



THE CHAMBER OF MINES OF NAMIBIA

Mining Industry Performance in 2015.

**Mining Conference, 27 April, 2016.
Windhoek Show Grounds**

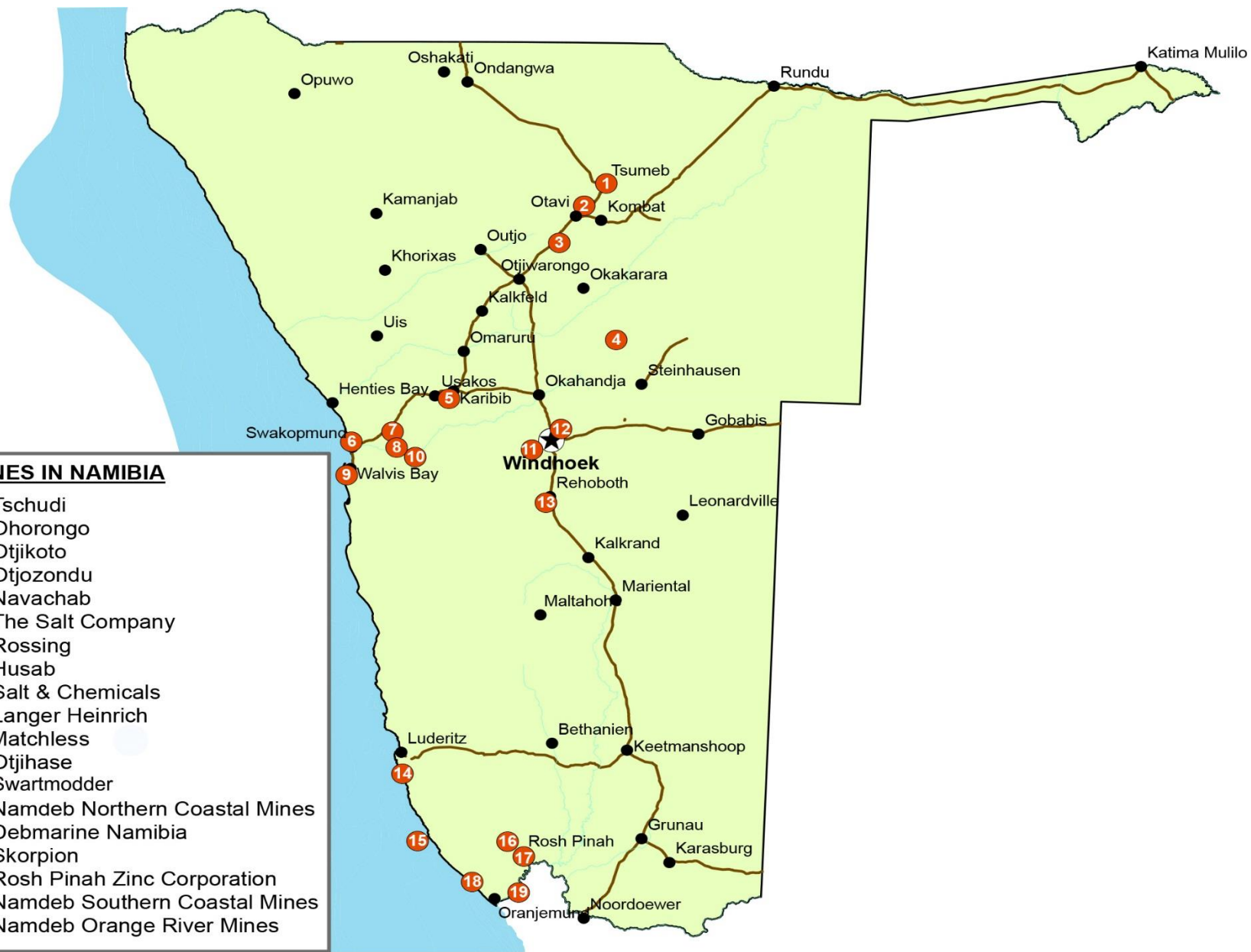
Veston Malango, CEO.



Outline of Presentation

- 1) Mines in Namibia
- 2) Highlights for 2015
- 3) Mining Industry Performance during 2015
- 4) Outstanding Issues & Challenges
- 5) Namibia's Global Competitiveness
- 6) Conclusions





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Company	Operation/Mine	
Namdeb Diamond Corporation (Pty) Ltd	Northern Coastal Mines (E-Bay)	1
	Southern Coastal Mines	2
	Orange River Mines (Sendelingsdrif & Daberas)	3
	Off Shore Operations	4
Rössing Uranium Limited	Rössing Mine	5
Skorpion Mining Company	Skorpion Zinc Mine	6
QKR Namibia Minerals Holdings	Navachab Gold Mine	7
Rosh Pinah Zinc Corporation	Rosh Pinah Zinc Mine	8
Langer Heinrich Uranium Ltd	Langer Heinrich Uranium Mine	9
Salt & Chemicals (Pty) Ltd	Walvis Bay Salt Pans	10
OHORONGO Cement (Pty) Ltd	Ohorongo Quarry (ML 153)	11
Salt Company (Pty) Ltd	Swakopmund Salt Pans	12
African Huaxia Mining (Pty) Ltd	Swartmodder Copper Mine	13
Otjozondou Mining (Pty) Ltd	Otjozondou Manganese Mine	14
Weatherly Mining Namibia	Tschudi Copper Mine	15
B2Gold Namibia (Pty) Ltd	Otjikoto Gold Mine	16
Lodestone Namibia (Pty) Ltd	Dordabis Iron Ore Mine	17
R.E.D Graniti Namibia (Pty) Ltd	Dimension Stone Quarries	18
	Total	18
Mines Under Construction		
Swakop Uranium (Proprietary) Limited	Husab Uranium Mine	1
Mines Under Care & Maintenance		
Weatherly Mining Namibia	Otjihase Copper Mine	1
	Matchless Copper Mine	2
Okorusu Fluorspar	Okorusu Mine	3
AREVA Resources Namibia	Trekkopje Mine	4

Mines in the Pipeline & Non Chamber Members

Company	Mines in Pipeline	Number
Craton Mining & Exploration (Pty) Ltd	Omitiomire Copper Project (ML 183)	1
Kombat Copper Inc.	Kombat Mine (5 MLs)	2
North River Resources	Namib Lead Mine (ML granted in early 2016)	3
Bannerman Mining Resources	Etango Uranium Projects (ML 161)	4
Valencia Uranium (Pty) Ltd	Norasa Uranium Project: Valencia Project (ML 149) Namibplaas Project (EPL3638)	5
Zhonghe Resources Namibia	Zhonghe Uranium Project (ML 171)	6
Reptile Uranium Namibia (Pty) Ltd	Shiyela Iron Ore Project (ML 176)	7
	Omahola & Tubas Sand Projects	8
Rosh Pinah Zinc / Skorpion Zinc	Gergarub Zinc Project	9
Namibian Marine Phosphates (Pty) Ltd	Sandpiper Marine Phosphate Project	10
Sakawe Mining Corporation (Pty) Ltd	LL Namibia Phosphates (Fertiliser Project)	11
Namibia Rare Earths	Lofdal Project	12
	Total	12
Mines not Members of CoM		
Purity Manganese (Pty) Ltd	Purity Manganese Mine	1
Namibia Marble and Granite	Namagra Quarry	2
Several other Dimension Stone Companies	Dimension Stone Quarries	2,3,...
Small Scale Mining Companies	SSM operations for slate, blue lace agates and several precious stones	Several



Highlights in 2015

1. Fatality Recorded at Skorpion Zinc Mine when a contractor employee fell from height on 10 May 2015.
2. Despite fatalities, mining sector posted vast improvement in Lost Day Injuries and Disabling Injuries. Lost Day injuries dropped from 65 in 2014 to 50 in 2015 and Disabling Injuries from 103 in 2014 to 80 in 2015.
3. Weatherly Mining Namibia announced suspension of its two central mining operations (Matchless & Otjihase) on 14 September 2015, converting them to project development status & retrenched 215 workers.
4. Craton delayed development of its Omitiomire copper project – ML was set aside by the High Court -- and retrenched most of their staff.
5. A four week Strike at the Skorpion Zinc mine in July 2015 cost the company N\$26 million in lost revenue.



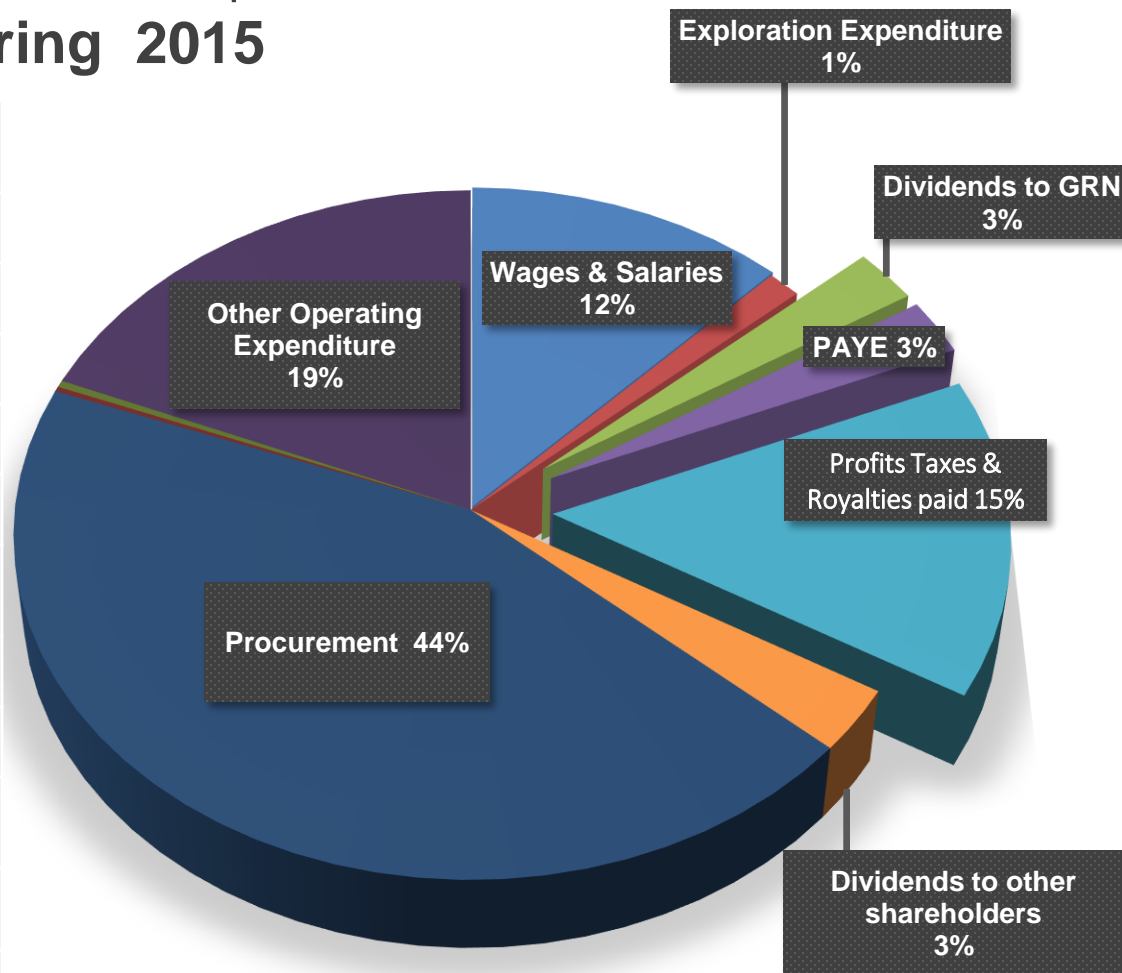
Highlights cont.

7. Mining contributed 11.9% to GDP in 2015, however the industry contracted by 0.1% in terms of real value added (NSA preliminary statistics).
8. Bannerman's Heap Leach Demonstration Plant was commissioned in March 2015, reporting positive results in the first and second Phases of the plant's operation.
9. In May 2015, Debmarine Namibia announced plans to construct a deep-water diamond exploration vessel at an investment of N\$2.3 billion.
10. B2Gold's Otjikoto gold mine officially commissioned by H.E. President Hage Geingob on 1 June, 2015.
11. On 29 July 2015, Ohorongo Cement held a ground breaking ceremony for the construction of a Special Composite Cement Plant at an investment of N\$150 million.
12. Hot commissioning of the new sulphuric acid plant at DPMT commenced in July with first production in the third quarter of 2015. Officially opened on 6 April, 2016 by H.E. The President.
13. Lodestone produced its first tonne of iron ore in the history of Namibia.
14. B2Gold's Otjikoto mine and Weatherly's Tshudi copper mine ramped up to full production in 2015.



Mining industry generated > N\$25.28 bn in revenue during 2015

Mining Industry Contribution (N\$ bn)	
Wages & Salaries (Net)	3.09 (12%)
Exploration Expenditure	0.33 (1%)
Dividends to GRN	0.64 (3%)
PAYE	0.66 (3%)
Profits Tax & Royalties paid	3.76 (15%)
Dividends to other Shareholders	0.78 (3%)
Procurement (Namibia spend)	11.20 (44%)
CSR	0.06 (< 1%)
Expenditure on Skills & Development	0.08 (< 1%)
Other Operating Expenditure	4.72 (19%)
Total	25.284



Total Revenue to GRN: N\$5.056 billion

Source: Chamber of Mines of Namibia



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Summary of Mining Industry Performance in 2015

- Turnover >N\$25.28 billion (Turnover in 2014, N\$22.76 billion)
- Wages and salaries paid by operating mines & mine development companies > N\$3.76 billion, excludes Swakop Uranium (Wages and Salaries in 2014, N\$3.46 billion)
- Fixed investment by operating mines & mine development companies > N\$5.47 billion, excludes Swakop Uranium (Fixed investment in 2014, N\$17.26 billion)
- Exploration spending by operating mines > N\$343.3million (Exploration spending by operating mines in 2014, N\$454.7 million)
- Exploration spending by exploration companies & mine development companies >N\$147.5 million (Exploration spending by exploration companies and mine development companies in 2014, N\$170.7 million excl. Swakop Uranium)

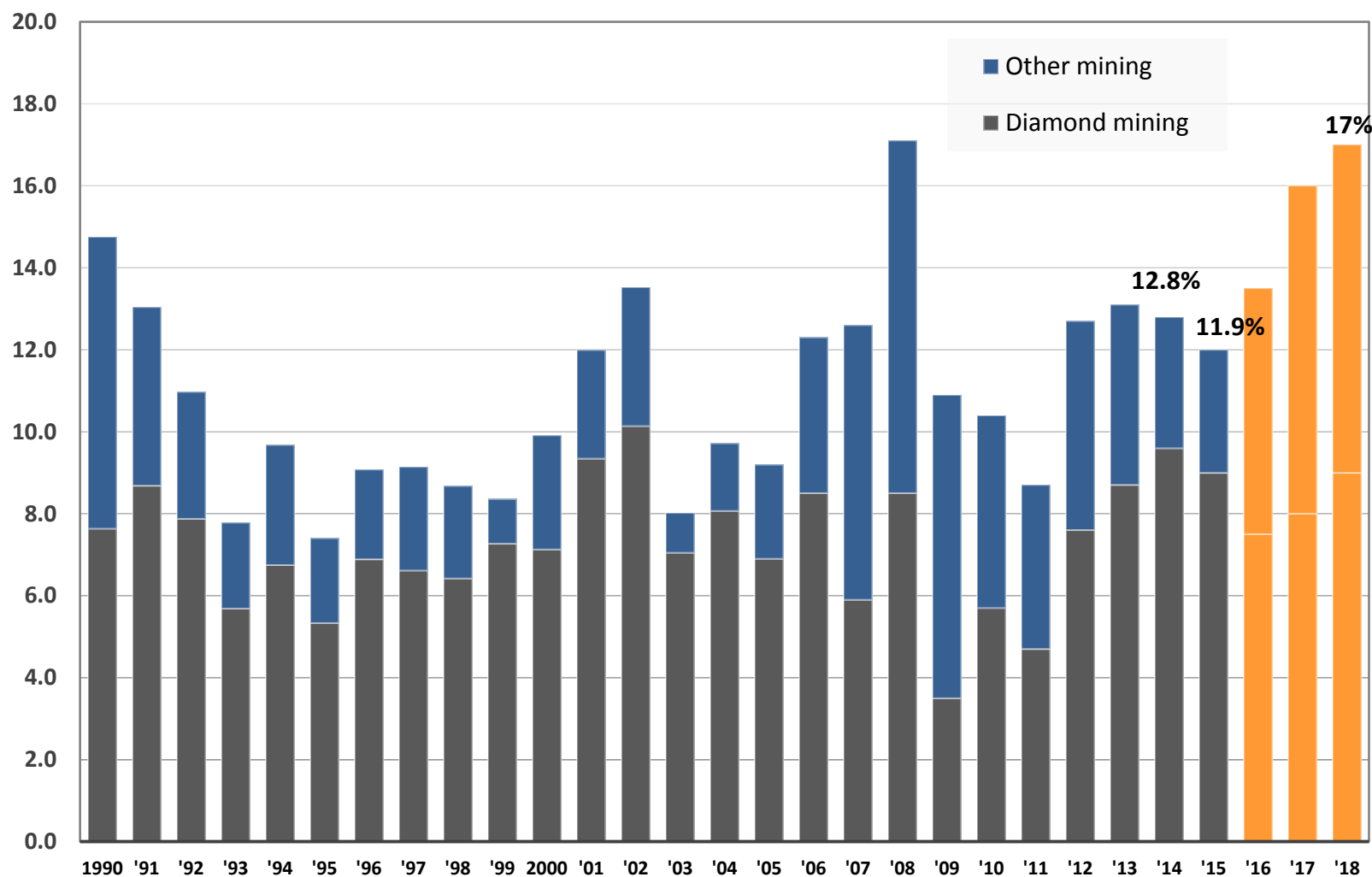


Summary of Mining Industry Performance in 2015

- Profits tax paid > N\$2.35 billion (Profits tax paid in 2014, N\$2.1 billion)
- Royalties paid > N\$1.41 billion (Royalties paid in 2014, N\$1.29 billion)
- Total taxes paid > N\$3.76 billion (Total taxes paid in 2014, N\$3.39 billion)
- Total taxes & dividends paid to GRN > N\$4.34 billion (Total taxes and dividends paid in 2014, N\$4.35 billion)
- Procurement (Namibian Spend) by operating mines & mine development companies > N\$11.24 billion
- Contribution to CSR related activities by operating mines & mine development companies > N\$60.14 million
- Total employment 18,992 (8,853 permanent employees, 716 temporary employees, and 9,423 contracting employees)



Mining Contribution to GDP & Forecasts

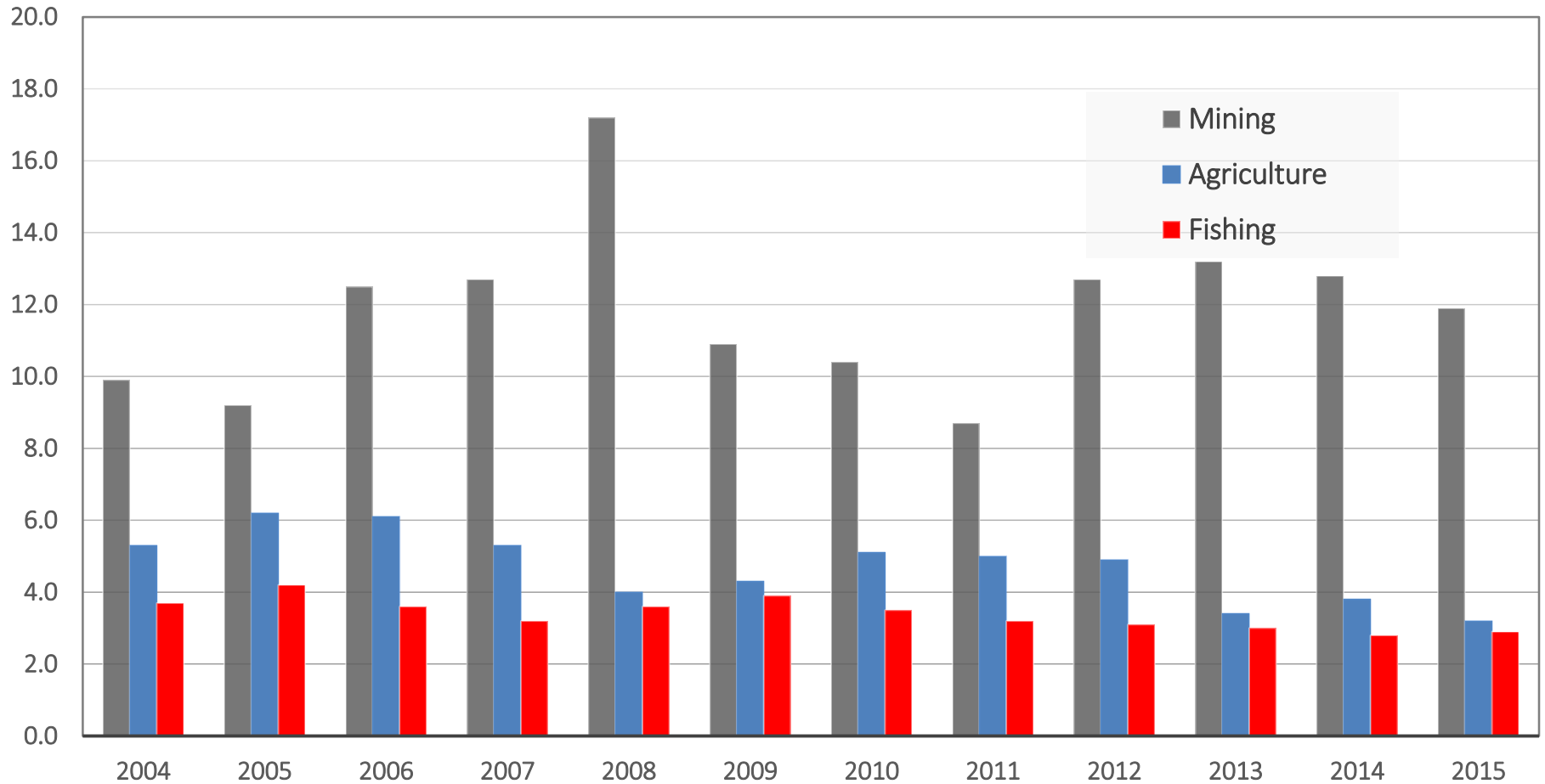


Source: Namibia Statistics Agency



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Comparison of GDP contribution by Primary Industries

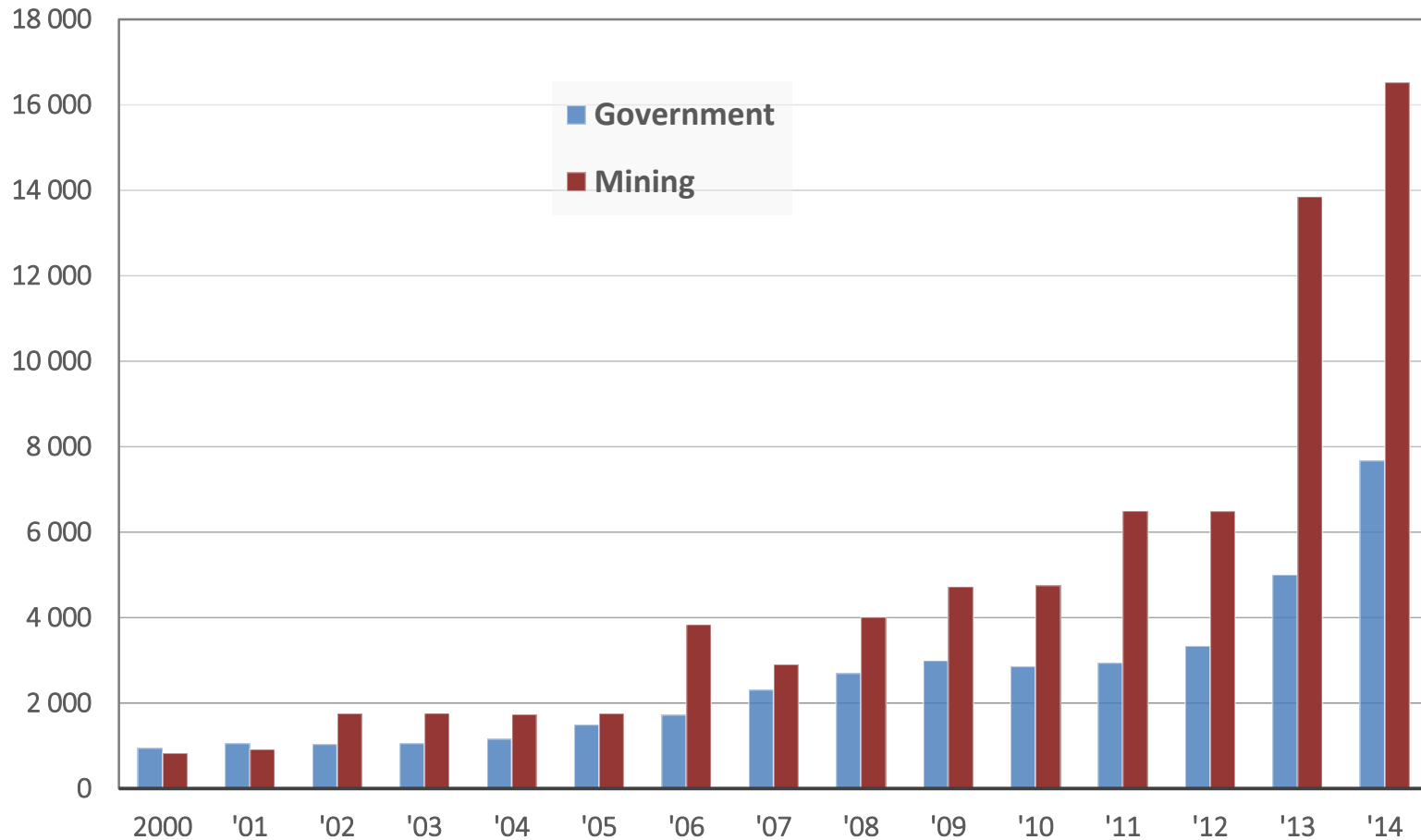


Source: Namibia Statistics Agency



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Fixed Investment (current prices N\$m)

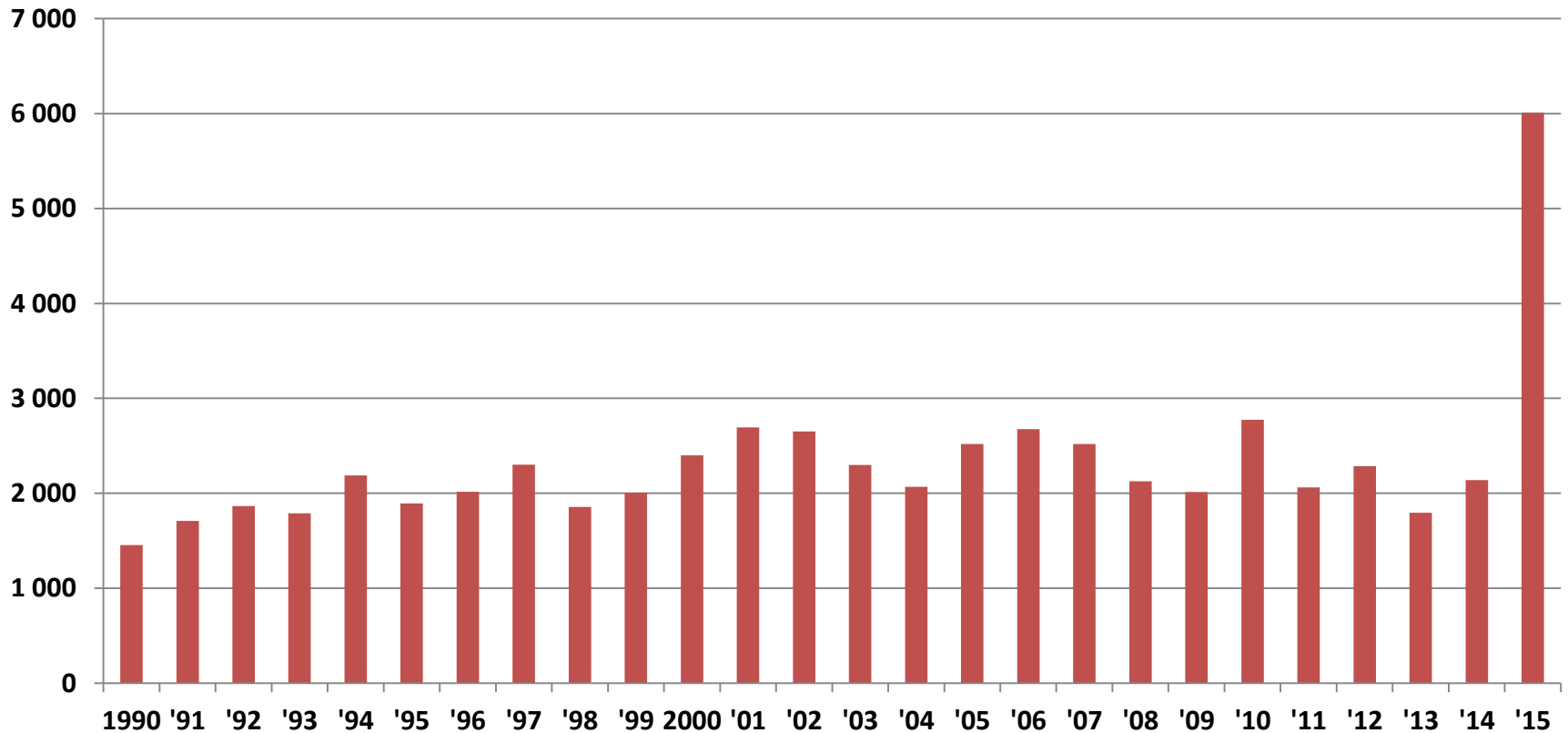


Source: Namibia Statistics Agency



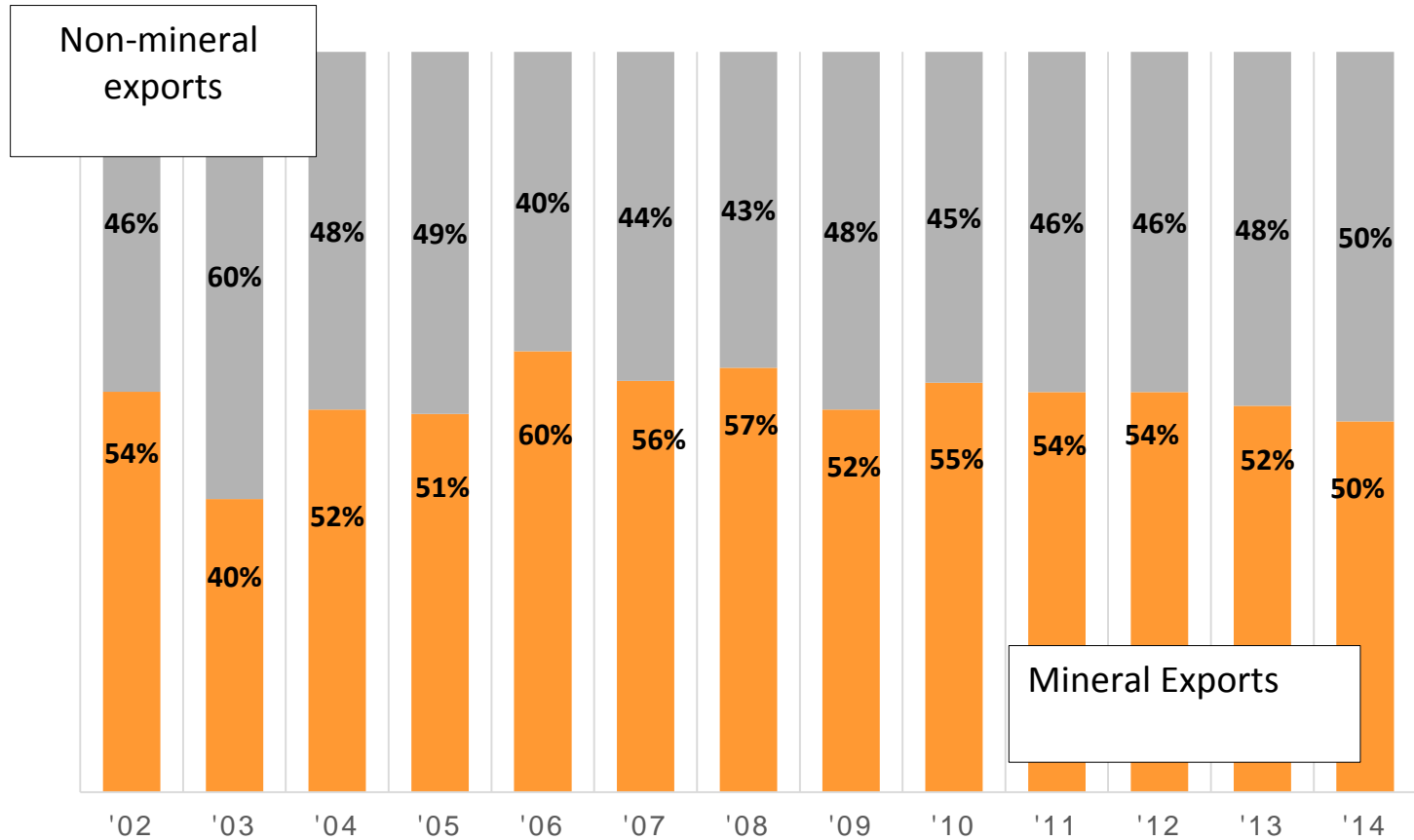
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Gold Bullion Production (Kg)



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Mining Share of Exports

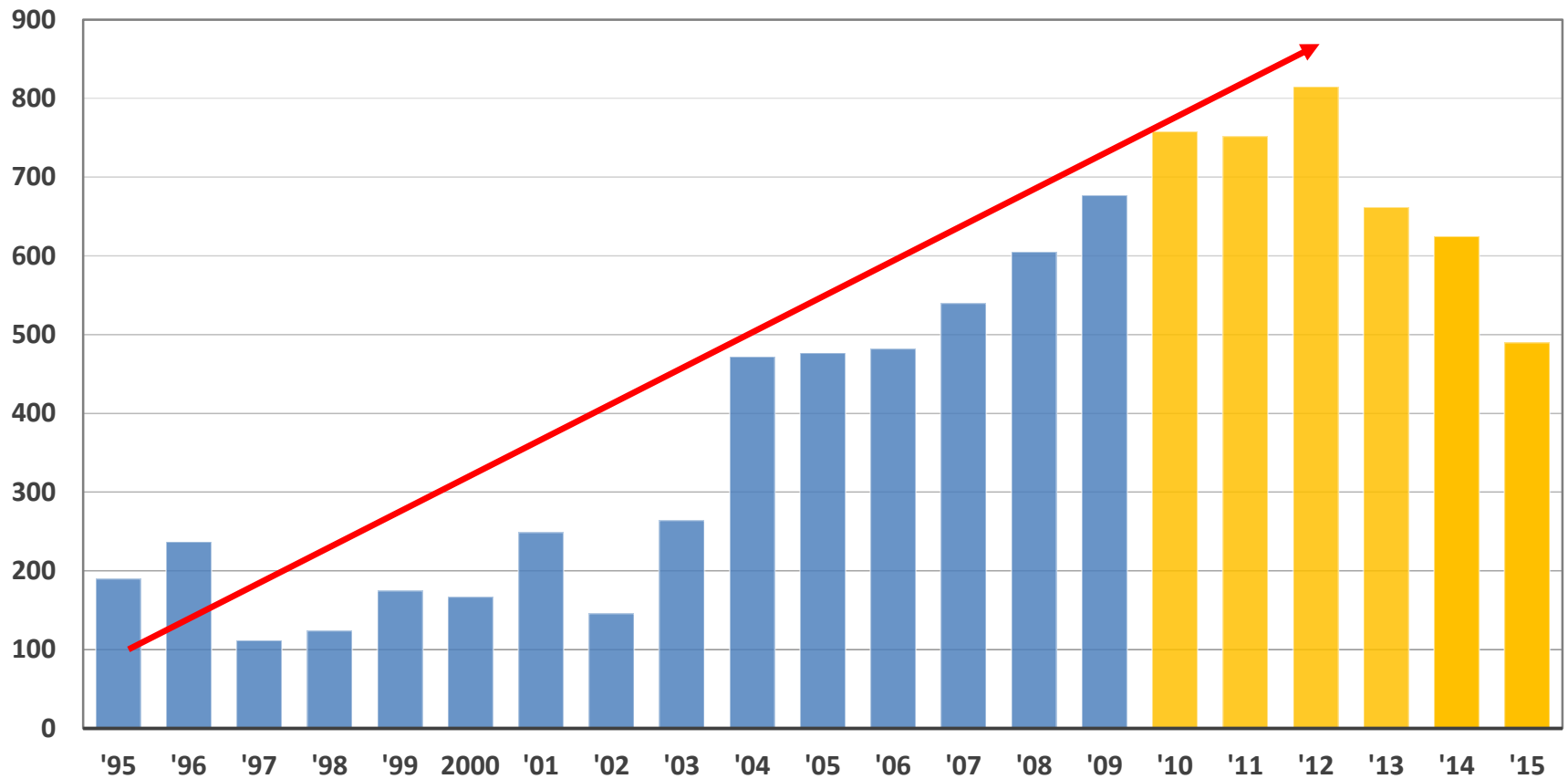


Source: Namibia Statistics Agency



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Total Exploration expenditure (N\$m)

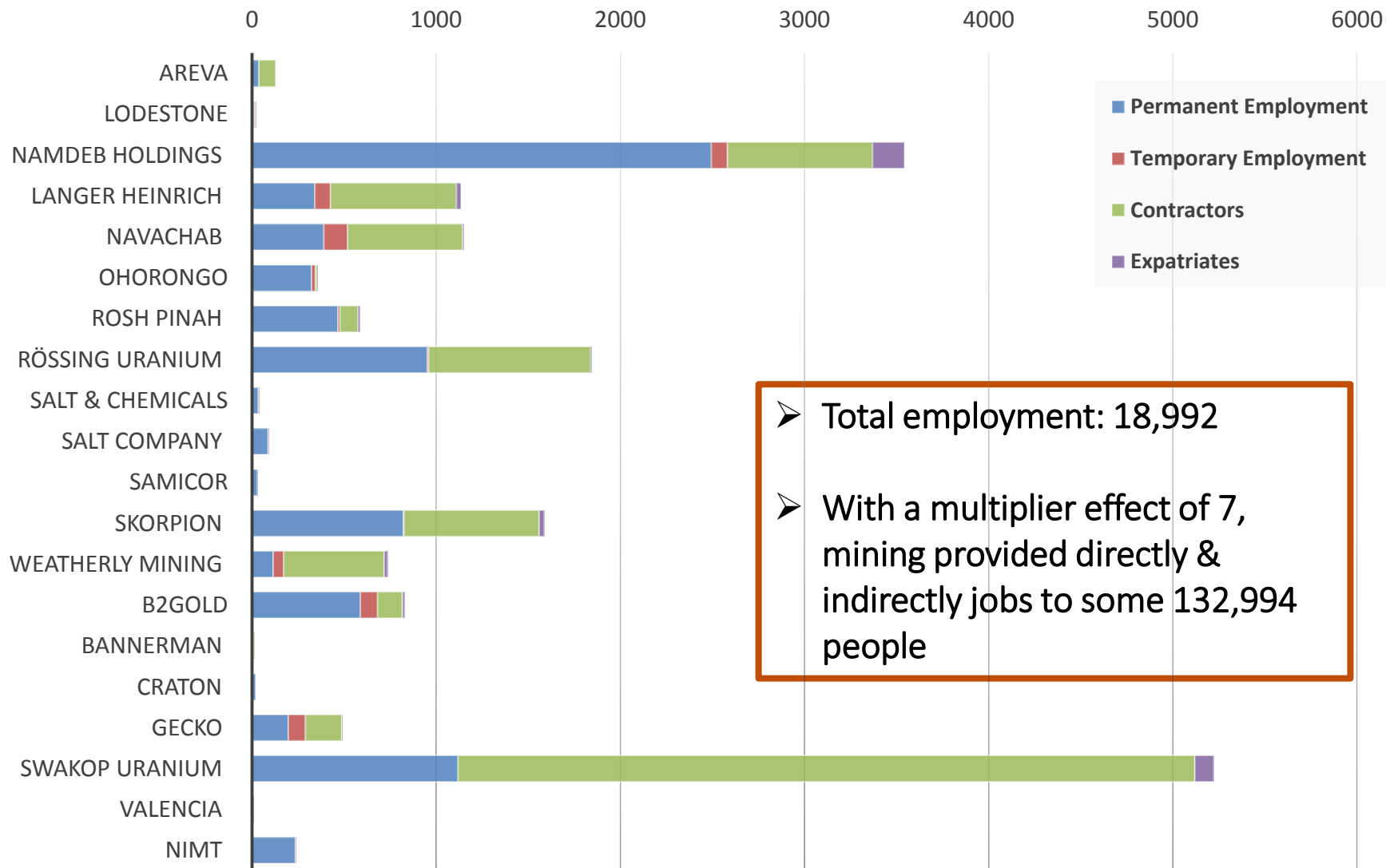


Source: Namibia Statistics Agency and Chamber of Mines of Namibia



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Employment in Mining sector at end 2015



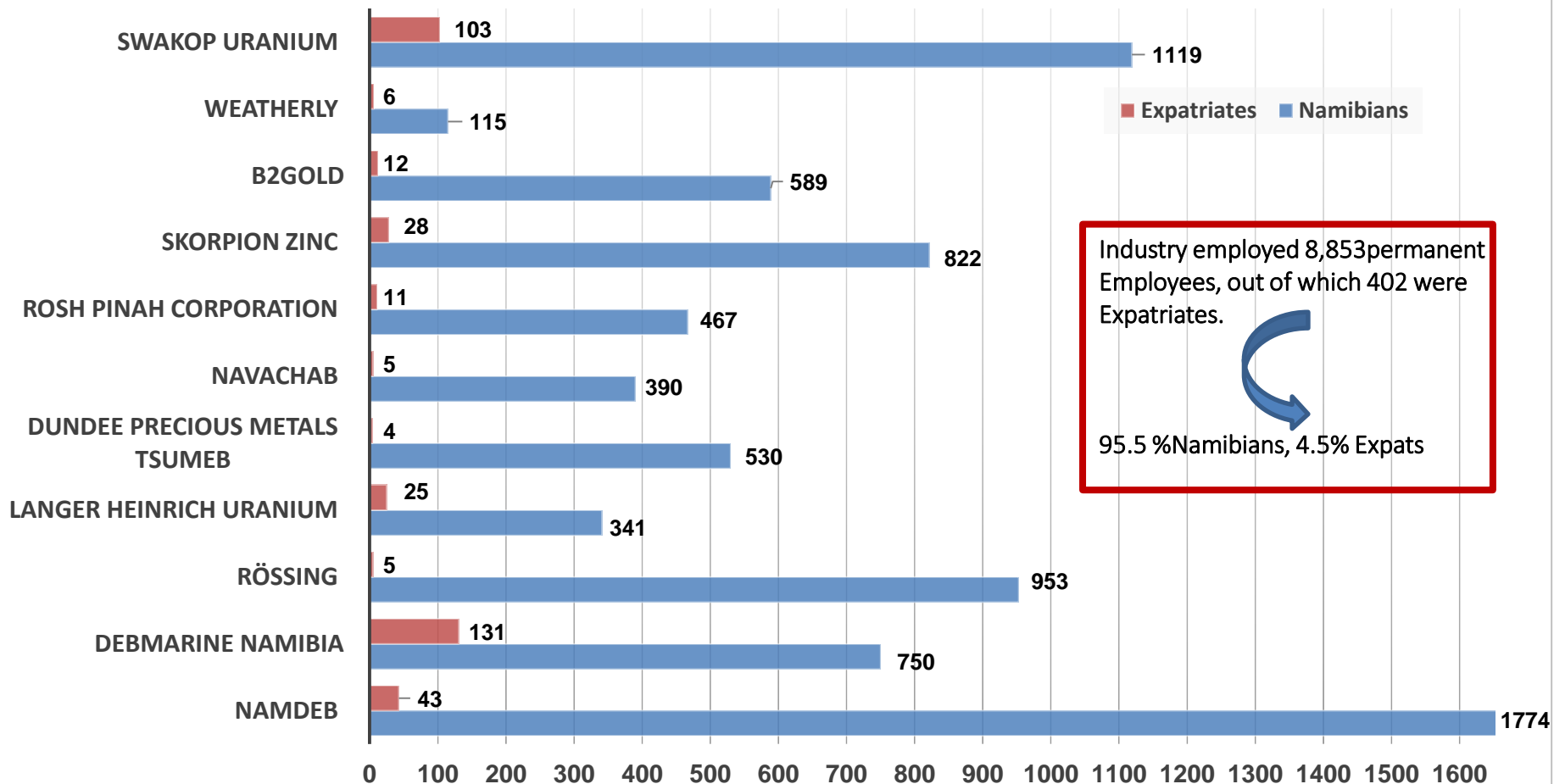
- Total employment: 18,992
- With a multiplier effect of 7, mining provided directly & indirectly jobs to some 132,994 people

Source: Chamber of Mines of Namibia



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Permanent Employment Vs Expatriates



Source: Chamber of Mines of Namibia



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Outstanding Matters & Challenges

- Joint Value Addition Committee: Progress made with the analysis of beneficiation opportunities for minerals. Phase 1 and Phase 2 reports have been produced. Mineral Beneficiation Strategy needs to be concluded
- Moratorium on phosphate mining: The Chamber remains concerned that there is no progress on the SEA study aimed at addressing environmental concerns.
- NEEEF: Chamber has engaged government on Policy and Bill. Unintended consequences of NEEEF will result in dramatic reductions in FDI, loss of revenue to GRN, and a decline in overall economic growth. NEEEF in its current form, will be counterproductive to poverty eradication, employment creation, Harambee and NDP4 Objectives.
- Licence Applications: Challenges in delays in the processing of licence applications. The Minister of Mines has assured the matter is receiving priority attention.
- Security of Power and Water: PPP opportunities in the mining sector should be pursued to address power and water challenges.
- Rail Transport: TransNamib is challenged to effectively transport mining inputs & exports, forcing companies to reluctantly use road transport. Chamber has offered some proposals
- Depressed Commodity Markets: Still remains a major challenge (Exchange rate providing some relief).



Namibia's Global competitiveness for mining

- The 2014 Fraser Institute Report revealed that Namibia emerged in 2014 as the most attractive investment destination for mining and exploration in Africa, followed by Botswana. 30 African countries participated. Namibia ranked 25th position globally, out of the 122 jurisdictions that were surveyed.
- Namibia ranked as the most attractive destination in Africa for investment in the mining sector according to the Behre Dolbears report 2015 *"Where to Invest in Mining."*
- Unfortunately, Namibia has dropped four places in the 2015 Fraser Institute Report on the investment attractiveness index, after Morocco, Burkina Faso and Ghana. Namibia ranked 33rd position globally, out of the 109 jurisdictions that were surveyed.
- Namibia also dropped to third place in 2015 from second place in 2014 in terms of its Policy Perception Index.



Comparison of Namibia's Investment Attractiveness Index with other SADC Countries

	2015	2014	2013	2012	2011	2010
Namibia	33/109	25/122	34/ 112	30/ 96	69/ 93	34/ 79
Botswana	39/109	26/122	24/ 112	12/ 96	11/ 93	14/ 79
South Africa	66/109	64/122	53/ 112	67/ 96	52/ 93	60/ 79
Angola	70/109	93/122	97/ 112	n/a	n/a	n/a
Zimbabwe	98/109	100/122	96/ 112	88/ 96	74/ 93	57/ 79

Source: Fraser Institute 2015 Survey of Mining Companies



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Comparison of Namibia's PPI with other SADC Countries

Country	2015	2014	2013	2012	2011	2010
Botswana	14/109	13/122	25/ 112	17/ 96	17/ 93	14/ 79
Namibia	29/109	20/122	34/ 112	30/ 96	45/ 93	30/ 79
South Africa	78/109	66/122	64/ 112	64/ 96	54/ 93	67/ 79
Angola	92/109	78/122	108/ 112	n/a	n/a	n/a
Zimbabwe	106/109	118/122	106/ 112	91/ 96	74/ 93	71/ 79

Source: Fraser Institute 2015 Survey of Mining Companies



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Conclusions

- Namibia's mining sector is poised to continue growing as two new mines have reached full operating capacity, and the third is expected to come on stream in the third quarter of 2016.
- Compared to its African counterparts, Namibia has been well positioned to weather the storm in an uncertain global economic climate and depressed commodity prices.
- However, Namibia's prestigious position as the most attractive investment destination in Africa has been lost. Certain policy proposals should be addressed ASAP to restore investor confidence.
- Otherwise mining will continue to underpin the socio-economic development of Namibia, with more than a dozen new mines on the horizon, once commodity prices recover and investor confidence is restored.



**Thank you
&
Any questions?**



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