



From 'Big Mamma' to the minnows, from exploration to financial analyst and from the Amazon to Siberia – John Bristow has looked at diamonds from all sides.

The eternal optimist

John Bristow

I am a born and bred fourth generation South African of 1820 settler descent. I was born in 1952 in Ladysmith as one of five boys, three of whom became geologists. My two other geology siblings are Mark, who specialised in gold deposits, and Keith, who lives in Australia and is a soil scientist. The two other brothers went into agriculture and accounting, respectively. I was schooled at Estcourt High School, and given we were an outdoor family we enjoyed hiking, canoeing, hunting and fishing, and I guess that led me into geology. I enrolled at the University of Natal on an Anglo American scholarship and completed BSc, Honours and MSc degrees in geology, and then completed a PhD in geochemistry at the University of Cape Town. I was a bit of a professional student and played a lot of cricket. I played with great cricketers such as Graham Pollok, Barry Richards and Vincent van der Bijl, and a host of others. Actually, Bob Woolmer, who was killed recently, was a very close personal friend of mine and I coached and played a lot of cricket with him. My personal interests are largely the great outdoors. As a geologist I have been fortunate to travel to many exceptional places in the world, from the Amazon to the middle of Siberia. Hiking, fishing and photography are all part of the outdoor fun.

How did you get interested in diamonds?

It was towards the end of my PhD that I got involved with John Gurney. We started putting databases together, so I got involved in the diamond business. After completing my PhD, I did a two-year post doctorate in New Mexico in the USA. On returning to South Africa, I joined De Beers in Kimberley in 1983 and have been in the diamond business ever since. I was very fortunate since, at that time, there were many exciting things happening. Venetia had just been discovered and Jwaneng and Orapa were still relatively new mines. I saw the world's diamond deposits in countries such as Australia, Brazil, the CIS and Canada. I left De Beers in 1994 and started a consulting business. I worked quite closely with many colleagues such as Mike Scott from MSA. I got more involved in the economics and evaluation of diamond deposits. I also started developing an interest in alluvial diamond deposits. In fact, I first met Hennie van Wyk and the Van Wyk family in 1994. This started a fairly long association with that family right until today. Hennie and his parents were mining diamonds on a small scale at Holpan near Barkly West. I assisted with the creation of the Minerals and Energy Policy Centre (MEPC) in 1994, an NGO tasked with the objective of exposing young stakeholders from the previously disadvantaged community to the importance of managing and exploiting South Africa's mineral wealth. This included providing them with experience of how countries like Australia and Canada managed their mineral deposits. Subsequently, I had a stint with ABN-Amro, the large multinational banking group, as a diamond analyst between 1996 and 1997. In 1998 a group of us got together and formed Gem Diamond Mining Corporation, my first foray into a listed diamond company. We reversed the Saxendrift assets into a listed entity known as Consolidate Diamond Corporation and that became Gem Diamonds. We raised some R80-million in 1998 to buy the Saxendrift alluvial mining operation on the Middle Orange. Effectively, we created a listed junior alluvial diamond mining company. Gem Diamonds was acquired by Mvelaphanda Diamonds and then reversed into Trans Hex Group.

And from there?

I went back into consulting, and in 2002 we put together Kalahari Diamonds, exploring in Botswana with BHP Billiton's Falcon airborne gravity system. We were exploring for kimberlites under the Kalahari sand cover. I spent three years in Botswana and then we sold that company to Petra Diamonds in late 2005. In mid-2006 I got involved with Rockwell Ventures Inc. Eight people, including myself, had put together a number of diamond projects including the Van Wyk project. Rockwell initially bought 49% of the company from the Van Wyk family trust, and will take this up to 74%. We are now working to grow Rockwell into a mid tier diamond mining company. I became president and COO of Rockwell in late 2006. We completed the Van Wyk transaction in the middle of last year and since then we have been on an aggressive growth strategy and have managed to raise significant funds. At this point, Rockwell owns 51% of Van Wyk, 26% has gone to African Vanguard Resources (AVR), a very solid empowerment company headed by Sandile Zungu, and Hennie van Wyk still owns 23%. Rockwell aims to list on the JSE in mid-2007.

So you established yourself in the junior diamond mining sector?

I have always been a great fan of and believer in the junior mining sector, which has been slow in establishing itself in South Africa. We see Rockwell as a precursor of more solid junior companies beginning to emerge. The big mining houses in SA are more or less in a down-scale mode, perhaps with the exception of platinum, but there are still a lot of small and mid-size deposits out there, and probably some still waiting to be discovered. I'm a consummate geologist. I have been through diamond exploration hoops and now I am actively involved in running a small mining company. Rockwell is producing some of the world's highest value rough diamonds, averaging around US\$1 500 /ct. Last year we had three stones over 100 ct. We employ some 400 people in two mines north of Kimberley and one west of Douglas. This contributes significantly to employment in the region, and we are working towards growing the business into something larger.

Why are there so many Canadian and Australian companies in South Africa, and so few local enterprises?

Typically, we look to North America, the UK and Europe to raise funds but the trend of listing locally and raising funds in our backyard is starting to gain momentum which is most encouraging. Part of the problem has been that there has never been much venture or risk capital available in South Africa and previous attempts to list junior companies suffered setbacks as a consequence of unsustainable projects and the less than acceptable activities of company directors and executives. Obviously, though small and junior companies are generally of a riskier nature and hence there is a need for venture capitalists to support these ventures. Hopefully this is starting to develop, with local junior companies raising funds locally and developing projects in South Africa or even Africa. We've been overrun by Canadian and Australian juniors. I'm very positive about the diamond business, and hopefully we will see more junior companies based here in South Africa.

What are your views on the empowerment debate?

South Africa is in a challenging and exciting stage of its development with many changes still taking place, such as the new Minerals Bill and the Empowerment Charter. But these regulations are evolving and will hopefully in time become more user friendly for junior companies who mostly do not have the resources and legal teams at hand to fully deal with the new requirements. As the Charter and the MPRDA evolve hopefully small companies and individuals can get mineral rights faster. I think we all agree in principle that mineral rights should vest with the State and that we pay a royalty or fee to use them, and I guess we all agree with the use-it or lose-it principle. The problems arise with implementation, and I believe that everyone is committed and working hard to iron out the wrinkles in the legislation. Small companies are hardest hit here because they do not have the resources to speed up the process. I think it is also a matter of attitude. You can kick and scream and say it's no good, or you can be part of it and help move it along and improve it as we are doing at Rockwell. That is what we did in the MEPC, we trained young black people and showed them how business is done in other countries and how it is done effectively. The BEE process is also developing and maturing. There are now empowerment companies with balance sheets and cash flows, and which are actively participating in the business rather than just being passive shareholders. In our case, our empowerment part, African Vanguard Resources participates actively in in our diamond business and earns its equity. We are also working closely with AVR on training and mentoring programmes so as to develop skills and to train people who are capable of running and growing a diamond business as successfully as the very best can.

Where do you see the opportunities?

Geologically, South Africa still provides juniors with opportunities, and as the legislation evolves we should have a vibrant junior sector. We must develop our resources as well as our people. People are important, with big backlogs to address. At Rockwell and AVR we put a lot of effort into training people, and if we want this company to run well into the future skills development is absolutely critical. I am the eternally optimistic geologist, with a touch of reality thrown in. I still enjoy going out there and doing geology, because there are still lots of opportunities in our country and the rest of Africa to develop new resources, particularly in the diamond space. 🌍