



2013 Minerals Yearbook

LESOTHO [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF LESOTHO

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Mining and quarrying played a significant role in Lesotho's economy, with the focus of mineral production concentrated on diamond. Since diamond production activity resumed in 2000, the mining sector's contribution to the gross domestic product had increased to about 4.5% for fiscal year 2010–11² (the latest year for which data were available), from about 0.2% in 2000. In addition to mining activity in Lesotho, the country's economy benefited from the remittance of wages from Basotho workers employed in the mines of South Africa; although for the past two decades, the trend had been that of declining annual remittances for South African employment. The gradual decrease in deep gold mine operations in South Africa and, in recent years, the South African Government's efforts to reduce domestic unemployment, which resulted in an increase in the number of South African citizens working in the mines, had brought about a reduction in the number of Basotho miners recruited to work in South Africa. In 2013, there was an average of about 35,000 Basotho mineworkers in South Africa compared with an average of about 39,000 in 2012, 61,416 in 2003, and 112,722 in 1994 (Central Bank of Lesotho, 2004, p. 73; 2005, p. S-29; 2014, p. 17, S-32; Ruffini, 2010; Ministry of Development Planning, 2013, p. 91; Ministry of Mining, 2014, p. 6).

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 sectors. 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.

Production

Lesotho's diamond production decreased by about 14% in 2013 owing in part to the Liqhobong Mine being placed on care-and-maintenance status pending the installation of a new treatment plant and the end of a bulk-sampling program at the Lemphane project. Artisanal miners and domestic companies produced small amounts of agate and other semiprecious gemstones, clay, sand and gravel, and stone (both crushed and dimension) for domestic consumption. Such mineral production, however, was not reported. Mineral production data are in table 1 (Ministry of Development Planning, 2013, p. 92–93; Ministry of Mining, 2014, p. 5–6, 9).

¹Deceased.

²The fiscal year runs from April 1 through March 31.

Structure of the Mineral Industry

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 plant for processing kimberlite ore (Namakwa Diamonds Ltd., undated).

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 95,053 carats was recovered from 6.2 million metric tons (Mt) of ore mined in 2013 compared with 114,350 carats recovered from 6.6 Mt of ore in 2012. Production, which was primarily from the lower grade Main pipe during the first half of the year, was focused on the higher grade Satellite pipe during the last half of the year. New cone crushers were installed in 2013 to reduce damage to diamonds that was attributed to processing ore through the plant's original secondary and tertiary crushers (Gem Diamonds Ltd., 2014, p. 17–18).

Firestone Diamonds plc of the United Kingdom reported that a definitive feasibility study for a 500-t/hr-capacity main treatment plant (MTP) at the Liqhobong Mine, which was located about 120 km east-northeast of Maseru, was completed in 2012. Liqhobong Mining Development Company (Proprietary) Ltd., which was a joint venture of Firestone Diamonds (75%) and the Government (25%), ended pilot plant operations in 2013. The pilot plant was to be removed in preparation for the construction of the MTP. Commissioning of the MTP was expected to begin in 2016 (Firestone Diamonds plc, 2014a, p. 6–7; 2014b, p. 10).

Mothae Diamonds Holdings Inc., which was a joint venture of Lucara Diamond Corp. of Canada (75%) and the Government (25%), suspended the preliminary economic assessment of the proposed Mothae Mine, and placed the project on care-and-maintenance status pending a review of development options. In December, a memorandum of understanding (MOU) was signed with Meso Diamonds (Proprietary) Ltd., which was a subsidiary of Paragon Diamond Ltd. of the Bailiwick of Guernsey [United Kingdom], for the sale of the Mothae bulk sampling plant. The purchase was

expected to close in early 2014. Removal of the plant would allow the Mothae pit to be expanded (Lucara Diamond Corp., 2014, p. 5, 19).

A successful initial bulk sampling program was completed in June at the Lemphane project by the joint venture of Meso Diamonds (80% interest) and the Government (20%). A mining lease for the project was expected to be approved in 2014. For the first 2 years of mining, Meso planned to use the 75-t/hr-capacity plant that was to be acquired from Mothae (Paragon Diamond Ltd., 2014, p. 3–4).

Kolo Holding (Proprietary) Ltd. which was a joint venture of the Government, Lesotho investors, and Reskol Diamond Mining (Proprietary) Ltd. (an indirect subsidiary of Batla Minerals SA of France), was expected to resume evaluation of the Kolo diamond project in 2014. The lease was subject to litigation by the former leaseholder, Angel Diamonds (Proprietary) Ltd. of Lesotho (Pasari and Purushothaman, 2013, p. 9).

Outlook

Development of a new Mining and Minerals Policy centered on socio-economic development was a Government priority. The policy was expected to establish an accountable and transparent fiscal and taxation regime for mining, to increase the information available about the country's mineral resources, to eliminate negotiation for diamond mining licenses, to improve the economic and environmental aspects of the artisanal and small-scale mining sector, and to establish an Environmental Production Fund for any additional rehabilitation needed after mine closure operations. Mineral-resource activities were restrained owing in part to the limited availability of electrical power, the lack of transportation infrastructure, and limited domestic and foreign investment in the mineral industry (Ministry of Mining, 2014, p. iii–iv, ix–xii).

Lesotho's economy is vulnerable to mineral-related international shocks and trends, as the country is dependent on imported refined petroleum products and diamond production is subject to changes in consumer demand. Diamond production in Lesotho, however, is expected to increase in the near term as the Kao Mine ramps up to full production and when production

at the Liqhobong Mine resumes after the installation of the new kimberlite ore processing plant.

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TABLE 1
LESOTHO: PRODUCTION OF MINERAL COMMODITIES¹

Country and commodity ²		2009	2010	2011	2012	2013
Diamond	carats	91,815	104,945 †	211,278 †	478,926	414,014
Fire clay ^e	cubic meters	15,000	14,000	12,000	15,000	15,000

^eEstimated; estimated data are rounded to no more than three significant digits. †Revised.

¹Table includes data available through September 19, 2014.

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

TABLE 2
LESOTHO: STRUCTURE OF THE MINERAL INDUSTRY IN 2013

(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		Loti Brick (Proprietary) Ltd,	Plant at Thetsane, south of Maseru. Quarries at Ha Motloheloa, Phoqane, and Tsikoane	NA
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.	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.	do.	Mothae Diamonds Holdings Inc. (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.	Lekokaoneng, about 25 kilometers northeast of Maseru	120,000
Do.		Lesotho Stone Enterprises (Proprietary) Ltd.	do.	NA
Do.		Seroma Sandstone Production (Proprietary) Ltd.	do.	NA

Do., do. Ditto. NA Not available.

¹On care-and-maintenance status at yearend 2013.