

SIERRA DIAMONDS ARE SITTING ON AN ASTONISHING QUANTITY OF HIGH-QUALITY DIAMOND GEMS. WE FIND OUT HOW THEY WORK WITH LOCAL COMMUNITIES TO DIG UP A GIRL'S BEST FRIEND.

DIAMONDS ARE FOREVER

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Tongo Dyke 1
Diamonds

Sierra Diamonds is a subsidiary company of ASX listed firm, Newfield Resources, focused on diamond mining and exploration in Sierra Leone.

“We have been working for over ten years now and are moving into the development and construction phase of a diamond mine in Sierra Leone,” says Karl Smithson, CEO of the company. “The diamonds and the grade of the project make it unique. What we have in the asset is 7.5 million carats of top-quality diamonds. Gems of the quality that would end up in jewellery. Few diamond mines elsewhere in the world have near that proportion of gem quality.”

BY YOUR OWN BOOTSTRAPS

Of course, diamonds of this quality are not easy to come by, and Sierra Diamonds has faced a number of tough challenges over the last decade in trying to get this mine operational.

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“We have gone through a lot of challenges in ten years,” Smithson admits. “Sierra Leone is a developing country, infrastructure is not great, we have had the global financial crisis which affected diamond prices and risk capital, and more recently we have had the Ebola crisis in West Africa, including Sierra Leone, but we faced up to those challenges and we pulled through, developing only the second diamond mine in West Africa.”

The simple but not easy solution is that Sierra Diamonds has to supply a lot of its own infrastructure, from power to roads.

“We are in the east of the country. It is a seven-hour drive to Freetown, and the last hour is a dirt road we maintain ourselves,” Smithson tells us. “On-site there is no power, so we have to generate our power, which is expensive. When it comes to water, drinking water, there are no mains to plug you into, so you have to do everything yourself. It is self-managed basically.”

Sierra Leone is underdeveloped, and that goes across the board including human resources.

“The mine we are running is underground and that requires skills which are not yet readily available in Sierra Leone,” Smithson admits. “We do have high-quality national staff in terms of finance, HR, community relations, and supply chain, but hard skills in underground mining and engineering are not readily available. We need to bring in the ex-pat skills, but there is a Government local content policy, where every expat you bring should have a national shadow who maybe has the qualifications but not the experience. It is incumbent on us to promote skills transfer. And when you think the National can do the job as well as the expat, that is when it is time for the ex-pat to leave. That will not happen overnight, it is a process with a five-year window to bring in the core skills up to a certain level.”

This policy of self-management and self-sourcing is going well »



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look forward and say that will be a good relationship, and we are maintaining it and the expectations of the communities."

we believe will add significantly to future resources potentially beyond the 7.5 million carats. It could go for a long time."

DIGGING DEEP

These relationships need to be built carefully because Sierra Diamonds is planning to be around for some time yet.

The current life-of-mine Sierra Diamonds has announced is eight years, based on 1 million carats of the 7.5 million carat resource. But the mining company is already looking at a much longer life-of-mine than eight years.

"It is not an eight-year life-of-mine. It is a generational mine. The reason for that is if we take our whole resource, you are looking at up to 20 years of potential mining," Smithson says. "But we can't announce that until you convert resource to reserve. Even beyond the current resource, there are other diamondiferous kimberlites that

In the more immediate future, Smithson is focused on getting the mine to the production stage.

"There is a lot of work putting in the tunnels and infrastructure, but we will see our first diamonds from underground within 12 months, and from there on it is basically a ramp-up," he says. "We anticipate ramping up to over 250,000 carats per year over three years. That is a function of the amount of development required to bring out reasonable quantities of ore to give you that production profile."

This mine is not the only project that Sierra Diamonds has in its sights, however.

"We have some exploration licenses in Liberia for 650 square kilometres of territory on the west of the country, east of Sierra Leone," Smithson says. "The thing is it is heavily forested and very under-explored, but it has the same underground geology as Sierra Leone and there are known diamondiferous rocks, but it has never been explored so we are taking on early-stage exploration work. I believe we will find some good discoveries in Liberia. Not that this will distract us from getting our current mine into production, but it is always good to have a second fiddle." ☺

^ L-R. Tongo Management Team, Pre Split and Bench 1 drill pattern and Boxcut brow with Max Wessie

production." While Sierra Diamonds has had to demonstrate high levels of self-sufficiency, it is also working closely with local communities through a series of community development agreements.

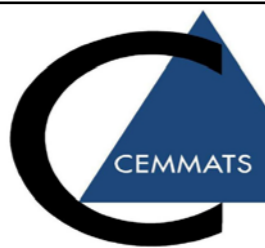
"Each mining license has requirements, and that is codified in a community development agreement. We signed ours with the local community last month," Smithson says. "It is an agreement between the community and the company, with a certain percentage of revenue dedicated to community initiatives. They have a committee where they prioritise their projects and we provide the cash. It is a real hand-in-hand process where communities decide what they want to prioritise be it education, freshwater or other projects. With this agreement governing the overall relationship, one can

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for the mine, however, with the project making impressive progress over the last year alone.

"Last year saw the end of the feasibility stage, which saw an increase in the size and quality of the resource to 7.5 million carats," Smithson says. "We completed all the designs for the underground mine, processing plant and surface infrastructure over the last 12 months, and from July, last month we began the period of construction. We are looking at 12 to 16 months of construction which key shareholders have invested US\$30 million of funding for, and then the next stage is

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