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Damtshaa mine under care, maintenance

The Minister of Minerals, Energy and Water Resources, Mr Kitso Mokaila has informed Parliament that Damtshaa Mine has been put on care and maintenance beginning this year.

Mr Mokaila said the deterioration in diamond markets as a result of an unprecedented slow movement of diamond inventory throughout the entire pipeline called for response plans to be put in place, one of which was to place the Damtshaa Mine under care and maintenance.

Mr Mokaila said the move was intended to align production to demand and preserve cash by reducing operational and capital expenditure. He said 12 contractors were contracted by Debswana at the Damtshaa Mine four of which were local foreign owned while eight were local citizen owned.

"There were no job losses for Debswana and sub-contractor employees and all the Debswana affected employees have been retained and redeployed to other parts of the business," he said, adding that employees of long term service providers had been re-deployed to other areas at Orapa and Letlhakane mines.

The minister went on to say that all contractors who were on short term contracts were going to continue with the work until their contracts lapsed.

He further said the closure of the Damtshaa Mine was one of a number of responses the company took to protect shareholders (including government) and cushion them from the impact of the slowdown in the market.

"To protect shareholders, the company took a decision to optimise revenue and distributions by maximising production at core assets and scaling down production at lower value and lower margin assets. We do not envisage or expect any impact on economic activity in Letlhakane," he assured.

Mr Mokaila said immediate responses to a diamond market that was undergoing serious challenges had to be made to lower production output, preserve jobs and to protect Debswana business going forward, hence the decisions taken.

He said Damtshaa Mine had been placed under care and maintenance to remain in a state of readiness to be restarted at any point should the market recover

The Member of Parliament for Boteti East, Mr Sethomo Lelatisitswe had asked the minister if it was true that Damtshaa Mine in Letlhakane was closing its operations, and if so, what motivated the closure; how many local and foreign sub-contractors were contracted by Debswana under this mine; how many people were going to lose their jobs due to the development and how many were youth.

He had also asked the minister how the closure of the mine was going to affect government revenue in percentage of their monthly contribution; how has the closure affected families and economic activities in Letlhakane as compared to Kanye and whether nothing could have been done to avoid closure, and how long would it be closed or operations suspended. ***ENDS***

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