



Rockwell evaluating 'number of opportunities' for growth

By: Liezel Hill

Published: 28th May 2008

Vancouver-based alluvial diamond-miner Rockwell Diamonds, which bought the Saxendrift mine and other assets in South Africa from gem producer Trans Hex last month, is scouting for its next acquisition, president and CEO **John Bristow** said on Wednesday.

"We remain fully committed to expanding the company by organic growth and acquisitions," he said.

The company, which produces high-value diamonds from mines in South Africa, had identified and was evaluating a number of external opportunities.

"Some of the evaluation is quite well progressed and, if some of these transactions are concluded, we see them adding exciting growth and accretive value to the company," Bristow added.

At Saxendrift, following a "frustrating" delay in closing the transaction, the company was now producing diamonds after recommissioning two small plants at the mine.

Construction of a new higher-volume plant at the mine is on track, Bristow reported, and the company expects the new facility to be up and running by November.

Rockwell listed on the JSE in November last year, and moved from the TSX Venture Exchange to the main board three months later.

COST CUTTING

The diamond-miner reported financial and operating results for the nine months ended February 29 (after changing its year-end from end-May) on Wednesday and Bristow conceded that the group had struggled a little with mining costs, which averaged \$3,82/t for the year, excluding the bulk sampling programme at Makoenskloof, which had added a further \$0,50 to group costs. Costs had been driven upwards by rising prices for fuel and other input costs, as well as by shutdowns related to maintenance, upgrades and power cuts.

The diamond-miner has taken a number of steps to improve efficiencies and productivity, including a "substantial" upgrade of the plant at its Klipdam operation, which had enabled it to increase throughput at the facility by some 20%, creating an "automatic big saving", Bristow said.

The operating is now running at below \$3/t, making it the group's cheapest.

Improvements had also been implemented at the Holpan and Wouterspan plants, and the start up of the Saxendrift facility would result in further reductions to group costs.

"Added to that, we have also employed a new earthmoving manager with considerable experience in opencast mining and he has taken us to a new level in how we use equipment optimally... [and] put a lot of effort into training people," Bristow reported.

"And we are certainly seeing benefits from the ability to operate more affectively in the pits."

As a result, numbers were expected to improve going forward, with costs forecast at \$3,40/t for the quarter currently under way, and the company remained "fully committed" to ensuring that operating costs remain in its target range of between \$3/t and \$3,5/t, Bristow affirmed.

In response to power shortages and outages in South Africa, Rockwell has bought back up generator sets, which will be installed at each of its four main operations in early June.

The company reported revenues from sales of C\$36-million during the nine months to end-February, from the sale of 17 667,67 ct of diamonds.

PRICES GAIN

Rockwell has benefited from rising prices this year for diamonds, in general, and the high-value stones that make up a large portion of its production, in particular, diamond marketing and sales manager **Jeffrey Brenner** said on Wednesday.

Industry leader De Beers said last month that it would raise the prices of its stones by an average of 8,5%, which included an effective 20% price increase for top-of-the-range (5 ct and larger) diamonds, Brenner said.

These large stones account for about 85% of Rockwell's monthly revenue, "so we've seen a major increase across the board", he commented.

Rockwell still sells most of its production in monthly tenders, but is looking at beneficiating models, Bristow said on Wednesday.

It has already concluded an agreement with the Benny Steinmetz group to cut and polish some of the higher-value stones that it produces, and was seeing impressive margins on the rough stones sold through the agreement, he said.

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Tel: +27(0)11 622 3744 | Fax +27(0)11 622 9350 |
newsdesk@miningweekly.com
<http://www.miningweekly.com>