

Rockwell to hunt Congo gems

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by Will Purcell

Dr. John Bristow's Rockwell Diamonds Inc. plans to complete bulk sampling on its Kwango River alluvial diamond project in the southwestern corner of the Democratic Republic of the Congo (DRC). The company is mining alluvial gems from the Middle Orange River in South Africa and it plans to use the profits to develop the potentially rich, but riskier Kwango project. The status of the project is a part of the risk and Rockwell may have as much need for lawyers as geologists at Kwango this year.

The plan

Rockwell signed an option deal in 2006 that would allow it to earn an 80-per-cent interest in the Kwango River project from a Congo-based company, Midamines. One of the two owners of Midamines is eager to have Rockwell pursue the project, the other, not so much. As a result, the status of the project is in limbo. Rockwell is also eager to get to work. The company is employing lawyers in both Belgium and the DRC and it expects the dispute can be settled this year.

Rockwell plans a bulk sampling program on the property, which spans about 75 kilometres of the Kwango River. Dr. Bristow said the company would work modularly. If the project successfully completes one hurdle, Rockwell will move to the next stage. "That way we can manage our risk," he said, adding that if the project failed the bulk sample stage, Rockwell would not have thrown a huge amount of money at it.

The size of the first bulk samples of gravel will undoubtedly be smaller, but Rockwell eventually hopes to scale the operation up to a formal mining rate of about 200,000 tonnes of alluvial gravels per month. As well, the company could run barges from the river, which could increase the production capacity further.

The internal disagreement between the Midamines owners is just one of the risks facing Rockwell. The Dark Continent has been less violent in recent years, although armed thugs and rebels still prowl across northern and eastern regions of the DRC. The Kwango River project is in the southwestern part of the country and Dr. Bristow said Rockwell's crews have been working without incident. Further, he is impressed with the country's recent improvements to its mining code.

Rockwell nevertheless has some big challenges to overcome. There is little or no infrastructure in place, leaving the company on its own to produce power, build roads and build camps. As a result, Dr. Bristow said he expected operating costs could be triple what the company pays in South Africa.

The lack of infrastructure and local communities does have a bright side for Rockwell. In the more populous diamond districts of the Congo, such as the Tshikapa region, keeping the local artisans away from the diamondiferous gravels is a major problem. The one-man mines are less of a problem in the wilds of the Kwango, and Dr. Bristow said having a good relationship with the local authorities helps manage the situation.

The encouragement

Although Rockwell expects its operating costs would be in the range of \$10 (U.S.) per tonne, the preliminary expectation suggests revenues could handily top that mark. Dr. Bristow said Rockwell reverse calculated the theoretical grades based on some spotty early data. That work suggested a potential diamond content of 0.15 to 0.20 carat per tonne.

Meanwhile, the DRC government states the average diamond value from the region is about \$200 (U.S.) per carat. That points to a potential gross gravel value of \$30 to \$40 (U.S.) per tonne of gravel. Alluvial diamond miners farther upstream and on the Angolan side of the Kwango River found grades above one carat per tonne. As a result, Dr. Bristow is hopeful for an even rosier result.

Rockwell closed unchanged at 48 cents Wednesday on 126,700 shares.