



The Chamber of Mines of Namibia

Mining Industry Review for 2011

By

Mark T. Dawe

President, Chamber of Mines of Namibia

At the AGM

Safari Hotel. May 22, 2012

Director of Ceremonies
Hon. Isak Katali, Minister of Mines and Energy,
Senior staff of MME present,
Chamber Members present,
Esteemed invited guests,
Members of the Press,
Ladies & Gentlemen.

I wish to thank the Honourable Minister of Mines and Energy for taking time off his busy schedule to come and grace this Annual General meeting. We really appreciate this commitment to support our industry.

It is now my honour to present the President's Report for the year 2011. I wish to announce that our Annual Review which we started during my previous tenure in this office in 2005/6, will be taking on a different form. Each year the review has been dominated by articles and stunning pictures of our operations, with associated statistics and economics. I have changed this year's edition to one that presents our industry in a different way, while not losing the flow of information created by past editions. For the first time we will be taking a look at the wider benefits of the Mining Industry. The hidden stories of just what our industry is doing for our country in terms of contributions towards education, the environment, health services and a wide range of CSR projects is a story that is begging to be told. Our exciting new Review will be published and distributed in August this year.

Safety

Safety is the number one priority for the Namibian Mining Industry and our industry strives to meet the highest international standards of mine safety, with most mines having adopted a "Zero harm" policy. However, it is with deep regret that I announce that the mining industry suffered three fatalities during 2011.

Mr. Shikongo Klemens Klemens, plant operator at Namdeb, drowned when his vehicle drove into the flooded mining area which was mined out. This tragic accident happened in the early morning hours of 12th January 2011.

Mr. Theophilus Makili, Silo truck driver at Namdeb, was fatally injured on 18th February 2011 when he lost control of the silo truck and subsequently overturned, whilst en-route from Pocket Beaches to Oranjenmund.

Mr. Eliaser Gabriel, a crusher operator at Okorusu Fluorspar mine, died when he slipped and fell into an iron rod which fatally impaled him on 27th March, 2011.

Unfortunately, the year 2012 started on an equally sad note with four fatalities recorded within the first four months. Otjihase mine suffered two fatalities, Namdeb, one and Purity Manganese mine, one.

Mr. Stefanus Akawa, Machine Operator at Namdeb, died when his parked articulated dump truck rolled backwards and ran over him on 2nd March 2012 at the Southern Coastal mine.

Mr. Wilbard Angula was fatally hit by rock fall at Otjihase underground mine on 29th January 2012 while making the working place safe from a telehandler basket.

Mr. Gottlieb Sikongo was fatally struck by a rock slab that dislodged from the hanging wall at Otjihase mine on 13th April 2012.

Mr. Ambrosius Maharero was fatally pressed between the vertical column of a forklift and a column of a brick making machine at Purity Manganese mine on 28th April, 2012.

We express our heartfelt condolences to the families and friends of the deceased employees. We continue to learn from these tragic mine accidents and intend to do everything possible to prevent a repeat of the circumstances that led to the accidents.

The Chamber has responded by strengthening its commitment to safety by contracting an internationally recognised expert consultant to review the state of health and safety in the entire mining industry and to make appropriate recommendations. The consultant will also be tasked to carry out an international benchmarking exercise, the aim of which will be to compare the Namibian mining industry's safety standards and statistics with leading mining countries around the world in the field of mine safety and then to immediately apply any recommended improvements. We have committed ourselves to sharing the results of this exercise with the Ministry of Mines and Energy as well as the public as soon as the consultant has finalised the report. I am pleased to announce that we have secured the services of a consultant that comes highly recommended and his employment by the Chamber was approved at our Council meeting this morning.

World Economy

The past year was one of immense uncertainty for the world economy. Recovery from the Great Recession of 2008-09 that many had hoped was underway stalled, as sovereign debt problems within the Euro zone resurfaced with added force and took centre stage. After Portugal had sought assistance from other Euro zone countries and the IMF in the first half of the year, concerns spread to Spain and then Italy, the world's third largest sovereign bond market, while further negotiations were necessary on more fundamental Greek debt restructuring. Bond yields skyrocketed as markets prepared for a chaotic default, first and foremost from Greece with the expectation that this could trigger other defaults. Towards the end of the year elected governments in Italy and Greece were replaced with technocratic caretaker governments to address the debt issue as street demonstrations intensified. By the end of the year, the European Central Bank had not only reversed its earlier interest rate rises but, under a new President, started becoming actively involved in providing liquidity to the European banking sector which would have been hard hit by any sovereign default.

Meanwhile in the US, the second round of quantitative easing ended in June giving rise to speculation about a QE3 programme. The US debt ceiling was raised only at the very last minute in August and the US economy started to show signs of improvement with both slightly stronger growth and increased employment by the end of the year despite the housing market remaining weak. In October the IMF downgraded its growth forecast for 2012 and by the end of the year several Euro zone economies as well as the UK were once again experiencing negative growth.

The 11 March earthquake and tsunami in Japan added massively to the country's already fragile economic condition. Almost 20,000 people are thought to have died as a result. The tsunami also damaged the 40-year-old Fukushima nuclear power plant, one of the largest in the world. The earthquake and tsunami disabled the reactor cooling systems, leading to nuclear radiation leaks and triggering a 30 km evacuation zone surrounding the plant. Events at Fukushima have had a profound impact on Japan's and the world's nuclear industry as well as the price of uranium, which has languished at levels just above US\$50 per pound ever since. This has had a direct effect on the economy of Namibia through its impact on our Uranium operations.

Turbulent times - The year in perspective

I now turn to the challenges faced by this Chamber over the past year.

2011 saw several major new policy changes from GRN that if implemented as they were announced, would have had far reaching effects on our fragile industry. The Chamber immediately responded to these policy announcements by setting up committees of highly capable and dedicated professionals that spoke with authority on the issues at hand. I have to say, I am most encouraged by the open and consultative spirit with which GRN engaged this Chamber. Although we continue our dialogue with GRN, there remain some very important concerns that require a speedy resolution. Should these issues not be resolved to the benefit of the industry and thus the country, there is no doubt that growth of our industry and thus the entire economy would be unnecessarily stunted.

Strategic Minerals

On the 21st March 2011, GRN announced its Strategic Minerals policy. This represents a major shift in the way government operates. Under this new policy which has yet to become law, the state owned mining company "Epangelo" would own all "Strategic Minerals" in Namibia. GRN's definition of Strategic Minerals was later revised to include all major commodities mined in Namibia, apart from Zinc and Fluorspar. This translates to a departure from the commonly accepted role of GRN being a regulator of the private sector, providing an enabling environment for the creation of wealth and economic growth with the twin goals of the eradication of poverty and unemployment. GRN clearly now wished to position itself as an operator as well as a regulator in order to ostensibly speed up the process of achieving those goals.

Of course self-regulation is fraught with enormous challenges relating mainly to transparency and fairness, especially in the issuance of mineral licences. Following the announcement of this policy, the Chamber made its concerns known to all levels of GRN. We are not opposed to the concept of state ownership of a minority shareholding in Namibia's mining industry as a partner with private sector companies. But our studies have revealed that there has not been a single successful case in Africa of a majority state owned mining company being operated successfully. Governments are regulators, not operators.

This Chamber is on record of having supported and congratulated GRN on the creation of Epangelo but the blanket issuing of ownership of most minerals and metals to Epangelo is not condoned as this will thwart investment in exploration, the life-line of our industry. The near term effect of this is likely to be a reduction in exploration, the long term consequence of which is a shrinking or elimination of the mining industry, the backbone of Namibia's economy. We see this as a departure from the very principles of free enterprise and a sleeping giant.

Tax Amendments

The Minister of Finance announced her proposed amendments to the Income Tax Act on the 21st July. This announcement came without any prior warning and sent shock waves throughout the local and international mining community. By far the most damaging of these tax proposals were the additional taxes on gross sales of 15% VAT and a 5% Export Levy, as well as an increase from 37.5% Corporate (profits) tax to 44%. The taxes on gross sales would have raised the level to 23% tax on gross revenue for most minerals. A level that is unheard of elsewhere in the world and completely unaffordable to all of our operations.

The Chamber of Mines called for a meeting of all industry representative bodies in order to understand the impact of the proposals on all sectors of the economy and to coordinate our approach to the Ministry of Finance. A Mining Tax Committee was immediately set up, consisting of CEOs and CFOs of many of our largest companies. Cameron Kotze, a senior partner of Ernst and Young and an acknowledged Tax expert, was taken on to head up the Committee. It was clear that we were engaging in a fight for the very survival of our industry. The effect of the taxes on the mining industry was comprehensively modelled and it soon became apparent that had the most devastating of the proposals gone ahead as policy, none of our mines would have continued operating.

In light of the proposed tax amendments, we asked our contracted-in economist Robin Sherbourne to study what exactly the Mining industry is doing for our economy. Robin is uniquely qualified to research this topic as he has assisted the CoM to produce the Chamber Annual Review each year since 2005 and was able to easily access current mining statistics. His research is perhaps the most comprehensive piece of work ever conducted on the effect of mining on the Namibian economy. The study revealed a disproportionately large split of revenue to GRN with a precariously small proportion going to the shareholder. Over the past ten years, the split of all mining profits from all operations was 88% to GRN and 12% to the shareholder. Namibia's effective taxation rate prior to the announcements was already punitive and "beyond the tipping point" in the opinion of many international consultants. When the new tax proposals were modelled, the Namibian tax regime became completely untenable as the highest taxed jurisdiction in the world.

Once GRN had realized the gravity of the situation, the Minister of Finance retracted the most devastating of the taxes without too much international fall-out, preventing a wave of disinvestment from Namibia. Although there remain one or two items on the Income Tax Amendment Act that we believe will deter investors and unnecessarily damage Namibia's reputation, we are through the worst of the crisis. The Chamber's answer to the revenue shortfall was simply to provide the enabling environment to allow the mining sector to thrive, or simply put... to "grow the cake".

NEEEF

On the 19th October 2011, the Prime Minister announced the BEE policy called NEEEF (New Equitable Economic Empowerment Framework). The pillars of this framework are identical to those of the Chamber's Mining Charter, as proposed to the Prime Minister and the Minister of Mines and Energy at our Midgard bosberaad in September 2010. Our empowerment proposals were officially presented in December 2010 after which we had waited nine months for feedback from GRN. The feedback finally came in the form of NEEEF. The Chamber's position on this new policy announcement was that it too closely followed the SA model that was widely perceived to have failed, owing to its prescription on ownership. In fact the SA model called for a minimum of 26% equity by HDSA's (Historically Deprived South Africans) and the Namibian NEEEF model calls for a minimum of 25% ownership by HDN's. Whereas the Chamber's proposals included each of the empowerment pillars captured by NEEEF, the Chamber's pillars were tradable and flexible. The ownership pillar called for a block of shares to be made available to HDN's, but if there were no takers, the company should not be punished as a result of not having achieved its ownership quota. We engaged with the Prime Minister in open and frank discussions and learnt that his position was flexible on condition that our members honestly embraced the NEEEF principles and that the targets would eventually be met. Discussions are ongoing.

Value Addition

Following the announcement that Government intended to introduce an Export Levy on raw materials as part of a package of measures announced on 21 July 2011, the Chamber proposed the establishment of a joint Value Addition Committee with Government to investigate the potential for greater beneficiation of Namibia's mineral products. The Chamber's proposals were that the committee should be equally represented from MME, MoF, MTI and the Chamber of Mines. To this end and as a starting point for discussions at this Committee, the Chamber drew up a detailed position paper in which the potential for each mineral was thoroughly explored and assessed. This has already been shared with Government.

It is the Chamber's hope that differentiated rates of export levy between 0% and 2% will be gazetted on the recommendations of this Joint Committee, based on a jointly-agreed assessment of what can realistically be achieved in terms of downstream beneficiation with each mineral product taken on a case-by-case basis. Discussions with GRN through the Value Addition Committee are ongoing.

Stakeholder engagement

Following each of these onslaughts against our industry, we identified one of our major shortcomings as being our inability to successfully market ourselves. In an effort to address this, we set up a series of stakeholder engagement sessions with both the private and public sectors. These have done a tremendous amount towards "exploding the myths" about mining. Robin Sherbourne's presentation on the effect of the mining industry on the economy was initially received with scepticism but as we insisted that facts should speak for themselves, we began to realise that our points of view were being acknowledged. This strategy of "informing by actively engaging" both the private and public sectors, will have to continue if we are to reverse the negative perceptions about our industry.

As we grapple through the minefield of policy and economic philosophies, we should never lose sight of the fact that this great country would be so much greater if the private sector would be allowed to flourish under a conducive, supportive and stable regulatory framework that optimizes the utilization of its mineral endowment to the benefit of all Namibians, which, after all, is the common goal of both the Chamber and our line Ministry.

Highlights of Mining in Namibia

At this point, it is tradition to present a brief report on each mineral or metal and their related mines. However, true to tradition, I intend to break with tradition by first presenting a short report on the Uranium Institute, which I believe is the shining star of our industry.

The Uranium Institute and the Uranium Stewardship Committee

The Swakop branch of the Chamber, the Uranium Institute, was proposed by my immediate predecessor, Mike Leech in June 2007. The UI was formed in 2008.

The Chamber could never have foreseen the enormous benefit this institution would bring to both the local and the international Uranium mining industry. The initial intention was to create a forum to promote communication between various stakeholders through the formation of committees, in order that the mines could jointly agree upon and enforce a set of standards for health, environment, radiation safety and radiation security. Since its inception, these goals have expanded tremendously to encompass so much more.

Some of the achievements of the UI ;

- Promotion and initiation of a Strategic Environmental Assessment (SEA) aimed at studying the cumulative effects of Uranium mining in the uranium province of Erongo. The UI brokered an arrangement with the MME and BGR to conduct an independent SEA that has become an international benchmark and a model for SEA's under similar circumstances. This SEA has firmly secured Namibia as a leading country in terms of Uranium Health, Safety and Environment. The UI continues to assist with the Strategic Environmental Management Plan (managed by the SEMP office at MME) which is responsible for the implementation of the findings of the SEA.
- Proposed and assisted with the development of an Occupational Health Services Network for the Uranium industry,
- Set up a training programme for Uranium and radiation awareness in Namibia, specifically to train radiation safety officers. The training also encompasses environmental awareness and assists medical staff with accreditation training.
- Created the Uranium Information Centre which caters specifically for advocacy and awareness training of the public, including schools. The UIC's website has proven to be extremely popular.
- Created the Uranium Forum which was officially opened on the 20th April this year. This Forum is geared to interact with the tourism industry and is specifically intended to counteract negative developments that are harmful to the industry.

- The Director of the UI, Dr. Wotan Swiegers has chaired the Atomic Energy Board for the past three years and has just been re-elected as its chair for next three years. The AEB assisted with the implementation of an internationally accepted Radiation Protection Framework which yet again strengthened Namibia's position as a leading country with a highly regulated and accountable Uranium industry. Several critical policy issues have become law. The AEB website has received widespread international recognition as a centre of excellence in nuclear policy and HSE for Uranium operations.

At this juncture, I would like to officially acknowledge the founder of the UI and USC who is currently its Chairman, Mr. Mike Leech. I would also like to acknowledge the man in the driving seat, who has unparalleled passion, drive and commitment to his cause, Dr. Wotan Swiegers. The Chamber is truly grateful for your enormous contributions.

Highlights from the operations

Diamonds

Production at Namdeb fell slightly in 2011 with total output reaching 1.34 million carats of diamonds of which 990,000 carats were produced by De Beers Marine Namibia. The long-awaited change in shareholding structure was finalised leading to the creation of Namdeb Holdings, a holding company for all the Namibian mining assets, in which Government and De Beers each hold 50% of the shares. Namdeb Holdings holds 100% of the shares in both Namdeb Diamond Corporation and De Beers Marine Namibia, which was subsequently transformed into Debmarine Namibia. The effective date of the new shareholders' agreement is 1 October 2011.

The year was also marked by the addition of the world's largest marine diamond mining vessel, the Peace in Africa, to Debmarine's mining fleet in October. Impressively, Debmarine Namibia experienced no LTIs during 2011.

Uranium

2011 was a tough one for the uranium industry in Namibia due primarily but not only to the fallout from the Japanese tsunami and the subsequently lower uranium spot price. Langer Heinrich successfully completed its stage three expansion which targeted total production of 5.2 million pounds of uranium oxide while the feasibility studies surrounding the stage four expansion which will see production rise to 10 million pounds a year was also completed. The stage four expansion will depend on a better uranium price and a more conducive taxation environment. However, stronger output at Langer Heinrich was offset by weaker production at Rössing where work continued on the major pre-strip programme which is expected to gradually allow access to higher grade, lower strip-ratio reserves from the second half of 2012. Total production of uranium oxide from the two mines fell to 3,829 tonnes, significantly lower than the 5,279 tonnes achieved in 2010. The year ended on a high note for uranium as the Minister of Mines and Energy granted Extract Resources a 25-year mining licence (ML171) for its huge Husab project on 1 December, giving additional impetus to the takeover of Extract Resources by China's state-owned China Guangdong Nuclear Power Company and the China-Africa Development Fund through Taurus Minerals.

Zinc

Production of Special High Grade zinc at Skorpion zinc was relatively stable after a smooth transition to its new owners London-listed Vedanta Resources. Significant drilling was undertaken in the pit in order to extend the life of mine. Exploration at the Gergerub deposit was also intensified with joint-venture partner Rosh Pinah in readiness for the feasibility study. London-listed Glencore announced its intention to buy 80% of Rosh Pinah mine as part of its strategy to diversity from commodity-trading to mining. Exxaro had announced its intention to sell Rosh Pinah along with its other zinc assets in 2009 and closed its Zincor zinc refinery in Gauteng at the end of 2011.

Gold

Given the degree of global economic uncertainty, gold started the year with high expectations but, having reached a record of over US\$1,800 per ounce in July, 2011 stalled in the second half of the year ending at around US\$1,600 per ounce. This resulted in a strong performance by Navachab mine and was good news for Aurix Gold, the backer of the Otjikoto gold project near Otavi. Aurix was taken over by Toronto-listed B2Gold in the final quarter of the year in a deal worth C\$160 million in cash and shares.

Cement

Chamber newcomer Ohorong Cement officially opened its doors on 3 February 2011. Production ramp-up went smoothly after just 22 months from the start of construction. By the end of 2011 production had reached 364,000 tonnes. This bright picture was, however, clouded by the imposition of a ban on cement imports by Angola in June and the entry into the Namibian market of significant quantities of cheap cement from China forcing Ohorong to seek Infant Industry Protection from Government. GRN promised to consider the protection but unfortunately this has not yet materialised, with the result that Ohorong has had to temporarily shut down operations due to over production spurred on by poor demand. This Chamber implores GRN to take this matter seriously and to award infant industry status to Ohorong as soon as practically possible. After all, Ohorong is a perfect example of a complete value addition chain, which is close to the heart of GRN.

Copper

After a tough few years which saw Otjihase and Matchless mines placed under care and maintenance, the robust copper price allowed Weatherly to restart mining operations resulting in 14,071 tonnes of copper concentrate being produced by the end of the year and over 450 new jobs being created.

The good news continued as Weatherly advanced two feasibility studies, one on a new open pit mine at Tschudi and another on the Tsumeb tailings retreatment project. Weatherly also helped create a new publicly-listed company China-Africa Resources to conduct a feasibility study into restarting production from the long-dormant Berg Aukas zinc-lead-vanadium mine.

As promised, Namibia Custom Smelters continued their extensive reinvestment programme implementing a fugitive dust control programme, stabilising the tailings facility and completing the hazardous waste site. Plans are underway to reduce sulphur dioxide emissions by producing sulphuric acid as a saleable product, which is planned for completion during the second quarter of 2014.

Fluorspar

Okorusu Fluorspar enjoyed a profitable year as fluorspar prices strengthened and this also allowed investment in a new Metallurgical Grade Fluorspar drying plant, a new crushing plant and a new Dense Media Separation plant which will upgrade low grade ores prior to flotation. Okorusu also commissioned its new state-of-the-art fluorspar blending storage and loading facility at Walvis Bay. Namport's invaluable major contribution and commitment to this facility is acknowledged as an example of an excellent partnership between industry and the public sector. For the third time, Okorusu successfully tendered for the supply of rail ballast to rehabilitate the Kransburg-Tsumeb railway line, allowing an additional source of income to be secured from what was a mining by-product.

Salt

Walvis Bay Salt Holdings completed a new N\$50 million joint venture salt refinery, Ekango Salt Refinery, with empowerment partners EVI Mining and EHI Investments capable of producing up to 60,000 tonnes of salt a year and creating 30 new jobs.

Economic Contribution

Unfortunately, Namibia's official statistics on mining's contribution to Gross Domestic Product (GDP) are produced with a significant lag. We hope this will change with the establishment of the Namibia Statistics Agency (NSA). Figures produced by the Central Bureau of Statistics for 2010 show that overall mining growth remained limited following the extraordinarily tough year of 2009. Mining's direct contribution to GDP fell further to 8.8% despite signs of recovery in diamond mining. This figure distorts the importance of the mining industry as it does not include revenues from zinc refining, diamond cutting and polishing and copper smelting, all products of mining. With consideration of these contributors, mining remains by far the largest sector of the Namibian economy.

Diamond mining regained its status as a greater contributor to GDP than non-diamond mining. Total value added from mining fell to N\$7.2 billion in 2010 from N\$8.0 billion in 2009. Mineral products excluding cut and polished diamonds) contributed 54% of Namibia's total merchandise exports.

Despite the modest recovery, the mining sector once again spent more on fixed investment – approximately N\$4.3 billion, than Government or indeed any other single sector of the economy, accounting for just under a quarter of all fixed investment in the country. We continue to suspect that a lot of exploration expenditure is not being captured in the official statistics and that the real figure is even higher.

Training and employment

The mining industry spent some 55 million NAD on training and skills development, awarding 110 new bursaries to tertiary institutions in 2011. NIMT, under the able and passionate direction of Eckhart Mueller, continues to produce between 300 and 500 artisans of excellent quality each year. These critical skills form the backbone of our industry. The mining industry is fully supportive of NIMT by sponsoring hundreds of students on full bursary, as well as offering job attachments to many more students.

The CoM through its members, has consistently supported NIMT since its inception as the brainchild of the Rossing Foundation. It is this unflinching support that allowed for the establishment of the NIMT Northern Campus at Tsumeb and the NIMT Southern Campus at Keetmanshoop. Ongopolo Mining contributed the buildings and infrastructure and De Beers contributed 2 million NAD towards the establishment of the Northern Campus.

Mining companies recently contributed N\$ 5.5 million towards the establishment of the NIMT Southern Campus which was officially inaugurated on the 20th March 2009.

Donations towards this campus were made as follows:

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|------------------------|---------------|
| Okorusu Fluorspar: | N\$500,000.00 |
| NAMDEB: | N\$500.000.00 |
| NAMZINC (Scorpion): | N\$1,5million |
| Ministry of Education: | N\$1,5million |
| Rosh Pinah Zinc: | N\$1,5million |
| De Beers Namibia: | N\$1,5million |

The mining industry is a significant employer, but as it must remain internationally competitive, so it is becoming more advanced and automated each year. Growth in employment will only come through a fertile and conducive environment for exploration, leading to the creation of new mines. The mines and exploration companies collectively employ 7306 people in permanent positions, an increase of 459 employees or 6.7% on the employment figures for 2010. Including temporary employees and full time contractors, the total direct employment figure of the mining and exploration industry is 14 328. It is estimated that the multiplier effect for each employee is around 7. Therefore it is likely that the mining industry directly and indirectly provides an income for some 100 000 people.

This is indeed a significant figure in a country with a population of only 2.3 million but with an exceptionally high unemployment rate.

Security of Power and Water

The Chamber remains concerned with the security of uninterrupted electricity and water supply, particularly for the uranium sector in the Erongo Region. The imminent power shortfalls starting in 2012 as warned by NamPower are of great concern. The industry is cooperating with NamPower in energy saving measures and regular feedback on power requirements for planning purposes. We look forward to Mr. Shilamba's address at our conference tomorrow.

Through the Uranium Institute, the Chamber's members are actively cooperating with NamWater on water requirements for medium & long term. We are encouraged to note that government is taking serious steps in investing in the second desalination plant.

Conclusion

The past year has been another exciting one in the life of Namibia's most vibrant and dynamic industry. Levels of investment and reinvestment remain high even as profitability is limited, which augurs well for the future. Chamber members have demonstrated remarkable resolve and ingenuity in maintaining confidence in such uncertain global conditions.

Through offering unwavering service, we have increased our membership and revenue base significantly and have vastly diversified our activities. This past year has seen a complete restructuring of Council, as we have invited the major exploration companies to become members of Council. This has created a far more active and dynamic dialogue at the most senior level. Council was previously dominated by CEO's of existing mining operations with only one representative from the Exploration Committee. The exploration fraternity is our link to the future, without which our industry would be doomed. We felt they should be accorded such status. I would like to acknowledge the new Council members' invaluable contribution towards the resolution of our challenges this past year.

As our Council has expanded, so have our permanent staff, necessitating a move to more appropriate offices. We can look forward to moving to our new offices very soon.

With this tough year behind us, we have a lot to be proud of and even more to be positive about. We defended our industry bravely and there are many new projects on the table at various stages of advancement. Many of these projects will either rise or fall depending upon the outcome of the Chamber's negotiation with GRN on major policy issues. I'm sure these projects take comfort in the fact that our Chamber Council is as active and participative as it has ever been, engaging Government and other stakeholders on a wide range of issues, based on solid research, evidence and rational argument. This level of activity has only been achieved thanks to the remarkable efforts of my Exco, our CEO, Veston Malango and our two V.P's Werner Duvenhage and Kombadayedu Kapwanga, the Director of the Uranium Institute Dr. Wotan Swiegers and its Chair, Mike Leech, all of whom I thoroughly enjoy working with. I also wish to acknowledge their loyal and committed teams. Together we are attempting to make the Chamber an institution the industry and indeed the country can be proud of.

It is, as always, my great pleasure to thank all Chamber Members for their support during another exciting year. It is our fervent hope that Namibia remains an attractive mining investment destination.

As the country's largest single industry, we are all too conscious of our special responsibility to work with Government and other stakeholders in the best interest of the country as well as our shareholders. We continue to believe this is best done through open and honest dialogue and by "growing the mining cake". We stand ready to engage with Government on the issues it believes are important for the future of the country. If we can all be big enough to take one another's respective viewpoints into account, the future of Namibia's mining industry looks very bright indeed.



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Mark T. Dawe
Chamber President
May 22, 2012