

COMPANY NEWS

Funds earmarked for acquisition of Saxendrift from Trans Hex; miner expects to double Orange River production

Rockwell Diamonds to get on board in Toronto

Charlotte Mathews

Resources Editor

DIAMOND miner Rockwell Diamonds, which recently bought the Saxendrift operations from Trans Hex, was targeting a back-to-back listing on the Toronto Stock Exchange main board and the JSE by late September, corporate adviser James Allan of Allan Hochreiter said yesterday.

Rockwell is listed on the TSX Venture exchange, where it has just raised C\$60m through a private placing of shares, well above the original target of C\$45m. Allan said there was particularly good support for the placing from South African institutions and individuals.

No new funds will be raised through the JSE listing, but Rockwell is considering various ways to ensure liquidity in the shares.

The funds raised through the placement will be used to pay for the Saxendrift acquisition and to upgrade equipment at the mine and at the group's other operations. The Saxendrift deal will become final once approval is received from the minerals and energy department for the transfer of the mine licence.

Rockwell's existing operations are the Wouterspan and Holpan-Klipdam alluvial diamond mines in Northern Cape.

It has already increased production to about 2 500 carats a month from 2 000 carats through increasing efficiencies. With the injection of new funds into its



A parcel of diamonds worth about \$2.5m, and including some high-quality stones of 40-50 carats, reflects one month's production from Rockwell Diamonds' Wouterspan and Holpan-Klipdam mines on the middle Orange River.

operations, it expects to double production to about 5 000 carats a month by next year.

The company's operations are all around the middle Orange River, which is particularly noted for its large-value diamonds.

About 97%-98% of Rockwell's production was of gem quality, marketing director Jeffrey Brenner said yesterday.

About 75% of the diamonds found are more than two carats.

Allan said there was a growing

shortage of diamonds, which was particularly acute in the category of diamonds bigger than two carats, where price increases tended to be the highest.

Brenner, who markets Rockwell's production for a fee

through his wholly owned company Flawless Diamond Trading House, said Rockwell, like all SA's producers, was looking at ways of beneficiating diamonds in SA.

The Diamond Amendment Bill, which he expected to be

promulgated by August, requires diamond producers to sell 10% of their production to the State Diamond Trader at market-related prices.

Medium-sized producers will qualify for an exemption from the 5% levy on exports of rough diamonds — if 15% of the remaining 90% of production is locally beneficiated each year.

Brenner said Rockwell was considering an investment in a local niche-market factory polishing larger stones of between five and 10 carats in size.

In addition, Rockwell was also eager to support the "one-man operator" — diamond cutters working on their own with minimal capital.

One-man diamond cutters would not have the capital to participate in Rockwell's monthly diamond tenders, but it would be economical for them to cut stones of about two carats in size.

The State Diamond Trader will have some capacity to finance the smaller operators and, once Rockwell found small diamond cutters it could sell to, it would introduce them to the State Diamond Trader to apply for financing. Although Brenner believed that SA could build up its own diamond-cutting industry, it would not create thousands of jobs. The cut of a diamond was one of the four elements that determined its value and it required a high degree of skill, he said.

In countries such as Belgium, diamond cutting skills were often passed down from father to son.