



2015 Minerals Yearbook

LESOTHO [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF LESOTHO

By James J. Barry

Mining in Lesotho played a significant role in the country's economy, and diamond was the main mineral commodity produced. Between 2011 and 2014, the mining sector's contribution to the gross domestic product averaged 7.5%. Lesotho was the world's 7th-ranked producer of diamond, by value, in 2015 (11th in terms of quantity). Diamond is a major export for Lesotho. In 2015, the country exported more than 260,000 carats of diamond, representing 34% of its total exports. In addition to mining activity in Lesotho, the country's economy in 2015 benefited from an estimated \$430 million in remittances of wages from Basotho workers employed in the mines of South Africa. For the past two decades, annual remittances from workers in South Africa had been on the decline. Most recently, the decrease was attributed to retiring Basotho miners not being replaced and to contraction in South Africa's mining sector. Since 2011, the number of Basotho miners in South Africa had decreased by nearly one-third to about 28,000 in 2015 from more than 41,000 in 2011 (Central Bank of Lesotho, 2012, 2015; World Bank, The, 2015; Kimberley Process Certification Scheme, 2016).

The Ministry of Mining, which was established in 2012, replaced the Ministry of Natural Resources as the Government agency responsible for regulating Lesotho's mineral industry. The Ministry of Energy, Meteorology and Water Affairs, which also was established in 2012, was responsible for the energy and water sector. Laws that form the regulatory framework for the mineral industry include Section 36 of the Lesotho Constitution, the Mines and Minerals Act 2005, the Precious Stones Order 1970, and the Mine Safety Act 1981. Other relevant legislation includes the Labor Code Order 1992 and amendments, the Environmental Act 2008, and the Water Act 2008. Lesotho is a member of the Kimberley Process Certification Scheme. In June 2014, the Government passed legislation requiring exploration to begin within 6 months of acquisition of a mining permit (Rivituso, 2014; Ministry of Mining, undated).

Production

Lesotho's diamond production decreased by about 12% in 2015 owing in part to the decrease in the price of diamond. Additional mineral production data are in table 1 (Ministry of Mining, 2014, p. 5–6, 9).

Structure of the Mineral Industry

Aggregate, clay, and sandstone production facilities were all owned and operated by privately held companies. The Government was a minority owner in the country's diamond mines, holding a 25% share in the Kao, the Letseng, and the Mothae Mines and a 30% share in the Liqhobong Mine. Table 2 is a list of mineral processing facilities, their locations, and their capacities.

Commodity Review

Industrial Minerals

Diamond.—At yearend, the Kao Mine and the Letseng Mine in northern Lesotho were the only operating diamond mines in the country. Storm Mountain Diamonds (Proprietary) Ltd., which was a joint venture of Namakwa Diamonds Ltd. of Bermuda (62.5%), the Government (25%), and Kimberlite Investments Lesotho Ltd. (12.5%), operated the Kao Mine. The mine, which was located about 4 kilometers (km) south of the Liqhobong Mine, entered commercial production in 2012. The facility had a 500-metric-ton-per-hour (t/hr)-capacity processing plant for kimberlite ore (Namakwa Diamonds Ltd., 2013).

Letšeng Diamonds (Proprietary) Ltd., which was a joint venture of Gem Diamonds Ltd. of the British Virgin Islands (70%) and the Government (30%), operated the Letseng Mine. Gem Diamonds reported that 108,579 carats was recovered from 6.7 million metric tons of ore mined in 2015—amounts essentially unchanged from those of 2014. Gem Diamonds credited the sustained level of production to a reduction in damaged diamonds and tighter security controls. Production was still primarily from the lower grade Main pipe that provided 71% of the ore; however, the company had outlined a new life-of-mine plan that would increase output from the higher grade Satellite pipe by ramping up output to 2 million metric tons per year by 2020 (Gem Diamonds Ltd., 2016, p. 37, 43, 44).

The Liqhobong Mining Development Company (Proprietary) Ltd. was a joint venture of Firestone Diamonds plc of the United Kingdom (75%) and the Government (25%). Firestone Diamonds reported that the Liqhobong Mine project, which was located about 120 km east-northeast of Maseru, was 61% complete and scheduled to begin producing in the fourth quarter of 2016. In October, an updated mine plan was announced. The mine plan, along with an updated diamond resource estimate in September, was part of an effort to mitigate risk and improve the project's economics (Firestone Diamonds plc, 2015, 2016).

Lucara Diamond Corp. of Canada had been negotiating the sale of its 75% interest in Mothae Diamonds (Pty) Ltd.—a joint venture with the Government (25%)—with Paragon Diamonds Ltd. of the Bailiwick of Guernsey [United Kingdom] throughout most of 2015. Paragon's interest in the Mothae Mine included the mine's close proximity to its Lemphane project, which was a joint venture of Paragon's wholly owned subsidiary Meso Diamonds (80%) and the Government (20%). In May, a memorandum of understanding was signed between Lucara and Paragon regarding the acquisition. The acquisition was approved by the Government in August. As of yearend, however, Paragon had been unable to secure short-term financing to finalize the acquisition and Lucara backed out of the deal. Despite Lucara working with the Government to close the mine and rehabilitate the Mothae site, Meso continued to work toward trial mining, including ordering long-lead items to supplement the 2014

design and purchasing plans for a 75-t/hr processing plant (Paragon Diamonds, Ltd., 2015a, b; Stock Market Wire, 2015; Lucara Diamond Corp., 2016, p. 21).

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TABLE 1
LESOTHO: PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²		2011	2012	2013	2014	2015
Diamond	carats	211,278	478,926	414,014	346,017	304,232
Fire clay ⁶	cubic meters	12,000	15,000	10,000 ^r	15,000	15,000

⁶Estimated. ^rRevised; estimated data are rounded to no more than three significant digits.

¹Table includes data available through June 27, 2016.

²In addition to the commodities listed, aggregate, semiprecious gemstones, and sandstone were produced, but available information was inadequate to make reliable estimates of output.

TABLE 2
LESOTHO: STRUCTURE OF THE MINERAL INDUSTRY IN 2015

(Metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity
Aggregate		Moradi (Proprietary) Ltd.	Tabola, about 50 kilometers northeast of Maseru	NA
Clay	thousand bricks	Loti Brick (Proprietary) Ltd.	Plant at Thetsane, south of Maseru; quarries at Ha Motloheloa, Phoqoane, and Tsikoane	13,000
Do.		Majara Bricks (Proprietary) Ltd.	Plant and quarry at Berea Hills, about 12 kilometers northeast of Maseru	NA
Diamond	carats	Storm Mountain Diamonds (Proprietary) Ltd. (Namakwa Diamonds Ltd., 62.5%; Government, 25%; Kimberlite Investments Lesotho Ltd., 12.5%)	Kao Mine, about 115 kilometers east-northeast of Maseru	220,000
Do.	do.	Letšeng Diamonds (Proprietary) Ltd. (Gem Diamonds Ltd., 70%, and Government 30%)	Letseng Mine, about 140 kilometers east-northeast of Maseru	100,000
Do.		Liqhobong Mining Development Company (Proprietary) Ltd. (Firestone Diamonds plc, 75%, and Government, 25%)	Liqhobong Mine, ¹ about 120 kilometers east-northeast of Maseru	NA
Do.	carats	Mothae Diamonds (Pty) Ltd. (Lucara Diamond Corp., 75%, and Government, 25%)	Mothae Mine, ¹ about 135 kilometers east-northeast of Maseru	60,000
Sandstone	square meters	Lesotho Smart Sandstone (Proprietary) Ltd.	Lekokoaneng, about 25 kilometers northeast of Maseru	120,000
Do.	do.	Lesotho Stone Enterprises (Proprietary) Ltd.	do.	200,000
Do.		Seroma Sandstone Production (Proprietary) Ltd.	do.	NA

Do., do. Ditto. NA Not available.

¹On care-and-maintenance status at yearend 2014.