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Lesotho Chamber of Mines

The diamond mining industry has always been known as a high-risk sector, but the promise of equally large rewards makes it a tempting prospect nonetheless, but only a few will profit, grow and be able to ride the waves of uncertain financial times, as Storm Mountain Diamonds understands only too well.

Speaking with Mohale Ralikiriki, CEO of Storm Mountain Diamonds (“SMD”) and, more pertinently, Chairperson of the Lesotho Chamber of Mines, it appears that there is little in the way of glitz or glamour involved in the mining of precious stones. Instead, there is strict legislation, ever-changing procedural guidelines and fluctuating prices that can devalue hauls within the blink of an eye and yet, SMD continues to chip away and manage to turn a profit where others might have given up years ago.

“Storm Mountain Diamonds operates a diamond mine in the Kao area of the Botha Bothe District in Lesotho,” Ralikiriki told us. “SMD is jointly owned by Namakwa Diamonds Limited and the Government of Lesotho. The diamond resource that SMD mines at Kao is the largest kimberlite pipe in Lesotho. SMD entered commercial production stage in March 2012 and has a remaining life of mine of +20 years. The operations are conventional open pit mining, with drilling and blasting, loading and hauling. The recovered diamonds are sold in Antwerp on tender basis to a variety of rough diamond buyers including investors, traders and manufacturers.”

Written by
Amy Buxton

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It might seem as though the team has whittled things down to a productive and streamlined system and while that is true, on an operational level, being cognisant of external changes, legal policies and competition is vital. By focussing on just one location, it has certainly proved easier to stay on top of potential upheavals and there are signs of impressive industry growth. Just 10 years ago, there was only one mine being worked in Lesotho, at full production capacity, but skip forward to today and there are four, with a fifth potentially opening soon. Two are reported to have significantly increased production, demonstrating favourable market conditions and potential for large-scale growth, but Ralikariki remains professionally cautious. In his role as Chairperson of the Lesotho Chamber of Mine, he not only needs to be aware of how many mines are in operation; he needs to have an understanding of how they are impacting the wider industry and vice versa:



“The mining sector in Lesotho is nascent and vastly growing, however, there are serious challenges faced by the industry, from declining rough diamond prices to uncertainty caused by the proposed national legislative changes with provisions that are detrimental to the industry and that will definitely impact the profitability and possibly existence of most of these operating mines.”

Rough stone prices are determined elsewhere and remains an issue that is out of the hands of suppliers, but legislative changes could prove most damaging to SMD. Naturally, Ralikariki will be supportive of initiatives that increase safety, mine longevity and industry stability, but he is also acutely aware that such focus points can create enormous shifts in operating policies and, in turn, some companies might have no option but to fold.

Staying informed but not running scared, SMD continues to mine efficiently and has set about becoming a pillar of responsible operation. Efforts have paid off, as it has garnered itself an enviable reputation as both a mining operation and an employer.

Ralikariki explained what he thought made SMD so different from competitors: “The committed and high-risk taking character of its investors, visionary management and dedicated employees have all made it possible for the mine to continue operating during these challenging times. The management team focus on operational efficiencies and sound cost management practices to optimise the ore body and ultimately, to remain competitive.”

For some, growth is the only key indicator of success, but for others, staying afloat is just as much of a win. With the luxury of a little more breathing space and the ability to sit back and objectively assess a situation, SMD’s executive team was able to identify that efficiency was key, alongside tight fiscal control and minimised risk and to achieve the latter, it had to be sure that every individual working under the SMD umbrella is trustworthy, committed and has developmental potential.

Including contractors, SMD currently employs 755 people at the Kao Mine and Ralikariki knows their value, saying that, “our



African precious stones **People first™**

Launched 2013 with the interest to explore, prospect and mine the precious stones of Africa at a business core, our mine supports the tourism and government sector of Lesotho in economic and social transformation. As a Diamond Mine African Group with various interests in various commodities we continuously plan to seek more investments and open opportunities within the Sadac region and international countries.

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people are our diamonds". As a company, there is a definite 'attract, retain and develop' culture in place and it all starts by identifying those with discernible potential and talent. Exemplifying company values and representing the culture of SMD perfectly is a prerequisite in every role, from top to bottom and in return for loyal dedication, employees can look forward to their talents being nurtured, their efforts being rewarded and their potential being realised, through leadership development programmes and training. It's an attractive proposition for hardworking individuals looking for a career in South Africa, but the benefits work both ways. By entering into a reciprocal relationship, SMD and its employees all prosper and with no concerns as to staff retention, Ralihariki and his colleagues can turn their attention to forging other valuable relationships, as he explained:

"Our success couldn't have been possible if it was not for the great support we continue enjoying from our business partner and

regulator, which is the government. Our subcontracted companies and suppliers of goods and services to Kao Mine continue contributing significantly to our success and operational achievements. We further attribute our success to our hardworking sales and marketing agents who always ensure that our product reaches the buyers and we get competitive returns."

The mining industry is extremely dynamic and complex, lending itself to unusual challenges and the need for strong, decisive leadership at every stage. Bringing his experience as the former Commissioner of Mines and current Chairperson of the Lesotho Chamber of Mines, Ralihariki has a level of industry understanding that cannot be questioned and a positive outlook that is uplifting and energising, despite some testing times ahead:

"The company currently has to deal with a cycle of low diamond prices. There are always improvements and new ideas arising and SMD



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will ensure that it explores some of these. The company has managed to expand its processing capacity by more than 40% over the past five years and will continue to look for further opportunities to expand.” With Ralihariki’s leadership, the dedication of SMD’s team and its history of sound business, we have no doubt that this expansion will continue to yield profitable results. We look forward to watching how SMD, and the entire mining industry of Lesotho, evolves over time.



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EDITOR@LITTLELEGATEPUBLISHING.COM

+44 1603 296 100

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