

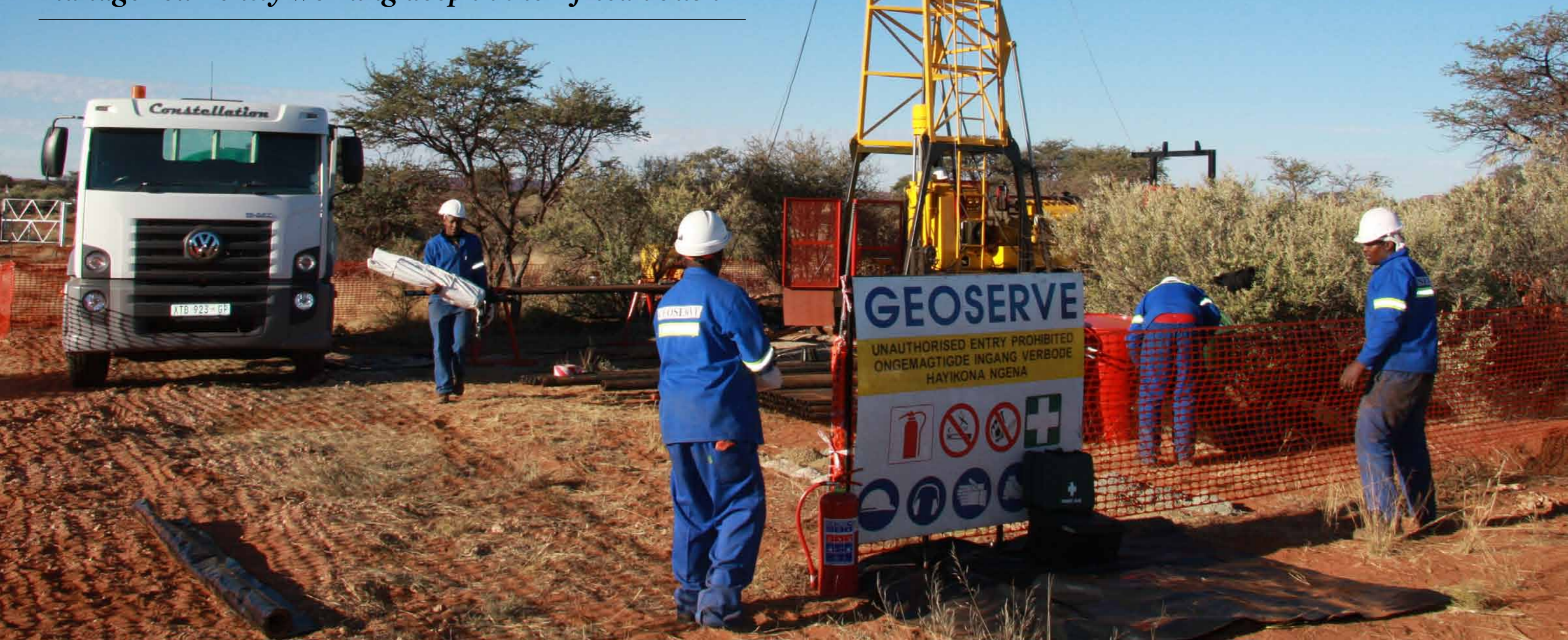
GEOSERVE EXPLORATION DRILLING

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BEST OF BOTH WORLDS

It's not everyone who can say they truly love the business they are in; but Alan Swaby talks to one such manager currently working deep in the African bush



Sterilization drilling at Sishen Mine, BIF Formation



Despite all the technological changes and improvements brought about by tighter health and safety rules in recent years, there's still something of the pioneering spirit remaining when it comes to mineral exploration. Let's face it: the only deposits left to find these days are in the most remote corners of the world, so anyone working out there has to be happy with their own company and a lack of creature comforts.

Stephan Mogridge, managing director of Geoserve Exploration Drilling in South Africa, should know. He was practically born on a drill site, as his father was in the business in what was then Northern Rhodesia. He's been around drilling people all his life—either working with or selling to them. “They're very practical, capable people,” he says. “But they don't always make the best businessmen.”

Once again, Mogridge should know. His own break came in 1996 when a drilling contractor he worked with decided enough was enough and sold the business to Mogridge. Determined not to make the same mistake, his objective since then has been to manage the business on the most professional basis possible. Both he and his partner of 15 years apply their education and training to running a tight ship.

But despite all that Geoserve can do on the supply side, the demand side often works

in a different way. “Drilling contracts,” says Mogridge, “are often placed informally with teams that the mining house has been working with for years. We can't complain too much about this as we have many such arrangements ourselves. You gain someone's trust and that's rewarded with preferential treatment. However, it can be frustrating because when there is a formal bidding process and we are able to present our case fully—including our reliability and safety records—the success rate in those instances is around 90 per cent.”

First and foremost, though, there has to be operational expertise. Most of the work undertaken by Geoserve is deep hole exploration to depths of 2,500 metres. Minerals being sought include platinum, iron, coal and chrome—all to be found in vastly different types of rock and geological conditions.

2008

Year Geoserve teamed up with its BBBEE partner, Royal Bafokeng Holdings

Although all contractors drill the same size samples, the degree of proficiency depends on the experience of the crew and how thoroughly they adhere to the client's instructions.

“It depends what is most important for the client,” says Mogridge, “speed or accuracy. Then it becomes a matter of knowing what drilling materials to use and at what feed rates to give exactly what is wanted.”

Geoserve also likes to distance itself from the competition in terms of how much of the overall responsibility it is prepared to take. Most contractors are only interested in the



Gold drilling at Balfour



Deep hole drilling at Lesego



New rig being loaded

holes they drill, whereas Mogridge wins business by taking on a wider role, creating a working partnership. Alongside the technical advice it can offer, Geoserve also takes on some of the more onerous administrative tasks—particularly when it comes to getting the local community on side.

“Quite often arrangements are made between head office and regional government or tribal leaders, and the

locals, on whose land the drilling will take place, are overlooked. This can lead to all sorts of misunderstandings, particularly where exploration work is equated with job opportunities.”

In South Africa, compliance with the BBBEE (Broad Based Black Economic Empowerment) Act of 2003 is obligatory for private companies wanting to do business with any government enterprise or organ of

state—that is, tendering for business, applying for licences and concessions, entering into public-private partnerships or buying state-owned assets. Even if not doing this directly, BBBEE compliance is often a requirement to qualify at sub-contractor level.

So in 2008 Geoserve took as its black partner Royal Bafokeng Holdings (RBH) which represents the Royal Bafokeng Nation—a 150,000-strong tribe living primarily on a 1,000 square kilometre kingdom centred around Rustenburg in the north-west of the country. This patch of land is fortunate enough to be situated right on top of some of the richest platinum and chrome reserves in South Africa,

the mining rights for which have been allocated to the likes of Impala Platinum, Anglo Platinum and Xstrata.

It’s the responsibility of RBH to manage the profits and royalties the Nation gets from mining and in so doing, has made many investments aimed at benefiting the community as a whole—one of which is a majority holding in Geoserve, with Mogridge and his partners remaining as minority shareholders.

“It’s a good relationship,” he says. “RBH likes the fact that we have our own money invested in the future. When they first got involved, Geoserve had eight drilling rigs and now, by reinvesting profits, we have 40,

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Angle drilling
1,500 metre holes,
Eastern Bushveld

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which puts us in the top 10 of South African drilling contractors.”

Each rig represents an investment of R4 million to R5 million after the basic drilling unit has been upgraded to meet Geoserve’s specifications and ancillary equipment such as bulldozers and water tankers have been taken into consideration. Now, the emphasis is on tying up long-term contracts which will provide a higher degree of certainty and remove the need to be continually moving from site to site. Geoserve already has several such long term arrangements and is expecting to win a new five-year deal in the near future.

In the meantime, Mogridge is kept busy with his hands-on style of managing. “It’s a business that provides the best of both worlds,” he says. “There’s the adrenalin rush associated with running any competitive business activity but then I can get away from the rat race and go into splendid isolation out in the bush where the only creatures looking over my shoulder might be a passing family of elephants.” **BE**



2,500 metre hole
on Platinum Reef,
Eastern Bushveld



Moving a rig in Burundi

For more information about
Geoserve Exploration Drilling visit:
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