2014 Minerals Yearbook

LESOTHO

U.S. Department of the Interior
U.S. Geological Survey

December 2017

The Mineral Industry of Lesotho

By James J. Barry

Mining and quarrying in Lesotho played a significant role in the country's economy, with the focus of mineral production concentrated on diamond. Since diamond production activity resumed in 2000, the mining sector's annual contribution to the gross domestic product had increased to about 4.5% for the fiscal year 2010–11[1] (the latest year for which data were available) from about 0.2% in 2000. Diamond was also a major export for Lesotho, representing 34% of all exports for 2014. 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 from 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. During the first through fourth quarters of 2014, migrant Basotho mineworkers decreased by 8.9%, 14%, 12%, and 9.3%, respectively (Ruffini, 2010; Ministry of Development Planning, 2013, p. 91; Central Bank of Lesotho, 2014a, p. 17; 2014b, p. 23; 2015, p. 23, 47; 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 sector. 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. In June 2014, the Government passed legislation requiring exploration to begin within 6 months of acquisition of a mining permit (Rivituso, 2014).

Production

Lesotho's diamond production decreased by about 16% in 2014 owing in part to the Liqhobong Mine remaining on care-and-maintenance status pending the installation of a new treatment plant. 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 Mining, 2014, p. 5–6, 9).

[1]The fiscal year runs from April 1 through March 31 of the year stated.

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., 2013).

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 108,569 carats was recovered from 6.4 million metric tons (Mt) of ore mined in 2014 compared with 95,053 carats recovered from 6.2 Mt of ore mined in 2013. Production was still primarily from the lower grade Main pipe rather than the higher grade Satellite pipe; however, Main pipe production was only 69% of total production in 2014 compared with 84% in 2013. Increased production from the Satellite pipe, tighter controls, and improved mining techniques all contributed to the increase in recovered diamond (Gem Diamonds Ltd., 2015, p. 27).

Firestone Diamonds plc of the United Kingdom reported that construction had begun in late June on a 500-t/hr-capacity main treatment plant (MTP) at the Liqhobong Mine, which was located about 120 km east-northeast of Maseru. Liqhobong Mining Development Company (Proprietary) Ltd., which was a joint venture of Firestone Diamonds plc (75%) and the Government (25%), ended pilot plant operations in 2013. The pilot plant was removed in preparation for the construction of the MTP. Commissioning of the MTP was expected to begin in 2016 (Firestone Diamonds plc, 2014, p. 1, 4, 5, 8).

Mothae Diamonds (Pty) Ltd., which was a joint venture of Lucara Diamond Corp. of Canada (75%) and the Government (25%), had placed the Mothae Mine project on care-and-maintenance status in 2012, pending a review of development options. In December 2013, Lucara sold its bulk-sampling plant at the Mothae Mine project to a subsidiary of Paragon Diamonds Ltd. of the Bailiwick of Guernsey (United Kingdom). Removal of the plant would allow the Mothae pit to be expanded. Lucara announced in December its intention to divest its interest in the Mothae Mine project (Lucara Diamond Corp., 2013; 2014, p. 5; 2015, p. i, 5–6).

A successful initial bulk-sampling program was completed in June 2013 at the Lemphane project by the joint venture of Meso Diamonds (80% interest) and the Government (20%). A 10-year mining lease for the project was awarded in March 2014. As Meso entered the trial mining phase at Lemphane, it also selected the design for its planned 75-t/hr-capacity plant (Paragon Diamonds Ltd., 2014, p. 3; 2015, p. 4).

Kolo Holding (Proprietary) Ltd., which was a joint venture of the Government, Lesotho investors, and Reskol Diamond Mining (Proprietary) Ltd. (which was an indirect subsidiary of Batla Minerals SA of France), was expected to resume evaluation of the Kolo diamond project in 2014. In April, the High Court of Lesotho found Reskol to be the legal holder of the rights to the property, dismissing the claim to the property made by the former leaseholder, Angel Diamonds (Proprietary) Ltd. of Lesotho. The ruling allowed Reskol to move forward with operations, including the construction of an initial plant and a 60,000-metric-ton-per-year trial production (Batla Minerals, SA, 2014a, p. 12; 2014b, p. 1).

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 Protection 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.

References Cited

Batla Minerals SA, 2014a, Comptes consolides—31 Mars 2014 [Consolidated financial statements for year ended 31 March 2014]: Batla Minerals SA, 28 p. (Accessed September 23, 2015, at http://www.batlaminerals.com/uploads/284_Batla_Minerals_-_Etats_financiers_conso_31_mars_2014_VD%C3%A8f_1_.pdf.)

Batla Minerals SA, 2014b, Newsletter, June 2014: Batla Minerals SA, 2 p. (Accessed September 23, 2015, at http://www.batlaminerals.com/uploads/270_Batla_Minerals_Newsletter_-_June_2014.pdf.)

Central Bank of Lesotho, 2014a, Quarterly review: Central Bank of Lesotho, December 2013, 41 p. (Accessed September 18, 2015, at http://www.centralbank.org.ls/publications/QuarterlyReviews/December 2013 Quarterly Review.pdf.)

Central Bank of Lesotho, 2014b, Quarterly review: Central Bank of Lesotho, June 2014, 60 p. (Accessed September 18, 2015, at http://www.centralbank.org.ls/publications/QuarterlyReviews/June 2014 Quarterly Review.pdf.)

Central Bank of Lesotho, 2015, Quarterly review: Central Bank of Lesotho, December 2014, 51 p. (Accessed September 18, 2015, at http://www.centralbank.org.ls/publications/QuarterlyReviews/December 2014 Quarterly Review.pdf.)

Firestone Diamonds plc, 2014, Annual report & accounts 2014: Firestone Diamonds plc, 64 p. (Accessed September 11, 2015, at http://www.firestonediamonds.com/wp-content/uploads/Firestone-Diamonds-plc-Annual-report-and-accounts-2014.pdf.)

Gem Diamonds Ltd., 2015, Annual report 2014: Road Town, Tortola, British Virgin Islands, Gem Diamonds Ltd., 145 p. (Accessed September 11, 2015, at http://www.gemdiamonds.com/gem/uploads/reports/reports/gem-diamonds-AR-01-04.pdf.)

Lucara Diamond Corp., 2013, Lucara announces a significant increase in value of mineral resource at Karowe Mine: Lucara Diamond Corp. press release, December 19. (Accessed October 21, 2015, at http://lucaradiamond.mwnewsroom.com/press-releases/lucara-announces-a-significant-increase-in-value-of-mineral-resource-at-karowe-m-tsx-luc-201312190918962001.)

Lucara Diamond Corp., 2014, Annual information form (for the year ended December 31, 2013): Lucara Diamond Corp., 35 p. (Accessed October 21, 2015, at http://www.lucaradiamond.com/i/pdf/AIF_2013.pdf.)

Lucara Diamond Corp., 2015, Annual information form (for the year ended December 31, 2014): Lucara Diamond Corp., 35 p. (Accessed September 22, 2015, at http://www.lucaradiamond.com/i/pdf/AIF_2014.pdf.)

Ministry of Development Planning, 2013, National strategic development plan 2012/13–2016/17: Ministry of Development Planning, 157 p. (Accessed September 18, 2015, at http://www.gov.ls/documents/NSDP FINAL PRINT VERSION 13 01 2013[1].pdf.)

Ministry of Mining, 2014, Draft green paper on the mining & minerals policy: Ministry of Mining, April, 31 p. (Accessed September 18, 2015, at http://www.ls.undp.org/content/dam/lesotho/docs/Other/Lesotho Mining and Minerals Policy Draft Green Paper - Full Version - English.pdf.)

Namakwa Diamonds Ltd., 2013, Operations—Lesotho—Kao Mine: Namakwa Diamonds Ltd. (Accessed September 8, 2015, at http://www.namakwadiamonds.co.za/kao.html.)

Paragon Diamonds Ltd., 2014, Report & accounts 2013: Paragon Diamonds Ltd., May, 32 p. (Accessed October 21, 2015, at http://www.paragondiamonds.com/cms/uploads/files/aa58c6e58de5f54f37dcec9bcca75e90.pdf.)

Paragon Diamonds Ltd., 2015, Report & accounts 2014: Paragon Diamonds Ltd., June, 43 p. (Accessed September 22, 2015, at http://www.paragondiamonds.com/cms/uploads/files/c44ec9f76df15abdaaf4339fd5af0a3b.pdf.)

Rivituso, Christopher, 2014, Lesotho Government enacts changes to exploration permits, Minister says: SNL, June 25. (Accessed September 18, 2015, at https://www.snl.com/InteractiveX/article.aspx?ID=28474860&KPLT=2.)

Ruffini, Antonio, 2010, The decline of South African gold mining: Engineering and Mining Journal, June 8. (Accessed September 18, 2015, at http://www.e-mj.com/features/411-the-decline-of-south-african-gold-mining.html#.VBsCCDYpCWs.)

TABLE 1
LESOTHO: PRODUCTION OF MINERAL COMMODITIES[1]

Commodity[2]		2010	2011	2012	2013	2014
Diamond	carats	104,945	211,278	478,926	414,014	346,017
Fire clay[e]	cubic meters	14,000	12,000	15,000	15,000	15,000

[e]Estimated; estimated data are rounded to no more than three significant digits.
[1]Table includes data available through September 23, 2015.
[2]In 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 2014

(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	thousand bricks	Loti Brick (Proprietary) Ltd.	Plant at Thetsane, south of Maseru. Quarries at Ha Motloheloa, Phoqoane, and Tsikoane	13,000
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.	Mothae Diamonds Holdings Inc. (Lucara Diamond Corp., 75%, and Government, 25%)	Mothae Mine,[1] about 135 kilometers east-northeast of Maseru	60,000
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
Sandstone	square meters	Lesotho Smart Sandstone (Proprietary) Ltd.	Lekokaoneng, about 25 kilometers northeast of Maseru	120,000
Do.		Lesotho Stone Enterprises (Proprietary) Ltd.	do.	200,000
Do.		Seroma Sandstone Production (Proprietary) Ltd.	do.	NA

Do., do. Ditto. NA Not available.
[1]On care-and-maintenance status at yearend 2014.