

Both De Beers and Alrosa report lower rough diamond production figures

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Both De Beers and Alrosa, the world's two largest rough diamond mining companies, have reported falls in production, with De Beers saying that its output was down 19 percent during the second quarter of the year, when compared to the equivalent period in 2015, while Alrosa stated that its production fell by 6 percent during the first half of 2016.

In its report, De Beers said that second quarter production in 2016 decreased by 19 percent to 6.4 million carats, reflecting the company's decision to reduce production in response to prevailing trading conditions. Full-year production guidance remains unchanged at 26-28 million carats, subject to trading conditions, the company stated.

Second quarter production at Debswana, De Beers' most valuable mining subsidiary, which it owns jointly with the government of Botswana, decreased by 12 percent to 5.2 million carats, with the Orapa mine's output reduced by 27 percent and the placing of the Damtshaa Mine on care and maintenance.

At De Beers Consolidated Mines in South Africa, production decreased by 26 percent to 821,000 carats, due mainly to the completion of the sale of Kimberley Mines in January 2016.

At Namdeb Holdings in Namibia, production decreased by 31 percent to 296,000 carats, with reduced production at Debmarine Namibia because of extended planned in-port maintenance of one of its mining vessel and lower grades at the subsidiary's land operations.

At De Beers Canada production decreased by 71 per cent to 147,000 carats, due to Snap Lake Mine being placed on care and maintenance in December 2015. Production at the Victor Mine was in line with the second quarter of 2015.

During the first half of 2016, the De Beers rough price index was 16 percent lower on average than the amount reported the first half of 2015. The average price per carat was \$177, 14 percent lower than the price per carat during the first half of 2015.

But Mark Cutifani, the CEO of De Beers' majority shareholder Anglo American was generally positive. "The decisive actions taken by De Beers last year led to more normal trading conditions in the first half of 2016, with sales volumes increasing as a result, but we maintain a cautious outlook."

In its report of its first half total, Alrosa said production fell 6 percent on the year to 16.9 million carats. However, initial data indicated an increase of 19 percent in revenue to about \$1.2 billion. This largely was a result a higher volume of gem-quality stones being sold.

Alrosa reported the sale of 9.6 million carats of diamonds during the second quarter, which included 7.1 million carats of gem-quality diamonds being sold at an average price of \$169 per carat.

<http://dfi-switzerland.com/de/media/dfi-news-update/both-de-beers-and-alrosa-report-lower-rough-diamond-production-figures>