

## Lack of Large Stones Leads to Loss for Gem Diamonds



Gem Diamonds reported a loss in the first half of 2023 as a slowdown in the market and a drop in production of large stones negatively impacted the average price.

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The [miner](#) posted a loss attributable to shareholders of \$1 million for the six months ending June 30, compared to a profit of \$3.8 million a year ago, it said last week. Profit after tax slid to \$1.5 million from \$8.3 million a year before. Revenue fell 28% to \$71.8 million.

Demand and prices for goods from the company's high-value Letšeng mine in Lesotho were weak, with sales volume down 9% to 52,163 carats, the miner explained. The average price slipped 21% to \$1,373 per carat.

“A decrease in the number of large, high-value diamonds recovered, combined with market pressure, has negatively impacted the average dollar per carat and revenue achieved during the period,” Gem Diamonds noted.

The miner recovered two diamonds weighing over 100 carats, compared to three a year ago. In total, 318 rough stones weighing more than 10 carats were unearthed from the deposit, versus 374 in the first six months of 2022.

## RELATED READING

[Gem Diamonds Revenue Slides in First Half](#)



PRODUCTION FOR THE FIRST HALF DECREASED 8% TO 50,601 CARATS AS A RESULT OF A DROP IN THE VOLUME OF ORE PROCESSED. THE COMPANY TERMINATED ITS CONTRACT WITH AN OUTSIDE VENDOR THAT PROCESSED 400,000 TONNES OF ORE FOR GEM DIAMONDS A YEAR EARLIER. INCREASED POWER OUTAGES CAUSED BY LOAD SHEDDING FROM SOUTH AFRICAN ELECTRICITY PROVIDER ESKOM ALSO AFFECTED OUTPUT. LET&SCARON;ENG EXPERIENCED 180 DAYS OF LOAD SHEDDING IN THE PERIOD, COMPARED TO 205 DAYS FOR ALL OF 2022.

&LDQUO;THE DOWNTURN IN THE ROUGH-DIAMOND MARKET, TOGETHER WITH INCREASED GRID ELECTRICITY INTERRUPTIONS, WHICH INCREASED OPERATING COSTS, NEGATIVELY IMPACTED OUR FINANCIAL RESULTS FOR THE PERIOD,&RDQUO; EXPLAINED GEM DIAMONDS CEO CLIFFORD ELPHICK. &LDQUO;OUR FOCUS REMAINS ON STABILIZING OUR PLANTS TO IMPROVE LARGE DIAMOND RECOVERIES AND TO CRITICALLY REVIEW ALL OPERATIONAL AND CAPITAL EXPENDITURE.&RDQUO;

AS PART OF THAT PROCESS, THE COMPANY PROMOTED MOTOOANE

THINYANE TO CEO OF LET&SCARON;ENG TO REPLACE KELEBONE LEISANYANE. MEANWHILE, GIDEON SCHEEPERS, FORMERLY GENERAL MANAGER OF LUCAPA&RSQUO;S MOTHAE MINE IN LESOTHO, WILL BE HEAD OF OPERATIONS FOR THE DEPOSIT INSTEAD OF THINYANE.

MAIN IMAGE: THE LET&SCARON;ENG MINE. (GEM DIAMONDS)