

# Rand Refinery – Krugerrand



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## At a glance

<b>Address</b>	Rand Refinery (Pty) Limited Refinery Road Industries West Germiston South Africa <a href="http://www.randrefinery.com">www.randrefinery.com</a>
<b>Founding year</b>	1920
<b>management</b>	Chief Executive: Praveen Baijnath
<b>International memberships</b>	London Bullion Market Association (LBMA) New York Commodities Exchange (COMEX) Tokyo Commodities Exchange (TOCOM) Dubai Good Delivery for the Dubai Multi Commodities Centre (DMCC) London Good Delivery silver bars of the London Metal Exchange (LME)

## **Rand Refinery**

### **Rand Refinery, the Leading Refinery in the World**

Rand Refinery was established in 1920 by the South African Chamber of Mines to refine the gold produced in South Africa. Before, the gold had been shipped to London for refining. Rand Refinery originally was run as a company of the Chamber of Mines. In 2000 the five largest South African gold producers (Anglogold, Sibanye Gold, Harmony Gold, Durban Roodepoort Deep and Goldfields) took over the refinery, distributing the shares according to their production quota.

Rand Refinery's production site is still today located in Germiston, east of Johannesburg. Gold refining continues to be the company's main activity; however, they also operate a smelter complex for the processing of precious metal semi-finished goods. Rand Refinery has a staff of around 500.

The ISO certifications [ISO 9001 (Quality Management System), ISO 14001 in 2004 (Environmental Management System) and ISO 18001(Occupational Health and Safety Management System)] attest to the company's high quality standards.

To date Rand Refinery has refined over 50,000 tons of gold which corresponds to almost one third of all the gold mined worldwide. Rand Refinery is the longest-standing member of the London Bullion Market, and their gold trade showpiece, the 400 troy ounce bar, has been accredited with the "London Good Delivery" status since 1921. Rand Refinery's gold bars are traded at the leading gold markets worldwide, among them COMEX, TOCOM, Shanghai Gold Exchange, Dubai Gold Exchange, Singapore Gold Exchange and others.

At present Rand Refinery makes 400 oz gold bars for global gold trade, 1 kilobars, gold bars in different sizes and of course Krugerrands, the most-widely known and accepted traditional gold bullion coin for investors and collectors all over the world.

## **Krugerrand**

### **Rand Refinery and Krugerrand**

Since the introduction of Krugerrand Rand Refinery has produced the blanks for these coins. The Krugerrand was a great invention of the South African Chamber of Mines to market the gold produced in South Africa. Originally the Krugerrand coins were distributed by Intergold (International Gold Corporation), a wholly-owned subsidiary of the Chamber of Mines. In 1998, Rand Refinery acquired the equity shares of Intergold. And since then, Rand Refinery has been selling the Krugerrand gold coins.

### **The motives**

The obverse bears a portrait in profile of Stephanus Johannes Paulus Kruger, looking to the left. This political figure, known by the name of Oom Paul or Ohm Kruger (Oom is Afrikaans for “uncle”), is one of the Boers’ most important national heroes (see also “Berlin and South Africa”).

The reverse depicts a springbuck or springbok (*Antidorcas marsupialis*), heraldic animal of the Republic of South Africa. This magnificent animal lives in the savannah and resembles a gazelle. It owes its name to the fact that it can leap as high as 12 feet in the air when startled. Moreover, the antelope’s speed is remarkable. The South African springbok is capable of reaching 55 miles per hour, thus being one of the world’s fastest animals. Because of these characteristics the springbok became the heraldic animal of the Boer Republic of South Africa.

### **And why does the Krugerrand still look like a Krugerrand?**

After the political change, renaming was carried out very hesitantly and most monuments from the times of white minority rule were allowed to remain. Also Paul Kruger was not removed from his place on the world’s best-known bullion coin.

It was Nelson Mandela in person who stepped forward to defend the springbok. So, after all, the springbok survived on the Krugerrand coin, too, together with the picture of

Kruger – standing as a signal of hope that reconciliation is possible. South Africans have given us the proof.

## **Krugerrand—South Africa’s Best-known Export Article**

On July 3, 1967 the South African Mint in Pretoria issued the first Krugerrand coins. A new concept was at the bottom of this: These coins could be used as circulation money; however, they did not bear a nominal value. Instead, the exchange rate at which South African banks traded Krugerrand coins was fixed daily, according to the price of gold. So, from the start the Krugerrand was conceived as a bullion coin of changing value. Therefore, the South African Mint -chose the most important weight unit as the basis of their new coin – the troy ounce, equal to 31.1 g. Thus, the Krugerrand was the first small gold bullion in form of a coin. It was extraordinarily successful. From 10,000 coins minted each year, from 1967 to 1969, output surged to 90,018 Krugerrands in 1970, 686,400 units in 1971 and even 869,300 in 1973. To date 52 million oz of gold have been minted into coins, and 60 million pieces in different sizes have been made.

## **Currency weakness was the reason for the run on gold**

The reason why the Krugerrand became an export hit lay in international currency policies. Since World War II, the American dollar had been the anchor and reserve currency. But when, in the 1960s, the US economy was flagging and it was foreseeable that the relation of the dollar to gold needed to be redefined, people switched to buying precious metals, which made the price of gold and silver skyrocket. When the United States eventually gave up the gold-dollar peg, it caused inflation and everybody who could afford it invested in tangible assets.

Naturally, the Krugerrand benefited from that development. After all, it offered security even to retail investors who could rely on having real gold and not worthless paper in their bank safes. To satisfy market demands smaller coins were introduced in 1980 – the half-ounce Krugerrand with a weight of 16.97 g, the quarter-ounce weighing 8.48 g and tenth-ounce coin weighing 3.39 g. South Africa could notably improve its foreign trade balance by exporting gold in form of bullion coins.

## **Management profile**

### **Praveen Baijnath – Chief Executive**

Praveen is a Chemical Engineer by training with 28 year's experience in minerals beneficiation and the chemical process industry. He attended University of Cape Town's Graduate School of Business Program (PMD) in 1995 and in year 2000 attained an MBA with distinction from the University of Wales.

His strategic and international business experience led to his appointment as Group CEO and Executive Director for JSE listed Delta EMD Limited in 2009, a manganese beneficiation business that operated EMD plants in South Africa and Australia, supplying the competitive global EMD market.

In May 2015 Praveen resigned as Group CEO of Delta EMD Limited to join Rand Refinery on 1 June 2015 as Chief Executive. He remains on the Board of Delta EMD Limited as non-executive Director.

### **Richard Collocott – Executive Head: Marketing**

Richard obtained his Bachelor of Commerce and Bachelor of Accounting degrees from the University of Witwatersrand, and qualified as a Chartered Accountant (South Africa), after completing his articles with KPMG Johannesburg at the end of 1997.

In 2011, Richard joined the then LSE main board listed Namakwa Diamonds Limited as Executive Director: Operations and Finance and was appointed Chief Executive Officer in September of the same year.

Richard joined Rand Refinery on 6 January 2014, in the role of Executive Head: Marketing.

## Press photos

We will be pleased to send you the pictures and other photos in print quality on request. The image rights are at the Rand Refinery. (© Rand Refinery)



Krugerrand motive Springbok (reverse)



RAND REFINERY

logo



Krugerrand motive Paul Kruger (obverse)



Krugerrand gold coins, various weights



Krugerrand gold coin



1/2 ounce Krugerrand year 2017



## **Current press releases**

### **PRESS RELEASE**

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#### **Flexible Gold Bond: Institutional investors can now invest in Krugerrand on each trading day**

Johannesburg, South Africa, 8 March 2018: Physical gold in the form of the well-known Krugerrand bullion coin, manufactured jointly by Rand Refinery and the South African Mint, is tradeable in Germany for the first time on the Stuttgart stock exchange and is of particular interest to institutional investors.

These can invest in the “Krugerrand (1oz) Gold Bond” and therefore take part in its performance. Additional advantages are the purchase of physical gold in combination with the stock exchange tradability with favourable spread as well as the simple and secure storage option in Germany.

The bearer bond guarantees the right to demand delivery of the Krugerrand gold coin, which is recognized as legal tender in South Africa. The pieces are kept safe by BayernLB in Nuremberg and larger quantities can be bought or sold flexibly by investors according to gold rate development.

Richard Collocott, Executive Head of Marketing at Rand Refinery: “The Krugerrand bond offers large investors a fixed issue price, with regard to the reference price of a Krugerrand gold coin, without additional management or annual fees over the entire 10-year term. Besides that, investors are entitled to delivery of the Krugerrand gold coins at any time.”

The Krugerrand bond is also used to stabilise and improve the portfolio and is often considered to be a “crisis currency”. The bond also opens up attractive income opportunities in the event of high demand for investment gold and consistent conveyance capacity.

Michael Eubel, Head of Precious Metal Trading Department at BayernLB: “The Krugerrand bond is, for example, an interesting product for institutions which are not allowed to purchase precious metals or raw materials for legal

reasons, such as insurances or UCITS funds. At BayernLB we check and guarantee the authenticity and purity of the individual Krugerrand gold coins. In addition, we are responsible for the purchase, the storage in high security vaults and for the delivery processes.”

The issuer is Gesellschaft zur Verbriefung von Lieferansprüchen auf Edelmetalle mbH (G.V.L.E.). The bond can be bought via security order systems (identification number A2F6KP) and is provided with 100-percent cover at all times. The stocks are insured to a maximum volume of 250,000 one-ounce Krugerrand coins.

The base value of each Krugerrand bond corresponds to a Krugerrand gold coin with a purity of at least 916.66/1000, a weight of one ounce and a 10-year term. Delivery of gold ounces to a German address is possible at any time on favourable terms.

More information is available in the securities prospectus (legally binding) and at [www.kruegerrand-anleihe.de](http://www.kruegerrand-anleihe.de) (German).

## **PRESS RELEASE**

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### **Premiere for investors: Krugerrand gold bond issued by BayernLB and G. V. L. E. tradable on the Stuttgart Stock Exchange with immediate effect**

Johannesburg, South Africa, 3 November 2017: Physical gold in the form of the well-known Krugerrand bullion coin, produced by the South African Rand Refinery, will be tradable for the first time in Germany from 3 November 2017. From this date, investors can purchase the "Krugerrand (1oz) Gold Bond" on the Stuttgart Stock Exchange, which BayernLB issued together with G. V. L. E. (Gesellschaft zur Verbriefung von Lieferansprüchen auf Edelmetalle mbH). The Krugerrand bond combines an investment product that combines the tradability of a stock exchange bond with the investment in concrete physical Krugerrand gold coins. Coins with a fineness of at least 916.66/1000, in the weight of one ounce and together with the guarantee of constant delivery are deposited.

In contrast to some other gold securities, investors with the Krugerrand bond do not acquire shares in, for example, one-kilo gold bars, but real coins are purchased and delivered. These can be purchased from private and professional customers as well as from customers who are not allowed to trade precious metals or commodities for legal reasons, such as insurance companies. The capital gains are tax-free for private investors with regard to the final withholding tax after one year. BayernLB guarantees the quality of the gold coins and stores them in its own high-security safes.

Richard Collocott, Head of Marketing at Rand Refinery: "The German gold market is traditionally the most important one for us. For this reason, we are pleased to be able to launch the new Krugerrand Gold Bond, a truly historic product on the German stock market on the 50th anniversary of its launch, which is easy to trade and simultaneously deposited with our physical coins. The new Krugerrand Gold Bond should therefore also be viewed as a long-term investment product. We are also pleased that BayernLB, the largest Krugerrand distributor worldwide and G. V. L. E. two absolutely reliable and highly professional partners for the product."

Michael Eubel, head of the foreign notes and coins/precious metals department at BayernLB, adds: "The issue of the bond is BayernLB's crowning achievement so far with the Krugerrand. The bank was an importer from day one and is a world leader in the distribution of Krugerrand coins. The product is unique and is of particular interest to investors planning for the long term. Likewise, delivery is a simple, inexpensive and transparent part of the product, unlike other gold securities."

The Krugerrand (1oz) Gold Bond is a fixed issue price calculated for a period of 10 years without any further management or annual fees, consisting of the reference price of a Krugerrand gold coin plus an additional premium. The premium covers the expected costs during the entire term of the policy, which applies to procurement, custody and administration costs.

The South African Krugerrand is considered to be the most famous and most traded gold bullion coin in the world and celebrates its 50th anniversary this

year. Last year, approximately 30 percent of the production of 1.2 million gold coins was sold to Germany, followed by Switzerland, Austria and the USA. Since its foundation, the Krugerrand has sold a good 60 million copies worldwide.

## **PRESS RELEASE**

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### **3 July 1967: Krugerrand - Birth of a Gold Icon**

Johannesburg, South Africa, 30 June 2017: 50 years ago, on 3 July 1967, the first Krugerrand, the famous South African investment coin, was manufactured jointly by the South African Mint and Rand Refinery, thus beginning a unique and very special global success story. The basic premise of the investment coin was to provide private investors with access to gold as an investment product, thus making the precious metal mined in South Africa accessible to everyone.

As a result, the Kruggerand ranks as the world's most traded gold bullion coin and has come to be one of the world's favourite investment coins. It is legal tender in South Africa and is valued solely according to the current price of gold. To make it more marketable, the South African coin with its distinctive springbok-motive on its reverse has a 1/12 copper content, making it particularly resistant to scratches or other forms of damage. The Krugerrand contains the exact amount of gold stated on its face value, and the copper is added to the gold.

Richard Collocott, Executive Head Marketing at Rand Refinery, states: "At the beginning, the Krugerrand was only issued in the weight value of one ounce. This soon changed following a sharp increase in demand. Today, these investment coins are also available in fine gold weight values of 1/2 ounce, 1/4 ounce and 1/10 ounce, thus we are offering investors a greater variety of investment opportunities. The huge interest in this coin continues to this day. Since it was first introduced 50 years ago, more than 52 million ounces of the Krugerrand have been sold around the world. In 2016, the Krugerrand was the world's most popular gold bullion coin."

Tumi Tsehlo, Managing Director of South African Mint, adds: "50 years ago, no one could ever have envisaged that the Krugerrand would be such a huge worldwide success. To continue this success, we consider it is very important to uphold tradition by retaining the original design and thus its high degree of recognition. However, this does not mean that we turn a blind eye to current developments. These developments include, for example, an increasing relevance of precious metals other than gold in the investment sector."

That is why, on the 50th anniversary of the Krugerrand, the South African Mint also issued limited edition, collectible versions of the coin in silver and platinum, for the first time. "The limited edition platinum Krugerrand is available in a weight of one ounce, and will be issued in 2017 only," Tsehlo explains. On the occasion of such a significant birthday, the range of limited edition gold Krugerrands also features limited editions of 5 ounce, 1/20 ounce, 1/50 ounce coins and an impressive 50 ounce coin as the highlight of the range.

## **PRESS RELEASE**

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### **Giant Krugerrand: Heavyweight Gold Coins for the Jubilee Year**

Johannesburg, South Africa, 10 May 2017 - On the occasion of its 50th anniversary, the world's most popular and best-selling investment coin, the South African Krugerrand, has been manufactured for the first time in extraordinary weight units and in various precious metals. An impressive Krugerrand coin in 50-ounce weighing approximately 1.6 kilograms, is the flagship of the anniversary range of Krugerrands. This special coin is strictly limited to only 50 individual units, and will also be available as part of five highly exclusive anniversary sets. The pure material value of these special items amounts to EUR 57.987 Euro (as at 10 May 2017: day's gold price at 36.241,93 EUR/ kg).

Also available for the first time in the gold Krugerrand range, is a special 5-ounce gold coin, limited to 500 pieces with a material value of more than EUR

5.000,-; a 1/20 ounce coin limited to 12,000 units and a 1/50 gold coin limited to 50,000 units. These new gold coins are in addition to the standard 1 ounce, one half ounce, one fourth ounce gold Krugerrands.

For the first time since 1967, the Krugerrand is now also available in metals other than gold: fine silver and fine platinum (also in limited quantities). These new coins are issued only in 1 ounce of either metal and are regarded as popular for collectors due to their limited quantities.

All Krugerrand coins in the jubilee year bear the characteristic design of the South African springbok on the front side, and the portrait of Paul Kruger as well as the country of origin in Afrikaans ("Suid Afrika") and English ("South Africa") on the back. The collectible Krugerrand coins all bear a special anniversary privy mark "1967-2017 50 Year Anniversary", adding to their collectability.

## **PRESS RELEASE**

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### **The golden ambassador from South Africa: the Krugerrand captures the hearts of gold fans**

Johannesburg, South Africa, 26 April 2017. The number-one investment classic among precious metal coins, the South African Krugerrand, celebrates its fiftieth birthday on 3 July 2017. The gold used for the Krugerrand comes from Rand Refinery in Germiston, east of Johannesburg. The South African Mint in Midrand, near Pretoria mints this golden ambassador from South Africa; over the past 50 years, the Krugerrand has turned into the most famous and at the same time most traded gold coin in the world.

The Krugerrand's success story began when US President Richard Nixon announced the cancellation of the dollar's convertibility into gold in the early 1970s. Gold suddenly became attractive to private investors, as an investment and as protection against inflation. At that time, South Africa produced 75 per cent of the world's gold and the Krugerrand, which was said to be stable and

well-tradeable due to its alloy with copper, launched its triumph as a globally recognised bullion coin.

Worldwide demand for the Krugerrand significantly increased in 2007 in the course of the global financial crisis. In 2016 more than 1 million ounces of bullion Krugerrands were sold, making it the most popular gold coin of 2016.

In the 2017 anniversary year, the South African Mint and Rand Refinery will also be issuing the bullion Krugerrand in coins of a tenth, a quarter, a half and one ounce of gold. In addition, 100,000 coins will be minted in a special one-ounce "anniversary edition". There will be unique collectible or "numismatic" Krugerrand coins made of silver and platinum, which will have additional collector value besides their pure investment value.

As a special highlight, limited numbers of collectible or "numismatic" Krugerrand gold coins will also be minted in version of 50 ounces, 5 ounces, a twentieth of an ounce and a fiftieth of an ounce. These trade at higher premiums than the bullion coins due to their scarcity and finishing.

The state mint and the Rand Refinery, founded in 1920, jointly managed the bullion Krugerrand in a collaborative effort. Rand Refinery supplies the gold blanks, the South African Mint strikes the coins, before returning them to Rand Refinery for final packaging and sale. Rand Refinery is also responsible for the worldwide marketing of the Krugerrand. The collectible or "numismatic" Krugerrand ranges are exclusively manufactured and managed by the South African Mint.

The Krugerrand has no fixed nominal value - its value depends on the daily fixed gold price. It is nevertheless legal tender of the Republic of South Africa.

## **PRESS RELEASE**

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**The Krugerrand 50-year success story: One ounce of South African fine gold is the number 1 investment coin in Germany**

Johannesburg, South Africa, March 6, 2017 - The Krugerrand is the world's most popular investment coin, an integral element in the investment sector since the coin's inception. On 3rd July 1967, South African Mint, the State minting institution in Pretoria minted the first Krugerrand, the world's most traded gold coin. Commissioned by the South African State, the Rand Refinery near Johannesburg and the South African Mint have been producing Krugerrands for 50 years. Rand Refinery procures the gold and manufactures the blanks, the South African Mint strikes the coins, and Rand Refinery markets and sells the bullion Krugerrand's globally.

In 1967, hardly anyone could have foreseen this incredible success story: more than 60 million coins were sold in just 5 decades. This amount nearly double the amount sold by its closest competitor. The Krugerrand was the first investment coin on sale in Germany, and worldwide.

Gold has always been considered a stable currency by many investors in times perceived as uncertain, including the Krugerrand, with a precious metal content of one ounce of fine gold, or 31.1 grammes. The Krugerrand's total weight of 33.9 grammes results from the addition of copper, rendering the surface resistant to scratches, and making it more practical for trading purposes. The world's favourite investment has lost none of its lustre and attractiveness in its 50th anniversary year. On the contrary, the Rand Refinery and the South African Mint jointly produce 1 million coins yearly, continuing to rise, of which the German-speaking countries purchase half of the ounce coins. Amongst all bullion coins traded in Germany, Switzerland and Austria, Krugerrand has a substantial market share.

The "Mother of all Gold Coins" depicts on the front side Paul Kruger, a former President of the South African Republic (1825-1904) with the country of origin Suid-Afrika/South Africa written in two notations. Kruger's paternal ancestors were German immigrants, and this side of the coin is based on a German model, the design originally from the Imperial Mint in Berlin. The Springbok antelope, South Africa's national animal, adorns the back of the coin with the year of minting. The coin's namesake is linked to the Rand, South Africa's legal currency since 1961.



Since 1967, the Krugerrand has been South African legal tender, serving mostly as a tax-free investment, its price oriented on the global market price for gold, fixed anew on a daily basis.

Various campaigns are being planned for the coin's golden 50th birthday. 50 Krugerrand coins weighing 50 ounces - around 1.5 kilogrammes - are distributed through leading collectible coin dealers worldwide. Also, a gold jubilee edition issue of 100,000 pieces will be available. Limited editions of the 2017 Krugerrand will be on sale in silver and platinum - a first in its 50-year history.

## **Contact**

### **Rand Refinery**

Richard Collocott

Refinery Road, Industries West, Germiston, SA

Tel: +27 (0)11/ 418 - 9000

Fax: +27 (0)11/ 418 - 9231

Mail: [RichardC@gold.co.za](mailto:RichardC@gold.co.za)

Internet: [www.randrefinery.com](http://www.randrefinery.com)

### **Press contact Germany/ Austria/ Switzerland**

financial relations GmbH

Jörn Gleisner

Tel: +49 (0) 6172/ 27159 - 0

Fax: +49 (0) 6172/ 27159 - 69

Mail: [j.gleisner@financial-relations.de](mailto:j.gleisner@financial-relations.de)