	"	...	...	...	517 "
1,000 "	"	"	...	...	...	817 "
1,050 "	"	"	...	...	...	148 "
1,100 "	"	"	...	...	...	1,135 "
1,200 "	"	"	...	...	...	974 "
1,250 "	"	"	...	...	...	2,860 "
1,300 "	"	"	...	...	...	29 "
1,350 "	"	"	...	...	...	22 "
Total	...	...	...	...	...	264,039 loads.

19,329 loads of reef or waste ground were also hoisted.

Hoisting was done from the 750 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 750 foot level 13,245,000 loads. It is estimated that between the 750 foot level and the 1,300 foot level there are 25,000,000 loads.

Water.—The average quantity of water pumped from the mine was 7,508 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	...	...	...	1,563 feet.
Tunnels driven in blue ground	..	...	...	4,296 "
Passes sunk in rock	...	...	...	10 "
Passes sunk in blue ground	...	...	...	279 "
Prospect shaft sunk in rock	...	...	...	50 "

The water tunnels on the 330 foot level were driven 195 feet during the year.

The Main Rock Tunnel on the 1,350 foot level was driven 800 feet during the year and struck the blue ground. The Rock Prospect Shaft, from the 750 foot level to the 1,350 foot level, was holed to the Main Tunnel on the 1,350 foot level on the 14th April.

The depth of No. 1 Main Rock Shaft is 1,424 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year was 4,358,185 loads; 264,039 loads

were deposited, and 280,324 loads were washed—of which 20,300 loads were returned to stock as lumps—leaving a balance of 4,341,900 loads.

The stock of cylinder lumps at the end of last year was 340,669 loads; 20,300 loads were deposited, making a balance of 360,969 loads.

STOCKS—LOADS.

	BLUE.		LUMPS.		TOTAL.	
	30th JUNE, 1915.	30th JUNE, 1914.	30th JUNE, 1915.	30th JUNE, 1914.	30th JUNE, 1915.	30th JUNE, 1914.
De Beers Mine ...	48,396	48,396	—	—	48,396	48,396
Kimberley Mine ...	—	—	—	—	—	—
Wesselton Mine ...	3,448,845	3,450,638	—	—	3,448,845	3,450,638
Bultfontein Mine .	3,138,321	3,095,893	37,742	37,241	3,176,063	3,133,134
Dutoitspan Mine .	4,341,900	4,358,185	360,969	340,669	4,702,869	4,698,854
Totals	10,977,462	10,953,112	398,711	377,910	11,376,173	11,331,022

AVERAGE YIELD PER LOAD OF BLUE GROUND WASHED.

	PRESENT YEAR.				PREVIOUS YEAR.
De Beers Mine	—	.36 ct.
Kimberley Mine	—	—
Wesselton Mine26 ct.	.28 ct.
Bultfontein Mine35 ct.	.38 ct.
Dutoitspan Mine20 ct.	.21 ct.

Tramways.—The Tramway System has been well patronized by the general public. In addition to the Company's employees, who travel free of charge, and school children, who are conveyed at reduced fares, 1,889,509 passengers were carried during the year.

Electric Lighting of Kimberley.—The consumption of current remains normal. The supply to the Kimberley City Council for the year under review amounted to 856,196 units, as against 897,882 units for the previous year.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 17.10 inches, as compared with 10.82 inches for the previous year.

The rainfall for the last seven years was as follows:—

Year ending 30th June, 1909	...	22.68 inches.
“ “ “ “ 1910	...	13.69 “
“ “ “ “ 1911	...	13.85 “
“ “ “ “ 1912	...	16.83 “
“ “ “ “ 1913	...	14.49 “
“ “ “ “ 1914	...	10.82 “
“ “ “ “ 1915	...	17.10 “

Du Toit's Pan.—The depth of water in Du Toit's Pan on the 30th June 1915, was approximately 10.7 feet, equal to 334,562,500 gallons, as compared with approximately 6 feet, and 146,875,000 gallons on the 30th June, 1914.

Purified Water.—All our boiler plants were supplied with water from the purifying plant at Wesselton Mine.

Employees.—The number of white employees at 1st July, 1914, was 2,652 men and 311 lads, and at 30th June, 1915, 726 men and 42 lads. In addition to the foregoing, 1,315 white employees were on active service, and remained on our books, being paid half-pay less Military pay, on 30th June, 1915.

The number of natives employed at 1st July, 1914, was 16,719, and at 30th June, 1915, 1,249.

THE WAR.

In consequence of the outbreak of war the mines were closed down and production of diamonds stopped, but as provision had to be made for the employees and their families it was decided to offer work of some kind or another to all employees, and to pay them half-pay, with a minimum of 7s. 6d. per day, and I am glad to be able to say that the offer was accepted cheerfully by practically all of the employees. From April, 1915, the pay was increased to three-quarters—with a maximum of £25 per month—to all those whose half-pay amounted to less than £25 per month. In October, 1914, a number of employees resigned and sought work elsewhere, and in these cases the Company paid half-pay to 31st December, 1914, as well as full pay in respect to leave accumulated under the Annual Holiday Scheme.

The Company's free native labour was reduced to the minimum required for keeping the mines dry and doing other absolutely necessary work.

At the outbreak of the War we had nearly 1,400 convicts, and these could not be returned to Government unless the Company gave six months' notice. The Government, however, met the Company by agreeing to waive notice and transferring about 600 convicts to other stations, leaving us with 800 which the Government were unable to absorb. The Company agreed to retain these, while the Government undertook not to draft any more to this station. At 30th June, 1915, the number of convicts had been reduced by expiry of sentences to about 500. This labour was usefully employed. The cost of convict labour for the year was £25,721 9s. 8d.

Besides keeping the mines dry and supplying electrical power for City lighting and for tramways, and doing other necessary work, employment of various kinds—which though not necessary but nevertheless useful—was provided for employees. Excluding the expenditure on City lighting and tramways, the expenditure after the stopping of production in August, 1914, amounted to £248,294 2s. 9d., made up as follows:—

Wages	£108,444	16	4
Machinery and Stores	128,026	4	11
<hr/>			
TOTAL—Mines and Floors ...	236,471	1	3
Sundries	11,823	1	6
<hr/>			
	£248,294	2	9
<hr/>			

The item £128,026 4s. 11d. includes the cost of machinery and stores which were ordered before the war and could not be countermanded, and had to be paid for.

Many employees joined Union Military Forces, and the Company paid the difference between their Company half-pay and their Military pay, the married men retaining their

separation allowance, which was not deemed to be "pay." The Company's expenditure to 30th June, 1915, in this connection was £67,854 10s. 3d.

The number of employees on Active Service at 30th June, 1915, was as follows:—

CORPS:

1st Battalion Kimberley Regiment	...	...	...	...	...	298
2nd Battalion Kimberley Regiment	...	...	...	...	...	372
South African Veteran Regiment	...	...	...	...	...	290
9th and 10th Mounted Brigade Field Ambulance	...	...	...	...	...	152
South African Engineers	...	...	...	...	...	102
Army Service Corps	...	...	...	...	...	23
Bechuanaland Mounted Rifles	...	...	...	...	...	9
Other Corps (including Transport)	...	...	...	...	...	63
Home Corps (including Navy)	...	...	...	...	...	6
Total	...	...	...	...	...	1,315

Most of these forces have been disbanded, but on 14th October, 1915, there were still 827 employees on Active Service, distributed as follows:—

Oversea	...	...	...	...	...	138
South African Veteran Regiment	...	...	...	...	...	572
South African Mounted Rifles	...	...	...	...	...	16
2nd South African Infantry	...	...	...	...	...	9
Ambulance, East Africa	...	...	...	...	...	18
Ambulance, West Africa	...	...	...	...	...	13
2nd Rhodesian Regiment	...	...	...	...	...	11
Various Corps	...	...	...	...	...	50
Total	...	...	...	...	...	827

The Company is paying half-pay to the employees in the Oversea Forces, and they retain their military pay and allowances, while half-pay, less Military pay, is continued to those in other forces.

I have much pleasure in recording my appreciation of the cheerful and splendid response of the Company's employees to the call for volunteers, and their skill and good conduct in the field was most gratifying, and I have received many letters of appreciation from Commanding Officers, from which I quote the following:—

Extract from General Botha's speech at Capetown, published in the "Cape Times" of 26th July, 1915:

"It was his duty to thank the various units, each of whom very loyally performed their task. Two on whom the hardest duty fell were the Field Engineers and the Motor Cyclists, who fully met all the demands made upon them, although their work meant a terrible physical strain. When there was a lack of water, everybody went to the Engineers to ask them to assist, and whilst the others slept they had to work throughout the night to get water, and those two sections had really done wonderful work."

Extract from telegram dated Capetown, 2nd August, from Major Muller, O.C. Field Engineers, to General Manager, De Beers:—

“Have much pleasure in congratulating Company on good work done in field. Officers and men have loyally served South Africa, and fully deserve special mention made by G.O.C. in speech Capetown.”

Extracts from letter dated Kimberley, 18th June, 1915, from Lieut.-Col. J. Eddie Mackenzie, S.A.M.C., A.D.M.S., No. 13 District, to General Manager, De Beers:—

“I have great pleasure in sending you a brief statement of the work done by the 9th and 10th M.B.F.A. while on duty during the Rebellion and the German South-West Campaign.”

“Throughout they have borne themselves with the greatest credit in efficiency of work and capacity to perform any duties they were called on to do. Small parties of the Corps also had to be left at isolated places all over the vast extent of the lines of communications, and everywhere carried out their duties with credit to the Corps. It is very gratifying to state that in both these Corps I have not had reported to me a single case of misdemeanour or any case of discipline. I send you this short statement, which could be very much amplified, in order that you and your Directors may realize the material advantage that has accrued from their efficient Ambulance Corps training as carried on in their ordinary work in times of peace.”

Extracts from letter dated Keetmanshoop, 8th July, 1915, from Major H. A. Spencer, Senior Medical Officer, S.A.M.C. to General Manager, De Beers:—

“As most of the men of the 10th M.B.F.A. are drawn from the employees of your mines, and as I have had a large number of them working under me at the various Base Hospitals of the Eastern Force, I am anxious to express to you the satisfaction it has been to me to have worked with them.”

“I have been much impressed with the ready response to all orders and to discipline generally which has been a characteristic of your men, although many of them were at, or near, middle-age, some of them even over. I have also been struck with the general usefulness displayed by your employees in the field, an engine-driver in civil life making a first-class cook to a hospital with anything from 20 to 80 patients, and giving every satisfaction, being only one instance of many such apparently incongruous positions. I shall always be glad to find myself again working with De Beers' men. I shall know exactly what I may expect of them, and I am glad to assure you that the Company may feel more than satisfied with the behaviour and conduct of these men in the field during the campaign; they have enhanced the reputation of an already well-known, highly respected, and organized Corporation. In thus expressing my appreciation of the service rendered by the men of the 10th M.B.F. Ambulance employed in the Base Hospitals of the Eastern Force, I feel that I am but doing my bare duty to them.”

Copy of letter dated Kimberley, 13th July, 1915, from Lieut.-Col. J. Eddie Mackenzie, S.A.M.C., A.D.M.S., 13th District, to Director of Medical Services, Capetown.

“I would draw your attention to the volume of work done by the De Beers Ambulance Transport since it began operations on the 29th November,

1914. The De Beers Consolidated Mines, Ltd., granted the Government the use of its Motor Ambulance and ten Horse Ambulance Wagons for the conveyance of sick and wounded in and around Kimberley, free of charge, and have borne the expense of this transport. At the commencement there was a corps of twenty-five men, well trained in ambulance work, who attended to calls night and day. They met all the trains conveying the sick and wounded, and conveyed the patients to the Hospital or to the Rebel Hospital. They conveyed rebels from the various prisons to the Rebel Hospital, and took them back when recovered. They carried patients also from the various camps around Kimberley to the Hospital, and even to the Isolation Hospital. During this time they conveyed private patients from Kimberley to the Hospital, as they were accustomed to do for many years. Every ambulance train arriving from Upington was emptied by this Corps. Their work was excellently done, with great regularity, despatch, and comfort to the patients, and to the entire satisfaction of all the Medical Officers who witnessed their work. Up to July 10th, 1915, they have conveyed 3,598 patients, but of this number not more than 200 were private calls. Some special notice of this should be sent to the Minister of Defence, and the Company's work be recognized as it deserves to be."

CASUALTIES.

I regret to have to record the following casualties among employees on active service:—

Pte. E. P. Gregory, of De Beers Convict Station—2nd Battalion Kimberley Regiment—died of disease, 12th October, 1914.

Tpr. D. J. Mitchell, of Wesseltion Mine—Kimberley Central Commando—killed in action near Upington, 24th January, 1915.

Pte. H. W. Rogers, of Wesseltion Floors—South African Veteran Regiment—died of disease, 11th March, 1915.

Capt. F. Harrison, of the Head Office—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. A. H. Good (late employee)—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. W. E. Anderson, of Wesseltion Mine—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Lance-Corporal T. A. Cameron (late employee)—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. F. S. Manning (late employee)—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. G. H. Cosgrove, of Dutoitspan Mine—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. J. Collinson, of Dutoitspan Mine—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Regt. Sergt.-Major J. Richardson, of the Workshops—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. W. C. H. Edgerton, of Wesselton Compound—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. J. W. Colvin, of Bultfontein Floors—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. A. H. Ebdon, of the Workshops—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. W. A. Hermiston, of the Workshops—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. W. S. Edmunds, of the Central Power Station—South African Medical Corps—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. H. F. Cooper, of Wesselton Floors—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

The wounded have by now recovered, except Regimental Sergeant-Major J. Richardson, who sustained serious injuries—a compound fracture of the thigh—but I am glad to be able to say that he is progressing favourably at Wynberg Military Hospital.

In conclusion, I beg to thank the Directors of the Company, the various heads of departments, and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,
General Manager.

Kimberley, 28th October, 1915.

De Beers Consolidated Mines, Limited.

Twenty-Seventh Ordinary General Meeting.

The twenty-seventh ordinary general meeting of De Beers Consolidated Mines, Ltd., was held in the Board Room at the Company's offices in Stockdale Street, Kimberley, on Tuesday, 28th December, 1915, at 11 a.m. Mr. Francis Oats, Chairman of the Company, presided, and the shareholders present were:—Mr. F. Hirschhorn, and q.q. Central Mining and Investment Corporation, Ltd.; Mr. Robert Philipson-Stow; Colonel Sir David Harris, K.C.M.G., M.L.A., and q.q. S. B. Joel, Barnato Bros., J. B. Joel, and J. W. Moor; Mr. D. J. Haarhoff, and q.q. Hester J. Lange, Susanna E. Orpen, Hilda Haarhoff, and estate W. Shilling; Mr. G. W. Compton, and q.q. Miss E. J. Compton; Mr. C. E. Nind; Mr. B. Horkheimer, and q.q. William Mosenthal; Mr. Alpheus F. Williams; Mr. E. W. Weatherby; Mr. P. Peiser, and q.q. K. C. Peiser; Mr. H. Rose-Innes; Mr. A. Rogaly, q.q. H. J. Krauss; Mr. T. Rowe English; Mr. A. Wearn, q.q. R. McFarland, Mr. D. van Ulsen, and estate C. A. E. H. Meyer; Mr. A. Westcott; Mr. H. E. Clark, q.q. E. Oppenheimer; and Mr. E. F. Raynham, Assistant Secretary.

Mr. E. C. Lardner Burke (of Messrs. Haarhoff, Hertog & Burke, the Company's Solicitors) was also present.

Mr. Francis Oats held proxies representing 131,789 shares, and Mr. F. Hirschhorn held proxies representing 16,685 shares.

The Assistant Secretary read the notice convening the meeting, and afterwards the minutes of the last Annual General Meeting—held on December 29th, 1914—which were confirmed.

The Assistant Secretary, in accordance with clause 129 of the Trust Deed, laid on the table a statement of income and expenditure, and the balance-sheet for the period July 1st to September 30th, 1915, and also laid on the table a list of registered deferred shareholders.

The Chairman, remarking that the Report of the Directors and the Statements of Accounts had already been published, then asked if any shareholder would move, in order to shorten the proceedings, that they be taken as read.

Mr. E. W. Weatherby moved, and Mr B. Horkheimer seconded, that the Report and Financial Statements be taken as read, and this was agreed to.

The Chairman then rose to move the adoption of the Directors' Report, Balance Sheet, and Profit and Loss Account for the year ended 30th June, 1915. In so doing, he said: Gentlemen, we are met in very abnormal times. When we held our meeting a year ago we had already passed through four months of war. Another year of the struggle has since elapsed. At that meeting we outlined, so far as we were able to do so, the course we proposed to adopt in dealing with the business of the company during the war. The statement then made might be repeated to-day, as indicating the procedure we have actually followed during the past financial year. In moving the adoption of the statements before you, I do not intend to discuss matters of detail at any length. We have passed through a period of great anxiety and of great responsibility, and the result of the unfavourable circumstances created by the war is naturally reflected in our position at the end of the financial year, the most unfortunate feature of which, as you will see from the statement, is that our reserve has been reduced from £1,800,000 to £1,200,000. I would like to point out here that while I am in complete agreement with, and take my full share of responsibility, for the statement as now laid before the shareholders, that statement has been made as drastic as the most exacting critic could desire. We have, as you will see, been compelled to revalue our securities, as at 30th June last, writing off for depreciation £250,246.

The statement shows the amount of £375,000 as expenditure directly and indirectly consequent on the war. This comprises provision made for employees after the closing of the mines, wages paid to men on active service, gratuities to employees who, owing to the exigencies of the situation, had to resign their positions in the company's service in order to find employment elsewhere, contribution to the Mayor's relief fund of £10,000, and services rendered to the Government in connection with the rebellion and the campaign in South-West Africa. In the exigencies of the situation we had to subscribe money to people who were leaving our employ, after long service, to go elsewhere. Naturally, the position of the directors is a very responsible one: they have a duty to the shareholders, which is always before them, but at the same time it will not be thought that their duty to the shareholders should prevent them, even in bad times, being considerate towards employees, who, after being long in the service of the company, decide to go elsewhere. (Applause.) It was with great searchings of heart that we decided to do what has been done, but we stand before the shareholders contending that we believe we have done our duty in a difficult position, and used our funds in a way which is to the real interests of the shareholders. It is in the interest of the shareholders that our employees should be contented with the treatment they receive from the Board, and therefore it has always been the policy of the Board to keep our men loyal and contented. We can say this is the case with the utmost satisfaction, because we know that even in these troublous times our employees have been as loyal to the company's interests as we could wish, and as loyal as the State could ask or expect them to be. (Applause.) They have gone into the field and taken all the risks of active service; and in this connection I should like to quote from our General Manager's report a record which shows that the casualties among De Beers men serving with the Union Forces were as follows:—

Pte. E. P. Gregory, of De Beers Convict Station—2nd Battalion Kimberley Regiment—died of disease, 12th October, 1914.

Tpr. D. J. Mitchell, of Wesselton Mine—Kimberley Central Commando—killed in action near Upington, 24th January, 1915.

Pte. H. W. Rogers, of Wesselton Floors—South African Veteran Regiment—died of disease, 11th March, 1915.

Capt. F. Harrison, of the Head Office—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, G.S.W.A., 26th April, 1915. [I should (inter-

polated the Chairman) like to mention Captain Harrison's name with great admiration.]

Pte. A. H. Good (late employee)—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Pte. W. E. Anderson, of Wesselton Mine—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, G.S.W.A., 26th April, 1915.

Lance-Corporal T. A. Cameron (late employee)—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, G.S.W.A., 26th April, 1915.

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Pte. H. F. Cooper, of Wesselton Floors—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, G.S.W.A., 26th April, 1915.

The wounded, adds our General Manager's Report, have by now recovered, except Regimental Sergeant-Major J. Richardson, who sustained serious injuries—a compound fracture of the thigh—but I am glad to be able to say that he is progressing favourably at Wynberg Military Hospital.

These (said Mr. Oats, continuing) are our own company's contributions of employees to the war in South Africa. They stand as our scroll of honour, and I thought, in the circumstances, it was right and proper that a reference to the services rendered by those employees, and the losses we have as a company sustained, should be embodied in the Chairman's speech to day. (Applause.) It is all we can do to express our obligations to them for upholding the interests of the Empire in this part of the world. And while mentioning these names, I may, in the absence of Mr. Pickering, our secretary, who is away on sick leave, also recall that he has lost his eldest son, Neville, who was killed at the outbreak of the German West war. With every desire to be as tolerant as one can to all South African people, we cannot but feel that his death was largely due to the treachery of Maritz

and those accompanying him in not assisting the Union force at the moment when that aid was expected from them. These are events of the past—pray God they may never recur. We in South Africa, thanks to a strong Union Government, who were loyal to the Imperial Government, and to the King, have dealt with the difficulties as they have arisen. The cloud that was threatening on the West has been removed, but there is still the menace in East Africa; there also South Africans will, we hope, prove as loyal and true and efficient as in the South-West, and we trust we shall after this suffer no danger to this country from any incursion of Germans.

Well, gentlemen, at the same time I would like to reiterate a statement made by Sir David Harris in a political speech recently, in which he referred to the charge that this company, or its directors, were essentially German, and which it will be well to embody in my speech to-day. Sir David said: "He would first give the composition of the De Beers Board. There were twelve Britishers, men born in England under the British flag, one Frenchman, Mons. A. Viallate, . . . and there were three naturalised Germans. The three naturalised Germans were Sir Carl Meyer—and his son was in the British Army fighting the battles of the Empire—Mr. Breitmeyer, who had a son in the British Army, and Mr. Hirschhorn, who was a bachelor, and naturally had no sons. Mr. Compton had two sons fighting, and one already had been seriously wounded. Mr. Rudd's elder son was fighting in Flanders. Mr. S. B. Joel's son was out here on a visit, and when the rebellion broke out he joined the Natal Light Horse, and his troop was badly cut up, and when the rebellion was over he went to Europe and enlisted in Kitchener's Army. They all knew their worthy Secretary's son was killed in German South-West Africa. The late Sir Julius Wernher had two sons in the British Army, and Mr. English, a director who had recently died, had two sons in the Army, one unfortunately killed. Mr. Bruce, their secretary in London, had also a son fighting in the British Army. This was the company controlled by Germans. Every director who had sons had done his bit." Sir David Harris did not refer to the services of his own son, who went to German South-West Africa at the outbreak of war in command of the 1st Battalion Kimberley Regiment, and did excellent work.

Continuing, Mr. Oats said: I will go further, and say that since this statement was made by Sir David Harris we learn with regret of the death of the only son of Mr. Isidore Dreyfus, an old resident of Kimberley and at one time a director of this company; and there is also his brother-in-law, Mr. Bernheim, who acted as alternate for some time as a director, and whose only son has been killed; both these young men were killed in the month of October last, fighting the Germans in France. That statement is, I think, a sufficient answer to the charge that the directors are essentially German. It seems to me incredible to think that anyone can speak of the directors of this company as being German in any sense of the word, or of sympathising with the Germans. I would say more; I don't think anyone can serve the German cause so much, and so well—or so badly—as those who attribute to those trying to do their best in the British interests—disloyalty to those British interests. I wish we could put our foot on that snake. It is the manifestation of that spirit which assists the Germans as much as anything else—for the Press or persons to ascribe to those who are doing their level best to assist the British Government, and are loyal to them, other motives and other actions of an opposite tendency. First of all it gets a certain amount of credit from some people, still that is nothing to our gain; it does nothing to assist us, but it is something to assist the enemy. We should all be careful not to ascribe to others disloyalty—a too common practice—unless that disloyalty is very well known and very plainly shown.

Well, gentlemen, we have had the same thing to answer in other forms; even in our finance one has seen it referred to that we are regulating our investments—well, in a manner more considerate to the enemy than to our own country. I have got our accountant, Mr. Neville, to prepare a statement of the amount of the enemy securities we hold. The statement shows that our reserves were £1,800,000. These monies were invested in the discretion of the directors from time to time to bear interest in as safe investments as we know, or as could be found. When those securities

stood at £1,800,000, of that total the amount of enemy securities stood at £90,000, which is about five per cent. of the whole; these were not acquired at the time of the outbreak of the war, nor immediately preceding that time. They were acquired, in so far as £18,000 were concerned, in September, 1911, and so far as £23,000 were concerned, in October 1911, or nearly three years before the war. The last item was in June, 1913, which was fourteen months before the outbreak of the war—and I do not think the directors knew any more about the future than anyone else. This last sum was £49,000. Altogether we had £90,687 invested in stocks in enemy countries. These have been written down to-day to about £48,000. The charge of having misused the company's money, or the shareholders' money, for the purpose of supporting our enemies, you will see from these statements, is altogether baseless. And here again I say to these people who make such charges, they do harm to our cause, and strengthen the enemy's cause by attributing to a company like this that any such motives had ever existed at all. (Applause.)

The answer I have stated to these charges is complete and ample. There are some people who seem to live on manufacturing things which are not true, and especially abuse this unfortunate company of De Beers, which seems to be food for attack from one here and then another there. But, after all, I think the directors of the company have the confidence of the shareholders, and the shareholders know very well that in so far as loyalty is concerned they are not second to any people who charge them with being disloyal. Their loyalty is without question, seeing the sacrifices they have made; and there is further proof in the fact that £375,000 has been spent, a great deal directly and the remainder indirectly, on account of the war. We gave about £1,750 worth of horses to the Government to assist in promptly and swiftly suppressing the rebellion. We have no regrets about it; it is one of the little things which we were called upon to do. If the rebellion, which was near enough to Kimberley, had been successful, it would have cost us much more, and it was our duty to help in whatever way we could. Further, we had officers coming here to commandeer mules at their own valuation, i.e., £3,255 less than the amount at which they stood in the company's books. But was it worth while to still further protest? We did not think it was. Let the commandeering officer be satisfied with taking at £30 what we valued at £45. This is what was done by the officer dressed in a little brief authority, who, whilst in Kimberley, tried to show what he could do with De Beers. He got the mules, and we have a loss of £3,255, as shown in our profit and loss statement. We did not consider it worth while to hamper the authorities with such small claims due to us. We have done what we could to assist the authorities; we have placed ourselves, our officials, and our property—everything of use to the military authorities—at their disposal without, in most cases, recompense, and we continue to do so. Although it may cost us a little, our shareholders are more satisfied with the directors doing that sort of thing than lying down sullenly and laying themselves open to a charge that we are not supporting Government loyally.

I will now refer shortly to the accounts. You will see that our reserves are reduced from £1,800,000 to £1,200,000. It is not an ordinary loss, and I trust that loss will not recur. We have gone through a time when no diamonds were sold for eleven months, and as we rely on the sale of diamonds for our revenue, everyone will understand that we have had no money coming in, and have been compelled to take it out of the reserve in order to meet the expenditure which we were incurring. Our annual meeting is always held pretty nearly six months into the following year, the result of which is that last year I went somewhat into the conditions of this year, and I do not propose therefore to go far into those matters to-day. I will only say after the war broke out considerable stocks of diamonds were held in dealers' hands, especially in the hands of the Syndicate. It was no good asking the Syndicate to take more diamonds, or pressing them to sell the diamonds they had for what they could get for them, which would doubtless be at a diminution in price. We did not do so. In the end, when their stocks had been depleted, we made a provisional arrangement with the Syndicate to this effect, viz.: "That you sell what you can, and take what you want from us, and we don't ask you to take more." This arrangement is going on at present. We have said further: "We will expect that you will endeavour to raise the price somewhat to make up to us for the lesser quantities which we may sell."

I am not going to-day to give you a dissertation on diamonds, or the diamond position. Yet there is an incident well worth considering. The production on the Vaal River for the last sixteen months, that is, up to date, was £500,000. Had they sold at the price prevailing previous to the war it would have been much more. During that sixteen months the price of River stones advanced from about £2 10s. to £5 a carat, or nearly double. That is to say, thanks to the action of the mining companies which kept their production back, the people on the River were able to sell their goods in the end at double the price they began the period with. If the companies had gone on producing and selling the price on the River would not have doubled. What we have done has enabled the industry on the River to go on and the people engaged there to live. Although there was talk of providing some relief for the River diggers in the early part of the war, that has now ended. The policy of De Beers and other companies has given the River diggers a better market for their goods, the result of which has been, as I have stated, that since the war the price of River diamonds has gone up from £2 10s. to £5. Any person must be very obtuse who does not recognise the benefit the policy of De Beers has been to the River diggers. I will not claim it is done intentionally, but this result is an accident arising therefrom. The method of maintaining the price of diamonds which De Beers is endeavouring to follow has the effect of enabling those River goods to be sold at greater prices than they would otherwise realise.

Now, said the Chairman, the question crops up, what do we see in the future? In all likelihood the world cannot take as great a value of diamonds in the few years to come as in the years preceding the war I hope we are wrong in taking that view, but I think it is reasonable to suppose it will not. Therefore, it is desirable that all who produce those diamonds should co-operate to this end, viz., to ensure that the market shall not be supplied with a greater quantity of diamonds than it can absorb, and that at present prices or even better prices. We cannot perhaps expect the River diggers to come into the combination, but what we may expect is that they will see it is to their interest to co-operate on the lines before mentioned. In this harmony and co-operation of all producers I am convinced lies our chief hope. With a restricted production of diamonds and a limited demand for the same, it will be a great advantage if we can succeed in raising prices a little. I hope we may do so. I believe it is quite possible to raise the price of diamonds so that it will be higher than it has ever been. Inasmuch as we shall have less to expend in producing that smaller quantity of diamonds, we shall have a little more profit for each £100 sold than before. With that, we hope to make some further profit for our shareholders, so much so that I am inclined to think if affairs go on no worse than during the last three months we shall have some money at the end of June with which to pay some dividend to our preferred shareholders. I do not go the length to-day of promising this. Our directors are prudent, and considerations may arise out of the war—not knowing what we may require before the end of the war—which may prevent this course being adopted—it will depend on the progress of the war. The Allies have made certain progress in the past year, and we hope for greater progress in the year to come. If that progress is delayed or retarded, and if in consequence we do not pay the money out, it will be here belonging to shareholders, and will be available for being paid out some day. But if things go on to the end of June as during the last few months we hope to pay a small dividend to preference shareholders at the end of June. That is not decided to-day, and must depend on events that transpire between now and the end of June and the final consideration of the directors.

I would like to trench upon another year, and say that since the end of the financial year we have sold a few parcels of diamonds, and the surplus money—that money which we have not actually needed—we have used to pay off money we had borrowed in order to subscribe to the Imperial war loan. (Applause.) I may explain that by the surrender of our Consols, and the payment of upwards of £330,000 (which we had to borrow), we were able to take up one million of the New War Loan. Since this transaction we have used the surplus income from the sale of diamonds in the current financial year to pay off the borrowed money. We felt it to be our duty to take up this loan. We are a British company, and when the British

Government is asking its subjects for assistance and countenance in these troublous times, we cannot stand aside. Whether we pay dividends, or whether we do not, we have to do this; and I will even go so far as to say we gave a little assistance to the French loan, too. (Applause.) Although we have taken the responsibility of doing these things, I assure you that your directors are very prudent men, who will not overrun the constable, and who endeavour to attend to your interests as far as they can. Whatever maligners may say, I assert that there is no Board more loyal to the British Government and the Empire and to the Union Government of South Africa than the De Beers Board. (Applause.) Of course, one does not know what we may yet have to face, or what we may be called upon to do. The German East campaign is in hand, and the man who putteth on his armour should not boast like the man who taketh it off. We shall, however, do all that we can be reasonably expected to do until South Africa is free from the danger of being overrun by Huns, whose modern type is infinitely worse than the ancient one. (Applause.)

I will not take up your time further. We have had to mark time during the past year, and we shall continue doing so, in this way, that we will not produce diamonds to increase the stocks in our hands or in the hands of dealers. I feel sure that the policy of this company, in conjunction with other companies (to whom I must pay a compliment for their harmonious working with us) of not producing in such times as these, has had the effect of establishing confidence on the part of every holder of diamond stocks throughout the world. Every holder of diamond stocks trusts that De Beers, and everyone they can influence, will not throw considerable stocks on to the market, which would have the effect of depreciating diamonds. That feeling is general, and so long as we can maintain that feeling our customers will take stocks from us at prices equal to the past, and, I hope, a little bit higher. I would like to counsel my friends who possibly may have diamonds in stock not to throw them away, but to keep them, and they may get a much better price. (Hear, hear.)

Now, gentlemen, I am sure we are not disposed to discuss business details at great length, but there is one matter pre-eminently on hand; that is, to help to see this war through, to help to see the Germans vanquished, to help to see peace and prosperity throughout the world, without a cloud or threat of danger. We want no more rattling of the sword in the scabbard, no more burnishing of the steel, no more mailed fists; we want the world to go on, as far as we can promote it, in peace and prosperity, without any threats overhanging it of any sort or kind. Bearing this one thing in mind, I think it is a great augury for the future that not only the Allies, but the whole world, realise that it would be a misfortune were the Huns to carry out their original idea of conquering the world. Well, fortunately, that proud boast of "Deutschland uber Alles" has not been realised. (Applause.) How far the Allies will be able to subdue them, and make them contribute to the expenditure the Allies have been put to it is not for me to say, but I feel sure that that claim will be pressed so far that there will be no money left to keep up these large armaments, but that it will have to be paid to those countries, which, like Belgium for instance, have been ruined and devastated. We can only go away at this Christmas time with the hope that when another Christmas comes round we shall have found peace. But what kind of peace? A peace which is not threatened, or not going to be threatened by any body of military men, however many guns, soldiers, or ships they have. Here we have all the nations of the world in harmony except these military rulers in Berlin, who thought the time was ripe for the execution of their designs. They had no doubt they would get to Paris immediately, and subsequently to Petrograd; but, as has so often happened, "the best laid schemes of mice and men gang aft agley." (Applause.)

Before concluding, gentlemen, I have to refer with great regret to the death since our last annual meeting of one of our colleagues on the directorate of the company, Mr. Harry Mosenthal, whose loss we all deeply deplore. During the past few days we have also received news of the death of Mr. Bouchier F. Hawksley, our legal adviser in London, who had been associated with the company in that capacity for many years, and was present, you will remember, at our annual meeting in December, 1907, and addressed the shareholders on that occasion in connection with the amendment of our articles of association rendered

necessary by the position then existing relative to English income tax. As the years go on, one by one, those who have been long associated with the company pass away, and while deploring their loss we must look to younger men coming forward to take their places. Gentlemen, I will not detain you longer, but will move the adoption of the directors' report, balance-sheet, and profit and loss account for the year ending 30th June, 1915. (Applause.)

Col. Sir David Harris, K.C.M.G., M.L.A., seconded the motion. He said: Under ordinary circumstances, in seconding the adoption of the report and balance-sheet, I would have said that it gave me great pleasure to do so, and that pleasure would have arisen from the fact that in the normal course a dividend would be close at hand. As that is unfortunately not the state of affairs to-day, I will simply express my appreciation of the privilege of seconding the motion, and congratulate the Chairman upon his speech, reflecting as it did a spirit of patriotism which I am sure will commend itself to every shareholder. De Beers Company is, of course, a business organisation, and as such calls for careful control of its finances. We have, as the Chairman's speech reminded us, passed through very critical times, and unless the directors had adhered strictly to the prudent course which has been outlined, I doubt whether we should be able to come out of this crisis as well as we may now reasonably hope to do. Those of you who have read the Bible, as I hope you all have, will remember the advice which Joseph gave to Pharaoh, when he interpreted his dream. It may be broadly interpreted as implying that in the fat years provision should be made for the lean. That is the policy which we have endeavoured to carry out. In the years of prosperity we created a reserve fund, and during this critical period we have been able to take advantage of some of these resources in order to obviate distress among our workpeople, to maintain a large staff—true, on half-pay—despite the temporary stoppage of production, and in these and other ways assist the commercial community and Kimberley generally to tide over the difficulties created by the war. That our policy has not alone been in the interests of the company itself, but in the commercial interests of Kimberley, must be obvious, and I believe the commercial community feel that they are very much indebted to the company for what they have done.

I would like to take this opportunity of referring to the way in which our staff and officials, numbering among them some highly distinguished and talented men, have stuck to the company during the past 16 months, while receiving only half-pay, though I have no doubt that many of them could have readily found employment elsewhere, at a rate of remuneration corresponding to the full amount which they were receiving from the company under normal conditions. They have preferred to stand by us during this adverse period, thereby exhibiting an esprit de corps and devotion to the company which have reflected upon them the greatest credit, and which to the directors have been a source of the greatest possible appreciation and gratitude. The Chairman was good enough, in the course of his remarks, to quote from a speech which I made during the last general election, in reply to certain criticisms and sneers which had been levelled at the company, with the object of endeavouring to create the impression that we were disloyal to the British Empire. I mentioned at that time, among the rest, that the Chairman himself had three sons in Kitchener's Army, who were ready to do their duty to the Empire, and will, I believe, be shortly in the firing line. (Applause.) The Chairman, with characteristic modesty, refrained from alluding to this portion of my remarks, and it is only right, therefore, that I should do so. The Chairman was no doubt actuated by the same reasons which operated to prevent me from mentioning any member of my own family who had taken part in the war, and I have much pleasure in placing on record the facts to which I have referred. (Applause.)

The Chairman's speech was principally devoted, as it should have been, to the benefits which have been derived by the whole diamond mining industry from the policy adopted by De Beers Company and the other large producers, with a view to controlling the output. The fact that De Beers Consolidated Mines did not sell one solitary diamond for eleven months, must prove conclusively to all other large producers that in this respect we did our duty, in the same way as, I must admit, they have done. Had we not adopted this policy I feel confident, and I think that those who have had some experience of the diamond market will agree with me,

that diamonds would not have been half the price they are to-day, and under such circumstances it would have necessarily followed that only the high grade mines could possibly have been worked at a profit. The experience has shown once again how important it is to maintain prices—(hear, hear)—which can only be done by control. It is unquestionably the duty of all large producers to combine for the purpose of protecting themselves and their shareholders, since by controlling the output and maintaining the price they are not alone benefiting themselves, but conserving a great and valuable asset for the Union of South Africa. (Applause.) I wish to follow the good example of the Chairman, and shall therefore not attempt to make a long speech. I will, therefore, now conclude by seconding the adoption of the directors' report, balance-sheet, and profit and loss account.

The Chairman, in putting the motion, said he was in complete accord with the additional words from Sir David Harris. He thanked Sir David for his reference to his (Mr. Oats') three sons who were at the front. He thought the company were justifying their position. They had justified their actions, and they had reason to hope that from these actions good would come to De Beers. He knew perfectly well that their article (the diamond) was an article of luxury, and that in war time, when they had big politicians talking, and rightly so, about luxury, everything must be put upon the basis of good economics. They must dress in sackcloth and ashes instead of silk and fine linen, but one did not despair of the world. The future would come right again when this thunderstorm had gone and when the originators of it had been eliminated—(hear, hear)—and then they would expect a growth in the demand for diamonds. The world would appreciate handsome things in the future no less than in the past, especially when it was rid of the incubus of that which had been hanging over the world for the past 40 years, gathering with the distinct intention to bring this war about when it suited them. He (Mr. Oats) hoped it would be found not to have suited them at all but to have suited ourselves more. One could not help but feel sorrow and pain at the sacrifices we had had to make, but after vanquishing the enemy we should take great care, the Allies and the world would take great care, they were not going to be caught napping like this, and in the future people who were found to be arming unnecessarily would have to be told to stop or made to stop. He thanked Sir David for his references to him, and now put the question that the report and accounts be adopted.

The motion was carried unanimously.

Mr. T. Rowe English moved, and Mr. P. Peiser seconded:—

That Mr. Achille Viallate, Mr. Charles Edward Atkinson, the Right Hon. Sir Starr Jameson, P.C., C.B., and Sir Carl Meyer, Bart., be re-elected Directors of the Company.

Carried unanimously.

Mr. F. Hirschhorn proposed, and Mr. Alpheus F. Williams seconded:—

That Messrs. Howard Pim & Hardy, and Messrs. Salisbury & Beaton be appointed auditors for the ensuing year, and that the remuneration to be paid to them be fixed by the directors.

Carried unanimously.

The Chairman said before the meeting closed he would like to express, as Chairman, and he was sure they would all be in accord with him, thanks to the General Manager and staff of the company who had stood by them through these troublous times. It was true that they had not had large demands made upon them in the way of production, but the time had been one of more anxiety and concern than an ordinary time. They had had to hold the scales as fairly and evenly as they could. They must all recognise that with only a limited amount of resources under their control, out of which to assist their employees, the giving out of assistance in a manner fair to all concerned was not an easy matter. When any question of this sort had been considered, they had always had to think how it would affect

others. They had tried, and succeeded, so far as he could observe, in impartially fulfilling their obligations in this respect.

The Chairman proceeded: "I suppose now we shall begin washing next week with a couple of machines, and the men employed upon that work will receive full pay. They are going to produce diamonds for us in the ordinary way. The directors feel they cannot ask those men, who have been patient so long, to work for less than full pay. This is a bit of a help, and I trust it will grow. We have agreed to produce a certain amount of diamonds. I am hopeful our sellers will say to us: "We can sell a little more" and still not put the price of diamonds down. If this is possible we can then perhaps in a few months more enlarge our scale of operations. But we must not expect it will get back to what it was before for some years to come, not until the war is over, and our energies and resources will have to be used in that direction. As time goes on I trust Kimberley will become brighter and gayer, and more successful than it has ever been."

Mr. D. J. Haarhoff moved a hearty vote of thanks to the Chairman.

Mr. A. Rogaly seconded the motion, which was carried by acclamation, and the proceedings terminated.



De Beers Consolidated Mines,

LIMITED.

*Registered under Act 23 of 1861, and Incorporated under Act 13 of 1888,
in the Province of the Cape of Good Hope, in the Union of South Africa.*

CAPITAL - - £4,500,000.

Head Office :

Kimberley, Griqualand West, South Africa.

Twenty-Eighth Annual Report

For the year ending 30th June, 1916.

Directors :

FRANCIS OATS, Chairman.
CHARLES E. ATKINSON, J.P.
FRANCIS BARING-GOULD.
LUDWIG BREITMEYER.
GEORGE WM. COMPTON.
D. J. HAARHOFF, J.P.
COLONEL SIR DAVID HARRIS, K.C.M.G.,
V.D., M.L.A.
FRIEDRICH HIRSCHHORN.

SIR CARL MEYER, BART., Deputy Chairman.
THE RT. HON. SIR STARR JAMESON, BART.,
P.C., C.B.
SOLOMON B. JOEL.
CHARLES E. NIND.
ROBERT PHILIPSON-STOW.
H. P. RUDD.
ACHILLE VIALATE.

General Manager :

ALPHEUS F. WILLIAMS

Assistant General Managers :

IRVINE R. GRIMMER,
JOHN HARBOTTLE,
HAROLD T. DICKINSON.

Mechanical Engineer :
JOHN LIDDELL.

Electrical Engineer :
ROBERT W. SMITH.

Secretary :

WILLIAM PICKERING, D.S.O., J.P.

Assistant Secretary :

E. F. RAYNHAM, D.S.O.

Chief Accountant :

J. A. NEVILLE.

Diamond Valuator and Broker :

A. BRINK.

London Transfer Office :—15, ST. SWITHIN'S LANE, E.C.

London Secretary : { J. BRUCE.
J. H. BOVENIZER.

Solicitors :

HAARHOFF, HERTOG & BURKE, KIMBERLEY.
COWARD & HAWKSLEY SONS & CHANCE, LONDON.

Auditors :

HOWARD PIM AND HARDY, KIMBERLEY AND JOHANNESBURG.
SALISBURY AND BEATON, KIMBERLEY.

Bankers :

STANDARD BANK OF SOUTH AFRICA, LIMITED, KIMBERLEY AND LONDON
THE UNION OF LONDON AND SMITH'S BANK, LIMITED, LONDON.

De Beers Consolidated Mines, Limited.

TWENTY-EIGHTH ANNUAL REPORT,

For the Year ending 30th June, 1916.

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- 1.—DIRECTORS' REPORT.
- 2.—BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.
- 3.—STATISTICS.
- 4.—GENERAL MANAGER'S REPORT.
- 5.—PROCEEDINGS OF GENERAL MEETING.

REPORT OF DIRECTORS

OF

De Beers Consolidated Mines, Limited,

For the Twelve Months ended 30th June, 1916,

To be submitted to the Shareholders at the Twenty-Eighth Ordinary General Meeting to be held on 30th November, 1916.

TO THE SHAREHOLDERS—

GENTLEMEN,

Your Directors beg to submit their Twenty-Eighth Annual Report and Balance Sheet at 30th June, 1916, and Profit and Loss Account for the year ended 30th June, 1916.

The Balance brought forward from 30th June, 1915, was £289,264 6 4

During the year, as shewn by the accompanying Statement,
the diamonds sold, less decrease of stocks taken at cost,
amounted to 2,142,091 19 3

Add to this the following:—

Interest and Dividends on Investments	£130,077 15 2
Nett Revenue from Rents	2,940 6 9
Revenue from other sources	22,671 1 2

Suspense Profit Account:—

Diamonds unsold 30th June, 1915 ...	£1,150,989 14 7	
Less diamonds unsold 30th June, 1916	648,734 0 8	
	<u>502,255 13 11</u>	
		657,944 17 0
		<u>£3,089,301 2 7</u>

Less Expenditure as follows:—

Mining Expenditure during period of production ...	£395,850 5 5	
Expenditure on Farms, Kimberley-Alexandersfontein Tramway and Charges, including Donations ...	145,931 8 7	
Interest on Company's $4\frac{1}{2}\%$ S.A. Exploration Debentures and on Capital of Leased Companies ...	169,989 15 6	
Sinking Fund for repayment of Debentures ...	72,893 3 4	
Mining Profits Tax—estimated ...	150,000 0 0	
British Income Tax ...	9,135 16 3	
Expenditure consequent on the war as detailed in Profit and Loss Account ...	<u>316,660 8 2</u>	
		1,260,460 17 3

Leaving a balance of £1,828,840 5 4

Which has been dealt with as follows:—

Preference Shareholders:

Dividend of 10/- per share in respect of the half year ended 31st December, 1914 ...	£400,000 0 0	
Dividend of 20/- per share in respect of the year ended 31st December, 1915 ...	<u>800,000 0 0</u>	
		1,200,000 0 0

Balance carried to next year £628,840 5 4

The stock of blue ground and lumps on the floors at 30th June, 1916, was as follows :

De Beers Mine	...	...	...	...	...	48,396 loads
Wesselton Mine	...	...	...	...	...	2,607,097 „
Bultfontein Mine	...	...	...	...	...	2,379,211 „
Dutoitspan Mine	...	...	...	...	...	4,594,272 „
						<hr/> 9,628,976 loads. <hr/>

Your Directors have much pleasure in announcing that in consequence of some demand for diamonds in the early part of the financial year they were able to renew washing operations at Bultfontein and Wesselton Mines on 3rd January, 1916, and at Dutoitspan Mine on 24th May, 1916. The demand gradually increased, and to replenish the blue ground on the floors it was essential to restart mining, and in May of this year the Wesselton and Bultfontein Mines were gradually reopened.

The Profit and Loss Account shows that the revenue from diamonds amounted to £2,142,091 19s. 3d., though the actual sales of diamonds amounted to £2,652,561 11s. 3d. The difference between these figures represents the depletion of diamond stocks during the year at cost of production.

The revenue from all other sources amounted to £155,689 3s. 1d., bringing the total revenue for the year to £2,297,781 2s. 4d.

The mining expenditure amounted to £395,850 5s. 5d.; charges, expenditure on farms and landed property and tramways amounted to £96,082 5s. 8d. Interest on Capital of Leased Companies and Interest and Sinking Fund on Debentures totalled £242,882 18s. 10d. Donations to Public Institutions and Relief, compensation and Annual Leave payments to employees amounted to £49,849 2s. 11d. The Mining Profits Tax and British Income Tax amounted to £159,135 16s. 3d., whilst the expenditure consequent on the war amounted to £316,660 8s. 2d., which included the cost of maintenance of the mines and floors whilst the mines were closed down, Gratuities to employees who resigned, and salaries and wages paid to employees on Active Service as detailed in the Profit and Loss Account.

The total expenditure amounted to £1,260,460 17s. 3d. as against revenue £2,297,781 2s. 4d., the result being that £1,037,320 5s. 1d. was carried to the credit of Appropriation Account.

This result enabled your Directors to redeem their obligation to the Preference Shareholders for the period 1st July, 1914, to 31st December, 1915, by the payment of £1,200,000 in dividends.

The General Reserve Fund stands at £1,463,982 19s. 5d., and the Fund to redeem the De Beers $4\frac{1}{2}\%$ Exploration Debentures has been increased to £345,706 10s. 4d., the two Funds being represented by securities at the market price prevailing at 30th June, 1916.

At the close of the period under review your Company held £1,160,900 in English Government Treasury Bills, and £869,159 in the $4\frac{1}{2}\%$ War Loan, and since the close of the financial year your Directors subscribed £200,000 to the recent Union Government 5% issue.

The Cape Explosives Works, Limited, which is owned and controlled by your Company, continued its operations during the year, but its production would have been much greater had the Diamond Mines not been closed down. The sales of explosives amounted to 386,741 cases, as against 321,241 cases the previous year.

In this connection your Directors have pleasure in stating that the Explosives Contract with certain Gold Mining Groups at Johannesburg was renewed as from 1st July last for a period of 10 years.

Your Directors much regret to have to record the death in action and from disease during the year of several of the Company's employees, as detailed in the General Manager's Report, and they sympathise most sincerely with the relatives and dependents who mourn their loss.

A Report by the General Manager on the operations of the Company during the year is submitted at this meeting.

In terms of Clause 84, Sub-section (c) of the Company's Articles of Association, four Directors retire, namely:—

George William Compton,
Francis Baring-Gould,
Francis Oats,
Henry Percy Rudd.

but, being eligible, they offer themselves for re-election.

FRANCIS OATS, Chairman,
G. W. COMPTON,
DAVID HARRIS,
D. J. HAARHOFF,
F. HIRSCHHORN,
C. E. NIND,
ROBERT PHILIPSON-STOW,

Directors.

KIMBERLEY,

23RD SEPTEMBER, 1916.

DE BEERS CONSOLIDATED

BALANCE SHEET,

CAPITAL :			
800,000 Preference Shares @ £2 10s. 0d. each	...	2,000,000	0 0
1,000,000 Deferred Shares @ £2 10s. 0d. each	...	2,500,000	0 0
			4,500,000 0 0
DE BEERS 4½% SOUTH AFRICAN EXPLORATION DEBENTURES, secured by Mortgage of Assets purchased from the London and South African Exploration Company, Limited, redeemable by 1st January, 1930			
	...		1,635,495 0 0
RESERVES (per Contra) :			
General Fund	...	1,463,982	19 5
Redemption Fund : South African Exploration			
Debentures	...	345,706	10 4
		1,809,689	9 9
Blue Ground Stocks, 30th June, 1916, at cost		1,373,091	11 9
			3,182,781 1 6
SUSPENSE LIABILITY under Agreements with Leased Companies...			70,117 13 1
CAPE EXPLOSIVES WORKS, LIMITED			179,819 2 5
CURRENT LIABILITIES :			
Loans and Open Accounts	...	120,273	15 8
Unclaimed Dividends and Sundries	...	105,226	18 3
Interest on Debentures accrued to date	...	36,798	12 9
Commissioner of Inland Revenue, Union of South Africa,			
Estimated	...	150,000	0 0
Preference Shareholders : Dividend declared 29th June, 1916		800,000	0 0
			1,212,299 6 8
SUSPENSE PROFIT ACCOUNT :			
Diamonds, per contra, unsold at date	...	347,010	19 9
Participation in South West Africa Diamonds unrealized			
at date	...	301,723	0 11
			648,734 0 8
BALANCE TRANSFERRED FROM APPROPRIATION ACCOUNT			628,840 5 4
			£12,058,086 9 8

We certify that all our requirements as Auditors have been complied with, and that we have Audited returns of the London Transfer Office, and find the same to be correct.

KIMBERLEY, 22nd September, 1916.

MINES LIMITED.

30TH JUNE, 1916.

PROPERTY :

De Beers and Kimberley Mining Claims held under Government Licences, Dutoitspan, Bultfontein and Wesselton Mines,

Wesselton Estate, and other Mining Interests ... 3,248,553 11 8

Estates purchased from the London and South

African Exploration Company, Limited ... 1,635,495 0 0

Farms and other Landed Property ... 91,775 0 0

Machinery, Permanent Works, Offices, Compounds and Stand Property ... 1 0 0

4,975,824 11 8

INVESTMENTS IN STOCKS AND SHARES

1,482,329 3 6

RESERVES (per Contra) :

Investments, representing Funds per contra at Market Prices

30th June, 1916 ... 1,809,689 9 9

Blue Ground on Floors :

9,628,976 loads at cost deposited on Floors ... 1,373,091 11 9

3,182,781 1 6

TIMBER, FUEL, AND OTHER MINING STORES

270,853 18 8

LIVE STOCK

18,361 18 9

DEBTORS, SPECIAL INVESTMENTS, BILLS, AND CASH :

Open Accounts ... 182,241 4 1

Short Loans against Security ... 50,125 0 0

Special Investments at Market Prices 30th June, 1916 ... 1,026,617 11 9

Bills Receivable ... 195,587 1 3

Cash at Bankers and in hand—Kimberley and London ... 24,630 17 10

1,479,201 14 11

DIAMONDS on hand at cost of production

347,010 19 9

PARTICIPATION IN SOUTH WEST AFRICA DIAMONDS

301,723 0 11

£12,058,086 9 8

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

examined the above Balance Sheet with the Accounts and Vouchers relating thereto including the

HOWARD PIM & HARDY, }
SALISBURY & BEATON, } *Auditors.*

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT, FOR THE

To MINING EXPENDITURE DURING PERIOD OF PRODUCTION :

WESSELTON MINE :

Cost of hauling Blue Ground washed	142,448	15	1	
Washing Expenses	50,692	8	0	
				193,141 3 1

BULTFONTEIN MINE :

Cost of hauling Blue Ground washed...	120,085	9	7	
Washing Expenses	57,177	5	11	
				177,262 15 6

DUTOITSPAN MINE :

Cost of Hauling Blue Ground washed...	14,404	8	8	
Washing Expenses	11,041	18	2	
				25,446 6 10
				395,850 5 5

„ EXPENDITURE ON FARMS, LANDED PROPERTY AND KIMBERLEY-ALEXANDERSFONTEIN RAILWAY		41,444 19 10
---	-----	-----	--	--------------

„ CHARGES :

Salaries, &c., Head Office	...	...	...	13,893 4 0
General Charges, Stationery, Cables, Travelling Expenses, Licences, Agents' Expenses, and Sundries	...	...	...	17,935 18 2
Legal Expenses	...	...	...	1,132 4 6
Donations to Public Institutions and Relief, including amount distributed in accordance with resolution of General Meeting held 22nd October, 1894	...	...	...	36,154 17 2
Compensation	...	...	...	3,345 8 9
Auditors' Fees	...	...	...	875 0 0
London Transfer Office—Net Expenses	...	...	...	3,135 17 4
Directors' Fees	...	...	...	17,665 1 10
Annual Leave to Employees	...	...	...	10,348 17 0
				104,486 8 9
„ INTEREST ON CAPITAL OF LEASED COMPANIES	...	...	...	96,392 10 0
„ INTEREST ON DEBENTURES	...	...	...	73,597 5 6
„ SINKING FUND for Repayment of Debentures	...	...	...	72,893 3 4
„ MINING PROFITS TAX, Union of South Africa, accrued to 30th June, 1916, Estimated	...	...	...	150,000 0 0
„ BRITISH INCOME TAX	...	...	...	9,135 16 3
Carried forward	...	...	...	£943,800 9 1

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1916.

Gr.

By DIAMOND ACCOUNT	...	...	...	...	...	...	£2,142,091	19	3
„ INTEREST AND DIVIDENDS ON INVESTMENTS after adjusting Reserve and Special Investments to Market Prices at 30th June, 1916	...	...	...	...	...	...	130,077	15	2
„ NET REVENUE FROM RENTS	...	...	...	...	...	...	2,940	6	9
„ SUNDRY RECEIPTS	...	...	...	...	...	...	20,333	10	2
„ TRANSFER FEES	...	...	...	...	...	...	147	11	0
„ PROFITS REALIZED ON INVESTMENTS	...	...	...	...	...	...	2,190	0	0

Carried forward £2,297,781 2 4

DE BEERS CONSOLIDATED

Dr. PROFIT AND LOSS ACCOUNT FOR THE

Brought Forward	...	...	943,800	9	1
To MAINTENANCE OF MINES AND FLOORS while closed down	...		243,329	13	2
„ EXPENDITURE CONSEQUENT ON THE WAR:					
Salaries and Wages of Employees on Active Service	...	69,340	3	11	
Gratuities to Employees resigning	...	3,990	11	1	
			73,330	15	0
„ BALANCE carried to Appropriation Account	...	...	1,037,320	5	1
			<u>£2,297,781</u>	<u>2</u>	<u>4</u>

APPROPRIATION

To SUSPENSE PROFIT ACCOUNT:

Diamonds unsold, at date, at cost	...	...	347,010	19	9
Participation in South West Africa Diamonds unrealized at date...	...	...	301,723	0	11
			648,734	0	8

„ PREFERENCE DIVIDEND ACCOUNT:

10/- per share on 800,000 shares payable to Preference Shareholders registered at 31st March, 1916, in respect of the half-year ended 31st December, 1914	...	...	400,000	0	0
20/- per share on 800,000 shares payable to Preference Shareholders registered at 30th June, 1916, in respect of the year ended 31st December, 1915	...	...	800,000	0	0
			1,200,000	0	0
„ BALANCE, carried to Balance Sheet	...	...	628,840	5	4

£2,477,574 6 0

KIMBERLEY, 22nd September, 1916.

MINES, LIMITED.

YEAR ENDING 30TH JUNE, 1916.—*Continued.*

£s

Brought Forward ... 2,297,781 2 4

£2,297,781 2 4

ACCOUNT.

By BALANCE transferred from Profit and Loss Account ... 1,037,320 5 1

„ BALANCE unappropriated 30th June, 1915 ... 289 264 6 4

SUSPENSE PROFIT ACCOUNT:

Diamonds unsold 30th June, 1915, now written back ... 848,428 1 10

Participation in South West Africa Diamonds, unrealised

30th June, 1915, now written back ... 302,561 12 9

1 150,989 14 7

£2,477,574 6 0

W. PICKERING, *Secretary.*

JNO. A. NEVILLE, *Chief Accountant.*

STATISTICS

— OF —

De Beers Consolidated Mines, Limited.

Since its formation, 1st April, 1888.

TABLE NO. 1—DE BEERS AND KIMBERLEY MINES COMBINED

"	"	2—DE BEERS MINE.
"	"	3—WESSELTON MINE.
"	"	4—BULTFONTEIN MINE.
"	"	5—DUTOITSPAN MINE.
"	"	6—TAILINGS.
"	"	7—KIMBERLEY MIXED GROUND.

TABLE No. 1.
DE BEERS AND KIMBERLEY MINES.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
March 31st, 1889 Prior to Consolidation.	944,706	712,263	914,121	£ 901,818 0 5	1.283	s. d. 19 8.75	s. d. 25 3.75	s. d. 9 10.5	476,403
March 31st, 1890	2,192,226	1,251,245	1,450,605	2,330,179 16 3	1.15	32 6.75	37 2.75	8 10.5	1,576,821
March 31st, 1891	1,978,153	2,029,588	2,020,515	2,974,670 9 0	.99	29 6	29 3.75	8 8	1,525,386
*June 30th, 1892	3,338,553	3,239,134	3,035,481	3,931,542 11 1	.92	25 6	23 5	7 4.3	1,624,805
June 30th, 1893	3,090,183	2,108,626	2,229,805	3,239,389 8 6	1.05	29 0.6	30 6	6 11.6	2,606,362
June 30th, 1894	2,999,431	2,577,460	2,308,463½	2,820,172 3 9	.89	24 5.2	21 10.6	6 6.8	3,028,333
June 30th, 1895	2,525,717	2,854,817	2,435,541½	3,105,957 15 8	.85	25 6	21 8	6 10.8	2,699,233
June 30th, 1896	2,698,109	2,597,026	2,363,437¾	3,165,382 1 4	.91	26 9.4	24 4.5	7 0.1	2,800,316
June 30th, 1897	2,515,889	3,011,288	2,769,422¾	3,722,099 3 3	.92	26 10.6	24 8.6	7 4.3	2,304,917
June 30th, 1898	3,332,688	3,259,692	2,603,250	3,451,214 15 3	.80	26 6.2	21 2.1	6 7.4	2,377,913
June 30th, 1899	3,504,899	3,311,773	2,345,466	3,471,060 12 1	.71	29 7.2	20 11.5	6 7.7	2,937,784
June 30th, 1900	1,673,664	1,522,108	1,000,964	1,794,222 9 11	.67	35 10.2	23 6.9	7 6.2	2,722,595
June 30th, 1901	2,120,397	2,616,873	2,000,495¾	3,959,383 0 11	.76	39 7	30 3.1	8 5	2,226,119
June 30th, 1902	2,062,459	1,961,858	1,499,299¼	3,484,247 11 7	.76	46 5.7	35 6.2	8 5.6	2,326,720
June 30th, 1903	2,370,503	2,561,940	1,574,189½	3,819,653 10 1	.61	48 6.3	29 9.8	7 3.1	2,135,283
June 30th, 1904	2,440,895	2,401,099	1,303,525½	3,192,798 4 1	.54	48 11.8	26 7.1	7 4.7	2,175,079
June 30th, 1905	2,447,850	2,418,158	1,108,980	2,929,589 8 0	.46	52 10	24 2.76	7 7.93	2,204,771
June 30th, 1906	2,253,988	2,119,363	861,023¼	2,626,533 5 4	.41	61 0.11	24 9.43	8 2.91	2,339,396
June 30th, 1907	2,103,853	1,467,456	543,752¾	1,762,080 19 10	.37	64 9.74	24 0.2	9 0.82	3,213,875
June 30th, 1908	1,208,974	1,130,673	414,121½	682,287 11 5	.37	658 0.8	21 5.8	6 8.2	3,323,237

* These figures are for a period of fifteen months.

(a) Includes stocks on hand at cost of production.
(b & c) Calculated on basis of diamonds sold only

[Continued over

TABLE No. 1.—DE BEERS AND KIMBERLEY MINES—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	490,112	1,402,894	6/9.87	589,303 $\frac{3}{4}$	42	46/7.79	19/7.11	2,410,455
June 30th, 1910	431,339	1,808,734	8/5.29	693,482 $\frac{3}{4}$	38	47/9.24	18/1.83	1,033,060
June 30th, 1911	445,169	1,230,491	8/7.67	350,662 $\frac{1}{2}$	28	51/6.29	14/5.12	247,738
June 30th, 1912	323,621	378,614	13/6.78	119,013	31	53/11.47	16/8.716	192,745
June 30th, 1913	351,347	419,881	11/0.67	120,514 $\frac{1}{4}$	29	67/3.74	19/6.24	124,211

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 2.—DE BEERS MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1914	Nil.	75,815	6/7.34	27,346 $\frac{1}{2}$	36	80/10.21	29/1.28	48,396
June 30th, 1915	Nil.	Nil.	Nil.	83	Nil.	Nil.	Nil.	48,396
June 30th, 1916	Nil.	Nil.	Nil.	38 $\frac{1}{2}$	Nil.	Nil.	Nil.	48,396

TABLE No. 3.
WESSELTON MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.	Carats per Load.	Value per Carat.	Value per Load.	Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
June 30th, 1897	271,777	...	...	£ s. d. ...	...	s. d. ...	s. d. ...	s. d. ...	271,777
June 30th, 1898	1,146,984	691,722	189,356½	196,659 18 8	27	20 9·3	5 8·2	2 7·1	727,039
June 30th, 1899	2,032,771	1,662,778	496,762½	567,360 11 7	30	22 10·1	6 9·8	2 3·3	1,097,032
June 30th, 1900	980,210	736,929	220,762½	276,191 6 6	30	25 0·2	7 5·9	2 7·5	1,340,313
June 30th 1901	1,571,631	1,517,981	447,399¾	610,831 4 10	295	27 3·7	8 0·6	3 0·9	1,393,963
June 30th, 1902	1,932,140	1,752,189	521,437¾	873,203 9 2	30	33 5·9	9 11·6	3 5·2	1,573,914
June 30th, 1903	1,987,543	1,989,598	594,890½	1,021,276 17 10	30	34 4	10 3·2	3 3·7	1,571,859
June 30th, 1904	1,919,304	2,134,903	605,241	1,055,269 0 0	28	34 10·45	9 10·6	3 7·3	1,356,260
June 30th, 1905	2,068,278	2,032,582	578,152	1,067,474 17 1	284	36 11·13	10 6·04	3 9·74	1,391,956
June 30th, 1906	2,433,905	1,935,905	546,754½	1,196,624 6 11	28	43 9·26	12 4·35	4 0·55	1,889,956
June 30th, 1907	2,104,308	1,891,461	604,915½	1,243,360 9 5	32	41 1·3	13 1·76	5 8·87	2,102,803
June 30th, 1908	1,524,099	1,719,737	457,028	a775,088 4 11	27	b38 11·41	c10 6·2	4 8·73	1,907,165

[Continued over.]

(a) Includes stocks on hand at cost of production. (b & c) Calculated on basis of diamonds sold only

TABLE No. 3.—WESSELTON MINE—Continued.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding lumps.
June 30th, 1909	1,853,562	1,798,160	4/5.09	618,118	34	32/2.94	10/11.56	1,962,567
June 30th, 1910	1,702,237	2,139,738	5/5.82	674,323½	32	34/3.58	10/11.7	1,525,066
June 30th, 1911	2,422,487	1,423,117	4/9.09	390,192½	27	37/9.6	10/2.47	2,524,436
June 30th, 1912	2,573,398	2,020,291	4/7.576	581,973½	29	45/3.12	13/1.504	3,077,543*
June 30th, 1913	2,226,157	2,143,232	4/4.45	576,458	27	51/2.88	13/10.02	3,160,468
June 30th, 1914	2,373,522	2,083,352	4/7.28	593,305	28	45/7.62	12/9.33	3,450,638
*June 30th, 1915	217,483	219,276	4/8.6	56,359½	26	37/7.13	9/9.29	3,448,845
June 30th, 1916	43,586	885,334		227,914½	26	44/2.31	11/5.8	2,607,097

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended, 8th August, 1914, owing to the war.

TABLE NO. 4.
BULTFONTEIN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.		Carats per Load.	Value per Carat.		Value per Load.	Cost of Production per Load.		Loads of Blue Ground on Floors at close of Year, excluding Lumps.
				£	s. d.		s. d.		s. d.	s. d.		
June 30th, 1901	148,086	...	65	146	5 0	...	45 0	...	...	...	...	148,086
June 30th, 1902	353,042	20,194	4,486½	6,817	5 6	21	30 47	6 9	6 64	6 64	...	480,934
June 30th, 1903	318,410	317,185	76,573¼	118,102	3 0	24	30 10.2	7 54	5 9	5 9	...	482,159
June 30th, 1904	429,729	514,385	148,219	219,711	14 6	29	29 776	8 65	5 9	5 9	...	397,503
June 30th, 1905	605,730	611,491	249,002¾	434,902	15 3	41	34 11.18	14 2.69	5 10.47	5 10.47	...	391,742
June 30th, 1906	1,771,372	953,296	346,072	743,317	10 5	36	42 11.49	15 7.14	5 5.26	5 5.26	...	1,209,818
June 30th, 1907	2,320,538	1,728,047	547,485¼	1,191,551	15 4	32	43 6.34	13 9.49	6 2.4	6 2.4	...	1,802,309
June 30th, 1908	1,319,720	1,275,838	411,386¾	470,474	15 4	32	44 4.8	13 2.97	6 1.86	6 1.86	...	1,846,191

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(b & c) Calculated on basis of diamonds sold only.

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Cost of Production per Load.		Carats per 100 Loads.	Value per Carat.		Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.	
				£	s. d.		s. d.		s. d.		
June 30th, 1909	1,214,301	1,573,118	602,456½	6739	6 739	38	33 54	12 853	12 853	...	1,487,374
June 30th, 1910	2,099,173	1,818,509	667,840	4348	4 348	37	32 1.62	11 1068	11 1068	...	1,768,038
June 30th, 1911	2,457,412	1,866,212	700,398¾	31145	3 1145	38	35 0.52	13 379	13 379	...	2,359,238
June 30th, 1912	2,334,720	2,025,450	834,760½	311357	3 11357	41	40 8.242	16 8179	16 8179	...	2,668,508
June 30th, 1913	2,313,477	2,096,378	874,430¼	4128	4 128	42	45 9.29	19 27	19 27	...	2,885,607
June 30th, 1914	2,279,838	2,069,552	788,510¾	4429	4 429	38	40 10.47	15 638	15 638	...	3,095,893
*June 30th, 1915	256,950	214,522	76,084	424	4 24	35	33 6.86	11 9	11 9	...	3,138,321
June 30th, 1916	60,997	864,052	342,676½			40	39 11.09	15 116	15 116	...	2,335,266

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended 8th August, 1914, owing to the war.

TABLE No. 5.
DUTOITSPAN MINE.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Carats of Diamonds found.	Value of Diamonds produced.			Carats per Load.	Value per Carat.		Cost of Production per Load.	Loads of Blue Ground on Floors at close of Year, excluding Lumps.
				£	s.	d.		s.	d.		
June 30th, 1904 Development.	39,914	24,359	3,032½	6,457	6	5	12	...	...	...	15,555
June 30th, 1905	311,499	65,784	17,121½	59,846	18	8	26	69	10-93	12 3-56	261,270
June 30th, 1906	1,685,714	617,028	151,335½	612,607	19	4	25	80	11-52	7 1-49	1,329,956
June 30th, 1907	2,481,987	1,539,327	365,821½	1,455,330	0	6	24	79	6-78	6 5-84	2,272,616
June 30th, 1908	1,444,989	839,075	190,737¾	661,253	6	6	23	674	5-07	5 6-24	2,878,530

(a) Includes stocks on hand at cost of production.

(b & c) Calculated on basis of diamonds sold only.

YEAR ENDING.	Loads of Blue Ground Hoisted.	Loads of Blue Ground Washed.	Cost of Production per Load.	Carats of Diamonds found.	Carats per 100 Loads.	Value per Carat.	Value per Load.	Loads of Blue Ground on Floors at close of year, excluding Lumps.
June 30th, 1909	Nil.	Nil.	...	115	...	57/7-52	...	2,878,530
June 30th, 1910	878,775	917,175	5/5-34	210,099¾	23	68/1-46	15/8-02	2,840,130
June 30th, 1911	2,780,070	2,335,240	4/7-09	482,971½	21	73/6-5	15/5-325	3,284,960
June 30th, 1912	2,718,703	1,845,796	3/10-665	428,213½	23	83/0-132	19/1-11	4,096,394
June 30th, 1913	2,491,235	2,330,234	4/2-09	540,033	23	93/0-45	21/4-78	4,257,395
June 30th, 1914	2,513,469	2,412,679	4/1-49	497,459	21	84/0-9	17/7-87	4,358,185
*June 30th, 1915	264,039	280,324	4/5-2	55,609¾	20	68/6-25	13/8-45	4,341,900
June 30th, 1916	Nil.	108,597		20,740¼	19	91/0-26	17/3-48	4,233,303

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

*Productive operations suspended 8th August, 1914, owing to the war.

TABLE No. 6.**TAILINGS.**

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.	Value of Diamonds Produced.		
			£	s.	d.
June 30th, 1901	265,239	50,147½	58,484	12	6
June 30th, 1902	1,151,816	202,830	251,870	12	3
June 30th, 1903	1,347,115	227,477	281,433	18	0
June 30th, 1904	1,881,090	399,065½	442,771	13	5
June 30th, 1905	1,616,030	257,059¾	311,030	7	2
June 30th, 1906	2,200,964	306,190¾	428,177	0	0
June 30th, 1907	4,370,221	557,897¼	800,273	5	0
June 30th, 1908	2,986,778	385,857	a 439,876	8	5

(a) Includes stocks on hand at cost of production.

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1909	632,857	61,123¼
June 30th, 1910	1,394,641	170,919½
June 30th, 1911	2,359,021	256,631¼
June 30th, 1912	1,440,914	123,431½
June 30th, 1913	1,705,938	182,032½
June 30th, 1914	765,880	82,488¼
*June 30th, 1915	3,956	411
June 30th, 1916	—	—

Owing to changes in working and accounting it has been found more convenient to substitute the above form of table as from, and including, the year ended 30th June, 1909.

TABLE No. 7.**KIMBERLEY MIXED GROUND.**

YEAR ENDING.	Loads Washed.	Carats of Diamonds found.
June 30th, 1914	1,104,577	94,276¼
*June 30th, 1915	153,257	12,218½
June 30th, 1916	—	37½

*Productive operations suspended 8th August, 1914, owing to the war.

GENERAL MANAGER'S REPORT.

To the Chairman and Directors of

DE BEERS CONSOLIDATED MINES, LIMITED.

GENTLEMEN,

I beg to submit for your consideration this, the General Manager's Twenty-eighth Annual Report on the mining operations of the Company, being for the year ended 30th June, 1916.

As mentioned in last year's report all work was suspended in August, 1914, and this report deals with another year of abnormal conditions caused by the continuance of the War in Europe.

No hoisting was done from De Beers, Kimberley and Dutoitspan Mines.

The quantities of blue ground in sight and the depths of the shafts at the aforementioned three mines remain the same as at the end of the previous year, but the figures are repeated in this report for convenience of reference.

Mining operations were resumed at Wesselton Mine on the 23rd May and at Bultfontein Mine on the 31st May.

Washing operations were resumed at Wesselton and Bultfontein Floors on the 3rd January, and at Dutoitspan Floors on the 24th May.

No mining costs are shown for Wesselton and Bultfontein Mines as operations were not started until towards the close of the financial year, and, for the same reason, no washing costs are shown for Dutoitspan Floors.

DE BEERS MINE.

The mining of blue ground in this mine was suspended on the 31st July, 1908, and has not yet been resumed.

Development Work.—No development work was done during the year.

Pumping was continued throughout the year, the average quantity of water pumped from the mine being 2,726 gallons per hour.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 2,040 foot level is estimated to be 2,750,000 loads.

The depth of the Rock Shaft is 2,640 feet.

The depth of No. 1 Shaft is 1,728 feet.

DE BEERS FLOORS.

No blue ground was washed during the year, and the stock remains at 48,396 loads.

KIMBERLEY MINE.

Output of Blue Ground.—No hoisting was done during the year.

Output of Reef and Blue, Mixed.—No reef and blue mixed was hoisted during the year.

Quantity of Blue Ground in Sight.—The quantity of blue ground in sight above the 3,520 foot level is estimated to be 2,000,000 loads.

Water.—The average quantity of water pumped from the mine was 6,086 gallons per hour.

Development Work.—No development work was done during the year.

The depth of the Main Rock Shaft is 3,601 feet.

The depth of the Atkins Shaft is 1,009 feet.

The average depth of the Open Mine is 1,200 feet from the surface, and 897 feet from the top of the hard rock. The deepest point is 1,300 feet from the surface.

KIMBERLEY FLOORS.

No blue ground was washed during the year.

No reef and blue mixed was washed during the year, and the stock remains at 571,176 loads.

WESSELTON MINE.

Output of Blue Ground.—The output of blue ground was 43,586 loads, as follows:—

500 foot level	605 loads
540 " "	610 "
580 " "	3,004 "
620 " "	3,030 "
660 " "	3,210 "
700 " "	6,434 "
740 " "	8,813 "
780 " "	8,760 "
820 " "	5,339 "
860 " "	2,105 "
900 " "	1,016 "
940 " "	286 "
980 " "	374 "
Total	43,586 loads.

1,004 loads of reef or waste ground were also hoisted.

Hoisting was done from the 980 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 980 foot level 15,738,000 loads. It is estimated that between the 980 foot level and the 1,550 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 43,895 gallons per hour.

Development Work.—No development work was done during the year.

The depth of No. 1 Main Rock Shaft is 1,119 feet.

The depth of No. 2 Main Rock Shaft is 1,667 feet.

WESSELTON FLOORS.

The stock of blue ground at the end of last year was 3,448,845 loads; 43,586 loads were deposited, and 885,334 loads were washed, leaving a balance of 2,607,097 loads.

The cost of washing was 1s. 1.74d. per load.

BULTFONTEIN MINE.

Output of Blue Ground.—The output of blue ground was 60,997 loads, as follows:—

720 foot level	6,020 loads
760 " "	10,078 "
800 " "	13,627 "
840 " "	18,245 "
880 " "	13,027 "
Total	60,997 loads.

2,393 loads of reef or waste ground were also hoisted.

Hoisting was done from the 1,000 foot level.

Quantity of Blue Ground in Sight.—We have in sight above the 1,000 foot level 10,182,000 loads. It is estimated that between the 1,000 foot level and the 1,600 foot level there are 22,000,000 loads.

Water.—The average quantity of water pumped from the mine was 21,600 gallons per hour.

Development Work.—No development work was done during the year.

The depth of No. 1 Main Rock Shaft is 708 feet.

The depth of No. 2 Main Rock Shaft is 1,715 feet.

BULTFONTEIN FLOORS.

The stock of blue ground at the end of last year was 3,138,321 loads; 60,997 loads were deposited, and 864,052 loads were washed—of which 6,203 loads were returned to stock as lumps—leaving a balance of 2,335,266 loads.

The stock of cylinder lumps at the end of last year was 37,742 loads; 6,203 loads were deposited, making a balance of 43,945 loads.

The cost of washing was 1s. 3.88d. per load.

DUTOITSPAN MINE.

Output of Blue Ground.—No hoisting was done during the year.
15,259 loads of reef or waste ground were hoisted.

Quantity of Blue Ground in Sight.—We have in sight above the 750 foot level 13,245,000 loads. It is estimated that between the 750 foot level and the 1,300 foot level there are 25,000,000 loads.

Water.—The average quantity of water pumped from the mine was 6,846 gallons per hour.

Development Work.—The following development work was done during the year:—

Tunnels driven in rock	931 feet
Passes sunk in rock	44 „

The depth of No. 1 Main Rock Shaft is 1,424 feet.

The depth of No. 2 Main Rock Shaft is 768 feet.

DUTOITSPAN FLOORS.

The stock of blue ground at the end of last year was 4,341,900 loads; 108,597 loads were washed, leaving a balance of 4,233,303 loads.

No cylinder lumps were deposited or treated during the year, and the stock remains at 360,969 loads.

STOCKS—LOADS.

	BLUE.		LUMPS.		TOTAL.	
	30th JUNE, 1916.	30th JUNE, 1915.	30th JUNE, 1916.	30th JUNE, 1915.	30th JUNE, 1916.	30th JUNE, 1915.
De Beers Mine	48,396	48,396	—	—	48,396	48,396
Kimberley Mine	—	—	—	—	—	—
Wesselton Mine	2,607,097	3,448,845	—	—	2,607,097	3,448,845
Bultfontein Mine	2,335,266	3,138,321	43,945	37,742	2,379,211	3,176,063
Dutoitspan Mine... ..	4,233,303	4,341,900	360,969	360,969	4,594,272	4,702,869
Total	9,224,062	10,977,462	404,914	398,711	9,628,976	11,376,173

REEF AND BLUE MIXED.

	30th June, 1916.	30th June, 1915.
Kimberley Mine	571,176	571,176

AVERAGE YIELD PER LOAD OF BLUE GROUND WASHED.

	Present Year.	Previous Year.
De Beers Mine	—	—
Kimberley Mine	—	—
Wesselton Mine ... ..	.26 ct.	.26 ct.
Bultfontein Mine ... ..	.40 ct.	.35 ct.
Dutoitspan Mine ... ..	.19 ct.	.20 ct.

Tramways.—The Tramway System has been well patronized by the general public. In addition to the Company's employees, who travel free of charge, and school children and shop assistants, who are conveyed at reduced fares, 2,213,301 passengers were carried during the year, as against 1,889,509 for the previous year.

Electric Lighting of Kimberley.—The current supplied to the Kimberley City Council for the year under review amounted to 792,584 units, as against 856,196 for the previous year.

Rainfall.—The rainfall for the year, registered at Kenilworth, was 11.56 inches, as compared with 17.10 inches for the previous year.

The rainfall for the last seven years was as follows:—

Year ending 30th June, 1910	...	13.69 inches
“ “ “ “ 1911	...	13.85 “
“ “ “ “ 1912	...	16.83 “
“ “ “ “ 1913	...	14.49 “
“ “ “ “ 1914	...	10.82 “
“ “ “ “ 1915	...	17.10 “
“ “ “ “ 1916	...	11.56 “

Du Toit's Pan.—The depth of the water in Du Toit's Pan on the 30th June, 1916, was approximately 12.25 feet, equal to 410,188,000 gallons, as compared with approximately 10.7 feet, and 334,562,500 gallons on the 30th June, 1915.

Purified Water.—All our boiler plants were supplied with water from the purifying plant at Wesselton Mine.

Employees.—The number of white employees at 1st July, 1915, was 726 men and 42 lads, and at 30th June, 1916, 1,306 men and 97 lads, exclusive of 526 white employees on active service.

The number of natives employed at 1st July, 1915, was 1,249, and at 30th June, 1916, 6,656.

THE WAR.

In continuance of the policy pursued during the previous year, work of some kind was found for employees who by reason of age or infirmity were unable to proceed on Active Service, and also for those who were discharged from the Military Forces as medically unfit. Many old hands were employed on the construction of dams and work of a temporary nature—which though not necessary was nevertheless useful.

The rate of pay allowed was half normal rate, with a minimum of 7s. 6d. per diem. Full pay rates came into force on the 1st January for all employees engaged on productive work, including Workshops, but a proportion of daily-paid employees engaged on unproductive work and all salaried officials were paid three-quarter rates.

As from 1st July, 1916, all employees have been in receipt of full pay.

The Company continues to allow to its employees with the Union Forces, the difference between their Company half pay and their Military pay, the married men retaining their separation allowance, which is not deemed to be "pay," whilst employees with the Forces overseas are allowed half their Company pay in addition to their Military pay and allowances. The expenditure to 30th June 1916, has been as follows:—

	Year ended 30th June, 1916.	Year ended 30th June, 1915.
Union Military Forces	£50,534 4 2	£67,854 10 3
Overseas Forces	18,805 19 9	0 0 0
Total	£69,340 3 11	£67,854 10 3

The number of employees on Active Service at 30th June, 1916, was as follows:—

S. A. Veteran Regiment	160
Overseas	181
East Africa	98
East Africa (S.A. Medical Corps)	9
South-West Africa (S.A. Medical Corps)	10
S.A. Engineer Corps	2
S.A. Mounted Rifles	3
Special Police (Pietermaritzburg)	7
Cape Peninsula Rifles	32
S.A. Service Corps (Transport)	9
Sundry other corps	15
	<hr/> 526 <hr/>

In my report for the previous year I had the pleasure of quoting letters and speeches of Military Officers testifying to the good conduct of the De Beers men on Active Service in various units. I have lately received a letter from Colonel Hawkins, Commandant and Officer Commanding the Troops at Aus, paying a further tribute to De Beers men, which is very gratifying, especially as many of the men are over Military age.

The following are extracts from the Colonel's letter:—

"The last draft of men released from Military Service at your request return to-day. I am taking this opportunity of expressing my sincere appreciation of the services rendered by Officers, N.C.O.'s and men of De Beers Company serving in this command during my period of office.

The conditions in the early stages of the Camp were sufficiently uncomfortable to test to the utmost the loyalty and resourcefulness of all concerned. Everyone however, gave of his best, and, in doing so, made possible an otherwise impossible proposition. The small amount of crime in the Regiment (comparatively nil) speaks for the general good character and behaviour of the rank and file.

The Regiment under its new designation is now being gradually reorganized. The best one can hope for is the emulation of loyalty and good behaviour of the men from Kimberley."

CASUALTIES.

I regret to have to report that there have been many casualties amongst employees on Active Service.

The following list gives all the casualties since the War began, and has been compiled from the Official Casualty Lists published up to 18th October, 1916.

Pte. W. E. Anderson, of Wesselson Mine—2nd Battalion Kimberley Regiment—killed in action at Trekkopjes, S.W.P., 26th April, 1915.

Major J. N. F. Armstrong, Mining Engineer—Royal Engineers—killed in action in France, 5th July, 1916.

Pte. Jos. Barker, of the Workshops' Stables—8th South African Infantry—killed in action in East Africa (Casualty List No. 24, dated 25th March, 1916).

Lieut. Wm. T. C. Braine, of the Diamond Sorting Department, Head Office—West Riding Regiment (The Duke of Wellington's)—killed in action in France, 11th October, 1916.

L/Cpl. J. H. Brown, of Wesselson Floors—Cape Peninsula Rifles—accidentally killed on Railway at Capetown, 19th May, 1916.

Lieut. H. D. Lardner Burke, of Dutoitspan Mine—5th South African Infantry—killed in action in East Africa, 20th June, 1916.

Pte. H. B. D. Coxen, of Bultfontein Floors—85th Battalion Rifle Brigade—died at Etaples, France, 6th October, 1915, from wounds received in action.

L/Cpl. John Jos. Cross, of Bultfontein Mine—2nd Battalion Border Regiment—killed in action in France, 25th September, 1915.

L/Cpl. P. M. Dickins, of Dutoitspan Mine—1st South African Infantry—killed in action in France, 14th September, 1916 (Casualty List No. 73, dated 30th September, 1916).

Pte. A. H. Good, of Dutoitspan Mine—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, S.W.P., 26th April, 1915.

Pte. J. J. Gravell, of Bultfontein Mine—2nd South African Infantry—died of wounds received in action in France, 15th July, 1916 (Casualty List No. 52, dated 27th July, 1916).

Pte. E. P. Gregory, of the Convict Station—2nd Battalion Kimberley Regiment—died of disease, 12th October, 1914.

Capt. F. Harrison, of the Head Office—2nd Battalion Kimberley Regiment—died of wounds received in action at Trekkopjes, S.W.P., 26th April, 1915.

Pte. W. S. Harvey, of Dutoitspan Floors—5th South African Infantry—died of wounds received in action in East Africa (Casualty List No. 46, dated 5th July, 1916).

Pte. F. H. Indge, of Dutoitspan Floors—1st South African Infantry—killed in action in France, 16th July, 1916 (Casualty List No. 59, dated 8th August, 1916).

Pte. Wm. Jas. Kirkham, of the Convict Station—1st South African Infantry—killed in action in France (Casualty List No. 73, dated 30th September, 1916).

- Pte. D. McTavish, of Wesselton Floors—South African Veteran Regiment—died of disease at Aus, S.W.P., 13th September, 1915.
- Pte. Wm. Chas. Manuel, of Wesselton Mine—8th South African Infantry—died as result of accident in East Africa (Casualty List No. 7, dated 7th February, 1916).
- Tpr. D. J. Mitchell, of Wesselton Mine—Kimberley Central Commando—killed in action near Upington, 24th January, 1915.
- Pte. D. Munro, of the Workshops—1st South African Infantry—died of wounds received in action in France (Casualty List No. 52, dated 27th July, 1916).
- Pte. Wm. Needham, of the Workshops—1st South African Infantry—killed in action in France (Casualty List No. 67, dated 1st September, 1916).
- Pte. A. Nicholson, of the Head Office—4th South African Infantry—killed in action in France, 18th July, 1916 (Casualty List No. 60, dated 9th August, 1916).
- Pte. H. W. Rogers, of Wesselton Floors—South African Veteran Regiment—died of disease at Kimberley, 11th March, 1915.
- Pte. A. W. Sly, of Wesselton Floors—Oversea Infantry—died of wounds received in action in France (Casualty List No. 54, dated 31st July, 1916).
- Pte. H. L. J. van Rensburg, of Dutoitspan Floors—South African Veteran Regiment—died of disease at Kimberley, 9th May, 1916.
- Pte. P. E. Watkins, of Kimberley Mine—1st South African Infantry—killed in action in France, 20th May, 1916 (Casualty List No. 41, dated 10th June, 1916).
- Pte. R. J. Whitter, of Bultfontein Mine—1st South African Infantry—killed in action in France (Casualty List No. 65, dated 23rd August, 1916).
-
- Pte. E. S. Anderson, of the Pulsator—1st South African Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).
- Pte. Wm. Bailey, of Wesselton Mine—Oversea Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).
- Pte. T. G. Bawden, of the Workshops—1st South African Infantry—wounded (Casualty List No. 53, dated 29th July, 1916)—again wounded (Casualty List No. 71, dated 19th September, 1916).
- Pte. Francis Botha, of the Workshops—1st South African Infantry—slightly wounded (Casualty List No. 73, dated 30th September, 1916).
- Pte. A. P. Bothma, of the Workshops—1st South African Infantry—prisoner of war and wounded (Casualty List No. 68, dated 7th September, 1916, and Casualty List No. 71, dated 26th September, 1916).
- 2nd Lieut. F. K. Bradford, of the Estate Department, Head Office—8th Northumberland Fusiliers—wounded in France 26th September, 1916.

- Pte. E. E. Bruckmann, of the Workshops—1st South African Infantry—wounded (Casualty List No. 55, dated 1st August, 1916).
- Capt. Chas. Edw. Calvert, of Bultfontein Mine Compound—2nd South African Rifles—wounded in Central Africa (Casualty List No. 39, dated 31st May, 1916).
- Pte. F. J. Castles, of Wesselton Floors—1st South African Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).
- Pte. Christopher Charlton, of Bultfontein Mine—Oversea Infantry—dangerously wounded (Casualty List No. 72, dated 26th September, 1916).
- L/Sgt. Chas Clark, of Dutoitspan Mine Compound—Oversea Infantry—wounded in France (Casualty List No. 52, dated 27th July, 1916).
- Pte. V. J. C. Clark, of the Workshops—1st South African Infantry—reported missing since 18th July, 1916 (Casualty List No. 61, dated 12th August, 1916). Since unofficially notified prisoner of war (Casualty List No. 66, dated, 28th August, 1916).
- Sergt. A. B. Clements, of Wesselton Floors—2nd South African Rifles—wounded in East Africa, 24th July, 1916.
- Pte. J. Collinson, of Dutoitspan Mine—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. J. W. Colvin, of Bultfontein Floors—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. H. F. Cooper, of Wesselton Floors—2nd Battalion Kimberley Regiment, wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. G. H. Cosgrove, of Dutoitspan Mine—2nd Battalion, Kimberley Regiment, wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Gunner C. M. G. Coughlan, of the Workshops—South African Heavy Artillery—severely wounded (Casualty List No. 43, dated 21st June, 1916).
- Pte. J. T. Currie, of Bultfontein Mine—South African Veteran Regiment—accidentally injured whilst on Active Service, 22nd September, 1915.
- Pte. A. H. Ebdon, of the Workshops—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. W. C. H. Edgerton, of Wesselton Compound—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, S.W.P., 26th April, 1916.
- Pte. W. S. Edmunds, of the Central Power Station—South African Medical Corps—wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. C. W. C. Estment, of Bultfontein Mine—1st South African Infantry—wounded (Casualty List No. 50, dated 22nd July, 1916).
- Lieut. W. R. Farquhar, of the Mine Survey Department—Royal Field Artillery—slightly wounded in France.
- Pte. J. L. Fivaz, of Dutoitspan Mine—1st South African Infantry—wounded (Casualty List No. 57, dated 3rd August, 1916).

- Pte. John Fraser, of Wesselton Mine—1st South African Infantry—prisoner of war—
(Casualty List No. 76, dated 18th October, 1916).
- Pte. C. A. Furmidge, of Dutoitspan Floors—1st South African Infantry—missing since 18th
July, 1916 (Casualty List No. 61, dated 12th August, 1916).
- Pte. J. Furno, of Wesselton Mine—1st South African Infantry—severely wounded
(Casualty List No. 40, dated 5th June, 1916).
- Pte. A. Green, of the K. & A. Electric Railway—1st South African Infantry—wounded
(Casualty List No. 54, dated 31st July, 1916).
- Pte. E. S. Green, of Wesselton Floors—1st South African Infantry—wounded (Casualty
List No. 55, dated 1st August, 1916).
- Pte. G. L. Green, of Bultfontein Mine—1st South African Infantry—seriously wounded
(Casualty List No. 51, dated 25th July, 1916).
- Pte. H. Hargreaves, of the Workshops—1st South African Infantry—wounded (Casualty
List No. 54, dated 31st July, 1916).
- Pte. M. G. Hart, of the Workshops—1st South African Infantry—wounded (Casualty List
No. 52, dated 27th July, 1916).
- Lieut. W. D. Henry, of the Workshops—1st South African Infantry—prisoner of war and
wounded (Casualty List No. 66, dated 28th August, 1916, and Casualty List No.
72, dated 26th September, 1916).
- Pte. W. A. Hermiston, of the Workshops—2nd Battalion Kimberley Regiment—wounded at
Trekopjes, S.W.P., 26th April, 1915. Promoted to Corporal, 1st South African
Infantry, and wounded in France (Casualty List No. 54, dated 31st July, 1916).
- Sergt. H. B. Humphreys, of De Beers Floors—9th Mounted Brigade Field Ambulance—
wounded on 10th May, 1915, at Gt. Barmen, S.W.P.
- Pte. R. P. Humphries, of Kimberley Mine—Oversea Infantry—wounded in France
(Casualty List No. 52, dated 27th July, 1916).
- Pte. E. G. Jarrard, of the Workshops—1st South African Infantry—slightly wounded
(bombing accident at Borden Camp), 26th May, 1916.
- Capt. H. H. Jenkins, of Bultfontein Floor Compound—1st South African Infantry—slightly
wounded in France (Casualty List No. 49, dated 20th July, 1916).
- Pte. A. L. Johnston, of Wesselton Mine—Australian Contingent—wounded in the landing
on Gallipoli Peninsula, 8th May, 1915. Again wounded during subsequent opera-
tions on the Gallipoli Peninsula, 6th August, 1915.
- Sergt. F. C. Jukes, of Dutoitspan Mine Compound—1st South African Infantry—prisoner
of war (Casualty List No. 67, dated 1st September, 1916).
- Pte. J. L. Keppie, of the Workshops—1st South African Infantry—slightly wounded
(bombing accident at Borden Camp), 26th May, 1916.
- Cpl. H. S. Kipling, of Dutoitspan Mine—1st South African Infantry—prisoner of war
(Casualty List No. 72, dated 26th September, 1916).

- Pte. G. S. J. Lambourne, of the Workshops—1st South African Infantry—wounded (Casualty List No. 53, dated 29th July, 1916).
- L/Cpl. Wm. Laxson, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 50, dated 22nd July, 1916).
- Pte. R. C. Leach, of Kimberley Floors—3rd South African Infantry—wounded in Egypt (Casualty List No. 14, dated 9th March, 1916); subsequently wounded in France (Casualty List No. 52, dated 27th July, 1916).
- Pte. S. Livingston, of Kimberley Mine Compound—1st South African Infantry—seriously wounded (Casualty List No. 41, dated 10th June, 1916).
- Pte. J. C. McGregor, of the Workshops—Oversea Infantry—missing after action in France (Casualty List No. 61, dated 12th August, 1916).
- Pte. H. F. Mackintosh, of Dutoitspan Mine—2nd Rhodesian Regiment—wounded in East Africa, 2nd June, 1916.
- Pte. C. L. Maloney, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 52, dated 27th July, 1916).
- Pte. Alexr. Milne, of Wesselton Floors—7th South African Infantry—wounded in East Africa (Casualty List No. 37, dated 22nd May, 1916).
- Pte. W. H. Moss, of the Workshops—1st South African Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).
- Pte. F. T. Oxley, of the Workshops, 1st South African Infantry—wounded (Casualty List No. 49, dated 20th July, 1916).
- Pte. G. W. W. Parker, of the Workshops—South African Infantry—slightly wounded in East Africa (Casualty List No. 64, dated 19th August, 1916).
- Pte. A. S. Parsons, of the Workshops—1st South African Infantry—wounded (Casualty List No. 73, dated 30th September, 1916).
- L/Cpl. J. R. Prince, of the Workshops—Oversea Infantry—wounded (Casualty List No. 72, dated 26th September, 1916).
- Regt. Sergt.-Major J. Richardson, of the Workshops—2nd Battalion Kimberley Regiment—wounded at Trekkopjes, S.W.P., 26th April, 1915.
- Pte. John V. Robey, of the Convict Station—Oversea Infantry—wounded in France (Casualty List No. 54, dated 31st July, 1916).
- Pte. W. J. Rodwell, of Wesselton Mine, 1st South African Infantry—wounded in action in Egypt (Casualty List No. 13, dated 7th March, 1916). Wounded in action in France (Casualty List No. 54, dated 31st July, 1916).
- Gunner I. H. Salonika, of the Drawing Office, Head Office—South African Heavy Artillery—wounded in France (Casualty List No. 71, dated 19th September, 1916).
- Pte. P. J. Scott, of Bultfontein Mine—1st South African Infantry—wounded (Casualty List No. 49, dated 20th July, 1916).
- Pte. C. J. Seitz, of Dutoitspan Floors—1st South African Infantry—prisoner of war (Casualty List No. 66, dated 28th August, 1916).
- Pte. J. A. H. Short, of the Pay Department, Head Office—1st South African Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).

- Pte. E. J. Sly, of the Workshops—1st South African Infantry—wounded (Casualty List No. 52, dated 27th July, 1916).
- Pte. A. R. W. Smart, of the Workshops—4th South African Infantry—wounded (Casualty List No. 49, dated 20th July, 1916).
- Pte. A. Smith, of Bultfontein Mine—1st South African Infantry—wounded (Casualty List No. 55, dated 1st August, 1916).
- Pte. J. A. Smith, of the Workshops—1st South African Infantry—wounded (Casualty List No. 52, dated 27th July, 1916).
- Pte. J. W. Spicer, of Bultfontein Floors—1st South African Infantry—wounded (Casualty List No. 52, dated 27th July, 1916).
- Pte. V. W. Spruce, of the Workshops—1st South African Infantry—wounded (Casualty List No. 53, dated 29th July, 1916).
- L/Cpl. J. H. Taylor, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 55, dated 1st August, 1916).
- Pte. Mackenzie Taylor, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 52, dated 27th July, 1916).
- Gunner C. H. H. Thompson, of Bultfontein Floors—South African Heavy Artillery—wounded in France (Casualty List No. 48, dated 17th July, 1916).
- Pte. Robt. Thompson, of the Workshops—Oversea Infantry—seriously wounded in France (Casualty List No. 51, dated 25th July, 1916).
- Pte. L. C. Trollip, of Dutoitspan Floors—1st South African Infantry—wounded (Casualty List No. 54, dated 31st July, 1916).
- Pte. S. E. R. van der Schyff, of Bultfontein Mine—1st South African Infantry—wounded (Casualty List No. 51, dated 25th July, 1916).
- Tpr. G. J. J. van Rensburg, of the Convict Station—Helgaard's Scouts—accidentally injured whilst on Active Service in the South-West Protectorate.
- Pte. N. J. Vlok, of Dutoitspan Floors—2nd South African Infantry—wounded (Casualty List No. 52, dated 27th July, 1916).
- Pte. M. B. Ward, of the Workshops—1st South African Infantry—prisoner of war and wounded (Casualty List No. 72, dated 26th September, 1916).
- Pte. Bernard White, of Wesselton Mine—Oversea Infantry—shell shock.
- Pte. Walter Williams, of Dutoitspan Floors—1st South African Infantry—wounded and missing (Casualty List No. 66, dated 28th August, 1916, and Casualty List No. 76, dated 18th October, 1916).
- Pte. A. J. Wright, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 54, dated 31st July, 1916).
- Corpl. S. F. H. Wyattcouch, of De Beers Mine—Duke of Cornwall's Light Infantry—severely wounded in France.
- Pte. T. J. W. Zeiss, of Bultfontein Floors—1st South African Infantry—wounded (Casualty List No. 53, dated 29th July, 1916).

In conclusion, I beg to thank the Directors of the Company, the various heads of departments, and the men under them, for the loyal support they have given me at all times during the year.

ALPHEUS F. WILLIAMS,
General Manager.

Kimberley,
24th October, 1916.

SUPPLEMENTARY LIST OF CASUALTIES AMONGST EMPLOYEES.

- Pte. Thos. E. Brocklebank, of Dutoitspan Mine—Oversea Infantry—died of wounds in France (Casualty List No. 81, dated 6th November, 1916).
- Pte. A. W. Byrne, of Bultfontein Mine—Oversea Infantry—killed in action in France, 18th October, 1916 (Casualty List No. 84, dated 23rd November, 1916).
- L/Cpl. F. R. J. Dring, of Wesselton Floors—Oversea Infantry—killed in action in France (Casualty List No. 84, dated 23rd November, 1916).
- Pte. Douglas Jas. Farquharson, of Bultfontein Mine—Oversea Infantry—killed in action in France, 11th October, 1916 (Casualty List No. 79, dated 26th October, 1916).
- L/Cpl. Wm. Ramsay Rae, of the Workshops—Oversea Infantry—killed in action in France, 18th October, 1916 (Casualty List No. 82, dated 10th November, 1916).
- Pte. A. A. W. Rule, of Wesselton Mine—1st South African Infantry—killed in action in France, 12th October, 1916 (Casualty List No. 82, dated 10th November, 1916).
- Pte. Cyril Bishop, of Dutoitspan Mine—Oversea Infantry—missing after action in France since 17th October, 1916 (Casualty List No. 83, dated 16th November, 1916).
- Pte. Norman John Castles, of Kimberley Floors—Oversea Infantry—wounded in France (Casualty List No. 81, dated 6th November, 1916).
- Pte. A. E. Dolby, of Dutoitspan Floors—Oversea Infantry—wounded in France (Casualty List No. 79, dated, 26th October, 1916).
- L/Cpl. F. R. Farr, of Wesselton Mine—Oversea Infantry—wounded in France (Casualty List No. 81, dated 6th November, 1916).
- Pte. E. J. Filer, of the Workshops—Oversea Infantry—severely wounded in France (Casualty List No. 80, dated 31st October, 1916).
- Pte. P. A. Gibson, of the Workshops—Oversea Infantry—wounded in France.
- Pte. Frank Herbert, of the Workshops—Oversea Infantry—slightly wounded in France (Casualty List No. 80, dated 31st October, 1916).
- Pte. Robt. P. Humphries, of Kimberley Mine—Oversea Infantry—wounded in France (Casualty List No. 80, dated 31st October, 1916).

- Capt. H. H. Jenkins, of Bultfontein Floor Compound—1st South African Infantry—wounded for second time in France (Casualty List No. 79, dated 26th October, 1916).—See also page 19 of this report.
- Pte. Errol J. Johnston, of the Workshops—Oversea Infantry—missing after action in France since 18th October, 1916 (Casualty List No. 84, dated 23rd November, 1916).
- Pte. J. L. Keppie, of the Workshops—Oversea Infantry—seriously wounded in France (Casualty List No. 80, dated 31st October, 1916). Previously accidentally wounded at Borden Camp.—See page 19 of this report.
- L/Sgt. A. E. Lennox, of Wesselon Compounds—Oversea Infantry—missing after action in France (Casualty List No. 84, dated 23rd November, 1916).
- Pte. John Allan Moore, of the Workshops—Oversea Infantry—wounded in France (Casualty List No. 81, dated 6th November, 1916).
- Pte. Wm. Francis Moore, of Dutoitspan Mine—Oversea Infantry—missing after action in France since 18th October, 1916 (Casualty List No. 84, dated 23rd November, 1916).
- Captain A. R. Newlands, of the Estate Department, Head Office, 125th Oxford Heavy Battery, Royal Garrison Artillery—severely wounded in France.
- L/Cpl. Frank P. Smith, of the Benefit Society—Oversea Infantry—wounded in France (Casualty List No. 82, dated 10th November, 1916).
- Pte. R. W. Whitter, of the Workshops—Oversea Infantry—missing after action in France since 17th October, 1916).

The following is a summary of the casualties since the commencement of the war :—

33 employees were killed in action or died of wounds, disease, etc., and

98 employees were wounded, taken prisoners, missing after action or accidentally injured whilst on active service.

De Beers Consolidated Mines, Limited.

Twenty-Eighth Ordinary General Meeting.

The Twenty-eighth Ordinary General Meeting of De Beers Consolidated Mines, Limited, was held in the Board Room at the Company's Offices in Stockdale Street, Kimberley, on Thursday, November 30, 1916. Mr. Francis Oats presided, and the shareholders present were: Mr. H. P. Rudd; Mr. G. W. Compton; Mr. R. Philipson Stow (and q.q. Sir Elliot Philipson-Stow and Lady Philipson-Stow); Mr. F. Hirschhorn (and q.q. Central Mining and Investment Corporation, Limited, and Reduced); Mr. D. J. Haarhoff (and q.q. Trustees of the Koffyfontein Estates, Limited, Hester J. Lange, Susanna E. Orpen, Hilda Haarhoff, and Estate W. Shilling); Mr. S. B. Joel (and q.q. Julius Jeppe and J. H. Ryan); Mr. Arend Brink (and q.q. F. R. L. Marais, Anna F. Roux, E. J. H. Marais, P. J. Roux, Estate J. H. Marais, and C. L. Marais); Mr. B. Horkheimer (and q.q. William Mosenthal, Edgar H. A. Mosenthal, and Harold Mosenthal); Mr. C. E. Nind; Mr. H. J. G. Roberts; Mr. Alpheus F. Williams; Mr. E. F. Raynham; Mr. T. Rowe English; Mr. J. J. T. King (q.q. D. van Ulsen, Mrs. R. McFarland, and Estate C. A. E. H. Meyer); Mr. E. W. Weatherby; Mr. H. E. Clark (q.q. E. Oppenheimer); Mr. A. Westcott; Mr. A. Siew; Mr. W. Pickering (q.q. Andrew Gloag); Mr. H. Rose-Innes; Mr. C. E. Hertog, of Messrs. Haarhoff, Hertog & Burke, solicitors to the Company; and the Secretary, Mr. W. Pickering.

Mr. Francis Oats held proxies representing 123,052 shares.

Mr. F. Hirschhorn held proxies representing 13,950 shares.

Mr. A. Brink held proxies representing 9,013 shares.

Mr. R. Philipson-Stow held proxies representing 6,288 shares.

Mr. S. B. Joel represented 94,978 shares.

Mr. D. J. Haarhoff held proxies representing 765 shares.

In all there were upwards of 300,000 shares represented at the meeting.

The Secretary read the notice convening the meeting, and afterwards the minutes of the last annual meeting—held on the 28th December, 1915—were read and confirmed.

The Secretary, in accordance with clause 129 of the Trust Deed of the Company, next laid on the table a statement of income and expenditure, and the balance sheet for the period July 1st to September 30th, 1916; and also laid on the table a list of registered deferred shareholders.

The Directors' Report, and Statement of Accounts, which had been previously published, were taken as read.

Mr. Francis Oats then rose to move the adoption of the Directors' Report, Balance Sheet, and Profit and Loss Account for the year ended 30th June, 1916. He said: Gentlemen,—In these strenuous times talking is not a pleasant thing at all, but to-day it is work that is before us. We have passed through another year of this terrible war, and we as a Company have had a part to play in carrying on the struggle. You will see, according to the General Manager's Report, that our Company had at the time the statement was prepared a little over 500 men engaged on active war service; and Mr. Williams has printed in his report—and we should be very much obliged to our General Manager for so carefully finding out and registering the facts in this way—a list of the casualties which have occurred. It is shown there that no fewer than 27 of our employees had been killed in action or died of wounds and disease, and that 83 had been wounded, taken prisoners, were missing, or had been accidentally injured whilst on active service. Since the General Manager's Report was prepared there have been a further six of our employees killed and 15 wounded, making a total to date of 33 employees killed and 98 wounded. Then you know that in addition to these there are other Kimberley men, not employees of De Beers Company, who have made the supreme sacrifice for the honour of their country and for the re-establishment of civilisation and civilised government throughout the world. These names, of course, are not included in the General Manager's list. I may also mention that the son of one of my fellow-Directors, Mr. Compton, has been missing for several months, and there is, I am afraid, very little hope that he is still alive, unless, of course, he is a prisoner of war. Then our Secretary in London, Mr. Bruce, has lost his only son at the front, and we as a Board have lost a very great friend and esteemed servant of the Company in Captain E. C. Lardner Burke, one of the solicitors to the Company, who was highly respected in Kimberley, and his services greatly valued. It is only right and proper that at a meeting of De Beers Company these things should be mentioned. I may say that Kimberley has done perhaps as much as could be expected of the town. We have very few fighting men at this meeting; those who are not on active service to-day are mostly "old crocks" or physically disqualified from taking an active part in the war. Well, while these others are away fighting we have to pay. We must pay; that is the long and the short of it, and so when the Governor-General was in Kimberley a few months ago appealing for subscriptions towards the extra half-million, we, as a Company, thought we should subscribe, and we donated the amount of £20,000 towards the Governor-General's Fund. (Applause.) After all, while, of course, it is right that we should do our best to work these mines as well as we can, and make them as remunerative as possible, over and above all this and transcendently above all this is our obligation in regard to the great war in which the country is engaged. The war must be fought to such an issue that civilisation shall be re-established, international agreements respected, wrongs righted, interests safeguarded, and security afforded that for the future any questions that may arise should not be settled by mere military power or brute force. (Applause.) That is the purpose we have laid ourselves out to achieve.

We fully sympathise with the Government of the Union, and with the Government of the Mother Country in the responsibilities and difficulties by which, at a time like the present, they must necessarily be faced. We recognise that it is not a time for criticism of those who are carrying on the administration of affairs. If we do not criticise the Government here, or the Government at Home at this period, it is not because we individually agree in all cases with everything they may have done, but because we feel that it is no business of ours to meddle, or "talk to the man at the wheel." (Hear, hear.) Upon them rests the responsibility of carrying the war to a successful conclusion, and they are not helped by unfavourable criticism. We feel that under these circumstances criticism must be dispensed with, except for very grave reasons, until the end of the war. We have certainly felt a little bit strongly in regard to the export tax on diamonds, inasmuch as in effect it falls

almost exclusively on De Beers Company. We do not for a moment desire to hamper or hinder the Government in procuring the money which they must needs have for carrying on the war, but we would have preferred them to adopt the policy of general fairness, and we do not think this principle is being adhered to when we are taxed 5 per cent. more on our production than our competitors. That is what we feel, although for the reasons I have stated, we are not remonstrating with the Government, or taking any political action to remedy what we nevertheless hold to be an injustice. We want everyone to realise that we are not indifferent to what we consider to be the unfairness of this taxation as affecting our Company. Surely other producers, like those on the Vaal River Diggings, the price of whose diamonds has been maintained, and raised considerably, by the policy of De Beers Company—and they are going to be higher still, if Mr. Joel can get his way—could, without any hardship, be asked to contribute a small percentage towards the expenses of the Government on account of the war. I suppose the member for Barkly West Division thought that if he could retain his place in the good graces of the diggers, that would be better than doing justice to De Beers Company. Well, that may be, but I don't think so. I don't think that he was right in not saying in the House of Assembly: "We want to pay our share of the war expenditure—my constituents, as well as De Beers Company." If we could have a little more of that spirit, it would make things go better in this country. We have seen and heard of people who have gone down to Parliament and congratulated themselves upon having got out of the taxation that is necessary to keep the war going. They sing "God Save the King" very loyally, but when it comes to paying their due share—well, they are not always so vociferous. (Laughter.)

I have said that we, at all events, recognise our obligation to assist in carrying the war to a successful conclusion. I may be asked: What do you mean by "successful"? There can be only one answer—that this military dictation of Europe which Germany has sought to impose shall be once and for all finished. To that end the war must go. It is no good our talking of peace, or any of the Allies talking of peace, until peace can be ensured on the basis of the conditions to which the Allies are pledged. Until the military power which has endeavoured to subjugate the whole world, and whose motto is "Deutschland uber alles," has been done away with, and once and for all crushed, there can be no peace. (Applause.)

I have gone into this question so far as I have done because it is undoubtedly the paramount issue at the present time. A year ago we were hoping that we were within a reasonable distance of the end of the war. Another year has elapsed, and so far as we can see the end of the war is no nearer, but our determination is stronger than ever to fight the war to such an end as the Allies desire. (Applause.) But, the war not being ended, it behoves us to speak cautiously. We must refrain from anything like swaggering in regard to our Company's position or prospects. We are not yet out of the wood. Much has still to be done, and much misery and suffering to be endured, before the objects for which we are fighting can be attained. But better that suffering should be endured than that the war should end in any other way than victory for the Allied cause. (Applause.) Better fight to the end and get out of it, than be under the military tyranny which is seeking to dominate the globe. Because it is the world they wish to subjugate. Could they defeat Britain and her Allies, they would not stop there. We all know that the smaller countries, whatever their individual sympathies may be, have kept quiet because they realise perfectly well that the same Power which has endeavoured to annihilate Belgium and Serbia would annihilate any other small nation, even Greece, for instance, and has threatened to do so, if they dared support the Allies. I cannot help feeling very strongly on this subject. Many of you have sons, or other relatives or friends, who have gone to the front. Some have been killed or wounded. Many of you are still mourning for lost ones, but all are equally determined, as before, to go on, however long it may be, until that peace is secured which the Allies regard as essential, and are fighting for. (Applause.)

Having said so much, anything I say further will be qualified by these references to the war. The war being still on, we can make no prophecies or promises. We can only say that, as shown by our balance sheet and profit and loss statement, we are doing what we can and at the same time trying to make some little return for the shareholders who have been so long without any dividend. The preferred shareholders fortunately have received something during the year, and from what we can see there seems no doubt that the accumulated arrears on the preference shares will be paid off by the end of this year. (Applause.) That is something accomplished, and something to maintain the credit of the Company, because so long as there was this liability in respect of the preference shares there could not be very much hope of the deferred shareholders receiving a dividend. We are satisfied that at the end of this year we shall pay off all the liabilities on the preference shares. We start, therefore, from the end of this year, free, in so far that any profits made will go to the deferred shareholders, after the liabilities to the preference shareholders have been satisfied.

Turning to the profit and loss account, about which you will perhaps expect me to say something, I do not intend to expatiate on that at any length. The question may be asked as to how the figures come to be what they are. Well, the Directors' report explains that very fully, and I will therefore ask our Secretary, Mr. Pickering, to read an extract, which will make the financial position clear.

Mr. Pickering then read the following:—

The stock of blue ground and lumps on the floors at 30th June, 1916, was 9,628,976 loads. Your Directors have much pleasure in announcing that in consequence of some demand for diamonds in the early part of the financial year they were able to renew washing operations at Bultfontein and Wesselton Mines on 1st January, 1916, and at Dutoitspan Mine in April, 1916. The demand gradually increased, and to replenish the blue ground on the floors it was essential to restart mining, and in May and June of this year the Wesselton and Bultfontein Mines were gradually reopened. The profit and loss account shows that the revenue from diamonds amounted to £2,142,091 19s. 3d., though the actual sales of diamonds amounted to £2,652,561 11s. 3d. The difference between these figures represents the depletion of diamond stocks during the year at cost of production. The revenue from all other sources amounted to £155,689 3s. 1d., bringing the total revenue for the year to £2,297,781 2s. 4d.

The mining expenditure amounted to £395,850 5s. 5d.; charges, expenditure on farms and landed property and tramways amounted to £96,082 5s. 8d. Interest on capital of leased companies and interest and sinking fund on debentures totalled £242,882 18s. 10d. Donations to public institutions and relief, compensation and annual leave payments to employees amounted to £49,849 2s. 11d. The mining profits tax and British Income Tax amounted to £159,135, 16s. 3d., whilst the expenditure consequent on the war amounted to £316,660 8s. 2d., which included the cost of maintenance of the mines and floors whilst the mines were closed down, gratuities to employees who resigned, and salaries and wages paid to employees on active service as detailed in the profit and loss account. The total expenditure amounted to £1,260,460 17s. 3d. as against revenue £2,297,781 2s. 4d., the result being that £1,037,320 5s. 1d. was carried to the credit of appropriation account. This result enabled your Directors to redeem their obligation to the preference shareholders for the period 1st July, 1914, to 31st December, 1915, by the payment of £1,200,000 in dividends.

The general reserve fund stands at £1,463,982 19s. 5d., and the fund to redeem the De Beers $4\frac{1}{2}$ per cent. Exploration debentures has been increased to £345,706 10s. 4d., the two funds being represented by securities at the market price prevailing at 30th June, 1916. At the close of the period under review, your Company held

£1,160,900 in English Government Treasury Bills, and £869,159 in the 4½ per cent. war loan, and since the close of the financial year your Directors subscribed £200,000 to the recent Union Government 5 per cent. issue.

Resuming his speech, Mr. Oats said: I am very much obliged to the Secretary for reading that for your information. It gives you the salient points. The remark may be made: "Oh, yes, you have got a million profit for the year, out of which and other accounts you have paid £1,200,000 of dividend. Well, how have you got that? Have you got it fairly, properly, and honestly?" In reply, let me tell you that we have reduced our stock of diamonds on hand, and in regard to that it is fair to say that we have rather an abnormal profit for this year, because they were only taken into account at cost of production in the year before, and now that reduction of stock has been realised, and the difference between the cost of production and the selling value comes into the profits of this year. Then again, the blue ground on the floors stands at a certain amount. The decrease is not taken into account other than this—that the cost of working the blue ground from the floors has been debited to our expenses, and the amount released has gone into our reserves. Our total reserves, including blue ground and money, are exactly the same, and have not altered, and the effect of reducing the blue on the floors has been to put a little over £200,000 to the credit of our reserves, which money has been invested mostly in Government loans for keeping this war going. Now I don't think we could make a better use of our blue ground on the floors than wash it up, take the cost of putting it there, and supplying the Governments to help them under the existing conditions.

I think these are the salient points. As to the resumption of ordinary working, we started washing in the first instance, as the Directors' report shows, at Wesselton and Bultfontein, and soon afterwards we started hauling from those mines, so as to keep up the stock of blue on the floors. Since then we have been washing from Dutoitspan, where we have such a large stock of blue on the floors that it is not necessary to haul at present to keep up the supply. The time will come, of course, when we shall have to do so, but at present it is not necessary, and it is not being proceeded with. I hope it will be proceeded with before we meet again.

One feature of the present situation on which I must congratulate the shareholders is this. You will remember that just before the war a conference was held at which the admission was made by all the diamond producers that it was necessary to have regard to the market and the quantity of diamonds we should produce. That resolution was adopted, and out of that I hope much good will come. In times past one man produced as much as he could so as to embarrass another, and compel him, perhaps, to make terms which would be unsatisfactory from his point of view. Happily that spirit has gone altogether, and I think we are very much indebted to the influence of our co-Director, Mr. Joel, who is also largely interested in other diamond mines, for the spirit prevailing to-day (Applause.) Thanks to that spirit we have been able to actually raise the price of diamonds during the past financial year. I think our diamonds to-day—and I am speaking in the presence of Mr. Brink, our valuator—bring higher prices to the Company than at any time in the history of the Company. (Applause.) I am very glad to be able to congratulate the shareholders upon that and upon the fact that other producers are contributing towards that result, and I believe they have no regrets for following that course. Is it better to work your mines out faster, and put your diamonds into the market for what you can get, with little or no profit to the shareholders, or to work the mines with a due degree of control and regard for the quantity of output? We know very well that people who purchase our diamonds do not thank us if we produce more diamonds than they require, and in consequence diamonds become a drug on the market. On the contrary, they are in sympathy for the most part with our policy; and we do hope, notwithstanding the war, and notwithstanding, perhaps, the possibility that there may not be so much money in the world available for a

luxury like diamonds, that the policy agreed upon will be consistently adhered to. If we can only keep up the price—not raise the price suddenly, and drastically, but maintain the price, and gradually improve on it—producers will recognise it is better for a mine to produce a little less, if they can make a better price, thus securing a greater profit on the output, and conserving the life of the mines for an indefinite time to come.

The chief persons interested in this policy besides ourselves are the Union Government, and they, I am sure, will be ready to congratulate us on the success with which we have been able to maintain and increase the price of diamonds, seeing that for them it means there is the probability that they will obtain more revenue from the mines in which they are more interested than we are, and it will leave their two sources of revenue very much improved—the share of profits they get, and the larger value of diamonds exported. These two things together will make the Government's revenue from the diamond industry very much larger than it has ever been before.

I think I need not dwell at further length on this point. I would prefer to bring to your notice what was said by Mr. Joel at the meeting of the Johannesburg Consolidated Investment Company, Limited, a few days ago, in which he laid stress upon the importance of this policy. As for me, I am in the position—perhaps not a very nice position—of one who can say “I told you so.” True I have been in favour of this policy for years—(hear, hear)—and I have been opposed in quarters from which such opposition ought not to have come, and not least of all from Government circles. Government circles have thought more of the momentary influence of keeping a mine working, and finding additional inducement for votes in the locality, than they have of keeping the diamond industry alive and prosperous in this country for hundreds of years to come. Now I will ask the Secretary to read what Mr. Joel said at the meeting referred to, because it was so well and thoughtfully said—much better than I can say it—but the sentiments have my cordial approval, as I believe they have the cordial approval of my colleagues on the Board.

Mr. Pickering then read the following extract under the heading of “Diamonds” from the speech delivered by Mr. Joel in Johannesburg at the Annual General Meeting of the Consolidated Investment Company on the 21st November.

“When I addressed you a year ago I referred to the severe criticism which had been directed against those responsible for the conduct of the diamond industry, because of their policy in closing down the mines at the outbreak of war, and I expressed the view that it was to be regretted that our critics did not take the trouble to acquaint themselves more fully with the facts before expressing their opinions. Our critics were not confined to members of the public, but included also some members of Parliament, who appeared to hold the view that our policy in stopping production was unwise. To-day, gentlemen, I think I am fairly entitled to claim that the policy which was so adversely criticised a short time ago has been shown to be a sound and wise policy, and that it has been the saviour of the diamond industry. It is an established fact that the diamond industry can only be maintained and kept on a sound footing if the output as well as the sale of diamonds be strictly controlled. (Hear, hear.) Diamonds being almost entirely an article of luxury, and their price being mainly dependent upon the extent of demand, it has been abundantly proved that any unrestricted output immediately causes a fall in prices. Apart from the experience gained during the last 25 years by those engaged in the industry, the war has again proved, in the most striking manner, that our policy was the right one. I also told you last year that it was my intention, after consulting my colleagues on the Boards of the various diamond mining companies in which I am interested to restart operations. In pursuance of that, operations were resumed on a limited scale, and gradually increased, and what is the result to-day? Firstly, the public and trade, being satisfied that the output was controlled, gained confidence, and consequently a steady but ever-increasing demand for diamonds was created. Secondly, we were enabled to dispose of our production, and

gradually to increase our prices, with the result that I felt justified, on my arrival here, in recommending the payment in the case of the Jagersfontein Company of a dividend of 15 per cent., and in the case of the Premier Company of two preference dividends amounting to 12s. 6d. per share. With regard to the De Beers Company, as their annual meeting takes place next week, I have no wish to anticipate any statement which may be made from the chair. At the same time, however, I feel confident that the policy which has been adopted by the other companies will probably be adopted by the De Beers Directors also. I repeat, gentlemen, that these results have been, and only could have been, achieved by the policy of control."

"There is a further aspect which I think I am entitled to touch upon, and it is this. The Government, in framing their last Budget, held such doubtful views of the position of the diamond industry that they did not estimate to receive more than £50,000 revenue from the entire industry during the current financial year. This estimate, gentlemen, though perhaps justified at the time, would have proved more correct, if a nought had been added to it, for instead of £50,000 the Government will get a revenue of over £500,000 this year. (Applause.) I think we may reasonably hope that this substantial addition to the estimated surplus may be conducive to some amelioration in taxation. Provided the policy of control if output is maintained and continued, the revenue to the Government from the industry will not be short of a million a year in the near future. Please remember I am only referring to direct revenue. The indirect revenue accruing to the Government from railway rates, Customs dues, and other taxes, must also amount to a very substantial sum. To those few individuals who seem to take a special delight in criticising the men who are responsible for working the diamond mines I would say, make a calm and dispassionate study of the whole question, and I am sure you will arrive at the same conclusions which I hold, viz., that control all the time, and control alone, is the essential factor. Gentlemen, I have no secrets to conceal as to what my policy is. It is control of output and regulating the sale of diamonds; the effect of this must be limited production and higher prices. Instead of a precarious industry with doubtful returns, satisfactory revenue to shareholders as well as Government, and practically an indefinite life for the industry. As shareholders we have been very patient; for two and a half years we have not received any return upon our capital invested, but after all the darkness I now see the dawn, and there is no reason whatever why we should not look to the future with the greatest confidence." (Applause.)

Mr. Oats, again resuming his speech, said: Those are our sentiments put into words better than we could use. What would have happened if those sentiments had not guided the producers of diamonds during the past two years? The holders of diamonds, including the Syndicate, would have pushed their diamonds on the market, and realised them, at whatever price they could have obtained, and would have made a very much lower price for the diamonds, too low for some mines to pay anything at all, and so low that De Beers would have paid very little, from which depth of depression it would have taken ten years to recover. This control Mr. Joel spoke of has saved all that. I do trust that some of you present, wherever you go, will use your influence to make these facts clear. Some of you remember the agitation which cropped up in Kimberley a little time ago, and was engaged in by men who ought to have known better, in the course of which the impression was given that De Beers Directors were callous. I submit that De Beers Directors are no more callous than are the speakers who engaged in that agitation. We have done what we could in difficult circumstances. Mr. Joel knows perfectly well the trouble which took place with regard to our people when we were compelled to close down the mines. We did all we could to ameliorate that unfortunate situation—(applause)—and there was no callousness on our part during that period. Some of us wanted to go even further than others in doing what we could to tide over that difficult time. I think instead of being reproached by anyone we should have received congratulations, as Mr. Joel

in his speech claimed, for being able to do what we have done. We are not out of the wood, and therefore we have to go on to the end of the war. Sympathisers with Germany have got to know that we have to see this war out in our favour, cost what it will.

I have before me the report of our Directors, from which Mr. Pickering has read the most salient points. It will be seen from this that we have several subsidiary activities. I must say it was a god-send for us that when we stopped work we had these little side interests, which helped to keep things going. Our dynamite works have contributed to our funds in some degree, and have assisted us to pay our calls, such as interest on debentures and on leased companies, which have to be met. Now, we have done our part in keeping up the supplies of dynamite consumed in South Africa—and without dynamite our friends in Johannesburg could not work either. I would like to tell you our competitors here and in England are selling dynamite in this country and in Rhodesia now in competition with us at even lower prices. It is part of the game to annihilate competition by trying to kill us. We supply dynamite (50 per cent. nitro glycerine) ex factory at 28s. per case. The price at which it is sold by our competitors at Home is 55s. a case, but when they are competing with us they sell at an even lower price than we do. If that is not dumping I do not know what is, for these companies to make all that profit on dynamite in a country where they have a monopoly, and then to undersell us here in this country. I commend that to our advocate of Free Trade, Mr. Wm. Hosken. (Laughter.) They say that is free trade. I only appeal to consumers of dynamite to go into this question and ascertain for themselves who are their friends, "Codlin or Short," in this case. They are selling dynamite in competition with us at a lower price than ourselves to prevent us increasing our business. I ascertained in London that they endeavoured to prevent us from sending our dynamite to Australia, and tried to ensure that their own friends from America would come so as to keep the place warm until they could come back again and to keep us out. It is not often one has an opportunity of referring to this, because the shares in our explosives works are held by De Beers and their nominees only, and consequently the annual meeting is more or less a private one, but the Acting General Manager of the Cape Explosives Works, Mr. Barker, is here to-day, and he has agreed to our using up the surplus money we have accumulated by paying a dividend—the first dividend the works will have paid, and which will come to our benefit in the next financial year. I hope that will go on again. That profit is made not so much by selling dynamite against monopolies when they sell at a price of £1 a case lower than they are selling in England, but it is made partly through side issues. We have been fortunate in shipping, and from that direction money has come in to help us. We have extended our works, and I hope we shall extend them further still. We are making profits other than by making dynamite. We want to make our dynamite so cheap that our customers will be satisfied. We have used a great deal of influence in order to try to get our orders from the mining groups larger. We have contracts for ten years to come, for which they will pay the cost of manufacture, plus certain fixed charges. Whether we sell more or less to the groups does not affect us for those ten years. It is our duty to get the dynamite delivered to them as cheaply as possible against the sort of competition with which we have to deal. We believe we shall get every company with a bit of British spirit to say: "We will support De Beers factory and give them our custom," just as many Australians have done. We named a lower price to the Australians than they had been paying by 10s. or 15s. a case, but our competitors dropped their prices to below ours. Some of our friends there then said: "We are going to stick to De Beers, who will give us our supplies at reasonable prices." That is the spirit we expect from our dynamite customers in this country in our fight against this talk of free trade, of which we hear so much. We have dynamite sold here £1 a case cheaper than a free trade country like England is paying, thanks to the manipulation of monopolies. The revenue we get from the explosives factory has helped to pay our present obligations. They are, as you know, interest on debentures and interest on leased companies, amounting roughly to £170,000. These side issues have helped us this year.

It is true there is a little to our credit for the improvement of our coal property in Natal. We have received a little extra income from there, and we have secured for ourselves a regular supply of good coal.

The future to-day looks better than it has ever been, thanks to the influence of Mr. Joel. The world must know that if they cannot pay our prices for diamonds they will not have them at all. It is no good giving away diamonds at lower prices; everyone is afraid to buy at lower prices because of the fear of what will happen next. The policy of the Company is firm. If we can sell at better prices, we shall sell. There is no retrograde movement in our minds. Such a movement would bring disaster. If we can only obtain better prices it does not matter whether we produce less carats; the mines will last longer. We shall be able to make better profits with lower production at enhanced prices than with greater production at lower prices. Now, most of the shareholders present will be glad to hear a few words from Mr. Joel, who is not here every day with us, and I am sure we are lucky in having him here now, and I am glad he has found time to come here and countenance us. It is hard work—push, push, push, without a push behind you. He is going to help push too. He has been a tower of strength to us. We have endeavoured to have a policy and to carry out that policy, and thanks to Mr. Joel's influence it seems almost certain that we shall get success through it. Some people have said the demand for diamonds after the war will be less, but I am not so sure about that. If we cannot sell diamonds it is better to do without selling them rather than sell them at a sacrifice.

Our tramways are going on. When the war is over, the mines are again working, and the people come back to Kimberley, the tramway revenue will be considerably more. There is a tremendous difference between a penny and a threepenny fare, but the benefit of that goes to the people of Kimberley. That is one way more in which this Company, which is so often slandered, has been attacked. They had a big public meeting here, and many speeches were made, and the question was asked: "Why should the Town Council be a party to the tramways being taken over by De Beers Company?" Those who know Kimberley and the difference between existing circumstances and those which previously obtained must feel that what was said on that occasion was most unjustifiable. We have no right as Directors to waste shareholders' money in tramways, as what I have said seems to imply we have done. The position is that our mines are scattered over an area of five or six square miles, and our workmen sometimes work in one place and live in another. At times we have men working at Wesselson and living at the West End of Kimberley, and owing to the exigencies of the work of the mines they have to put in a great deal of time in coming and going; they have to get up as early as five in the morning, and in former days before they came home it was dark. By providing the tramways for our workpeople's benefit the advantage is untold, and we cannot measure it in money; our men are more contented. We don't expect to make any profits out of the trams, and we are not making profits except the profit which comes from having a contented body of people working for you. As far as I am concerned, and I know the whole of the Directors are behind me, the great thing is to keep the people satisfied and loyal without any reasonable amount of complaint, except such complaint should be redressed. The Secretary reminds me we have made a loss of £4,000 or £5,000, but what is that £4,000 or £5,000 if our workpeople recognise, as most do, that the Directors of De Beers are not that callous body represented two years ago when we had to stop work. We then did as much as was in our power to do; we are not infinite, and cannot alter everything. We have human feelings guiding us, and what we do to promote confidence and good feeling on the part of our people is not wasted, but we get it back again.

I am very sorry to find the gentleman who always seconds the resolution I am proposing—Sir David Harris—is not here. I hoped to the last he would be able to get here to-day, and I am not sure that not being here he is not feeling miserable on that account.

The doctor said he must not come here to-day. I will ask Mr. Joel to be good enough to second this motion, and give us a little of his cheery optimism for the future, which he is so well able to do, much better than I am able to do. I am not exactly an optimist, as he is. I know the cost of the war, and feel it every day. It is not over, and we have to go through with it yet. (Applause.)

Mr. Joel, who was cordially received, said: After the very lucid statement laid before you by the Chairman, I know very well you won't expect much from me. At the same time I must tell you that I am put on here as an extra turn. (Laughter.) When I came here there was no intention of asking me to do anything, or say anything. Unfortunately, as your Chairman says, Sir David Harris is unwell, and unable to be present; therefore I am put on in his stead. But, gentlemen, I cannot conceive a greater compliment than that the words I used a few days ago at a meeting of the Johannesburg Investment Company should have been repeated by your Chairman here to-day, and supported by your Directors. It is a very great compliment indeed, and I take it as such. It is my one ambition, this control of the diamond output, and I am certain the whole of the community is with me, because it is not only the shareholders, but it is the State which is going to benefit, and the whole country, by this idea of control. Control of output, as you know, will give an everlasting life to the diamond industry. Long after the gold mines are extinct, as they will be, because there is a certain fixed price for gold, the diamond mines will be still going, and your children and your children's children will live to see the diamond mines in existence, provided we always work together as we have done in the last few years. The idea came to me some few years ago, and I conferred, I must say, with our Chairman, and he agreed, and saw it through the same glasses that I did that diamonds could be raised to a price—not over raised; there is no intention of doing that; at the same time why sell one million carats for one million pounds when you can sell 500,000 carats for two million pounds? That is what I feel, as to-day we are all working together. As I saw it, and felt it, there was only one thing for me to do. That was to acquire at great sacrifice, and without any return to myself, an enormous holding, a controlling holding, in the various companies. I am now speaking as the largest individual shareholder in this Company; I am the largest holder in Jagersfontein, and likewise in the Premier; they are the three largest companies. Through my having joined the Board of the Premier, I have brought those gentlemen into line with us to know, and to say, that there is only one thing, and that one thing is reduced production and higher prices. It is the one time when that old saying applies, "The higher the fewer," and really it does apply in this instance, because the higher the price the fewer the diamonds we have to give them. I can assure you we shall give them very few for a lot of money. (Laughter and applause.)

That is the policy, the policy of control, and I want you to know that is our intention. To-day we are in a wonderful financial position. I should think a better position we have never been in before, and that is after only a few months of work. When I came down here last year we were all very sad and crestfallen. I came after consulting and conferring in Johannesburg with the Directors of the Premier in order to open up work again down here on a small scale. We started, as you know, at the beginning of the year. Within a few months of washing we opened two of our big mines, and the third will perhaps be opened during this year. It did not seem possible then, and I did not think so myself. Your Chairman said I am an optimist, and once I was taken as a pessimist. One day I am a bear and another day a bull. It does not matter. (Laughter.) We started operations, and the balance sheet to-day stands before you, and it must be very satisfactory to you, and very fine reading, showing as it does that by the end of this year we shall have paid, when we have distributed the two dividends we propose to pay next month, an amount of two million sterling, and that after a year when we did not sell any diamonds at all. It has all been done practically in the last few months. Our report ends in June, and the figures are only made up to that period.

I foresee that we shall do better than we have ever done before. I am certain that it will come during even the war period. As far as dividends are concerned, as I say, I am one of the long-sufferers, and, being the largest shareholder, I am speaking for the smaller ones also; their interests are my interests, and my interests are their interests. I feel certain during the coming year we shall get a very handsome return upon our investments. The balance sheet shows you that last year we sold over two and a half million pounds worth of diamonds, which, I think, under the circumstances, is a very satisfactory position indeed. The State, as I have already said in my previous remarks, will benefit to an enormous extent, because the fewer diamonds we sell and the larger profits we make, the State will get the revenue—they come in front of the shareholders and the debenture holders—they take it first, and we get what is left. I don't think I have anything further to say. I only want you to be with us, and say our policy is the right policy, a policy of control and maintenance of prices, and selling diamonds at higher prices and not in over-abundant quantities. Diamonds are a luxury, and there are women born every day, and while women are born diamonds will be worn—you cannot make them unpopular any more than you can women. (Laughter and applause.) I thank you very much indeed; I can assure you that it has been a very great pleasure to come down here and meet my old colleagues with whom I have been associated for the past 35 years—the bigger portion of my life. I am delighted to be present, and to have the opportunity and pleasure of seconding the adoption of the balance sheet and report. (Applause.)

Mr. Oats observed that Mr. Joel could see into the future of the diamond market better than he could. He (Mr. Joel) said things were going to be better still, even though the war went on. He said so, and he (the Chairman) trusted him, and believed it would turn out right. At the same time there was this military expenditure amounting to twenty millions a day; though, of course, it was going out of someone's pocket into somebody else's. It was a great pleasure to him that they had a real live Director of De Beers largely interested to come there and take part in the meeting and back them up in what they were doing.

The resolution was carried unanimously.

Mr. Oats then said he would like to pay a compliment to the Staff of the Company. They had borne patiently with reduced pay. Many of them had gone to fight, and some of them, he was sorry to say, would not come back again. He thought they would be wanting in their duty if at a moment of this kind they did not express appreciation of the Staff's services. He moved that they should accord a vote of thanks to Mr. Alpheus Williams and his Staff for the work they had done during the past year.

Mr. D. J. Haarhoff seconded the motion, which was carried.

The Chairman said that four of the Directors were going out of office, one of whom was himself. They were eligible for re-election.

Mr. E. W. Weatherby proposed that Mr. George William Compton, Mr. Francis Baring-Gould, Mr. Francis Oats, and Mr. Henry Percy Rudd be re-elected Directors of the Company.

Mr. Rose-Innes seconded, and it was carried unanimously.

Mr. B. Horkheimer proposed that Messrs. Howard Pim & Hardy and Messrs. Salisbury & Beaton be appointed Auditors for the ensuing year, and that the remuneration to be paid them be fixed by the Directors.

Mr. A. Brink seconded, and it was carried.

Mr. Oats said he wished to make a personal explanation. There were many suspicious people in the world. Mr. Joel had come there and approved their conduct and policy, yet some might say he could not have approved it in times past if he held the views he held now. They knew him (Mr. Oats) and Mr. Joel, and he could assure them that there was no understanding or anything of the kind between them. They had only one understanding, which was to do their best within their lights, to uphold the price of diamonds, and make profits for the shareholders.

Mr. D. J. Haarhoff proposed a vote of thanks to the Chairman for presiding, and said he had placed the affairs of the Company in a lucid and clear manner before the shareholders, and he was sure it was well appreciated.

Mr. A. Brink seconded, and the motion was agreed to.

Mr. Oats thanked them for the compliment paid him, and the proceedings of the general meeting terminated.

Extraordinary General Meeting.

The Secretary then read the notice convening the extraordinary general meeting of the shareholders of the Company, in terms of Articles 152 and 153 of the Articles of Association of the Company, to receive a resolution for the purpose of amending the Articles of Association.

The Secretary said it was intended to alter Clause 129 of the Trust Deed, which ran as follows:—

“At every ordinary general meeting the Directors shall lay before the Company a statement of the income and expenditure and balance sheet, containing a summary of the property and liabilities of the Company, made up to a date, not more than three months before the meeting, from the time when the last preceding statement and balance sheet were made, or in the case of the first statement and balance sheet from the inauguration of the Company.”

It was proposed, the Secretary explained, to alter the above by substituting “six” for “three” months.

The Chairman: You have heard the notice, gentlemen, and you will perceive the object of the change proposed. This clause is one of the legacies of the old De Beers Company of 30 years ago, when the shareholders always wanted to have a statement of accounts up to the date of the meeting if possible. If they could not get it right up to the date of the meeting, they tried to get it as near as they could. Accordingly there was a clause put in compelling the Company to make a statement, bringing the accounts up to three

months of the meeting. Well, it was a perfunctory matter, as the statement was not audited up to the date of the meeting, and we always had qualms of conscience in submitting it. Recently a suggestion was made that "three" months should be changed to "six" months. Our accounts are within six months of our meeting, and it was thought this would be the easiest way to deal with the matter. It was at first intended to have a special meeting, but as the matter is a comparatively unimportant one, it was thought we might allow it to stand over until after this general meeting, when a special meeting could follow for the purpose. I now propose

"That the Articles of Association of the Company be altered in manner following: In Article 129, the word 'six' shall be substituted for the word 'three' in the fourth line."

Mr. S. B. Joel seconded, and the motion was unanimously agreed to.

The Chairman then thanked those present for their attendance, and the proceedings closed.

