Tshekedi ventures into diamond mining

By **KEABETSWE NEWEL** - April 10, 2015

Tshekedi Khama. (Pic: PressPhoto)

> *• Mine set to re-open this month • Jindal may acquire BK11 for millions • Tshekedi and partners own US15 million worth of stake • BK11 value around US150 million*

Monak Ventures (PTY) Ltd, a company owned by Tshekedi Khama, prominent businessman and architect Paul Paledi, one Polite Khutjwe and two international mining **INVESTORS** may soon pocket millions from the impending sale of BK11 Mine. However, Monak Ventures which holds a mining license surrounding the BK11 Mine area will also continue benefitting with the mine set to re-open under new management, ***The Business Weekly & Review*** has established.

BK11 Mine, a diamond mining company owned by Firestone Diamonds, an AIM listed UK based company, has been on care and maintenance since 2012, owing to, according to management, weak diamond prices. Firestone Diamonds Plc owns 90 percent shareholding in BK11 Mine, the Boteti located diamond miner. The remaining 10 percent, it appears, is held by Monak Ventures whose directors are President Ian Khama's younger brother Tshekedi, Paul Paledi, while foreign **INVESTORS** are Stuart Brown, Chief Executive Officer (CEO) of Firestone Diamonds and his Chief Financial Officer (CFO) Grant Ferriman, who also double as Firestone Diamonds Directors.

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When BK11 commenced operations in Letlhakane, Monak Ventures (which owns 10 percent in BK11 Mine) in which Minister of Environment Wildlife and Tourism Tshekedi is a Director, the then Minister of Minerals Energy and Water Resources and former Vice President Ponatshego Kedikilwe granted a mining License No. 2010/59L, to Monak to mine diamonds over the BK 11 Diamond Mine deposit for a period of 12 years with an option to renew. BK11 has been, however, closed for the past three years after a two year operation. Its parent company, Firestone Diamonds, has been in a vigorous process to sell BK11 mine or rope in a strategic partner.

The Business Weekly & Review however learns through sources that Jindal Steel and Power, a company owned by the behemoth Indian mining firm Jindal Africa has shown interest and may soon start operating the mine after purchasing it. However BK11 Country Manager who also is Monak Ventures Director Polite Khutjwe said that no company is acquiring BK11 Diamond Mine. "Our official position is that we are still in the process of disposal and an official statement shall be released when the time is right," he said this week. He however could not disclose whether or not there were companies that have shown interest, and how many they were. "This is a bidding process and it takes many bids,' he said.

An official statement on Firestone is that the company has commenced a public disposal at BK11 following a strategic review which placed it under care and maintenance in February

2012. "The board has therefore considered various strategic alternatives for its Botswana operations and given the extent of interest expressed in the BK11 mine, has decided to undertake a competitive public disposal process," the company statement said. Further The Business Weekly & Review contacted Jindal Africa head office in Johannesburg and spoke to Tracy Vance, a Corporate Communications official who requested a formally written inquiry. Despite a detailed 7 question questionnaire, her response was only a few words. "We are not looking into any acquisitions within Botswana at this stage." she responded.

Jindal Africa operates in at least 7 African countries. The company acquired a few years back CIC Energy Corp. (CIC) for about US$116 million by way of a merger securing ownership to Mmamabula Coalfields and Mmamabula Power project. Should Jindal Power and Steel acquire BK11, which will be a multimillion Pula acquisition, Jindal Power and Steel will pocket millions, but Tshekedi Khama and his fellow directors at Monak Ventures who also own 10 percent are likely to also pocket millions.

But since Monak Ventures holds a 12 year mining license to the area surrounding BK11 Diamond Mine, they may continue as miners even post acquisition and still pocket lots of money. Available data on the Firestone website shows that BK11, a resource of over 11 metric tonnes (Mt) at an average grade of 8.5 carats per hundred tonnes containing 1 million carats, has been identified at BK11 by independent mining and geological consultants, MPH Consulting Limited.

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With run of mine production valued at US$160 per carat (October 2011 estimate), this gives a

gross in situ value of US$150 million.
BK11 Mine, according to sources, was shut down owing to careless management. Sources said BK11 leaders brought cheap and old mining machinery from South Africa to set up the plant, which engineers said were unfit for mining operations, and had a limited lifespan.

Apparently, when mining diamonds, the first thing to consider is the quality of crushers and the dense media separation (DMS). These are the two machines that would ensure extraction of quality diamonds and also avoid loss. BK11 crushers brought by Kgalagadi Mining Engineers (A consultancy company which was then owned by Lesly Delport, which was BK11 operational overseer) that were old and dysfunctional, were literally crushing and breaking diamonds, while the DMS also resulted in some diamonds being lost as waste because it did not function properly.

In a DMS plant, according to the engineer, an alloy of iron and silicone is suspended in water to form a fluid near the density of diamond to which the diamond bearing material is added to begin the separation process of the heavier minerals from the lighter material. But sources said in BK11's case, the DMS contained low pressure which was unable to swirl the mixture at full capacity resulting in some diamonds being sucked out as waste rather than settling at the bottom with other dense materials. "This was how the diamonds were lost at BK11" explained the engineer.

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In his generation Newel is one of the most recognisable names in Business journalism. A recent finalist in Media Institute of Southern Africa Media Awards, Newel has written extensively in the boardroom dynamics around public pension funds and related investment interests. His areas of interest are companies and markets, including the financial reports of major companies in the country. Currently he is pursuing the developments around the management contracts for one of Africa's most lucrative Public Pension Fund, the Botswana Public Officers Public Funds.