



THE CHAMBER OF MINES OF NAMIBIA

Mining Industry Performance in 2013.

Mining Conference, May 21, 2014.
Windhoek

Veston Malango, CEO.



Outline of Presentation

- 1) Highlights for 2013
- 2) Mining Industry Performance during 2013
- 3) Outstanding Issues & Challenges
- 4) Conclusions





Chamber of Mines

Newsletter

A quarterly newsletter for the Namibian mining industry

• Issue 01/2013

April 2013



Growing the Cake for Socio-Economic Prosperity

2013 Mining Expo & Conference set for 22 and 23 May

03 - 09 April 2014

CONFIDENTE

BUSINESS

We are growing the wrong cake

☛ Mining by nature can never employ anyone so we need to invest in those areas that have capacity



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NEW ERA

N\$3.00 (incl)

Windhoek, Namibia

Tuesday, March 11

2013

**Namibia ranked
second in
mining in Africa**



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Policy Perception Index

Country	Score (%)			
	2013	2012/2013	2011/2012	2010/2011
1) Botswana	74.2	78.1	76.9	74.0
2) Namibia	68.3	63.7	51.6	57.9
3) Ghana	60.6	48.2	52.9	45.1
4) Burkina Faso	58.9	46.0	57.5	66.3
5) Eritrea	50.0	*	*	*
6) Zambia	48.0	41.7	46.1	34.9
7) Tanzania	43.0	28.0	38.0	32.4
8) South Africa	39.8	35.0	44.5	23.4
9) Liberia	38.5	*	*	*
10) Mali	36.3	24.9	52.9	58.2
11) Niger	31.8	32.2	30.7	47.9
12) Nigeria	30.5	*	*	*
13) Mozambique	29.9	*	*	*
14) Guinea (Conakry)	28.2	26.4	16.6	40.2
15) Ethiopia	27.8	*	*	*
16) Kenya	27.2	*	*	*
17) DRC (Congo)	23.9	12.3	19.9	7.8
18) Sierra Leone	17.2	*	*	*
19) Madagascar	15.6	16.5	42.0	15.6
20) Ivory Coast	14.9	*	*	*
21) Zimbabwe	14.6	13.4	21.8	22.4
22) Angola	10.7	*	*	*
No. Jurisdictions	112	96	93	79

Source: Fraser Institute 2013 Survey of Mining Companies



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Highlights for 2013

- 1) 2 Fatalities.
- 2) Mining & quarrying contracted by 1.2% in 2013 - escalating input costs and depressed commodity prices. Industry expanded by 19.3% in 2012 (NSA).
- 3) Mining contributed 9.3% to GDP.
- 4) GRN imposed an 18 month Moratorium on marine phosphate mining on 17 September, 2013.
- 5) Rössing posted a profit for the first time after incurring losses for three consecutive years.
- 6) Debmarine posted record production of 1.16 million carats of diamonds.
- 7) The MV Mafuta contributed 40% to Debmarine production.
- 8) Namdeb expanded land based operations with the new Sendelingsdrif mine – to be commissioned in first half of 2014.
- 9) AngloGold Ashanti announced decision to sell Navachab mine on 30 April 2013.
- 10) Salt & Chemicals recorded biggest shipment to Belgium – 50,000 tonnes.



Highlights for 2013 (Cont'd)

- 11) Commencement of construction of three new mines – Husab, Otjikoto & Tschudi.
- 12) At an investment of N\$22 billion – Husab to become the world's second largest uranium mine & Namibia to rank second in global uranium production.
- 13) With an investment of N\$2 billion, B2Gold's Otjikoto gold mine to become Namibia's second gold mine and production is expected at the end of this year.
- 14) Tschudi mine is being developed with a capital investment of N\$900 million and will produce copper cathode for the first time in the history of Namibia – creating possible down stream value addition activities.
- 15) Dundee Precious Metals Tsumeb held ground-breaking ceremony for the construction of the 340,000 tonnes per annum sulphuric acid plant in September 2013.
- 16) Rössing signed off-take agreement with Dundee Precious Metals Tsumeb to acquire 225,000 tonnes of sulphuric acid per year.



Summary of Mining Industry Performance in 2013

- Turnover > N\$20.93 billion (2012, N\$18.52 billion)
- Wages and salaries > N\$3.12 billion (2012, N\$2.93 billion)
- Fixed investment > N\$8.53 billion (2012, N\$3.33 billion)
- Exploration spending by operating mines > N\$212.3m (2012, N\$434.8 million)
- Exploration spending by exploration companies & mine development companies > N\$450m (Namibia Marine Phosphates N\$211.6m, Reptile N\$36.1m, & Craton N\$40.8m Swakop Uranium N\$59m, B2Gold N\$45.4m).

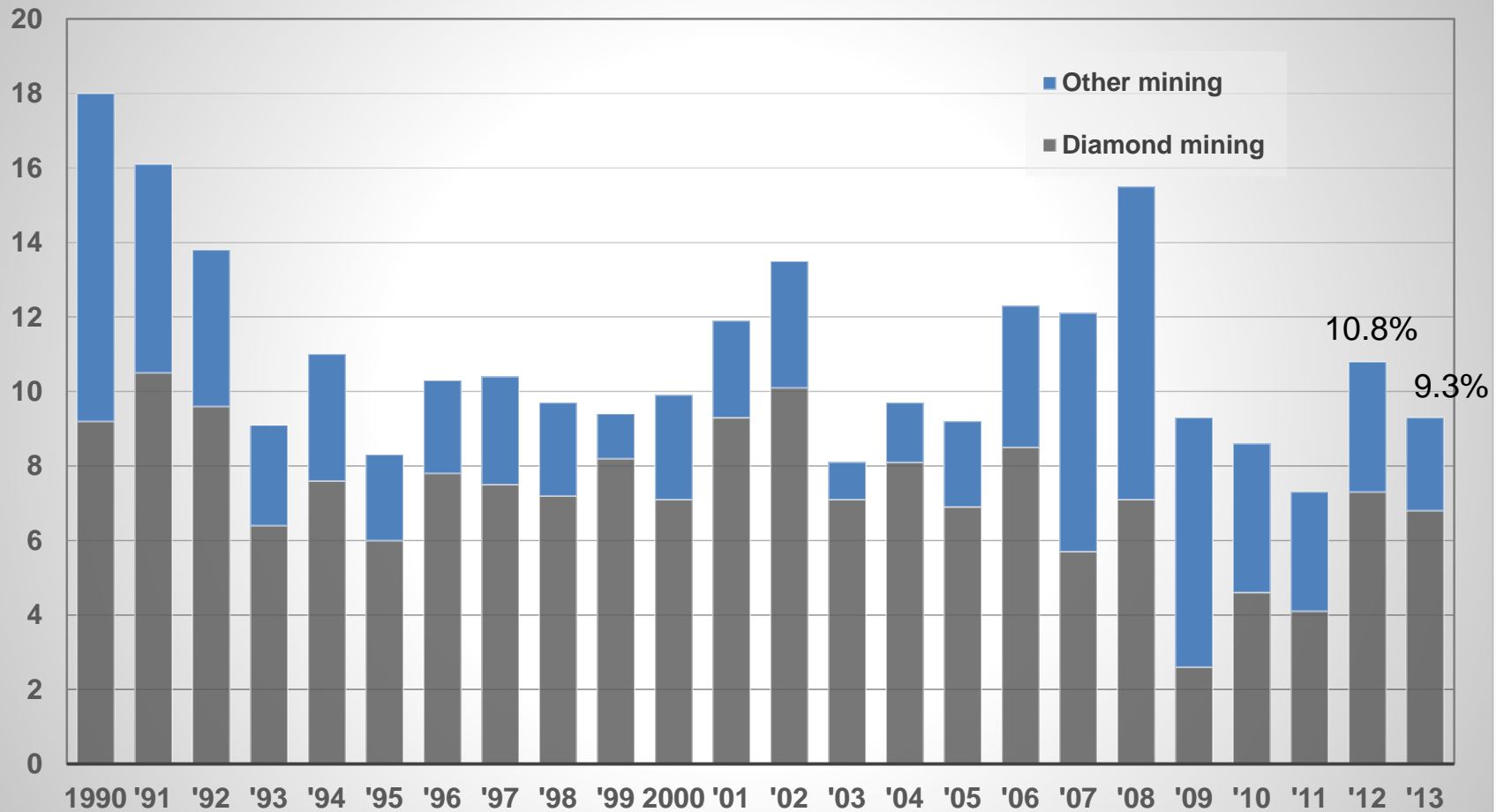


Summary of Mining Industry Performance in 2013

- Profits tax paid > N\$1.64 billion (2012, N\$1.12 billion).
- Royalties paid >N\$1.12 billion (2012, N\$957.7m).
- Dividends paid to GRN = N\$501m (Namdeb Holdings N\$351m & NDTC N\$150m).
- Total taxes paid > N\$2.76 billion (2012, N\$2.08 billion)
- Total taxes & dividends paid > N\$3.26 billion (2012, N\$2.69 billion).
- Total employment 16,709 (7,582 permanent employees, 909 temporary employees, and 8,218 contractors).



Mining Value Added as a Percentage of GDP

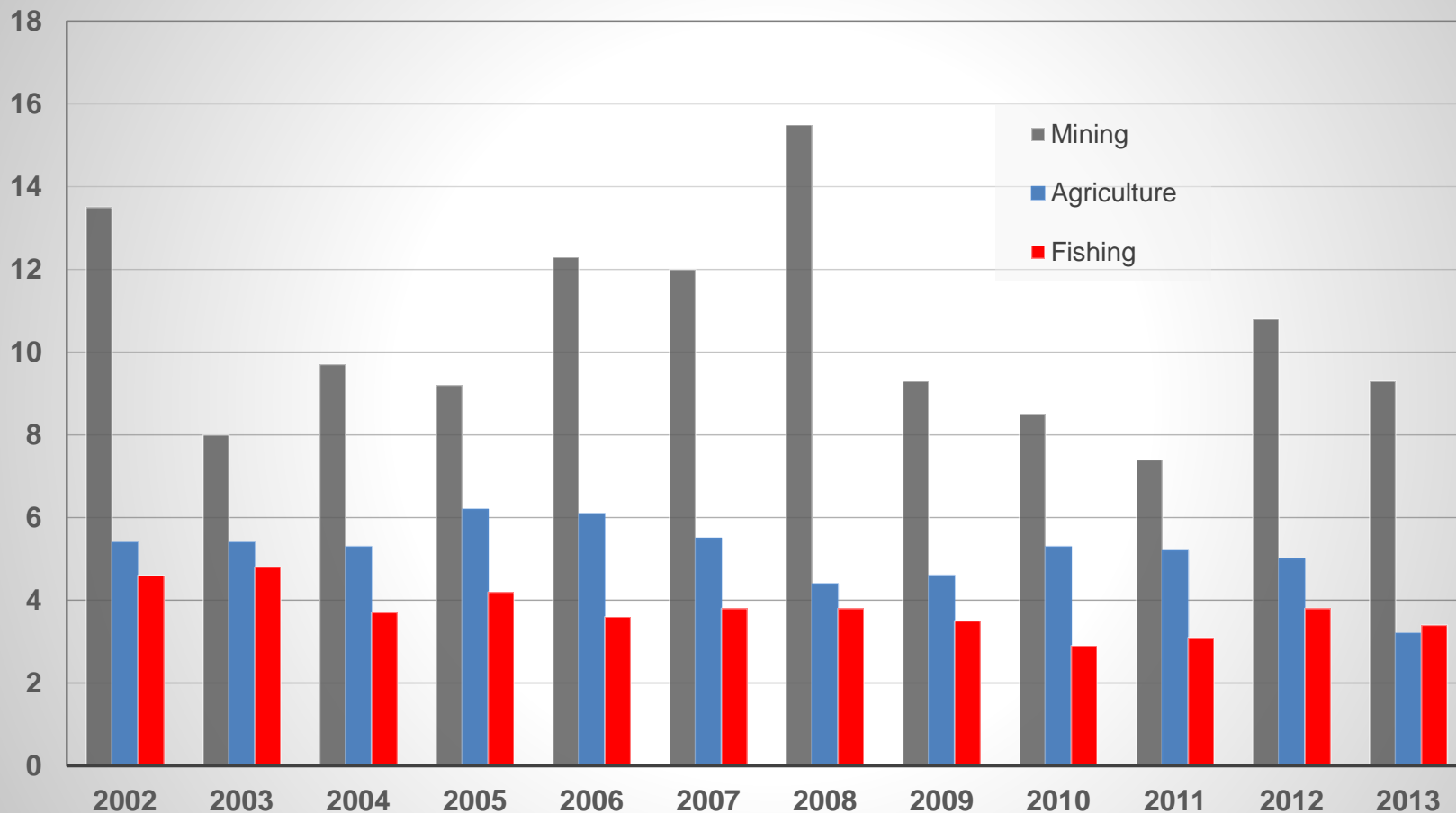


Source: Namibia Statistics Agency



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Comparison of Primary Industry Contributions to GDP

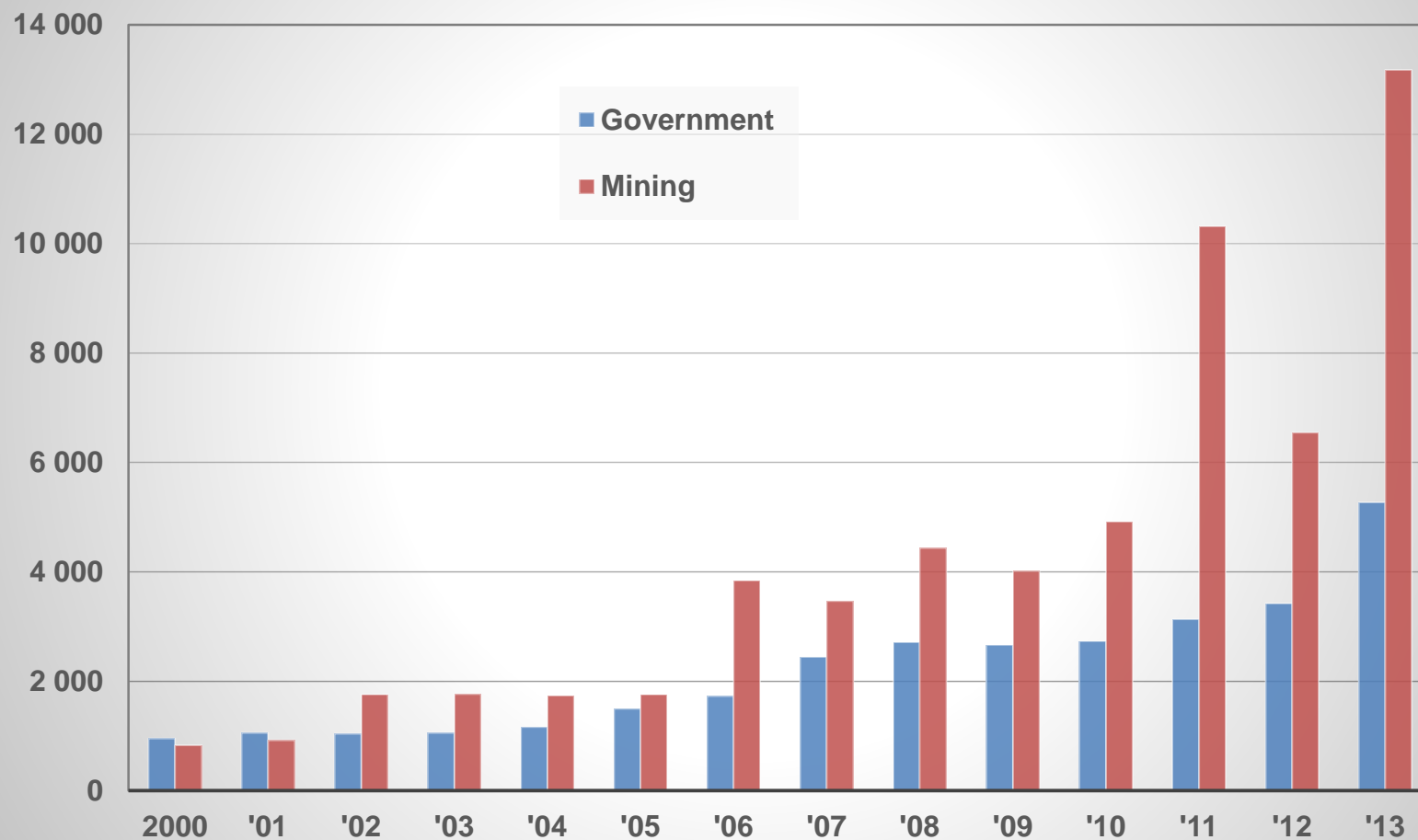


Source: Namibia Statistics Agency



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Fixed Investment (current prices N\$m)

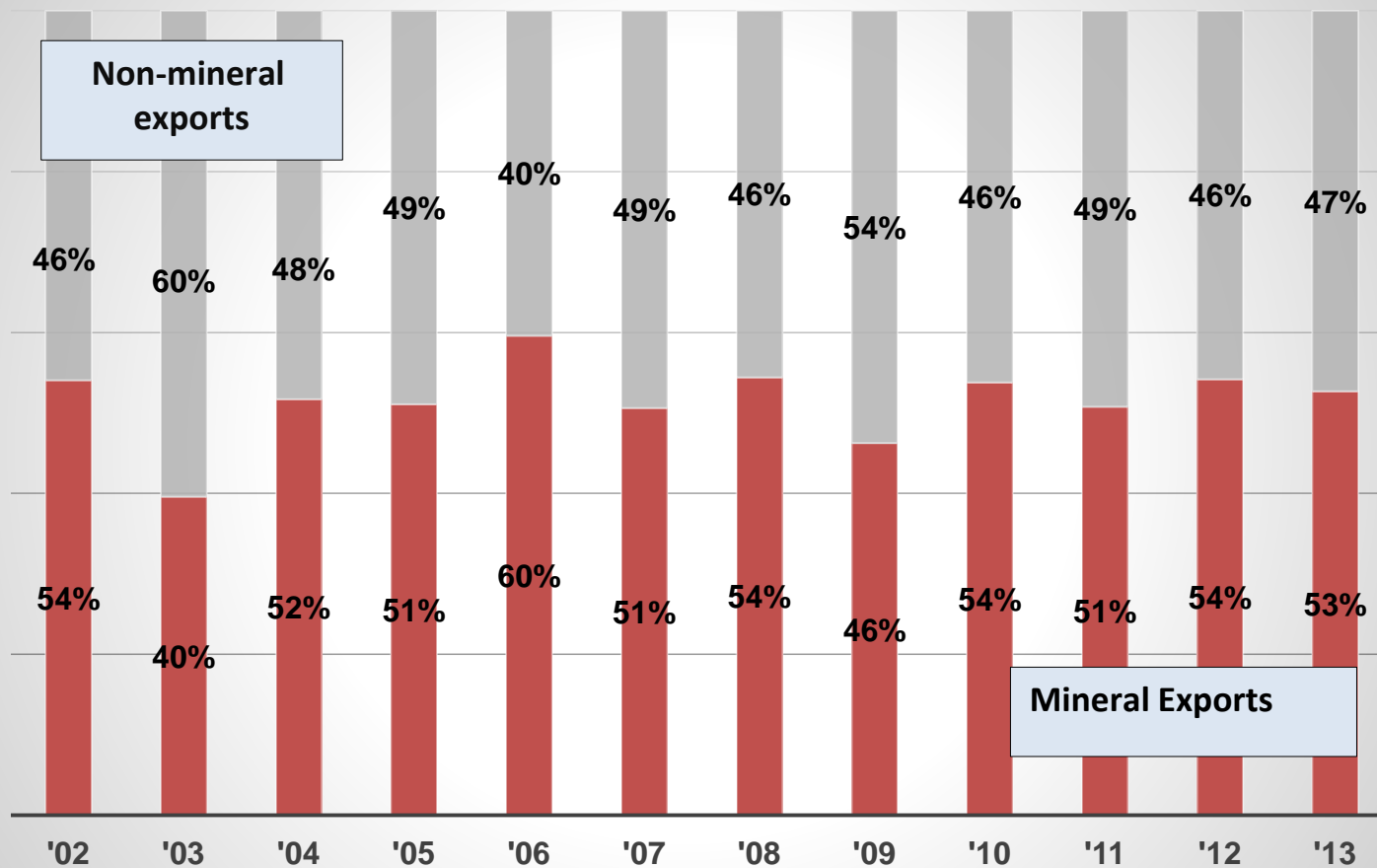


Source: Namibia Statistics Agency



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Mining Share of Exports

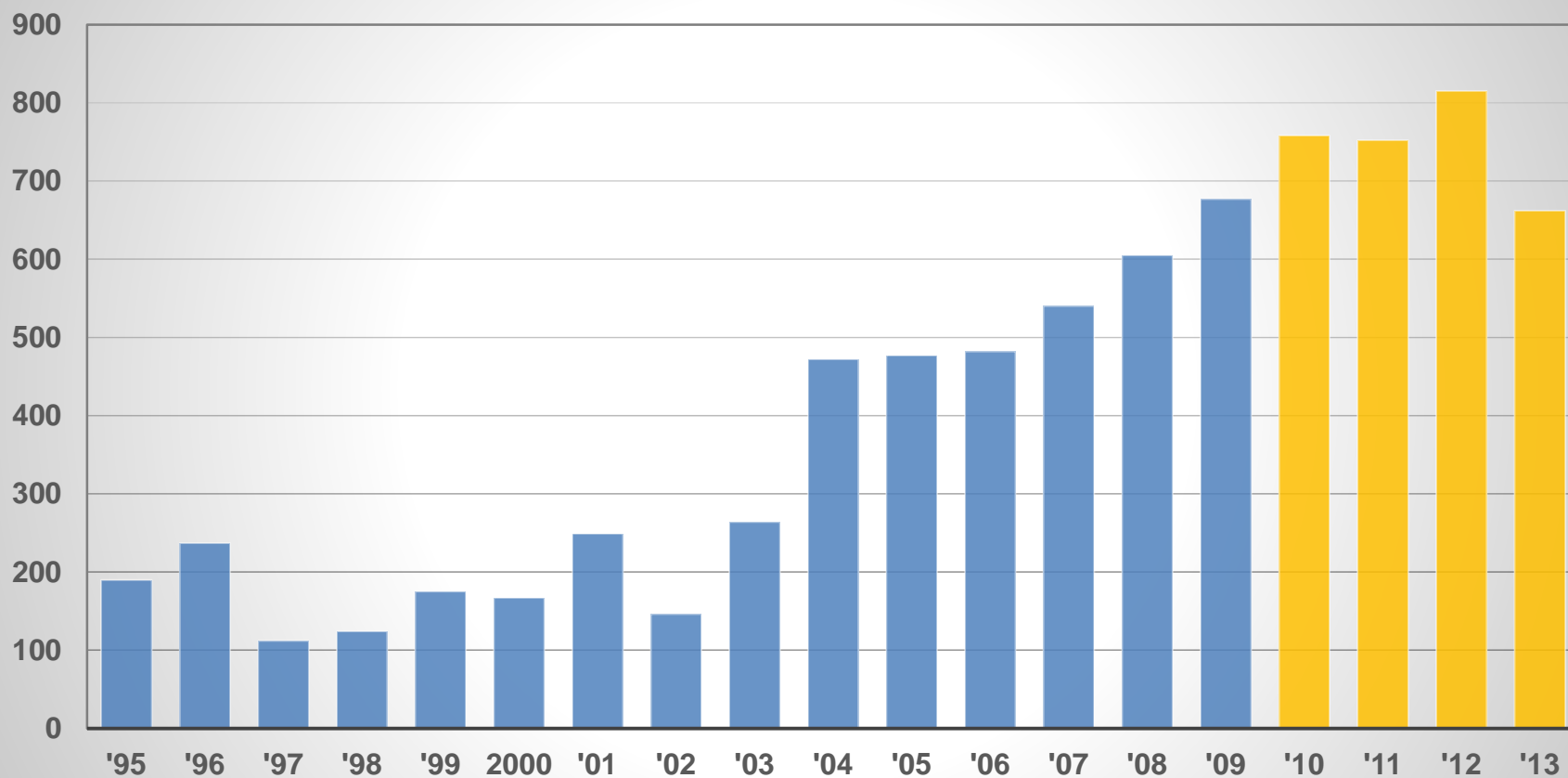


Source: Namibia Statistics Agency



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Exploration expenditure (N\$m)

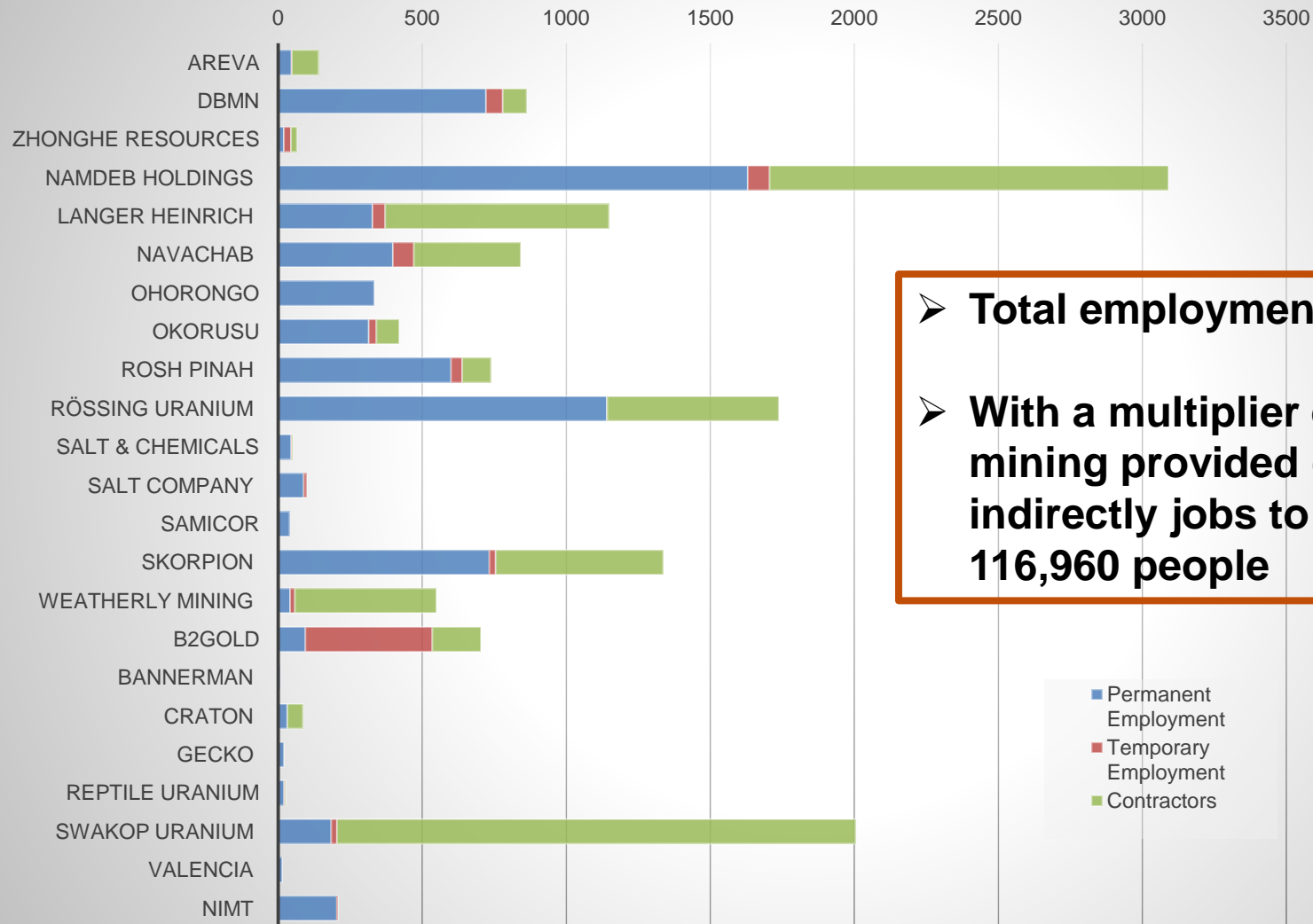


Source: Namibia Statistics Agency and Chamber of Mines of Namibia



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Employment in Mining sector at end 2013



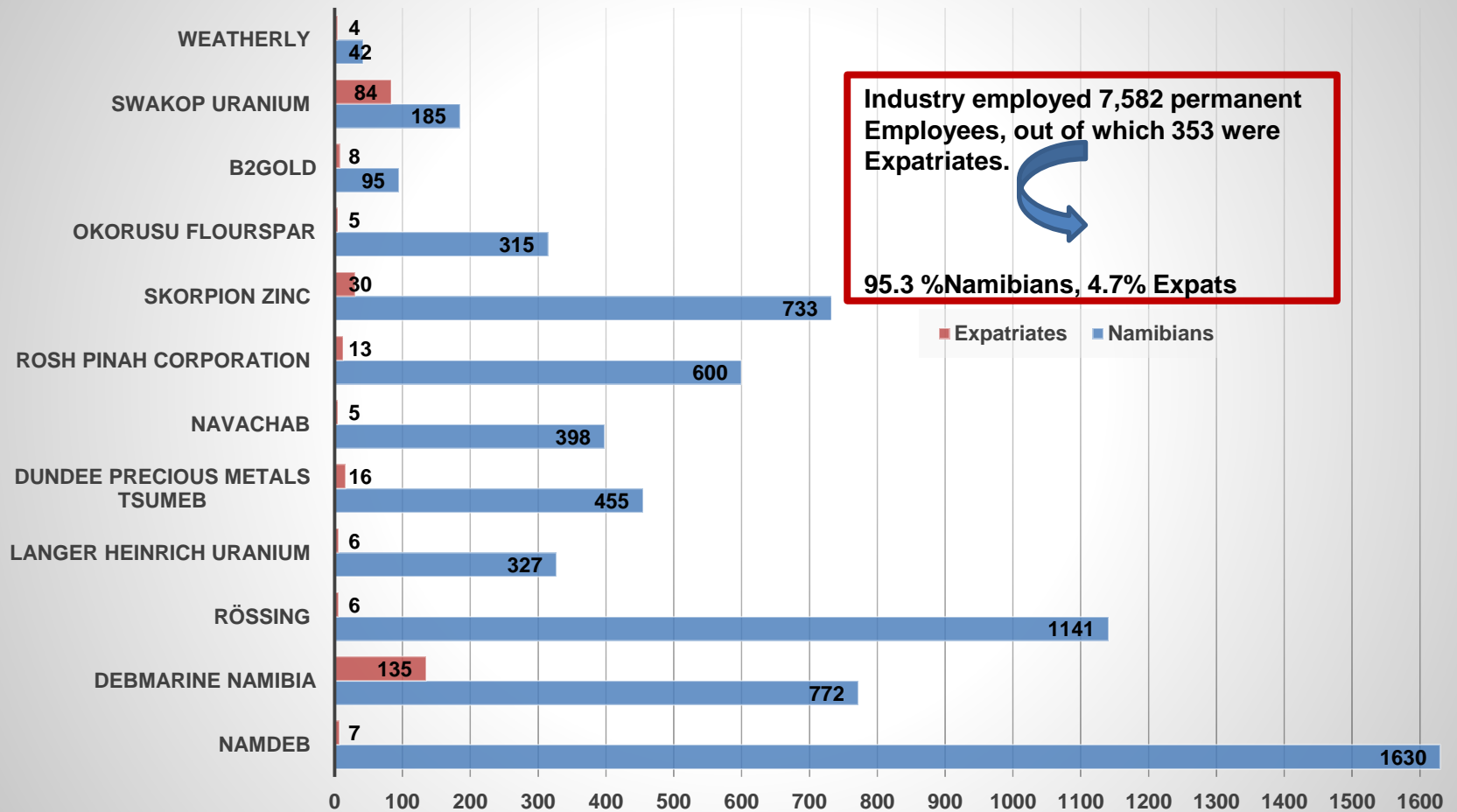
- **Total employment: 16,709**
- **With a multiplier effect of 7, mining provided directly & indirectly jobs to some 116,960 people**

■ Permanent Employment
■ Temporary Employment
■ Contractors



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Permanent Employment Vs Expatriates



Source: Chamber of Mines Annual Reports



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Uranium Price – Four Year History



Source: <http://www.uxc.com>



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Uranium Market

- Uranium price reached an eight year low in September 2013 – U\$34 a pound.
- Supply cutbacks likely to cause gradual increase in uranium price – cut backs from Paladin and Cameco (Morgan Stanley Research).
- Morgan Stanley expects nine nuclear plant restarts by year end 2014 and another seven in 2015 (Japan).



Nuclear Reactor Stats

- 1,100 nuclear reactors in the world (48 located in Japan).
 - > 430 reactors for generation of electricity.
 - 280 reactors used for medical, industrial needs & research.
 - > 400 reactors are used for powering ships & submarines.
 - 72 reactors are currently under construction.
 - 173 reactors are on order/planned.
 - 309 reactors are proposed.
-
- 2012 world production of uranium oxide = 58,394 t.
 - 2014 world requirement for nuclear reactors = 65,000 t.

Source: WNA & Swakop Uranium



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Outstanding Matters & Challenges

- Export Levy: MoF has concluded export levy rates. Figures not yet made public.
- Withholding tax: Reduced to 15 %, from 25%.
- Moratorium on phosphate mining: Clarity obtained – moratorium is not for exploration activities.
- Tax regime for land based diamond mining: Sustainability threatened with current diamond tax regime.
- Policy on strategic minerals: Legislation still pending.



Conclusions

- Although the mining industry declined in 2013, mining remains the backbone of the Namibian economy.
- Mining expected to grow phenomenally once new mines come into full production.
- With clarifications to most policy proposals, Namibia is improving the investment environment ~ Fraser Institute Survey of Mining Companies.



**Thank you
&
Any questions?**



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