



THE CHAMBER OF MINES OF NAMIBIA

Mining Industry Performance in 2012.

Mining Conference, May 22, 2013.
Windhoek

Veston Malango, CEO.



Outline of Presentation

- 1) Highlights for 2012
- 2) Mining Industry Performance during 2012
- 3) Outstanding Issues
- 4) Conclusions





Highlights for 2012 – A basket of bad & good news

- 1) 5 Fatalities
- 2) AREVA announced postponement of launch of Trekoppje mine (October 2012). Project to be on care & maintenance from 2013
- 3) AREVA exported 250 tonnes of sodium di-uranate (Nov. 2012).
- 4) Rössing recorded significant losses for 3rd consecutive year (N\$ 43m in 2010, N\$471m in 2011 & N\$ 474m in 2012)
- 5) Mining & quarrying sector grew by 11.2% in 2012. Industry contracted by 7.9% in 2011 (NSA)
- 6) MME granted 3 MLs (B2Gold, Shiyela Iron & Zhonghe Resources)
- 7) OHORONGO Cement received IIP
- 8) Environmental Management Act, 2007 & Regulations, became operational (February 6, 2012).
- 9) Anglo American became majority shareholder in De Beers – with purchase of the Oppenheimer stake



Highlights for 2012 (Cont'd)

- 10) Oranjenmund proclaimed as Municipality (Namdeb contribution to infrastructure) – March 2012
- 11) Namdeb completed re-commissioning of Elizabeth Bay mine
- 12) DBMN produced 1.1 m carats in 2012 (990,000 Carats in 2011), highest record to date: 1.048 m carats in 2007
- 13) DBMN purchases world's largest marine diamond vessel -- mv **Peace in Africa** (November 2012) & later renamed **mv Mafuta** (March 2013)
- 14) Swakop Uranium 100 % acquired by Taurus Minerals Limited. (April 2012) – CGNPC
- 15) Construction of Husab mine starts (October 2012) – World's second largest uranium mine.



Highlights for 2012 (Cont'd)

- 16) Epangelo acquires 10% in Swakop Uranium (November 2012)
- 17) BFS completed for Tschudi Copper project.
- 18) Weatherly announces intention to restart the Old Matchless underground mine.
- 19) GRN accepted **Value Addition Committee (VAC)** proposal by CoM , adopted in NDP 4

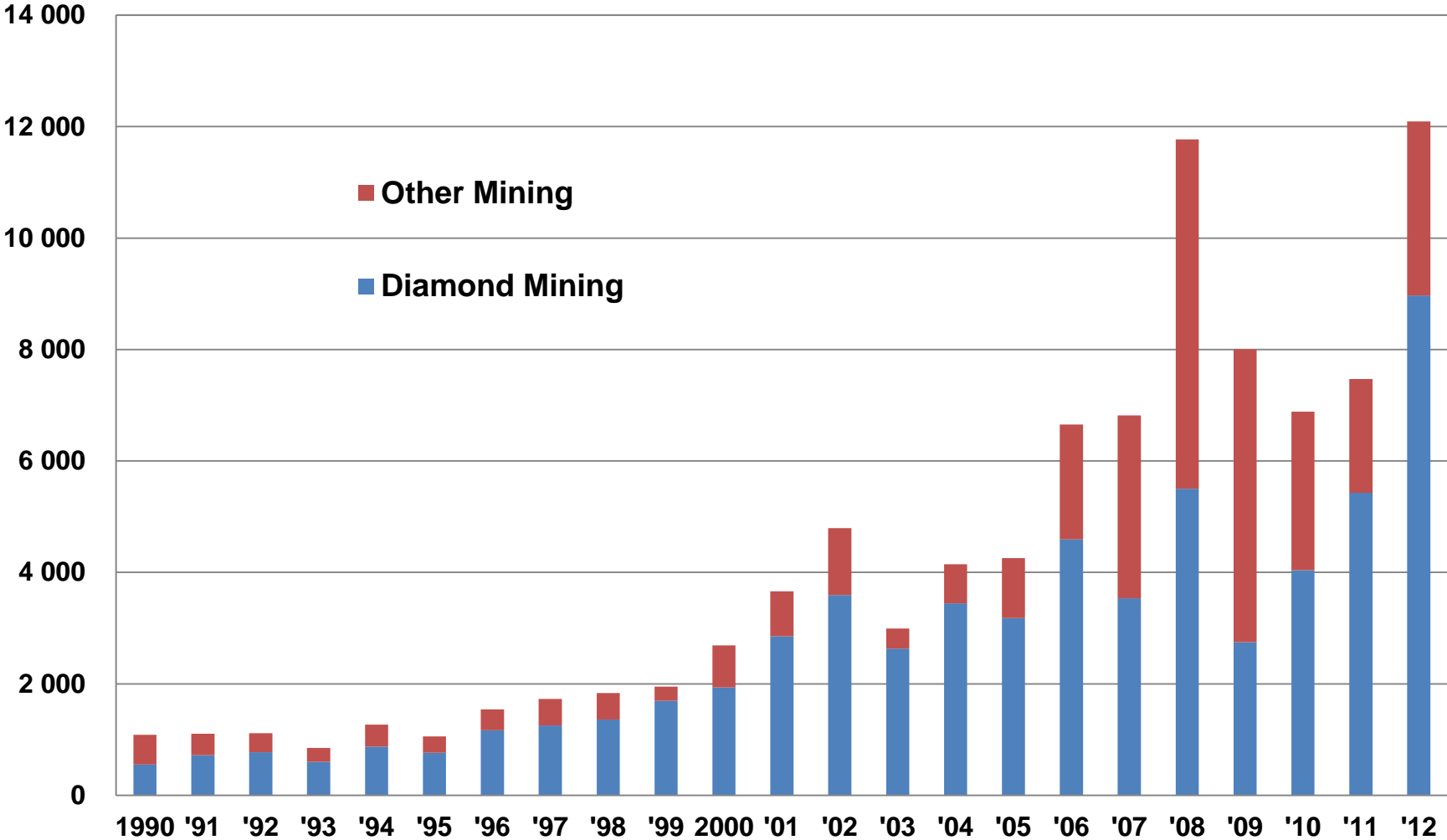


Summary of Mining Industry Performance in 2012

- Turnover > N\$18.52 billion (2011, 15.8 billion)
- Wages and salaries > N\$2.93 billion (2011, N\$ 2.5 billion)
- Fixed investment > N\$3.33 billion (2011, N\$1.3 billion)
- Exploration spending by operating mines > N\$434.9m
- Exploration spending by exploration companies > N\$380.4m (B2Gold N\$57.8 m, Bannerman N\$51.7m, Reptile N\$70.7m, Swakop Uranium (N\$76.2m)
- Profits tax paid > N\$1.12 billion
- Royalties paid > N\$957.7m
- Total taxes paid to GRN >N\$2.08 billion
- 7,898 permanent employees, 474 temporary employees, and 5,176 contractors



Mining Value Added in Current Prices (N\$m)

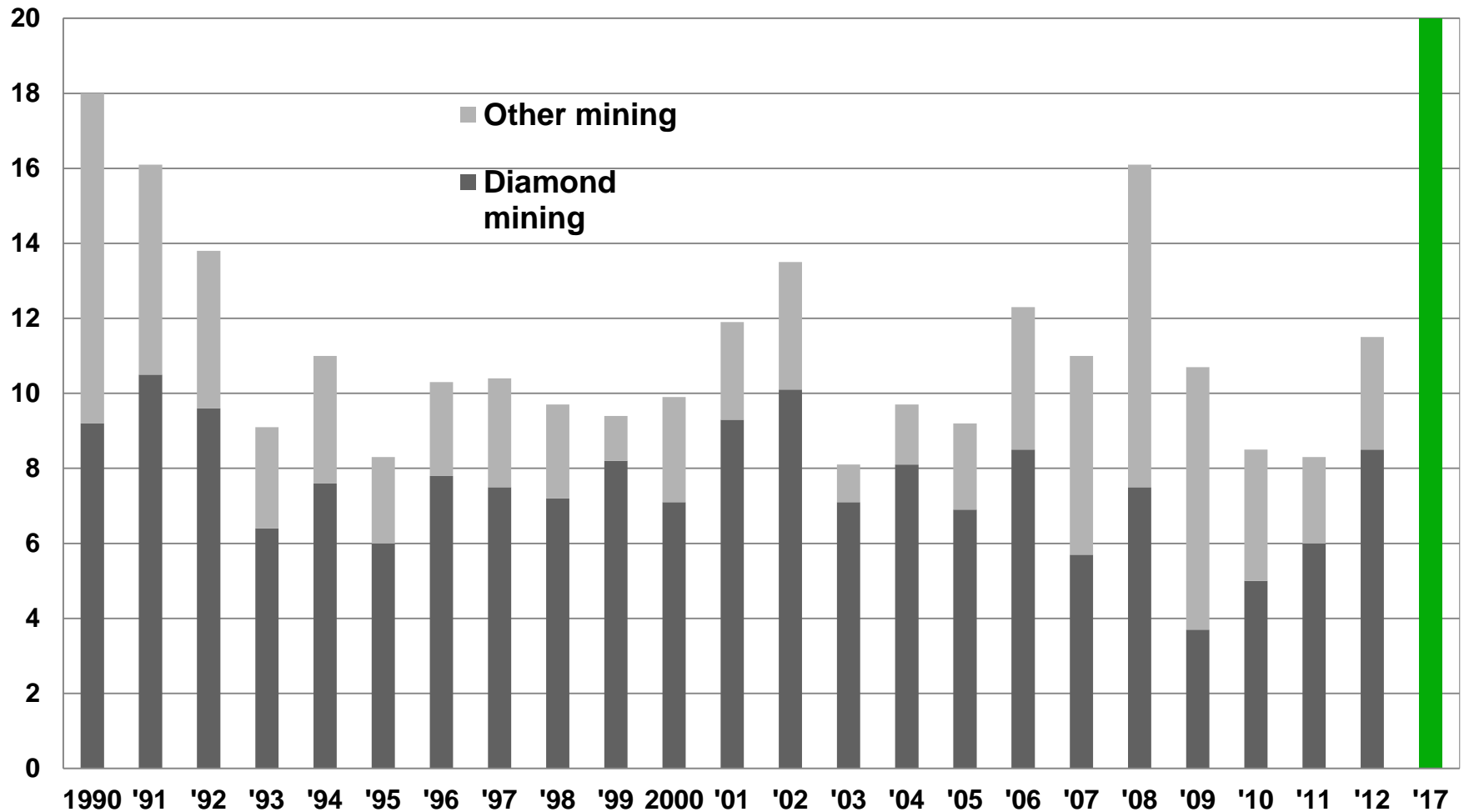


Source: National Statistics Agency



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Mining Value Added as a Percentage of GDP

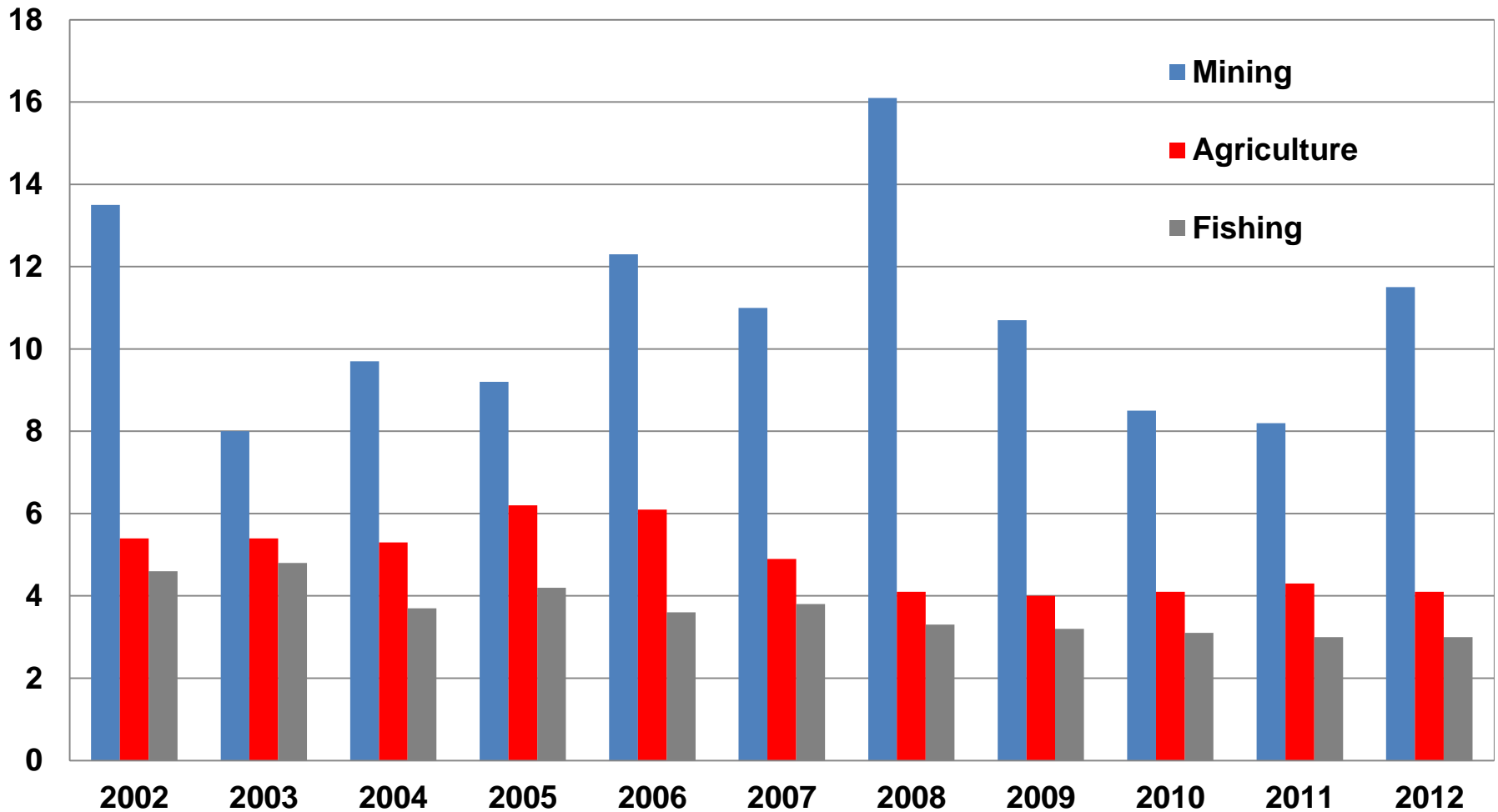


Source: National Statistics Agency



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Comparison of GDP contributions by Primary Industries

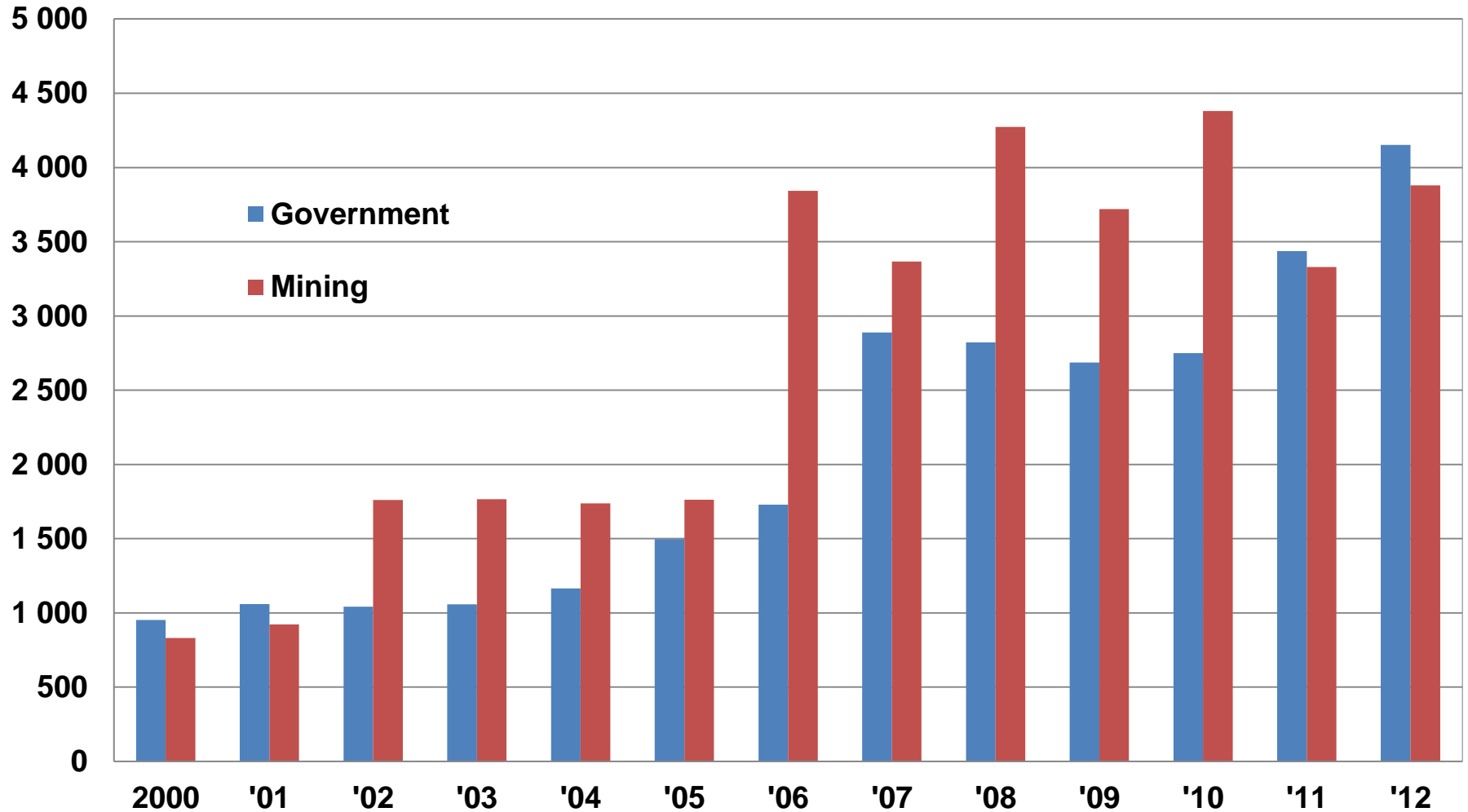


Source: National Statistics Agency



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Fixed Investment (current prices N\$m)

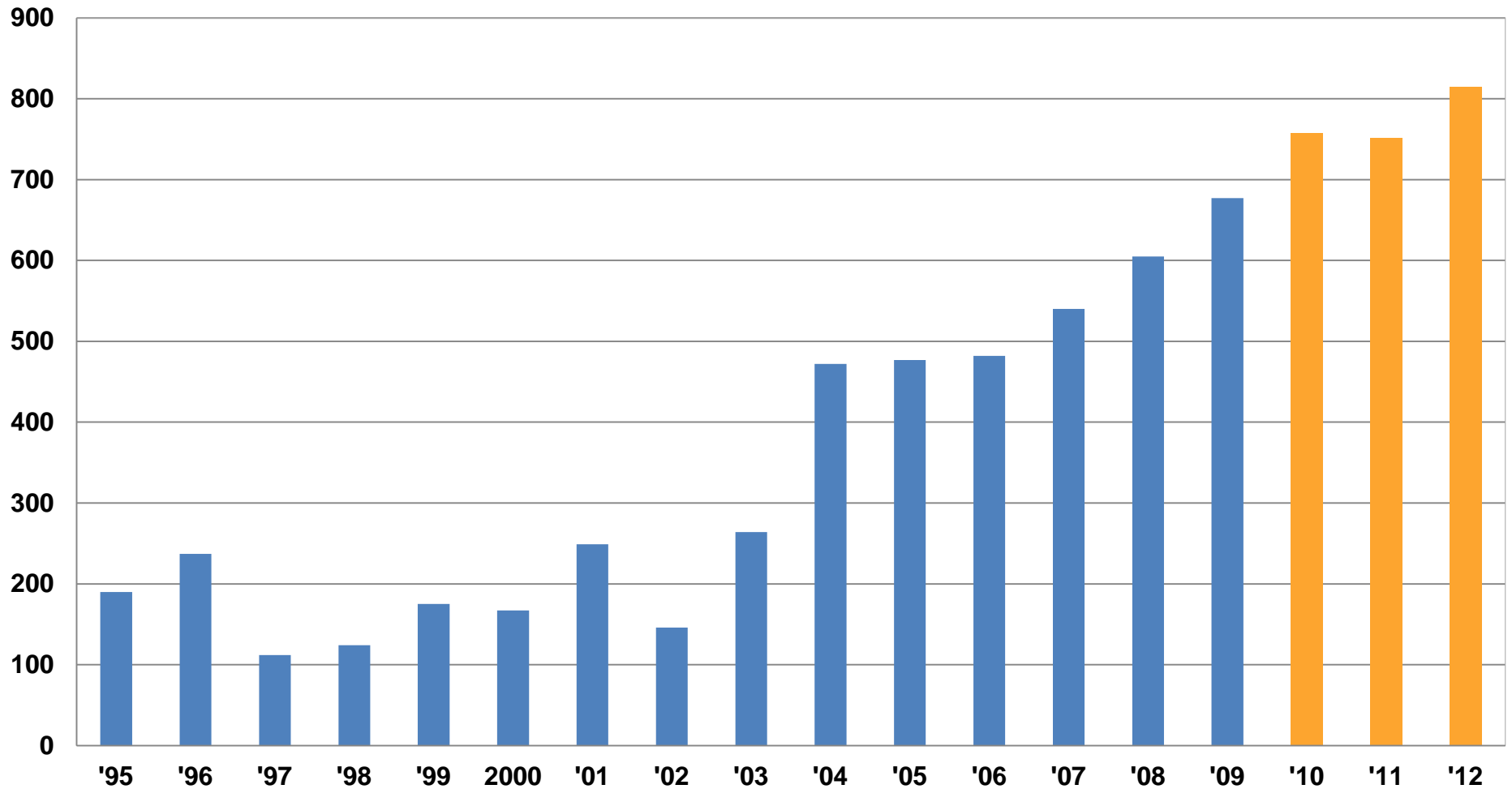


Source: National Statistics Agency



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Exploration expenditure (N\$m)

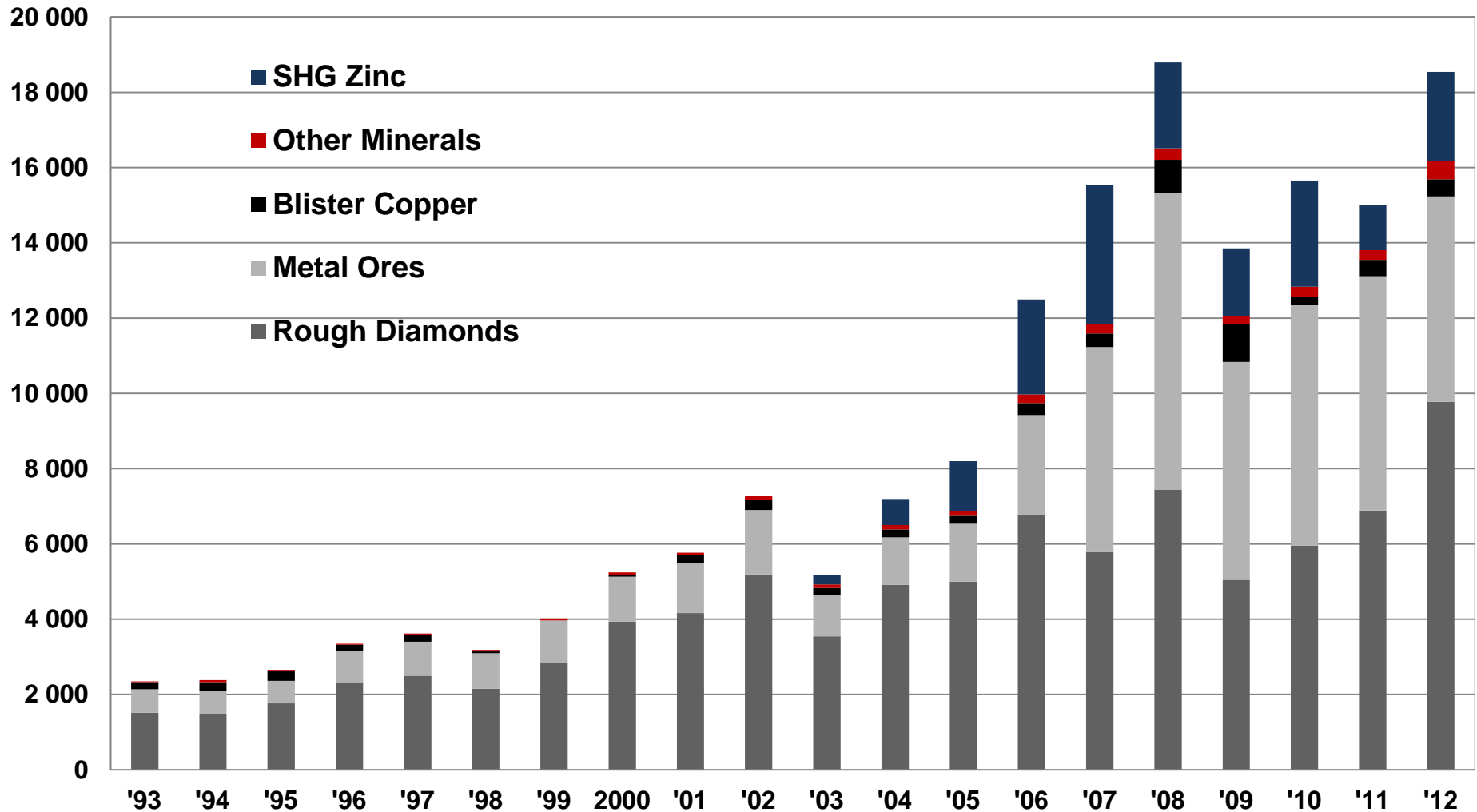


Source: National Statistics Agency and Chamber of Mines



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Mining Exports (N\$m)



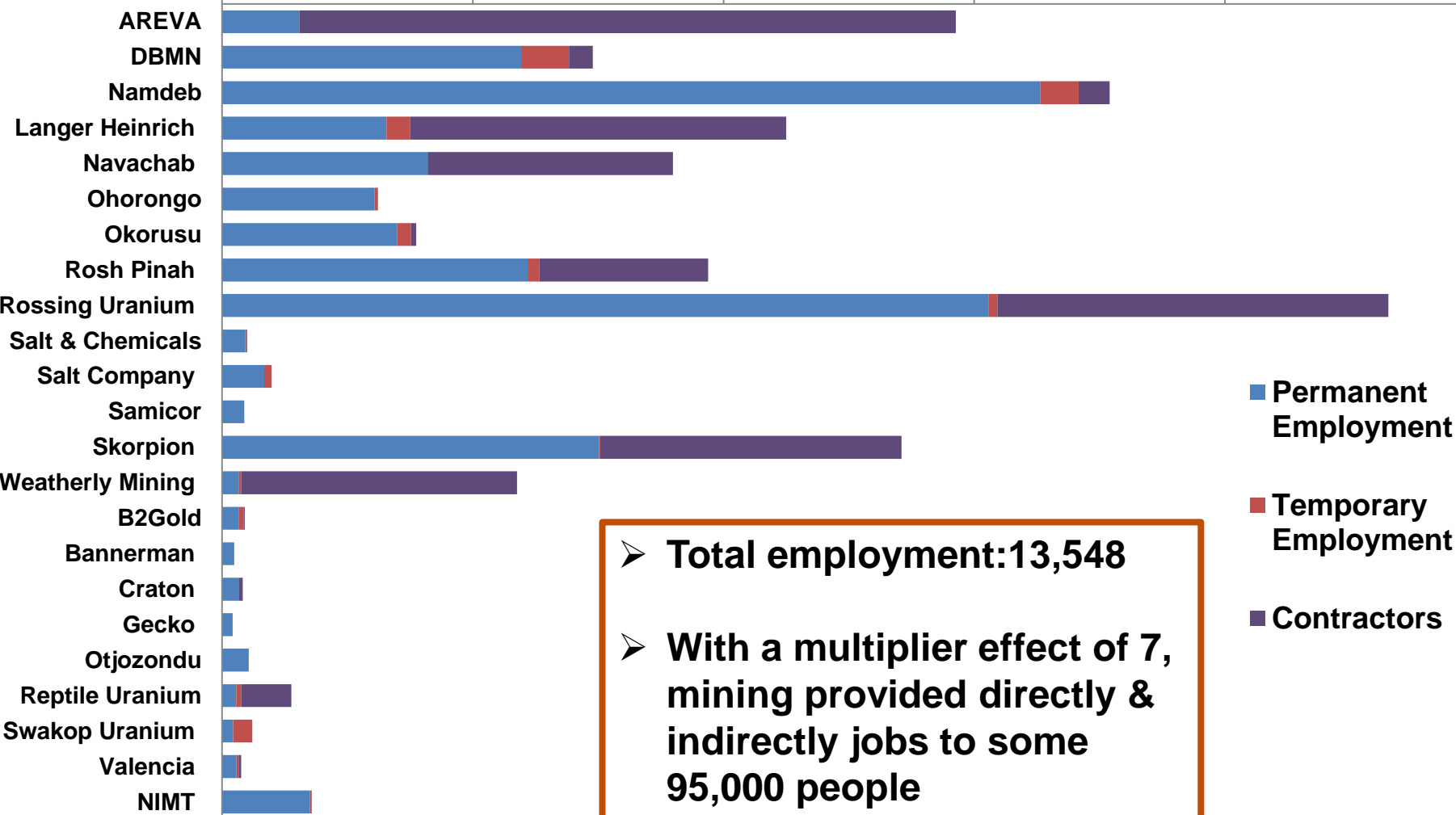
Source: National Statistics Agency



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Employment in Mining sector at end 2012

0 500 1 000 1 500 2 000 2 500

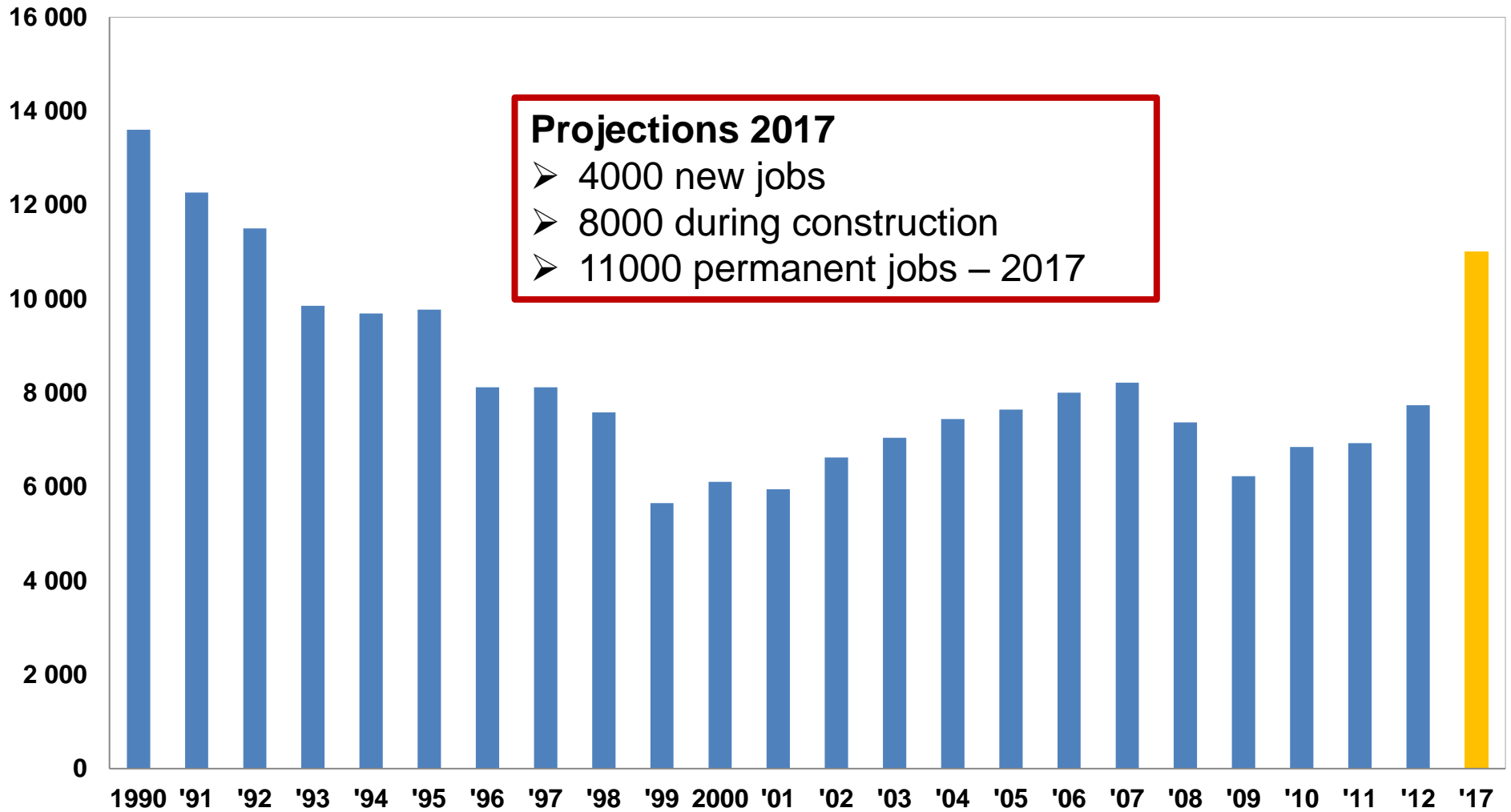


➤ Total employment: 13,548

➤ With a multiplier effect of 7, mining provided directly & indirectly jobs to some 95,000 people



Mining Employment (Chamber Class A, B and C members including NIMT)

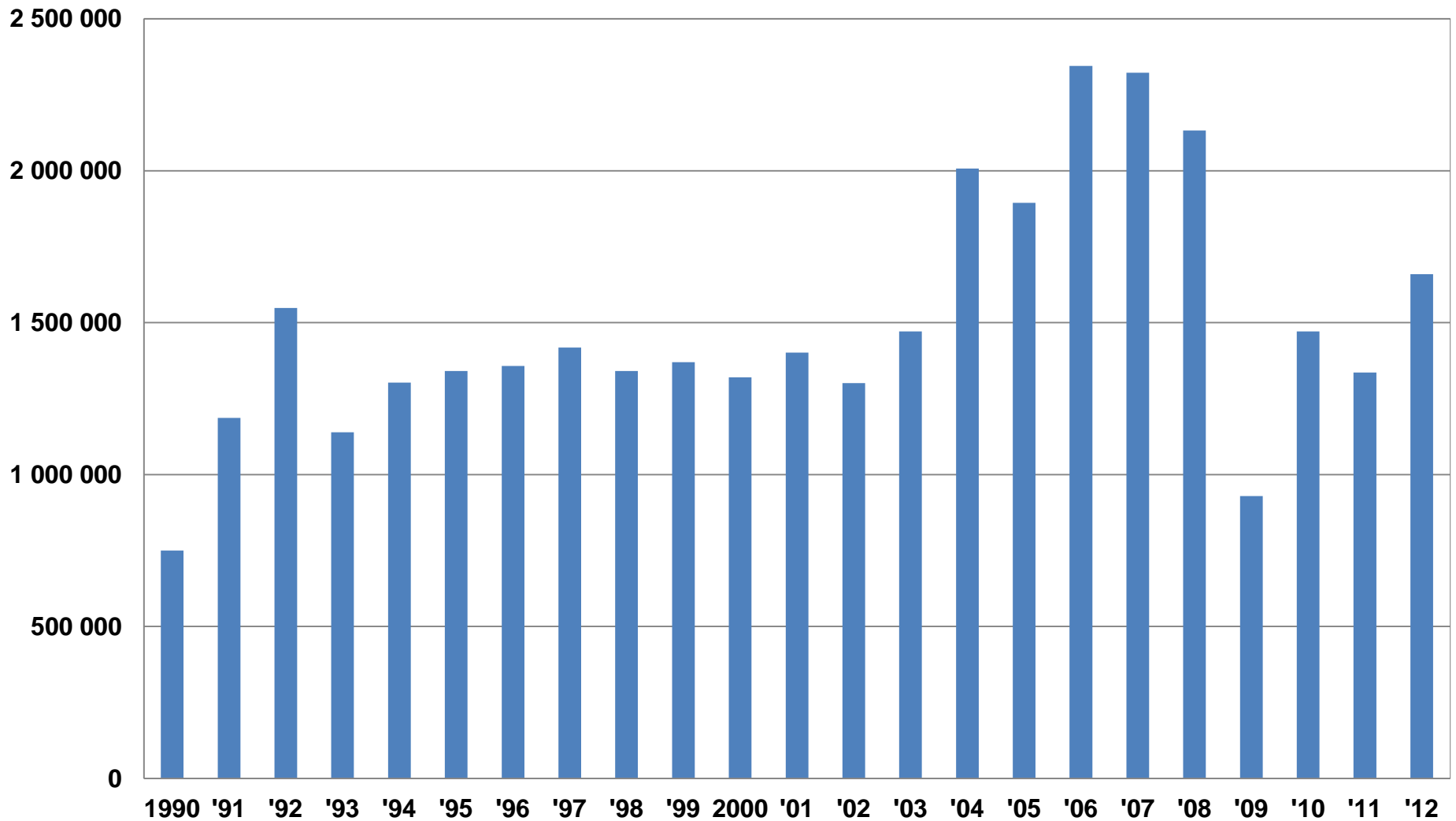


Source: Chamber of Mines Annual Reports



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Diamond Production (carats)

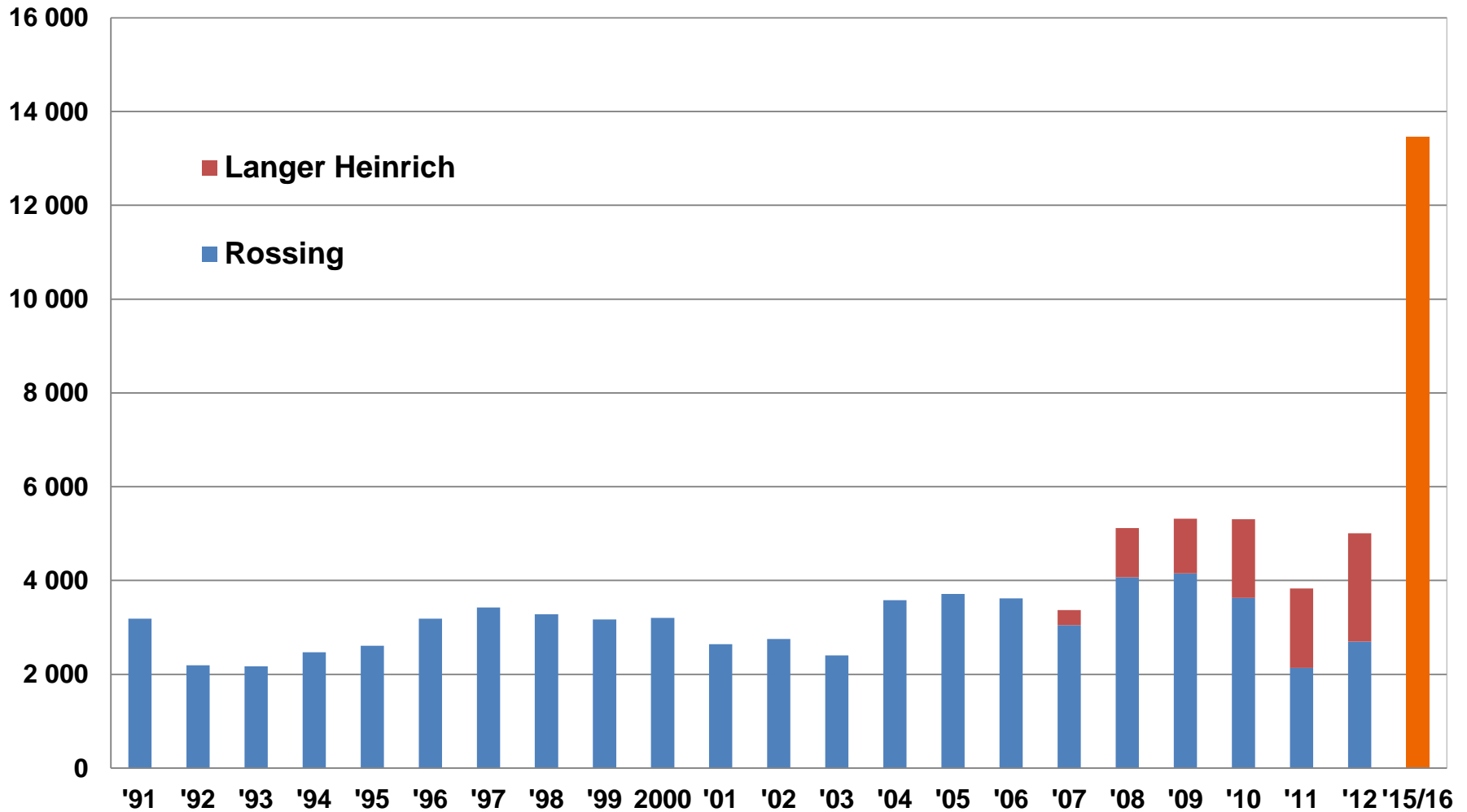


Source: Chamber of Mines Annual reports



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Uranium Production (Tonnes)

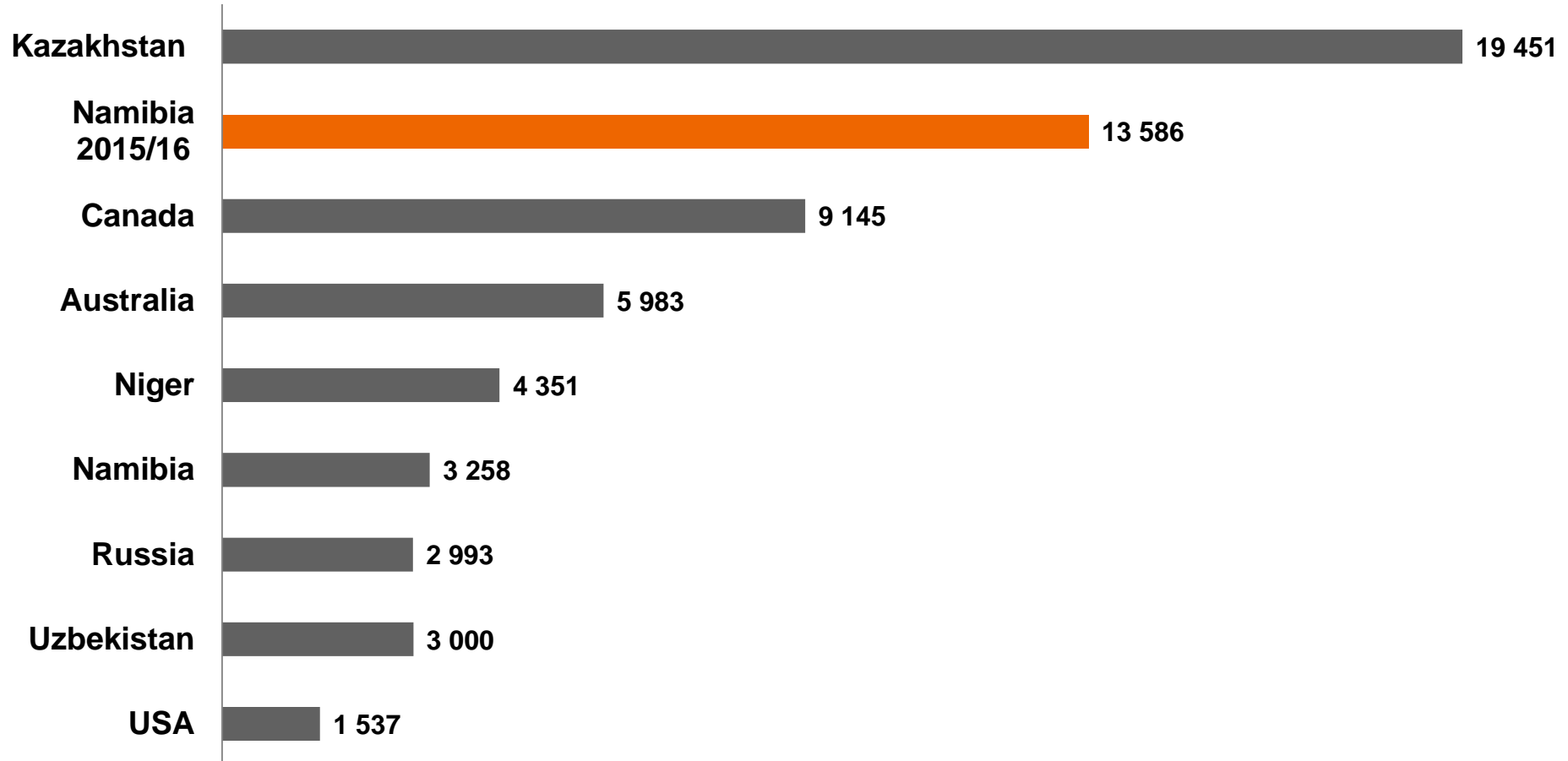


Source: Chamber of Mines Annual Reports



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Uranium producing countries for 2011 (tonnes)



Source: World Nuclear Association



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Outstanding Matters

- Export Levy: Export Levy Bill on way to Parliament, No response yet from MoF on Chamber submission wrt. Levy rates.

- Withholding tax: Minister of Finance announced plans to reduce rate from 25% to ?

- Training levy 1.5%:
 - Govt. Gazette 5171 of 11 April, 2013: Notice of intention to impose a levy, 30 days period for stakeholders to make submissions – until 10 May.
 - Next Govt. Gazette to announce imposition of Levy: 1st August 2013
 - Levy Implementation: 1st September 2013
 - 1st Levy Payment and levy return form by 20th October 2013



Outstanding Matters

- Tax regime for land based diamond mining : Needs revision to ensure sustainability
- Policy on strategic Minerals: Legislation still pending



Conclusions

- Despite safety challenges, uncertainty in the industry, depressed global economic markets (especially for uranium) and three years of stagnant growth, Namibia's mining industry is in full swing to recovery
- With the commencement of five new operations in Namibia (B2Gold, Husab Uranium, Tschudi, Zhonghe Resources, and Shiyela Iron) in the next two to three years, the benefits to the Namibian economy will be far greater than in previous years. - GROWING THE CAKE!!



Our Message – Enable us to Grow the Cake!



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