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THE PRESIDENT'S OVERVIEW

The single factor that directly influenced the performance of the Namibian mining industry during 2003, and indirectly affected the Namibian economy, was the weakness of the US Dollar and comparative strength of the Namibian Dollar coupled to the South African Rand. After adjusting to double-digit exchange rates over the last year or so, rates fell drastically throughout the year, influenced by the conflict in the Middle East, the outbreak of the SARS virus and poor performance of the US and Western world economies, to close in the region of 6,5.

Poor economic conditions, however, resulted in continued closure of a number of base metal operations and hold-back of supply, leading to a gradual draw-down of material stocks and a consequent improvement of commodity prices in the second half of the year, although only in US Dollar terms.
However, in such circumstance there is a swing towards the acquisition of more tangible, tradeable assets and this trend was evident in both the diamond and precious metals markets, resulting in a significant improvement in the US Dollar gold price.

As will be noted from the annexure on average metal prices, all commodity prices (with which Namibian operations are concerned), showed a significant increase during 2003, ranging from 6% for silver and zinc to the middle teens in the case of gold, uranium, lead and copper. However, if the prevailing exchange rates for 2002 and 2003 are applied, there is little if any improvement in Namibian Dollar terms between the two years.

The net result of the effect of the exchange rate and consequent reduction in local revenue was that, once again, Namibian producers had to contain costs whilst trying to improve conditions of service and skills development for employees, making provision for maintenance and replacement of plant and equipment and pursuing essential exploration and development projects.

Production levels at most Namibian operations showed an increase on those in the previous year.
Although Skorpion Zinc suffered a setback, due to faulty components, during the year under review, the operation is due to reach full capacity in the second quarter of 2004. The impressive increase in production (and productivity) at Rosh Pinah Zinc Corporation plus Skorpion's output resulted in a substantial increase in both zinc and lead production.
As noted elsewhere in this report, Ongopolo Mining and Processing's operations have now stabilised and smelter production, augmented by external feed supplies, improved drastically.
Salt, Namibia's largest bulk commodity, production increased in line with demand but exports were, to a certain extent, restricted owing to the limited availability of shipping caused by demand from China.
Diamond output was maintained at virtually the same level as in the previous year, despite the absence of any production from Namco (in liquidation). It is encouraging to note that Sakawe Mining is investing huge amounts into marine diamond exploration and mining operations, thus underlining the importance of Namibia's offshore resources.
Production of uranium oxide at Rossing Uranium was in line, as previously, with contractural obligations but the company may increase production during 2004 to take advantage of improved spot market conditions.
Okorusu Fluorspar recorded another impressive year and, having solved a number of technical problems, is now set to achieve greater levels in 2004.
In line with slightly lower reserve grades and the complexities of moving towards owner operations, production at Anglogold's Navachab operation was slightly below that of the previous year.

As noted above, Namibian operators are committed to preserving the future of the mining industry through long-term planning, adaptation and implementation of new technologies and investment into essential development and expansion programmes. Capital expenditures by Chamber members during 2003 was in the region of a staggering N$ 2270 million, of which just over half was spent on the onshore and marine diamond industry. In a survey carried out by the Chamber in August 2003, members reported having also committed to expenditures in the region of N$ 12,4 million for various training and skills development programmes for students and employees.

After a very poor three-year period, when ten fatalities were recorded and an average of 27,74 shifts lost per accident was reported, it is encouraging to note that the rate decreased significantly to 14,49 whilst, unfortunately, one fatality occurred. From the number of no-lost time incidents reported throughout the year, it is evident that the awareness of employees has also grown. This increased awareness is particularly evident at those operations using the “behaviour-based” safety systems. Particular emphasis has been placed on the training and promotion of Safety Representatives so that they are better equipped to carry out their very important duties.

Human resource development has been identified as a priority issue within the Namibian mining industry and, as noted above, companies are committed to such development. It has been said that the most valuable asset an operation has is its human capital. It is also accepted that, without the necessary level of skills and expertise operating in a conducive environment, a business cannot operate successfully. Thus, successful operations do not only rely on skills development and education of employees but also the development of a safe working environment coupled to a healthy workforce governed by sound labour practices. In this context Chamber members report that the existing cordial and positive relationship with the Mineworkers' Union of Namibia has been maintained and, in a number of cases, improved upon.

Although it was not possible to hold as many meetings of the Mining Cooperation Council as would have be liked, the meetings held were fruitful in terms of the degree of cooperation and commonality of purpose. It is hoped that this body can be utilised as a local forum for the development of the principles and programmes of the African Mining Partnership, the African mining sector's response to the New Partnership for Africa's Development (NEPAD) initiative.

With the development of the African Renaissance and (re)definition of corporate governance and social responsibilities, the way in which business is being conducted is changing rapidly and, amongst others, the mining industry has to adjust to these new "rules of the game" and the challenges they offer. The emergence of powerful NGOs concerned with, predominantly, environmental care and protection, community development pressure groups and economic empowerment for previously disadvantaged groups are all challenges for which sensible solutions will have to be found. Operators acknowledge that communication and dialogue are essential as is positive consultation with other stakeholders or affected parties and the active participation of stakeholders where appropriate.

It is a given fact that, despite sometimes adverse economic conditions, the mining industry is a creator of wealth. Chamber members are currently critically exploring avenues through which such wealth may be distributed in a fair and equitable manner to benefit the majority.
A number of options, or combination of options, are being examined including advancement, skills development and training, principles for procurement and employee participation, apart from following the South African empowerment model. In this complex exercise it is recognised that not all operations, by their very nature, can be treated equally but that the overall policy should endeavour to accommodate all operations, augmented by individual strategies where applicable.

Once again, the Namibian mining industry is beset by a myriad of challenges from various sources, some of which have been previously encountered and some of which are new. The industry has to equip itself with the necessary expertise and technologies to deal successfully with these challenges and turn them to advantage, seeing them as, in fact, opportunities to improve its performance.

With the cessation of formal hostilities and gradual but positive resurgence of western economies, the economic outlook for 2004 is far more settled. International stocks are generally low and, since the resumption of operations that were either closed or mothballed is a lengthy process, it is estimated that material demand will slightly outstrip supply. Thus indications are that commodity prices will, at worst, hold their own if not improve during 2004.

The industry has met many problems in its long history and has survived and there is thus no reason to believe that, with active participation and positive support from the relevant stakeholders, the industry will remain a major force in Namibia and continue to fulfil its obligation towards supporting the distribution of the wealth it creates to the benefit of the nation. .

CHAMBER MINING MEMBER EMPLOYMENT AND PRODUCTION STATISTICS

Company	Employees as At 31.12.2003	Product	2003	2002
Namdeb Diamond Corporation (Pty) Ltd	2953	Diamonds (carats)	807139	696914
De Beers Marine Namibia	546	Diamonds (carats)	602037	513053
Beach and marine Contractors		Diamonds (carats)	45580	65932
Namibian Minerals Corporation	-	Diamonds (carats)	In liquidation	235616
Sakawe Mining Corporation	18	Diamonds (carats)	In formation	-
Trans Hex Group Limited	107	Diamonds (carats)	Contracts	
Diamond Fields (Namibia) (Pty) Ltd	3	Diamonds (carats) (through Joint Venture operations)	16762	25401
Diaz Point Exploration (Pty) Ltd	45	Diamonds (carats)	9971	12683
Rossing Uranium Ltd	817	Uranium oxide (metric tons)	2401	2751
Ongopolo Mining & Processing Limited				
Ongopolo Processing	212	Blister copper	26306	17850
		Copper	16106	17567
		Silver	18,14	12,02
		Gold (kilograms)	127	165
		Refined arsenic trioxide	389	880
Kombat Mine	262	Copper concentrate	16701	23836
Otjihase Mine	366	Copper concentrate	35511	39125
		Pyrite concentrate	31786	3633
Tsumeb Operations	101	Copper concentrate	12657	1036
Anglogold Namibia (Pty) Ltd	146	Gold (kilograms)	2298	2650

Company	Employees as At 31.12.2003	Product	2003	2002
Rosh Pinah Zinc Corporation (Pty) Ltd	498	Zinc concentrate	107920	77587
		Zinc in concentrates	58352	41012
		Lead in concentrates	2147	1381
		Silver in concentrates	8,12	6,90
		Lead concentrate	31453	24140
		Lead in concentrates	16635	11809
		Zinc in concentrates	2148	1673
		Silver in concentrates	18,84	16,67
Skorpion Zinc (Pty) Ltd	598	SHG Zinc	47436	35
Okorusu Fluorspar (Pty) Ltd	197	Fluorspar concentrate	79349	81084
		Dry payable content	72542	73380
Walvis Bay Salt Refiners (Pty) Ltd	105	Coarse salt	567000	552000
Salt Company (Pty) Ltd	73	Coarse salt	84818	54729
		Fine salt	11099	9640
		Rock salt	11421	5631
		Table salt	9188	

(production figures in tonnes unless otherwise stated)

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1. LOCAL PRODUCTION

1.1 Diamonds

Total diamonds produced during 2003, at 1481489 carats, represented a decrease of 4,4% as compared to the 1549599 carats recovered during 2002. However, if the contribution of Namco in 2002 is subtracted, then diamond production in 2003 more accurately reflects an increase in output of 12,7% as compared to the adjusted 2002 figure.

Marine diamond production continues to dominate the statistics, amounting to an output of some 674350 carats during the year, or 45,5% of total diamonds produced. With the projected resumption of operations by both Samicor and Diamond Fields Namibia (see below) in 2004, marine production will further increase.

Output by Namdeb Diamond Corporation, at 1,45 million carats, showed a substantial increase, 14%, on the 1,276 million carats produced in 2002.
Onshore mining operations produced some 807139 carats, an increase of 15,8% on the previous year's production. However, production from mid-water and inshore (beach and shallow water) mining dropped significantly from 65932 carats in 2002 to 45580 carats for the year under review. In this area of operations Namdeb has continued its empowerment efforts through sub-contracting to previously disadvantaged small contractor groups.
Offshore (deep waters) production, through the contract operations of De Beers Marine Namibia, amounted to 602037 carats, an increase of some 18% as compared to the output of 513053 carats during 2002.

Despite the overall improvement in production, 2003 was an extremely difficult and challenging year, mainly in terms of the US Dollar exchange rate. In her Annual Review, the Namdeb Managing Director noted that some 60% of the expected diamond revenue account was eroded by the weakening of the US Dollar. A key success factor for Namdeb, in common with other companies, is the degree of certainty and stability applicable to its business. The volatility / fluctuations of exchange rates are of particular concern when applied to Namdeb's ageing land operations.

In order to maintain the profitability and sustainability of operations, management has identified five critical areas :

- increased production from both land and sea resources
- careful management of capital through acceleration of projects that have quick returns and seeking external finance for others
- reduction of operational working costs, through overhead optimisation
- harnessing employees' knowledge through a suggestion scheme
- elimination of diamond theft and illicit diamond trafficking

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Added to the above is the Corporation's commitment towards continued investment into technology to enable it to evaluate and mine previously uneconomic reserves.

In pursuit of the above, Namdeb has embarked upon an extensive capital investment programme aimed at expanding the life of the land-based mining operations. The most notable of these are the Elizabeth Bay Resource Extension Project at a cost of N$ 378 million and the Pocket Beaches Project at a cost of N$ 80 million.
Completion of the Elizabeth Bay Project, involving the upgrading of the existing treatment plant to a wet processing system, is scheduled for the middle of 2004. The system will enable the mine to extract a substantial resource of cemented and clay-based material that was not previously treatable and thus extend the life of the mine by a further ten years.
The Pocket Beaches Project involves the mining of a number of small bay deposits between prominent

rocky headlands. Although the deposits are small, they are interesting in terms of their carat profiles. It is intended to mine areas in stages, with possibly two such areas coming into production during 2004. The ore will be processed on-site via modular mobile units, whilst the final sorting will be carried out at Oranjemund. Power will be generated on-site, whilst the water required for operations will have to be trucked onto site.

Namdeb reports capital expenditures totalling N$ 593,5 million for the year under review, including N$ 438 million spent on the two above projects, N$ 31,6 on sampling and prospecting, N$ 93,4 million for research and development, and N$ 30 million on additional and replacement plant and equipment.
In the environmental field Namdeb reports that all operations within Diamond Area 1 retained their ISO 14001 certification.

During 2003 NamGem Diamond Manufacturing Company marked its five-year anniversary with a visit by The Minister for Mines and Energy, Dr Nickey Iyambo.

30,000 polished stones were exported throughout the year, during which the transfer of skills and delegation of responsibility to Namibians was perpetuated. NamGem also diversified its output by producing fancy cuts and continued to be recognised in global trading centres for the quality of its workmanship, resulting in regular sales both internationally and locally.

In common with other sectors reported on, the impact of the strengthening exchange rate increased local costs and devalued stock. However, the continued increase in rough prices compared to relatively flat polished prices ensured that this sector of the diamond pipeline remained under extreme pressure throughout the year.

India remains the world's centre for diamond manufacturing due primarily to costs. With increased market share being afforded to China, together with manufacturers following DTC Supplier of Choice initiatives and marketing more aggressively down stream, it was recognised that changes to NamGem's business plan were required.

Accordingly, the Board of NamGem initiated an audit of operations during 2003, which concluded that there was a need for financial restructuring and placement of NamGem's production in premium marketing programmes. Consequently an in-depth study was conducted to appoint an appropriate partner and ensure a sustainable future for both the company and its employees. Following proposals from several of the world's leading diamond companies, Lazare Kaplan International (LKI), was appointed as a Technical and Marketing partner for a two year period beginning January 2004, with Namdeb retaining shareholder status. LKI is a DTC sightholder that has a strong reputation for quality workmanship and will, through its global outlets plan, integrate NamGem production into existing marketing programmes. The agreement provides capital to employ the latest technology and access to experienced human resources to upgrade and introduce new skills into the factory.

Given favourable market and economic conditions in 2004 and commitment from all stakeholders to further increase the quality and quantity of output, a sustainable future can be secured, thus creating an environment in which further initiatives can be undertaken and employment opportunities provided.

During 2003 the transfer of the remaining divisions (security services, materials management and information technology) of Debmarine to De Beers Marine Namibia (DBMN) in Windhoek was completed.

The company augmented its technological base in the middle of 2003 by purchasing the Mark II seabed crawler unit from the UK subsidiary of Namco, located on the *mv ya Toivo*, and has chartered the vessel for mining operations. In addition, the *mv !Gariep* was converted from a crawler system to a drilling vessel. The acquisition of these two vessels has, in effect, meant an expansion in operation of over 40% and an increase of some 200 persons.
Apart from the capital expended on the above developments, DBMN spent just over N$ 100 million on

further exploration work to delineate future mining areas.

As noted in last year's Annual Report, the Namibian Minerals Corporation (Namco) and its subsidiaries were placed into liquidation at the end of 2002. In April 2003 investment from the controlling shareholder, the Leviev Group, through LL Mining, resulted in the establishment of a new company Sakawe Mining Corporation (Samicor). In July 2003, Samicor purchased Namco and Island Diamonds thus acquiring some 13 Mining Licences and 23 EPLs. Samicor stated that its objective was to carry out a 30-month exploration programme to generate a reserve of some 1,2 million carats for a mining rate of 150000 carats per annum.

During July 2003 the company purchased the *Namibian Gem* (re-named *mv Sakawe Miner*) and chartered the *mv Kovambo.* Whilst major repairs and modifications commenced on these two vessels, Samicor also chartered the *mv Sea Span* (re-named *mv Sakawe Explorer*) and purchased advanced sampling equipment for its operation. In November 2003, the fleet was completed by the purchase of *mv Sakawe Surveyor* (previously the *mv Nora Java*) together with the requisite geophysical exploration equipment. In December sophisticated new airlift equipment was purchased for the mining vessels and modifications and repairs commenced on all vessels. The company hopes to start operations in the second quarter of 2004.

Besides an expenditure commitment of some US $ 29,28 million on the purchase and outfitting of the operation's fleet, Samicor estimates that it will spend some 16,93 million on survey and sampling operations over the period 2004 to 2006. In addition some N$ 6,5 million has been spent on the purchase and renovations of the head office and processing facility complex in Windhoek. It is planned to equip the factory premises with state-of-the-art cutting and polishing tools to eventually employ up to 500 persons.

Mining operations in the Marshall Forks licence area in Luderitz Bay, held by Diamond Fields International, were conducted by the mining contractor, Gemfarm, from January to March 2003. However, operations were suspended between April and September as Gemfarm sold the mining vessel to a South African empowerment company, Lazig. In addition to the sale transaction, the vessel had to be re-registered to the South African flag. Whilst these transactions were being completed the opportunity was taken to overhaul the vessel. From October to the end of the year mining operations continued under Lazig, with Gemfarm as the vessel manager.

In spite of the six months inaction, the operation produced some 16762 carats as compared to 25401 carats the previous year.
Unfortunately, as a result of cost escalations due to the strong Rand / Namibian Dollar, mining operations have now been suspended as being non-viable. Every effort is being made to re-address the situation, so as to resume production.

In the meanwhile Diamond Fields Namibia is investigating the possibility of using (empowerment) sub-contractors on some of the company's shallow water areas.
Diamond Fields Namibia has entered into a Joint Venture with Samicor for six months mining as from June 2004.

During 2003 Trans Hex Namibia Marine operated solely as a service provider for other companies in the offshore diamond industry in Namibia. Two airlift mining vessels, the *mv Namakwa* and *mv Ivan Prinsep*, were in operation and both vessels passed their first audit with respect to International Safety Management (ISM) accreditation.

From the start of the year to the end of November, the *mv Namakwa* was under a charter to Debmarine Namibia in the mid-shelf areas on two of Namdeb's Mining Licences. At the end of November the vessel started operations for Samicor in the Island Diamond concession areas.

The *mv Ivan Princep* was used primarily on sampling for Hoanib Diamonds, Debmarine Namibia and Tidal Diamonds.

Both vessels will now operate under an initial six-month contract (renewable) for Samicor.

The first Recognition and Procedural Agreement between Trans Hex Namibia and the Mineworkers Union of Namibia was signed at the end of 2002. This has been followed by a Wage Negotiations Protocol, which was implemented as of 31st October 2003.

Production at Diaz Point Exploration was somewhat lower, at 9971 carats, than that produced the previous year (12683 carats).
During the year under review a 30tph DMS plant, the first installed by a Namdeb contractor, was purchased, together with a 60 tph wet screen. This equipment is well suited to sites where water supply is a problem, in that some +80% of the feed water is recycled.
The company also established a second prospecting unit in the Bogenfels area, having undertaken the necessary environmental assessments.

1.2 Uranium

Production during 2003 at Rossing Uranium, Namibia's only operator, amounted to 2401 metric tonnes of uranium oxide, a decrease of 350 tonnes (12 %) on that produced in the previous year. Rossing continues to operate below design capacity but, as the market price rises amid projected shortage of uranium, the operation will be positioned to take advantage of higher priced unfulfilled demand. It is, therefore, expected that production will be about 27% higher during 2004.

Construction of an overland conveyor for the purpose of replacing the tailings pumping system commenced late 2002 and was completed in April 2003. The conveyor will carry dewatered sands from the plant to the top of the tailings disposal area where the sand will be re-pulped with thickener slimes and then pumped to the designated paddy for disposal.

Due to the strengthening of the Rand, and thus Namibian Dollar, new cost-saving measures were introduced during the last quarter of the year under review. These measures included a critical review of overtime worked, plus an evaluation of all contract work. However, there are no plans to reduce the workforce but to contain and optimise the use of existing skills. Of particular concern is the escalating price of imported sulphuric acid, which is currently in short supply worldwide. Since this essential commodity is paid for in US $ terms the effect of the strengthening of the Rand is, indeed, a significant factor in Rossing's operating costs. At the same time shipping costs have also increased dramatically, placing a further burden on cost containment. With the resumption of pyrite production at Ongopolo's Otjihase operation, there may well be serious consideration given to restarting the acid plant.

A life of mine extension feasibility study was conducted throughout 2003. The study's focus is on expanding the current pit shell to access sufficient ore reserves to extend the life of the mine until 2017. Planning includes the upgrading of the crushing plant, replacement of the solid / liquid separation equipment (roto-scoops) with horizontal belt filters and increasing the open pit mining fleet to accommodate pit shell expansion and increase material volume. The study has now been completed and will be presented for investment approval when economic conditions are suitable.

During the year capital expenditure of some N$ 35,2 million was incurred. N$ 21 million was spent on the completion of the sands conveyor, N$ 12,9 on vehicle additions and replacements and N$ 1,3 million on other equipment purchases.

In line with other cost benefit evaluations, it has been decided to concentrate the activities of the Rossing Foundation on two main regions, the North (primarily funded by external sources) based at Ondangwa and the Erongo region. Activities in the Erongo region will be centred on developing the future sustainability of the Arandis community.

1.3 Copper

The 2003 calendar year was a watershed for Ongopolo Mining and Processing where the production processes and cost structures were tested to the limit. The reversal in exchange rate between the Namibian and US Dollar had a major impact on the company's profitability. However, the improvement in the copper price towards the end of the year contributed to an increase in revenue.
The forecast for 2004 is, however, positive, based on sound market fundamentals.

Production at the Kombat Mine decreased from an output of 23836 tonnes of concentrate in 2002 to 16701 tonnes during 2003. The year saw a period of re-consolidation of the mining operation with a number of outstanding issues being addressed.
Progress with the Asis Far West exploration shaft has been very satisfactory, with the shaft reaching a vertical depth of 412 metres below surface at the end of the year. The shaft system is now 60% complete and should be fully equipped and operational by the end of 2004.
The settlement of Kombat itself is scheduled to be proclaimed as an urban settlement during March 2004.

At the Otjihase Mine the exploration drilling programme was completed and production from this resource is expected to start in February next year. A small opencast operation has also been commenced to augment production. Otjihase's production was stabilised during the year under review at around 35500 tonnes of concentrate. In addition, some 31786 tonnes of pyrite concentrate was produced. There is a possibility that this product could be used at Rossing if current acid costs escalate further.

The first phase of mining at the Tschudi Mine, which comprises the pyrometallurgical process, was completed during 2003. As expected the recovery rates were low. Laboratory testing for the hydrometallurgical process was completed by Indec Engineering in Chile and proved to be highly successful. Column testwork is currently in progress to simulate the future heap leaching process. This testwork is expected to be completed towards mid-2004, whereafter a feasibility study will be completed to establish the viability of a new processing plant.

During 2003 the establishment of the new Tsumeb West Mine was completed as a replacement for the Khusib Springs Mine, where exploration is still continuing. Operations have proceeded apace, with some 12657 tonnes of concentrate having been produced in the year. The Mine has a conservative life span of some fifteen years.

Operations at the smelter complex resulted in an increase of some 47% in blister copper produced to 26306 tonnes, containing 16106 tonnes of metal plus 18 tonnes of silver and 127 kilograms of gold. It is planned to gradually refurbish the whole smelter complex and, hopefully, re-establish the lead treatment / refinery operation.
The smelter complex is currently treating copper concentrates from the DRC, Zimbabwe, South Africa and Zambia. In this context, the completion of the main road bridge (due to be opened in May 2004) at Katima Mulilo, on the Trans-Caprivi Highway has tremendous potential for augmenting supplies of concentrate material. In addition there may well be potential for considering the viability of establishing a custom refinery, based on the rapid transport of product from neighbouring States. Negotiations are, in fact, well developed to start joint mining ventures with Central African partners to mine and process copper bearing minerals.

Refurbishment of the Tsumeb concentrator was completed during the year and the plant is now fully operational and supports all mining activities in the Tsumeb area.

As previously reported, work on the exciting zinc / germanium project is progressing well, with the feasibility study scheduled to be completed by the end of 2004.
Ongopolo, together with local entrepreneurs and a German company are also investigating the potential of re-processing the old tailings dams around Tsumeb and Kombat.

1.4 Zinc

Rosh Pinah Zinc Corporation increased the overall level of production by close to 44% during the year under review to combat the poor economic climate prevailing at the start of 2003. Total productivity increased by some 54% over the same period.
The volume of zinc concentrates showed an increase of some 39% to 107920 tonnes, as compared to 77587 tonnes produced in 2002. The zinc concentrate grade also showed an improvement from just under 53% in 2002 to 54,07% in 2003. Zinc metal contained in concentrates amounted to 58352 tonnes as compared to the 41012 tonnes shipped during the previous year, an increase of some 42%. Zinc concentrates shipped also contained appreciable amounts of lead, at 1,99% (1,78%), and silver running at 75,27 g/t (88,84 g/t). (Figures in brackets refer to 2002.)

Whilst the increased production rates garnered additional revenue and decreased the overall unit cost of production, a problem has developed with product transport. Despite an increase of 24% in dispatch levels, such an increase could not match the increased production rate of the mine. The company is thus investigating several options, over the short and medium term, to solve this logistical problem.

As the mine production rate increased it soon became apparent that the rate which additional ore reserves were being generated would not keep pace with the rate at which reserves would be extracted. Accordingly, the prospecting and drilling programmes were accelerated, with an amount of N$ 8,72 million being spent during the year.

An additional capital amount of some N$ 11,9 million was expended on one underground fleet replacement unit (N$ 3,43 million) and N$ 5,13 million on upgrading the plant, etc to ensure that the planned increase in production would be achieved.
Safety has always been a priority issue at Rosh Pinah, as demonstrated by its safety statistics, and an additional amount of N$ 286000 was spent on SHE related items during the year under review.

In addition to pure safety issues, Rosh Pinah is concerned at the overall well-being of its employees. The housing (extensions and up-grading) programme continued throughout the year, attracting an investment of just over N$ 3 million. The joint venture company, Roshkor, continues to play a major role in the development of the Rosh Pinah settlement, despite the fact that the settlement has not yet been proclaimed.

As noted earlier transport, both in terms of export of products and imports of supplies, is posing a problem. The existing gravel road from Rosh Pinah to Aus is acknowledged to be a major safety risk as far as the dusty conditions are concerned. It is, therefore, pleasing to note that the necessary equipment to start the tar surfacing of the road is now on site and operations should begin in March 2004. The whole project, in two stages, is scheduled to take some 27 months, i.e. completion forecast for mid-2006.

2003 was a very special year for the minerals industry in Namibia when the first zinc metal was produced by Skorpion Zinc in May 2003.
The ramp-up programme to design capacity proceeded smoothly until late June when the plant was subject to significant failures of pumps, pipes and valves. The reasons for the failures have been attributed to the construction materials used and quality of construction, whilst mechanical damage incurred during the installation and commissioning was also a significant contributor. A revised ramp-up programme was developed, linked to a major project to replace critical components after a lengthy period for certain valves. At the end of 2003 Skorpion Zinc had achieved 75% of design capacity and consequently the ramp-up programme will extend to March 2004.
Commissioning of certain circuits continued throughout the year. Of significance is the fact that the process is extremely robust and has endured abuse during commissioning without diminishing the consistency of the quality of SHG Zinc produced.

Despite the above problems, Skorpion Zinc produced 47436 tonnes of Special High Grade Zinc in 2003, all of which was exported through the Port of Luderitz. As a corollary to this volume of exports, some 30000 tonnes of sulphur prills were imported through Luderitz and transported back to Skorpion.

During the year under review some N$ 666,5 million was expended on capital works thus bringing the total Project Capital expenditure to N$ 3569,624 million.

Skorpion Zinc achieved a phased ISO 14001 accreditation during the year, with Mining and associated services achieving this in July and the Refinery and Luderitz Warehouse being similarly accredited in November 2003.

In addition to treatment of “run of mine” ore, various projects were initiated to investigate the treatment of low and marginal grade stockpiles.

1.5 Lead

As noted in the section above, the total output of Rosh Pinah Zinc Corporation increased dramatically during 2003. Production of lead concentrates increased in volume by some 30% to 31453 tonnes as compared to 2002’s production of 24140 tonnes. Lead concentrate grade was improved by about 8% from the previous recoveries around the 49% level to 52,89% in 2003. This resulted in an excess of contained metal amounting to 4826 tonnes (+41%) being produced as compared to the previous year.
However, there was little change in the zinc concentrate grade of 6,83% (6,93%) and contained silver at 599,08 g/t (690,6 g/t). (Figures in brackets refer to 2002.)

There was no lead production at Ongopolo operations during 2003 but it is planned to conduct an evaluation of the processing plant during the early part of 2004, with a view to re-opening under a possible joint venture.

Rosh Pinah’s lead concentrates continue to be sold through trader tenders for overseas shipments through the Port of Walvis Bay. However, with the proposed review of the Ongopolo facility, the situation may change.

1.6 Gold

Total gold production in the country, at 2425 kg, declined by some 14% from the 2815 kg produced in 2002.

Ongopolo Processing produced some 127 kg, contained in the blister copper product, as compared to 165 kg the previous year.

A slightly reduced head grade resulted in some 2298 kg being produced at Navachab Mine during the year, a decrease of 13,5%, as compared to the 2650 kg produced in 2002. In addition, the mine noted a significant reduction in the price (in Namibian dollar terms) received for gold, due to the strength of the Namibian Dollar / SA Rand against the US Dollar.

As reported in the previous Annual Report, approval was given, towards the end of 2002, for a re-investigation into the viability of the phased pit expansion project, taking into account the results of the extensive drilling programme and improved geological information which had increased the reserves. An amount of some N$ 15,4 million was spent on this extensive feasibility study.

As part of the investigation, various options regarding the continuation of contract mining or a conversion to owner mining needed to be evaluated. The actual mining operation at Navachab Mine has been carried out through a mining contractor, KMCC, which has been on site since the start of production in 1989. The original decision to employ a mining contractor was mainly due to the then expected relatively short lifespan of the mine. However, with the Eastern Pushback Project scheduled to extend the life of the mine from 2005 to at least 2013 (with a further possible extension to 2020), and more than triple the amount of gold produced to some 660000 ounces, the option for owner operation proved to be more feasible. Tenders for contract mining were issued at the beginning of the year and evaluated in mid-2003. At this time the company decided that the preferred option would be to owner operate and thus gave notice to the existing contracting company. The company has, however, been retained to supply ore from existing stockpiles to the concentrator plant until mid-2004.

Accordingly, Navachab then called for tenders for the supply of new mining equipment to carry out the operation. The cost of this equipment and expanded facilities is estimated to be in the region of US $ 100 million. Although the mining contractor, KMCC, had to give notice to its employees, most of the workforce will resume employment with Navachab itself, which will require an additional complement of approximately 120 persons.

As briefly noted above, mining operations are expected to re-start in mid-2004 with a significant increase in production scheduled for 2005

1.7 Silver

Some 18,146 mt of silver, contained in blister copper, were produced at Ongopolo Processing during the year, a substantial increase of 51%, as compared to 12,02 mt produced the previous year.

Silver in lead concentrates (at the enhanced production rates), produced by Rosh Pinah Zinc Corporation, amounted to some 18,84 metric tonnes in 2003 as compared to 16,67 mt in 2002. An additional 8,12 metric tonnes of silver was contained in the zinc concentrates produced during the year.

1.8 Fluorspar

Production of Acid Grade CaF_2 concentrate in 2003 was, at 79349 tonnes, slightly lower than the 81084 tonnes achieved in 2002.
However, the quantity of Acid Grade shipped to Europe decreased from 90216 tonnes in 2002 to 76987 tonnes, reflecting a change in stockholding in Namibia. Twelve shipments were dispatched to Solvay's plants at Porto Maghera (Italy) and Bad Wimpfen (Germany).

Difficulties were experienced in achieving targeted mineral recoveries owing to limonitic contamination of the ore from A pit. However, by November 2003, research and development work both on the mine and in Germany produced a solution to the separation problems, resulting in production in November and December showing an improvement of an average of 2000 tonnes per month. This metallurgical breakthrough has resulted in a targeted increase in production of 25% for the 2004 year. Production is thus scheduled to reach 100000 tonnes for the year, placing Okorusu Mine in the league of the world's largest Acid Grade fluorspar producers.

The extensive orebody definition exploration programme on the A and C orebodies was completed towards the end of 2002. Revised economic shells, based on the results of this drilling programme, were produced for both pits during 2003. Additional drilling was necessary to complete the ore reserve model for the B orebody. A life of mine plan, utilising the information and ore reserves derived from the exploration programme, has now been completed.

As reported previously, mining of the B orebody has been restricted to the small area owned by Okorusu itself. Access to the adjacent area, despite falling within the company’s Mining Licence, has not been possible until a fair compensation agreement with the landowner has been concluded. The Ancillary Rights Commission has assisted Okorusu in obtaining an interim agreement to access the area. However, a permanent solution to the issue has not yet been reached, which places the future of the operation in jeopardy.

Okorusu’s investment programme continued throughout 2003 with some N$ 7,3 million being spent on both new equipment as well as replacement and renewals.

During 2003 Okorusu expended some N$ 2,42 million on exploration, with a significant amount being invested in the exploration of the Omburo deposit, near Omaruru. Initial indications are that the ore reserves are insufficient to support a viable operation. However, other prospecting licences have been acquired and off-site exploration for new deposits will continue during 2004.

Okorusu continues to fulfil its role as primary sponsor of the Chamber Occupational Health Education and Awareness Programme, primarily in the field of HIV / AIDS prevention programmes. The Okorusu Health Clinic continues to enjoy enormous support from both on-mine personnel and the local farming communities.
The company, as part of its social responsibility programme, has continued to target the improvement of the standards of primary education (particularly in the immediate Otjiwarongo region) as a priority issue.

1.9 Salt

Coarse salt production for 2002 by the two Chamber member companies, Salt Company and Walvis Bay Salt Refiners, amounted to 622000 tonnes, an increase of some 11,4 % on the 558441 tonnes produced in the year 2002.

Production at Salt Company's operations showed a significant increase on that of the previous year. Production of coarse salt was 84818 tonnes, 55% higher than in 2002, with some 60% of this being exported to the DRC, Zambia and Angola. 58% of all fine salt produced, some 11099 tonnes, was also exported, the major customers being Zambia and South Africa. Production of rock salt increased dramatically by 103%, to 11421 tonnes of which the vast majority (71%) was exported to Lesotho, Botswana and South Africa. Table salt sales, at some 9188 tonnes, were mainly directed at local markets, although some external sales, amounting to 1156 tonnes, were made to Zambia, Angola and South Africa. The completion of the road bridge on the Trans-Caprivi Highway will, hopefully, open up further export potential for the company.

Production of coarse salt by Walvis Bay Salt Refiners was maintained at virtually the same (+2,7%) level, at 567000 tonnes, as that achieved in the previous year (552000 tonnes).

As regards salt sales, the company reports that sales to West Africa and the Arabian Gulf were lower than forecast. The main reason behind this situation was that there was a shortage of available bulk carriers, resultant from the shipping needs to China.
Sales to the South African chemical industry remained constant, however, as did sales of bagged salt to West Africa.

Although not a Chamber member, Cape Cross Salt increased production and sales during 2003. The company produced some 13308 tonnes of coarse salt, as compared to 7323 tonnes the previous year and marginally improved sales of rock salt from 836 tonnes in 2002 to 1080 tonnes in the year under review. The company reports that funding was secured from the African Development Fund which was utilised on the purchase of two road transport units and the construction of on-site facilities.

2. MINERAL MARKETS

2.1 Diamonds

The better than expected Christmas season at the end of 2002 created strong re-stocking demand from sightholders and the trade. The momentum this generated enabled further reductions to be made to DTC's stocks and, as a result, DTC is now operating at working stock levels.

A key factor in reducing the volatility of DTC rough sales is the strengthening of sightholders' distribution, channelling their diamonds into marketing orientated consumer focussed programmes. Sightholders continued to develop their marketing activities to a point where DTC is now aware of over 250 marketing initiatives in which its clients are involved. In 2003, DTC estimates that a third of its sales went into these type of activities.

2003, overall, was a good year for the diamond industry with further encouraging growth in retail sales of diamond jewellery. In spite of the war in the Middle East and the SARS virus impacting negatively on the global economy and consumer confidence, diamond jewellery sales during the first half of the year were comparable to that of 2002. Strong growth in sales was reported during the third and fourth quarters of the year as the world economy and consumer confidence rebounded.
The USA, which accounts for over 50% of world diamond jewellery sales was particularly strong in the second half of the year, as were India, China and the UK. Of particular significance was the fact that Japan reported growth for the first time in a number of years.

The "ITO" (Intention to Offer) is now firmly established as a means of creating far greater supply visibility for clients, enabling them to make sales commitments with greater confidence and facilitating their business planning.
In January 2003 a Letter of Comfort was received from the European Commission confirming its satisfaction that "Supplier of Choice" is a pro-competitive strategy. This announcement signalled the start of the process that led to the announcement of a new DTC client list, some 20% shorter than previously. The sightholder list decision was an emotive one that generated a great deal of comment and discussion in the diamond cutting centres, particularly in America, Belgium and Israel where the number of sightholders had been reduced. Despite this, new sightholders were also created in each of these cutting centres, with the overall list containing a broad range of business models.

During the year under review global sales were some 7,1% higher, at US $ 5,52 billion, than those for 2002, illustrating that the diamond industry continues to perform well against its competitors in the luxury goods sector. In this context it is interesting to note that, in addition to the DTC's $ 180 million marketing budget, the "Trade" invested an estimated $ 273 million in incremental quality diamond jewellery advertising over the 2000 benchmark. The development of lines of diamond jewellery by a number of leading brands has made a noteworthy contribution to this total, supporting DTC's view that the consumer focus of "Supplier of Choice" is contributing to the industry's improved performance at the retail level.

Sales through DTC and CSO (in millions US $) for the last seven years are as follows :

Year	Total	% Change
1996	4834	
1997	4640	(4,01)
1998	3345	(27,91)
1999	5240	56,65
2000	5670	8,21
2001	4454	(21,45)
2002	5154	15,72
2003	5520	7,10

In addition to normal marketing activities and support for further investment by the “Trade” into marketing and branding, in 2004 the DTC will focus significant effort and resources on promoting the values of natural, untreated diamonds. As the threat from non-disclosure of synthetics and treated stones grows, maintaining consumer confidence in those intrinsic emotional values embodied in natural diamonds will be crucial to the future success of the industry.

2.2 Uranium

Prices were relatively flat during the early part of 2003 but rose rapidly in the latter half of the year. Average reported spot and long-term prices, in US $ / lb, at the end of each quarter are as follows :

	Quarter	Spot	Long Term
2002	4	10.20	10.75
2003	1	10.10	10.75
"	2	10.90	11.75
"	3	12.20	12.00
"	4	14.50	15.50

The volume of spot material for 2003 was 21,5 million pounds, an increase of some 11,86 % on the 18,95 million pounds recorded in the previous year.

Correspondingly the volume of long-term sales for 2003 was 33,3 million pounds, a decrease of some 7,8 % on the 36,1 million pounds reported in 2002.

A number of significant disruptions to primary supply occurred during the year under review. The MacArthur Mine in Canada was flooded, halting production for several weeks. Olympic Dam in Australia ultimately brought their rebuilt SX plant on-line but suffered another outage with an acid plant disruption late in the year.

Secondary supplies of uranium continued to cloud the market but, by adding uncertainty to the supply, the flow of HEU-LEU material from Russia has been disrupted through a contract dispute between TENEX and GNSS.

As predicted in last year's Report, by mid 2003 all seventeen of TEPCO's (Tokyo Electrical Power Company) reactors were off-line for extensive safety inspections. By the end of the year eleven of the reactors were still off-line. It is now presumed that all seventeen reactors will be on-line by the fourth quarter of 2004.

In the United States nuclear power operators continue a trend of up-rating reactors and releasing reactors for extended lives.
France reported, at the end of 2003, that nuclear generated electricity was the least expensive option, better than gas, thermal or coal. There is thus a distinct possibility that expansion will take place in that country.
The booming Chinese economy has necessitated the construction of additional reactors, constituting the largest nuclear power-plant building programme in the world.

There is, consequently, a large degree of uncertainty in the market regarding future security of primary production. Uranium market fundamentals are currently positioned to allow for the strengthening of the price to continue through 2004.

Despite the above, the future of Rossing also remains uncertain. The price of U_3O_8 on the global market increased by some 37% during 2003. However, the price of U_3O_8 is US Dollar based and, given the effects of the Rand strength during the same period, the net effect of the price in Namibian Dollar terms was a massive decrease of 14%.

The proposed expansion of Rossing, leading to an additional 12 to 17 years of operation, has been placed on hold. The ultimate decision must be made during the second half of 2004 and will depend on the market price, foreign exchange rate and Rossing's ability to drive the cost of production down.

2.3 Copper

Copper started the year at a three-month price of US $ 1562 per tonne. Investment fund buying, allied to US Dollar weakness and gains in equities, fuelled a rapid increase during January to a peak of $ 1734. Potential strikes at Norilsk and Grupo Mexico also added support to prices. However, falling equities, spooked by unfolding events in Iraq and weak US economic data, meant that prices stagnated somewhat for the rest of the quarter, falling back to a three-month price of $ 1608 by the end of March.

It may have been expected that the end of hostilities in Iraq would have signalled an increase in prices but the emergence of the SARS virus seemed to negate any advances and the metal traded in a narrow range between $ 1580 and $ 1635 during April and most of May. However, currency-related and technical fund buying propelled the copper price $ 100 higher by the end of May. Speculation that BHP Billiton would re-open idle capacity at Tintaya resulted in the copper price for the second quarter ending at $ 1654.

The third quarter of the year opened with a price rally. In the absence of fresh fundamental news, a combination of positive economic data from both Japan and the US, stronger equity markets on the back of brighter prospects for the US economy, plus technical tightness, were responsible for supporting prices. Although the summer months are traditionally quiet and prices usually tend to drift, copper performed well and finished the quarter at $ 1757.

Analysts cite that the above increases are probably as a result of a 4,5% year-on-year increase in refined copper consumption coupled to a 2% decline in production. This has resulted in the world refined copper market being in a deficit of 271000 tonnes over the last twelve months as compared to a surplus of some 219000 t during the previous corresponding period. These figures were backed up by the World Bureau of Metal Statistics' figures showing an increase of imports during the first half of 2003 by China of 10,9%, Japan 7,6% and South Korea 2,7%. Consensus of opinion was then that there should be a significant price increase during the latter part of the year.

On the strength of Far East buying, a weaker US Dollar and an investment community that remained very friendly towards the commodity sector, copper staged a strong rally during the fourth quarter. Optimism that the US economy was recovering added to the positive sentiment, with the price closing the year at a six-year high of US $ 2300 per tonne.

Global demand for copper is now at an all time high and continued escalating consumption by the Far East, in particular China, would indicate that the metal's price will rise during 2004.

However, the virtually unprecedented rise in prices has meant that a number of previously idle operations may be brought back into production. Recent announcements of such action include Tintaya (Peru), Butte (USA), the Kovohuty Kromachy smelter (Slovakia), Pasar (Phillipines) and KGHM (Poland). Return to full production capacity by Phelps-Dodge, Escondida and Codelco may well add a further 2,2 million tonnes of product to the world market between 2004 and 2005.

Most commentators, however, agree that the return to positive growth on the production side will somewhat lag against established and projected demand, with the result that a Western World deficit of some 265000 tonnes and 155000t is forecast for 2004 and 2005 respectively.
Accordingly, analysts are predicting that the copper price for 2004 should remain in the US $ 2300 to $ 2400 range.

2.4 Lead

Having started the year at a three-month price of US $ 467 per tonne, the price remained fairly static throughout the first quarter to finish at $ 451 at the end of March. The tensions in the Arabian Gulf and Middle East tended to offset any bullish investment fund buying and US economic data.

By late April the bulk of the near 15% gains of the first six weeks of the year had been eroded and cash prices had come within $ 30 per tonne of the 30-month low experienced during the middle of 2002. Towards the end of the second quarter, however, prices improved slightly on the back of further supply disruptions, the weaker US Dollar and, thus, related fund buying, to close at US $ 480 per tonne.

Prices during the second half of the year increased substantially, as yet more production closures were announced, allied to worldwide equity market gains on the back of more encouraging economic data. At the close of the year, the three-month lead price stood at US $ 725 per tonne.

As briefly noted above, the main feature of 2003 was the number of production / supply closures. The year saw a big shake-out of capacity with shut-downs including Doerun's Glover lead smelter in the USA, Glencore's Porto Vesme lead and zinc smelter in Italy, Xstrata's lead and zinc plant in the UK and Metaleurop's lead smelter in France. These closures have taken approximately 500000 tonnes (mainly refined) lead out of the market. Analysts estimate that Western mine production has probably slipped again in 2003, bringing the slump in primary production since 1999 to around 11-12%.

However, commentators also estimate that Western consumption contracted by a further 0,5 – 1% in 2003, bringing the decline since 2000 to around 6%. The gentle but prolonged downturn reflected, on the one hand, the stability of the main use, replacement SLI batteries, and, on the other, the weakness of most other sectors, notably industrial batteries.

As with most other metals, China has had a significant effect on supply, demand and, thus prices. To date, the decline in primary production in the West has been offset by very strong growth in China. However, internal consumption in that country has also increased, resulting in significant reductions in net exports on a year-on-year basis. In addition, the domestic Chinese price for lead is normally higher than the LME price. A number of commentators forecast that China is fast ceasing to be a net exporter of lead units (as is the case with the former East Bloc as a whole).

However, on the demand side the Western world did record a positive (2%) growth during 2003. It is forecast that this trend will continue through 2004, as business conditions improve in line with the strengthening global economy. It is forecast that 2003's Western world deficit of 92000 tonnes will fall to around 20000 tonnes in 2004 and find a balance in 2005. The implication for prices is that the current rising trend will continue and an average three-month price of between US $ 740 and $ 800 per tonne is forecast for 2004.

2.5 Zinc

After crashing to a 20-year low in 2002 (at US $ 732,50 per tonne), the mean cash price recovered by just 2% in the first quarter of 2003. In late April the price touched a low of 33,6 cents per lb ($ 741 / t), which was only $ 20 above the trough of August 2002.
However, with speculative interest in base metals in general increasing significantly during the last quarter (driven by continuing robust demand from China, brighter prospects elsewhere and the weakening US Dollar), the zinc price improved markedly. The price moved up strongly, peaking on the last day of the year at 45,7 c/lb (US $ 1008 per tonne), the highest since March 2001.
But the legacy of an extended period of extremely low prices coupled to long-lived expectations, at least until the latter part of the year, that zinc's fundamentals would remain the weakest of the LME metals, meant that its 2003 average price increased by only 6% over that of the previous year. This was significantly less that the performance of other base metals. Moreover, the strengthening of the South African / Namibian currencies against the US Dollar meant that prices in those terms were unchanged by

year end.

Indications are that refined metal consumption in the Western world may have stagnated during 2003 and that globally the increase was only 2 - 3%. Much of this apparent stagnation has been attributed to the fact that one of the major uses of zinc is in the building / construction industry and this industry, although standing up well during the economic downturn in 2001 / 2002, has not performed in line with the incipient recovery in 2003. Zinc is also used extensively for galvanising and it is thought that the massive investments made into new galvanising capacities in recent years is now slowing as capacity is reaching a balance with demand. There were, however, significant improvements in demand from China, Germany and Russia. Unfortunately these were, to a great extent, offset by a large decline in the USA. Despite the modest demand increase, the main problem remains, that of excess supply. While the market benefitted from year-on-year reductions in metal exports from China, reported run-downs of smelter stockpiles and, critically, closures of considerable amounts of smelter and mine capacity, the metal remained in surplus throughout 2003. During the year zinc stocks increased further (on the LME by 15% or 90kt) and, by year end reported stocks had risen to well over eight weeks of Western demand.

The zinc industry is segregated into two distinct sectors, mining and smelting / refining. Global mine capacity is projected to increase by only 1 - 2% during 2004 and therefore, given that the industry does not achieve this capacity due to a number of unforeseen operational factors, mine production is likely to remain roughly unchanged. Global smelting capacity, on the other hand, is set to rise substantially during 2004 (much of it in China), although metal production is not likely to rise so much, due mainly to insufficient concentrate feed.

As the world's largest zinc metal producer, consumer and exporter, China continues to exert a powerful force on the zinc market. While metal production increased once again (as smelter cutbacks were more than offset by other expansions), demand in China was so strong that the additional material was used domestically. Indeed, China became a net importer of zinc units during 2003. It is predicted that Chinese demand will boost global expansion by an additional 1 - 1,5% during 2004. Whether Chinese exports will increase in 2004 is still uncertain. However, due to the high cost of imported concentrates as a result of limited supplies, Chinese smelters are now aiming to tie up secure sources of feed by acquiring Western mines. The ramifications of such a policy on Western markets is unclear.

Most commentators agree that, with a modest increase in demand, coupled to continuing strong growth in China and taking into account the tight concentrate market and reduction in smelter stockpiles, the past surpluses should very shortly disappear, resulting in a possible slight market deficit towards the end of 2004. If a similar imbalance is repeated in 2005 then a substantial deficit would result.
The average of analysts' price forecasts for 2004 is approximately 45 c/lb or US $ 990 per tonne.

2.6 Gold

Having started the year at around the US $ 325 per ounce level, the price advanced steadily until it hit a high of nearly $ 390 in early February (the highest since September 1996). This meant that it had recovered by some 54% from the twenty-year trough experienced in mid-1999.
Prices then remained in a narrow range during February but took a drastic reduction of some US $ 70 per oz during the following six weeks to mid-April, thus erasing all previous gains. However, prices rose steadily throughout May, on the back of the Dollar's weakness, culminating in a brief high of US $ 371,90 per oz on 23rd May. Unfortunately this proved to be a very short-lived "spike", as prices over the next few weeks gradually receded to a mid-June low of $ 352,60. The first half of the year ended at a disappointing level of around US $ 345, a gain of approximately 6% on its year opening.

During the first half of the year, therefore, apart from the weakness of the US Dollar, there were no major incentives for funds to be placed with the metal. Physical demand seemed to not have recovered especially with regard to the jewellery market. Unfortunately neither coin sales nor bar hoarding rose by any appreciable amount to offset industrial lack of demand. Secondary supply from the gold scrap industry, however, did show growth, which tended to negate the positive effects (on the price) made by the decline in mine output. In addition, sales by Central Banks continued to take place, although on a little reduced scale.

All the negative factors above, however, have been overshadowed by producer de-hedging. This seemed to have accelerated to some 300 t during the first half of the year, bringing the cumulative reduction in the global hedge book since the Washington Agreement to around 1100t.

The third quarter of the year saw gold climb steadily, with minor fillips, to finally pass the critical US 360 per ounce level in mid-August. Once again, the main reason for this increase was the relative weakness of the US Dollar but coupled to the economic revival of the Western world allied to that of China. From mid-August to the end of the quarter the gold price was again driven higher, breaking the $ 380 barrier in the last week of September.
The last quarter of the year saw gold break, firstly the $ 390 level in mid-November, and secondly US $ 400 per ounce in the second week of December. The resultant price is comparable to that last seen in February 1996, having improved some 62% over the mid-February 2001 trough. However, this improvement is expressed in US Dollar terms. In most other currencies gold has not fared nearly as well, and at the extreme, in Euro terms, has essentially traded in a range of EUR 300 – 350 per ounce since May 2001. It is, therefore, reasonable to suggest that, despite the turn-around in the global economic climate and financial markets, the increase in the gold market has been largely based on the weakness of the US Dollar.

2.7 Silver

2003 was, as regards the silver market's performance, a year of two distinct halves. Starting the year at a spot price of US $ 4,74 per ounce, the first six months were very lacklustre, whereas strong price increases were recorded on the back of a higher gold price in the latter half.

During the first two quarters the price hovered around the $ 4,50 level with one small surge in early May which saw the price go to $ 4,97 very briefly and then drop back again.

July saw a gradual upsurge in the price from $ 4,56 at the start of the month to a high of $ 4,64 at mid-month, causing much excitement in the pro-silver buying camps. However, after two days, the price dropped by some 14 cents following the dramatic drop in the gold price and an announcement by Kodak of a strategic move away from conventional photography. A swift resurgence saw silver reach a high of $ 5,20 on 28th July, the highest silver prices had reached since mid-2002. Despite being pegged back, the price stayed very close to the $ 5 mark through the first week of August. On 12th August the price fell again to $ 4,85, but rebounded the next day, posting a gain of some 17 cents to close at $ 5,02. During the next week and a half the market remained steady, trading between $ 4,91 and $ 5,02, but again surged towards the end of August reaching a high of US $ 5,14 per ounce.

Throughout the fourth quarter prices increased steadily as precious and base metals were purchased as a currency related hedge. Between November and close of December the price rose from the $ 5,15 level to just under the psychological US $ 6,00 barrier mark.

Whilst demand in the industrial sector increased by some 4% during 2003 (the non-photographic sector by an estimated 5 - 5,5%), it would appear as though the jewellery / silverware sector dropped again, although not so much as in the previous year.
The photographic sector is of particular concern as it takes up some 20% of the market. Although Kodak has reduced its involvement in conventional photography, it has not entirely ceased operations in this sector. However, it is disturbing to note that, for the first time ever, the sale of digitals exceeded conventional cameras in 2003. Against this is the fact that the radiography sub-sector is forecast to fare better than graphic arts, whilst paper will hold up better than consumer film.

With regard to the supply side of the equation, it is forecast that several "cutback" operations are likely to re-start in 2004, aided by the Russian Dukat-Lunnoye complex being in full production. Supply from scrap had somewhat stagnated over the last five years but re-accelerated during the year to previous growth rates of around 2,5%.

In view of the above and taking into account the weakness of the US Dollar, most commentators forecast that private investors will continue to seek “safe haven” investments and will use silver in this context. Silver prices are, therefore, forecast to strengthen during 2004 to a range between US $ 5,80 and US $ 6,10 per ounce.

2.8 Fluorspar

Although prices remained stable throughout 2003, tightness pervaded the market towards year-end as there were signs that the world's largest producer, China, would reduce its export allocations again in 2004. In addition, as China's own needs for fluorspar are soaring owing to the government's policy of increasing its exports of value-added products, Chinese government tax rebates to Chinese fluorspar producers were reduced from 17% to 5%, placing more pressure on Chinese exporters to increase their prices. The resultant reduction in volume of Chinese fluorspar exports, coupled to significant increases in the price of the product, have resulted in a shortfall of supply against demand for Western nations for the 2004 year.

This is likely to be taken up by major de-bottle-necking exercises on many of the Western world's fluorspar mines but it is still likely that the price of Acid Grade fluorspar exported to Western countries will increase sharply in 2004.

Notwithstanding the above, the price increase will largely be offset by an increase of between 80 and 100% in the bulk shipping rates to Western countries. This, coupled to projections of a strong Rand / Namibian Dollar, would indicate that the situation for Southern African producers will show very little improvement over that experienced in 2003.

As far as Okorusu Fluorspar is concerned, Solvay Fluor will purchase 100% of Okorusu's production during 2004, with 100000 tonnes targeted for shipment to its plants in Italy and Germany.

3. EXPLORATION AND PROSPECTING

Applications to the Mining Commissioner's office for new licences and renewals were remarkably consistent with those dealt with in the previous year.

	2003	2002	2001	2000	1999	1998
Non – Exclusive Prospecting licences issued	363	379	583	510	518	464
Exclusive Prospecting licences awarded	71	70	160	155	92	178
Claims registered	243	231	206	147	176	85
Applications pending (new and renewals)	119	-	73	37	56	102

In addition to the above, twelve Mining and seven Exclusive Reconnaissance Licences were granted during the year under review.
It should be noted that some 80% of the applications pending at the end of the year have, in fact, been processed but were waiting for response by applicants to Notice of Preparedness to Grant and Submissions to the Minister.

Once again, the Mining Commissioner's office is to be congratulated on maintaining its standard of service to both companies and individuals. However, due to computer system problems and changeover of staff, there were, unfortunately, problems in accessing monthly updates of the mineral licence register information for the Chamber and members of the Standing Committee on Prospecting and Environment.

Unfortunately, due to a number of unforeseen problems beyond the control of the drafting committee, the revised Minerals Act was not completed during 2003. The draft Bill is, however, ready to be presented to the Minister in the first half of March 2004 and will, hopefully, be passed through Parliament in the first half of the year. Considerable work has been put into the compilation of this piece of legislation in which a number of complex and contentious issues were resolved.
Attention has been given to simplifying the language of the existing Act and employment of the "use it or lose it" principle in cases of un-worked areas. In an effort to avoid potential conflict between licence holders of different mineral groups within one area, a principle has been incorporated whereby only one licence may have validity over a particular geographic area. In a further development, it is proposed that materials such as sand, clays, etc, including quarrying operations, be placed under the jurisdiction of this Act. The provisions concerned with environmental care and protection have been enhanced such that all licence holders must enter into an environmental contract. The requirements to furnish impact assessments and management and closure plans have also been strengthened.

As advised in last year's Report, the Ministry of Mines and Energy, with the assistance of its consultants, the Minerals and Energy Policy Centre (MEPC) from South Africa, completed the Minerals Policy document.
The final document was approved in principle by Cabinet in March 2003 and finally endorsed by Parliament on 18th November.
The Chamber of Mines is proud to have been associated with the drafting of this Policy and extends its congratulations to the Ministry for an extremely comprehensive document that will form the basis for the future development of the minerals industry in Namibia.
The Ministry is now set to embark on a programme to implement the various facets of the Policy and establish monitoring mechanisms.

During 2003 the existing Ancillary Rights Commission was disbanded and a new Commission appointed. A number of issues were put before the Ancillary Rights Commission but, as noted in last year's Report, most of the decisions were referred on appeal to court and thus subject to protracted hearings. It is hoped that some reinforced provisions in the new Act will assist in expediting the whole process.

The Chamber Standing Committee on Prospecting and Environment devoted attention to issues relating to proposed legislation and policies, particularly with regard to possible environmental legislation.

The draft guidelines for environmental impact assessments have been completed but have not, as yet, been officially made available for general use.

During the second quarter of the year, the Committee reviewed the draft Parks and Wildlife Bill and made several recommendations, including a request for the mining (prospecting / exploration) industry to be represented on the proposed Nature Conservation Council (NCC). Of particular importance to the Committee are the proposed provisions relating to the declaration of protected areas. The Committee suggested that, in conformance with sections 27 and 28, a Standing Committee on the Designation of Protected Areas, reporting to the NCC, should be established, including representation from the minerals industry. This would tie in well with ongoing contributions by prospecting members in the final development of the Ministry of Environment's Land Use Plan for the Sperrgebiet area.

Considerable work, involving consultations with stakeholders, was carried out on the amendments to the draft Earth Science Professionals' Bill in terms of the recommendations by the Cabinet Committee on Legislation and submitted to the Ministry of Mines and Energy for final editing and approval. It is hoped that consensus has now been reached on the proposed membership structure and that the Bill can be forwarded to Parliament during the first half of 2004.

The Director and staff of the Geological Survey and the Office of the Mining Commissioner have representation on the Chamber Prospecting and Environment Committee. The information distributed by the Geological Survey, and data and mapping up-dates, have been very useful to the prospecting section and the Chamber wishes to record its appreciation to the Geological Survey for such input.

As noted in the Chairman of Namdeb's (Mr Oppenheimer) Annual Report, "the future of diamond mining in Namibia lies in the Atlantic 1 mining area." Extrapolating from this remark, it is fair to say that Namibia's future diamond production will be dependant on marine operations and the development of suitable technologies to realise these resources.
This situation is reflected in the expenditure of approximately N$ 213 million incurred by companies engaged in offshore operations, some 81% of total exploration costs.
Just over half (N$ 28,6 million) of the onshore exploration expenditure by Chamber members in 2003 of N$ 51,2 million was concentrated on activities in the south of the country (see below).

Comparison exploration expenditures (N$ millions)	2003	2002	2001	2000	1999	1998
	264	146	249	167	175	124

As reported elsewhere in this report, Okorusu Fluorspar has completed the exploration programme at its Omburu deposit, near Omaruru. Unfortunately the information derived from the programme indicates that the ore reserve is too small to support a viable operation. The company has acquired other prospecting licences and will continue to investigate other possible targets.

Ambase Exploration consolidated its exploration activities during the year under review, expending some N$ 9.6 million, mainly in the northern extension of its Sperrgebiet licence area, in the search for additional zinc oxide reserves.

Teck Cominco and BHP Billiton have concluded a joint venture agreement over three Exclusive Prospecting Licence areas in the Sperrgebiet with Teck Cominco having expended some N$ 5,38 million on its exploration drilling programme.
BHP Billiton itself continues to work through Rio Algom Exploration Inc., and plans to conduct a drilling programme on its Karasburg areas early in 2004.

Westport Resources continues to hold an EPL under option to Teck Cominco, in the Sperrgebiet area, who report that results are encouraging enough to warrant additional drilling in 2004. Accordingly, Westport

Resources is planning to commence its own exploration drilling programme in the latter half of the year.

Kumba Resources has been heavily engaged in delineating additional reserves for the Rosh Pinah operation, in addition to pursuing other targets, through mainly geochemical and geophysical surveys on a number of their sixteen EPLs, in the immediate surrounds of the property.

Further encouraging discoveries of kimberlite indicator minerals, including diamond and pyrope garnets, have been made by MTB Namibia (Mount Burgess Gold), from drilling and loam sampling work from various horizons within the Kalahari Formation at its Tsumkwe Project. Analysis of these results confirms the company's belief that the grains are shedding from a local kimberlite source. Geochemical sampling commenced over a 20 km by 15 km region in the eastern portion of the project area to assess the prospectivity for sedex-type or MVT-type base metals mineralisation. The company expended some N$ 7,84 million on exploration within the project area during 2003.

In the year under review Avdale Namibia focussed its physical exploration activities on developing a pre-feasibility study for its Otjikoto gold property, some 50 km south of Otavi. It is expected that the study will be completed during the third quarter of 2004. Exploration expenditure on the project was around N$ 9,1 million and included the drilling of 58 core and 43 RC boreholes totalling approximately 10500 m. Detailed studies were also carried out of all the data available, covering the three Exclusive Prospecting Licences of Avdale in the Otavi Project area, to identify new exploration targets. Ground follow-up of priority areas identified will be carried out during the first half of 2004.

Bafex Exploration has reported encouraging progress on its gold prospect areas, having spent some N$ 2,08 million on exploration activities.

Afri-Can Marine Metals has continued with its extensive offshore sampling programme throughout the year. The company is also aiming to raise $2,5 million (of which $2,3 has been committed through private placements) for further development and exploration work.

As reported last year, Paladin Resources has completed its feasibility study on the Langer Heinrich uranium deposit and has announced that a major international uranium trading house has agreed, through a written letter of intent, to take up a significant portion of its production, which is tentatively scheduled to commence in 2006. Paladin Resources notes that the improvement in the uranium spot price will underpin the commercial viability of the project.

Development of the Aminius sepiolite deposit, near Gobabis in the east of the country, by Afhold, has been somewhat held up by the necessity to purchase additional processing equipment. With the assistance of the Minerals Development Fund this is now in progress and it is hoped that full production will start early in 2004.

Mintek concluded an agreement with the Haib Copper Company for a stake in the project if a commercial plant is eventually constructed. Mintek has carried out extensive heap bioleaching amenability testwork on this large but low-grade chalcopyritic deposit. Based on the results of this testwork, an economic assessment of the project is being compiled.

Reefton Mining, which holds a number of Exclusive Prospecting Licences in the Skeleton Coast diamond area, has progressed its evaluation programme, focussing mainly on the Mowe Bay region. An extensive drilling programme indicated the need for a bulk sampling programme and, accordingly a mobile DMS plant was set up to complete the programme. Target areas identified through the programme will now be more fully evaluated. In addition to this work, the company is also actively investigating pegmatites in central Namibia.

4. HEALTH AND SAFETY

The number of lost-time accidents reported during 2003 increased significantly over previous years. However, it should be borne in mind that the number of companies contributing to the following statistics also increased during the year.

	2003	2002	2001	2000	1999	1998
Number of lost-time accidents	68	47	38	41	36	52
Fatalities	1	5	3	2	1	1
Shifts lost per accident	102,51	665,77	491,58	323,10	198,53	47,50
Frequency rate	2,73	2,58	2,14	2,48	2,29	3,10
Severity rate	280,00	1715,62	1050,09	801,68	453,97	375,65

As can be seen from the above, the year was marred by an unfortunate accident, resulting in a fatality, and the Chamber sympathises with both the relatives and employees in the company concerned.
It is, however, encouraging to note that the number of shifts lost per accident has decreased significantly from previous years. The reasons for this improvement are twofold, being the increase in awareness and reporting standards of personnel and the reduction in the number of fatalities (for each of which there is currently a penalty of 6000 shifts)
As noted in last year's report there has been a move towards a separate "fatality rate" statistic within SADC Chambers of Mines but unfortunately not all countries have implemented the system. The Chamber, together with the Chamber of Mines of South Africa, are strenuously advocating that harmonised safety standards and reporting be adopted in the SADC region and thence through to the rest of the continent.

During 2003 the Chamber Standing Safety Committee directed its attention to the causes, and preventative actions necessary, of minor incidents and "near misses" which could have resulted in serious accidents. The Committee endeavoured to identify common causes and to design new strategies and implement additional procedures to preclude the re-occurrence of such incidents.

The Chamber wishes to record its appreciation to all representatives of operating companies and senior officials from the Ministry of Mines and Energy and Ministry of Health and Social Services who participated in the work of the Standing Safety Committee. Particular thanks are due to the contributions made by the Mine Workers' Union representatives during the year.

As noted in the last Annual Report, a number of companies have examined the benefits of "behaviour-based" safety systems, where the onus for awareness rests more on each individual than reliance on procedures, and have implemented these systems. Most companies that have started the system have reported success, which, to a great extent, is borne out by the statistics.
A number of companies have also identified the need to properly promote and train Safety Representatives at the different operations. Several seminars have been held to enhance the knowledge of this important group of employees so that they are better equipped to carry out their duties. The Mineworkers' Union also addressed this issue through an educational awareness seminar.
Both the above programmes serve to reinforce the message to all employees that It is the intention of each operation to ensure that a safe and healthy working environment is maintained and that all employees co-operate with each other to achieve this objective.

The Committee's attention was also drawn to the inherent risks associated with employees carrying cell-phones whilst at work. Employees can easily be distracted from a particular task thus enhancing the potential for an accident.
While many companies provide job attachments for students, very few also provide induction / orientation courses for such youngsters. The Committee encouraged all operations to ensure that such students, and even personnel returning from an extended break, go through a re-induction safety course before starting work.

The Committee, on behalf of those involved in safety matters in the mining industry, expressed its appreciation for the dedication shown by the Chief Inspector of Mines, Mr P Liebenberg, when he announced his retirement from Government service in May 2003.

The Chamber continued to provide detailed accident / incident analysis statistics based on reports submitted by individual operating companies, as follows :

	2003	2002	2001	2000	1999
Total accidents / incidents	362	308	317	260	252
No lost-time accidents / incidents	311	266	295	223	224

As is to be expected, the majority of injuries are associated with hands, fingers, legs and feet. One of the major concerns is the increase in injuries associated with stationery equipment, resulting in jammed or crushed fingers.
Attention also focused on the increased number of reported incidents resulting from “unsafe” acts, such as operating at an unsafe speed, dangerous work arrangements, unsafe loading and lifting arrangements, unsafe use of tools and equipment and failure to use personal protective equipment. Allied to these factors is the number of incidents whereby supervisory controls and direction were reported as being unsatisfactory. The Committee will address these issues as a priority during 2004.

Due to complications in finalising the Amendments to the Minerals Act, there has been no further progress towards the promulgation of the Mine Health and Safety Regulations. It is now planned to present the legislation package to the Minister by the end of the first quarter of 2004.

The Chamber, in subscribing to the promotion of good safety performance, conducts two competitions :

a. The Inter – Mine Safety Competition

In this competition the operating mines strive to attain the lowest accident frequency and severity rates. The competition is split into two divisions; the A Division for larger mines and B Division for smaller operations.

The winners for the year 2003 were :

A Division	Ongopolo Processing	combined frequency / severity rate of 0,59
B Division	Walvis Bay Salt Refiners	“ “ “ “ “ 0,00

Mention must also be made of the Ongopolo Engineering and Head Office Division which also achieved a combined frequency / severity rate of 0,00.

b. The Millionaire Award Scheme

A Millionaire Award is made to any mining operation that achieves a million fatality – free employee hours and / or shifts.
The following achievements were made during 2003 :

Month	**Operation**	**Million Hours**	**Million Shifts**
January	Orange River Mines	9	
	Namdeb - Oranjemund	6	
	Rossing Uranium	1	
February	Skorpion Zinc	1	
March	Namdeb - Oranjemund	7	

March	Rosh Pinah	3	
April	Kombat Mine	2	
May	Namdeb - Oranjemund	8	1
	Ongopolo Processing	5	
June	Navachab Mine	15	
	Rossing Uranium	2	
	Skorpion Zinc	2	
	Walvis Bay Salt Refiners	2	
	Debmarine Namibia	1	
July	Namdeb - Oranjemund	9	
August	Namdeb - Oranjemund	10	
October	Namdeb - Oranjemund	11	
	Rossing Uranium	3	
November	Rosh Pinah	4	
	Debmarine Namibia	2	
December	Navachab Mine	16	2
	Namdeb - Oranjemund	12	
	Ongopolo Processing	6	
	Otjihase Mine	1	

A number of Chamber Member operations have maintained their world-class records, being :

Navachab Mine	16,12 million fatality-free hours (and 2,01million shifts) since inception in November 1989
Orange River Mines	9,83 million fatality-free hours (and 1,23 million shifts) since inception on 1st June 1990
Ongopolo Processing	6,09 million fatality-free hours since re-opening in May 2000
Namdeb - Oranjemund	1,52 million fatality-free shifts since February 2002

The annual accident statistics for the mining members of the Chamber are shown in Annexure G

STDs / HIV / AIDS

2003 was a successful year for the Chamber Occupational Health Education and Awareness Programme (OHEAP) as implementation of the programme was accelerated at a number of the participating companies.

Once again the Chamber extends its appreciation to the OHEAP principal sponsor, Okorusu Fluorspar (Pty) Ltd on behalf of its owners Solvay Fluor, the continued support of Family Health International through its extended funding agreement and contributions by Chamber members.

Through the sponsor- / partnership of Family Health International the services of an Assistant OHEAP Coordinator was obtained in November 2002. The Assistant Coordinator has developed a database for Peer Educator programmes and monitors the activities of these groups on a monthly basis. This additional capacity in the programme has eased the workload of the Coordinator, freeing her for a number of networking activities and development of new clients. In this area of operations the Coordinator has served on a number of committees and discussion groups, including :

- The National AIDS Executive Committee
- PSUN AIDS Committee, responsible for action on HIV / AIDS in government workplaces
- The SafAIDS taskforce on HIV / AIDS workplace policy development
- The SOLVE steering committee, an ILO programme in collaboration with UNAM to address psychosocial problems at work
- The Lironga Eparu National Association for people living with HIV / AIDS

The main focus areas for the programme during 2003 were :

- monitoring and evaluation of Peer Educator groups and activities
- pre- and post counselling for voluntary prevalency tests
- development of company policies
- intensifying information, education and communication (IEC)activities

As evidence of the extended capacity of the programme, some 390 sessions on various HIV / AIDS programmes, including review meetings, supervisory visits, focus group discussions with Peer Educators and the workforce, and completion of monthly review questionnaires, were carried out during 2003. In addition 60 sessions, specifically directed towards alcohol and drugs, were conducted during the year. An IEC workshop was also carried out at each participating company to fully acquaint Peer Educators with the available materials used and the promotion of the same.
During the year some 123 new Peer Educators went through the introductory training programme, whilst a further 65 completed the advanced course.

OHEAP personnel assisted in pre- and post counselling for the voluntary prevalency tests carried out at Rossing, Navachab and Okorusu. In all three cases the prevalency rates were lower than those recorded for the surrounding regions and employees' home locations. Whilst these results are encouraging, further testing should be undertaken to provide comparison information to, in effect, determine whether the programmes are beneficial or not. It is extremely important that follow-up counselling is practised to deal with all manner of questions from both affected and non-affected employees. This will be addressed as a priority issue throughout 2004.

OHEAP personnel also assisted various companies in their "outreach" programmes to local communities, including the Rosh Pinah informal settlement and rural community and farm projects supported by Ongopolo Mining and Processing and Okorusu Fluorspar.
As noted in last year's Report, the coastal towns of Walvis Bay and Luderitz were identified as areas of concern in terms of the numbers of transients associated with both the fishing industry and port activities. It is, therefore, pleasing to report that in December, the Namibian Ports Authority, having developed its HIV / AIDS policy, launched the "We Care" programme at both Walvis Bay and Luderitz.
Two major companies, Telecom Namibia and Namwater, availed themselves of the programme during the year under review, concentrating on Peer Educator training and development of company HIV / AIDS

policies.

NOSA NAMIBIA

The operations of NOSA Namibia during 2003 were satisfactory. Following the policy initiated in the previous year, attention was given to increasing the diversity of the client base and this proved successful in both the manufacturing and hospitality sectors with some interest being shown by the fishing industry.

Although continuing to provide services to its main traditional sector, the mining industry, NOSA Namibia has increased its client base to include companies involved in manufacturing and the hospitality industry. By the end of 2003 some 77 companies were registered with NOSA Namibia, of which 91% are from non-mining sectors.
A concentrated sales campaign, targeting non-mining companies and Small and Medium Enterprises, is scheduled for 2004 and a sales executive has been recruited to spearhead the campaign.

Training activities occupied the bulk of NOSA Namibia's time during the year under review with 59 various module courses being presented. The total number of participants at these courses reached an amazing 900, thus demonstrating the need for safety, occupational health and risk assessment / management programmes in Namibia. Provision has been made to extend the training capacity during 2004 to cater for the expected demand.

With respect to the NOSA Five Star Grading System, participating companies in the Namibian mining industry once again maintained the high standards set in previous years :

- Namdeb Diamond Corporation maintained its standing, with all three operations, Mining Area 1, Orange River Mines and Northern Areas – Elizabeth Bay achieving Noscar status.
- The three operations were also again accredited with Five-Star Platinum Grading on the SHE Integrated System.
- All three operating vessels of Debmarine Namibia were also awarded Five-Star status.
- In addition to these commendable achievements, Rosh Pinah retained its five star rating, whilst Okorusu Fluorspar and Ongopolo Processing attained this status for the first time.
- The Institute of Mining and Technology (NIMT), building on last year's success, became the first tertiary training institution to receive Five-Star Platinum status.
- Four-Star status was awarded to Navachab and Kombat Mine, whilst Otjihase Mine, Ongopolo's Tsumeb Operations and Diaz Point attained Three-Star ratings.

Unfortunately, the CEO of NOSA resigned from the company towards the end of May 2003 but agreed to remain on the NOSA Namibia Board, thus continuing to provide a wealth of knowledge to assist in the development of the local operation.

5. EMPLOYEE RELATIONS

The relationship between the three social partners, Government, in particular the Ministries of Mines and Energy and Labour, the employers, as members of the Chamber of Mines, and employees, as represented by the Mineworkers Union of Namibia, continued on an extremely cooperative level and no major disputes were declared during the year.

As far as individual company / union interaction is concerned, normal substantive negotiations were, in general, concluded in a satisfactory manner at all Chamber member operations. Numerous agreements between individual operators and the respective branches of the union were concluded, concentrating mainly on revision of the normal substantive agreements and generally improving conditions of employment and benefits to employees. It is safe to say that, in general, most employees are more aware of the pressures that the mining industry, in terms of prices, exchange rates and costs, experiences and realise the long term implications that such factors have on operations.

In addition to the above, extensive development of succession and affirmative action planning was carried out at Chamber member operations in close consultation with Union and designated group representatives. These working groups also help to strengthen existing relationships and engender constructive partnership development.

For a number of reasons, it was not possible to hold as many meetings of the Mining Cooperation Council as would have been liked. However, those meetings that were held proved extremely fruitful in terms of exchange of ideas and reinforcement of the development of common strategies towards ensuring the future of the minerals industry in Namibia.

With the development of NEPAD and, in particular, the mining initiative of the African Mining Partnership, it is hoped that the Mining Cooperation Council will play a much greater role as a tripartite discussion forum.

6. RELEVANT LEGISLATION

The Chamber, through its representation on the Labour Advisory Council and Namibian Employers' Federation, has actively participated and contributed positively on the proposed amendments to labour-related legislation.

In this context, it is pleasing to report the new Labour Bill is to be presented to Parliament during the first sitting of 2004. Probably the most important change in the new Labour Bill is the inclusion of a section pertaining to "dispute resolution". The section addresses such issues as conciliation and arbitration procedures, leading towards a more expedient manner in solving problems on the labour front. Other smaller changes have been made, amongst others recognising gender imbalances and sexual harassment, which, in turn, enhance Namibia's position as a forward thinking nation in terms of labour legislation.

Very little progress was made during the year under review with either the National Pension Fund, although considerable progress has been evinced at the start of 2004. It is hoped that this long-standing project can be brought to a satisfactory position early in 2004. Unfortunately, the work of the Presidental Commission of Enquiry into alleged malpractices within the Social Security Commission took longer than expected but was completed towards the end of the year. It is expected that the requisite corrective action will be put into place during the early part of 2004.

The Employment Equity Commission, on which the Chamber has representation, once again was extremely involved throughout the year. The publication of a new set of revised Guidelines for Employers has, unfortunately been somewhat delayed but will be available during the first quarter of 2004. The Namibian Employers' Federation, in an effort to clarify a number of issues pertaining to the Affirmative Action Act, held a number of information seminars, which were well received and demonstrated the need for comprehensive guidelines. Accordingly, the NEF will endeavour to hold similar meetings to explain changes to labour legislation, once the new Bill has been promulgated.

As reported in last year's Annual Report there is still confusion regarding the designation and employment of understudies. The Employment Equity Commission has noted that there have been cases where the reportedly designated understudy has not been informed of his / her status, let alone received appropriate training. This situation will be re-visited by the Commission during 2004. However, there does still seem to be additional confusion regarding the automatic promotion of understudies or implementation of internal succession planning vis-a-vis advertisement of the vacant position. This whole situation needs urgent clarification and the requisite procedures / actions necessary communicated to all concerned.

As reported elsewhere in this Report, the Ministry of Mines and Energy has published its Minerals Policy document, having obtained the necessary approval of Parliament. The Policy document can now be used to chart out the development of the Namibian minerals industry for the foreseeable future.

Unfortunately, there has been very little progress with Environmental legislation during the year under review, although the Chamber is reliably informed that a concentrated effort will be made to finalise the legislation in the first half of 2004.

7. EXTERNAL LINKAGES

Although the mining industry's contribution to the GDP of Namibia has, in recent years, somewhat diminished and is no longer a major provider of direct employment opportunities, it still accounts for the bulk of export earnings and is a major source of revenues to Government through taxes, royalties, etc.

Despite its relatively small size in overall international terms, the Namibian mining industry possesses a number of world-class operations, including Namdeb Diamond Corporation, Rossing Uranium, Okorusu Fluorspar, and the newly established Skorpion Zinc Mine.

Unlike many other sectors of the economy, product prices for the minerals industry are determined internationally, subject to the vagaries of the international financial markets and fluctuations in exchange rates, and thus local producers have little or no control over their source of income.

Domestic producers, therefore, have to be aware of any shift in international market fundamentals, market trends, and economic, social and environmental developments that may affect the global supply and demand balance. In appreciating these circumstances, individual operators seek to form linkages to advance their interests and promote their, often mutual, positions. This has resulted in the formation of sector associations, generally known as Chambers, which act as the representative of the group on issues of mutual concern. This system has worked well in a number of individual countries, including Namibia.

However, global re-alignments of economic blocs, shifts in ideology, coupled to an increasing international awareness of the environment and social issues, has meant that individual countries have less room for manoeuvre or for exerting influence on international matters that may impinge upon them. Accordingly, countries in geographic areas where linkage development is logical (based on, for example, major trading partners, common ideology, etc) form new blocs whereby a combined position may have greater effect than the individual. Such an association is the Southern African Development Community (SADC).

The private mining sector recognised the value of the SADC structure and in 1996 representatives of individual Chambers of Mines within the sub-region (including Namibia) held an initial meeting to discuss issues of mutual concern. During 1997 this group attended the SADC Mining Ministers' meeting and liaised on an informal basis. In 1998 this loose association was formally established as the Mining Industry Associations of Southern Africa (MIASA) to act as the private sector counterpart to SADC. MIASA representatives continued to attend the SADC Mining Ministers' meetings and were able to make direct input into mineral policy development in the SADC region and recommendations on project implementation. In 1999 as a result of dialogue, the SADC Committee of Mining Ministers issued a statement against IMF and Central Banks sales of gold. This statement was material in underpinning the global lobby to restrict such sales.

In global terms, a number of multinational companies in the minerals and metals sector recognised the need for an authoritative voice that could dialogue with other international stakeholders and formed the International Council for Mining and Metals. With ever increasing awareness of public perceptions of the minerals industry and, in particular, lobbying efforts by certain environmental groups against mining activities, a number of multinationals funded a world-wide programme entitled "The Global Mining Initiative". The executive part of this programme took the form of a global study entitled "Mining, Metals and Sustainable Development". The purpose of the study was to assess the advantages and disadvantages that the minerals industry brings to a specific community and what actions can be taken to minimise any adverse effects whilst maximising benefits. The worldwide report, to which input was made by Namibia, was published at the Toronto Conference "Resourcing the Future" in 2002.

Unfortunately, with the restructuring of SADC, the mining sector was incorporated into the manufacturing and finance sector. Thus the necessity for separate meetings of the Committee of SADC Mining Ministers, to a certain extent, fell away. In addition to this, the annual ECA-sponsored Conference of African Ministers Responsible for Mineral Resources and Energy was also discontinued. Ministers thus recognised that there was a serious vacuum for high-level consultation and exchange of experiences on minerals policy and development in Africa.

In parallel, both the public and private minerals sector have recognised the need to develop the continent's mineral resources in a responsible, equitable and sustainable manner and the need to create a forum for debate.

The establishment of the New Partnership for Africa's Development (NEPAD) has provided the minerals sector with an opportunity to develop a forum to advance the above concepts on a continental basis. In February 2003, some fifteen African Mining Ministers plus representatives of MIASA and the SADC Secretariat met in Cape Town to put the seal of approval on a mining initiative, known as the African Mining Partnership, to champion NEPAD's objectives for mining and mining-related activities.
A further meeting in February 2004, cemented this fledgling development through the adoption of a mechanism to bring on board all stakeholders, i.e. to form a meaningful partnership.

The Chamber of Mines of Namibia fully supports the development of the African Mining Partnership as it offers an opportunity to the private sector to work with the social partners in developing meaningful harmonised policies and standards throughout Africa. Through the Chamber's representation on MIASA and membership of ICMM, the Chamber can articulate the views of its members and, despite its size in international terms, can help Namibia to play a significant role in the development of the African minerals industry and support the principle that the potential of mineral resources be maximised to the benefit of all the peoples of Africa in a responsible manner.

ANNEXURE A – AVERAGE ANNUAL METAL PRICES

Metal	Quoted as	2003	2002	2001	2000	1999	1998
Copper (cash wirebars)	US $ / metric ton	1779	1559	1578	1814	1571	1653
Gold	US $ / troy ounce	364	310	271	279	279	294
Lead	US $ / metric ton	515	453	476	454	503	528
Silver	US $ / troy ounce	4,86	4,60	4,37	4,95	5,22	5,52
Uranium oxide	US $ / pound						
	Spot	11,93	9,94	9,25	8,20	10,20	10,41
	Long-term	12,50	10,58	10,25	6,99	8,25	9,01
Zinc	US $ / metric ton	828	778	885	1128	1076	1023

ANNEXURE B - THE MEMBERS OF THE CHAMBER

As at 31 December 2003

	Representative	**Alternate**
CLASS A FOUNDER MEMBERS		
1. Namdeb Diamond Corporation (Pty) Ltd	I Zaamwani	R Smart
2. Ongopolo Mining & Processing Limited	A Neethling	C Groenewald
3. Rossing Uranium Ltd	D Salisbury	M Leech
CLASS A MEMBERS		
1. De Beers Marine Namibia	H Bredenhann	S Schneider
2. Namibia Minerals Corporation	(in provisional liquidation)	
3. Skorpion Mining	G Boting	L K Williamson
CLASS B MEMBERS		
1. Anglogold Namibia (Pty) Ltd	F M Bethune	A J Stadler
2. Okorusu Fluorspar (Pty) Ltd	M T Dawe	R Gevers
3. Rosh Pinah Zinc Corporation (Pty) Ltd	D Garbers	H Fourie
4. Salt & Chemicals (Pty) Ltd	R E Stanton	L Frielingsdorf
5. Sakawe Mining Corporation	K Kapwanga	(replacing Namco)
CLASS C MEMBERS		
1. Diamond Fields (Namibia) Ltd	A Walden	R J Daniel
2. Diaz Point Explorations (Pty) Ltd	N Hammond	H Fourie
3. Karibib Mining & Construction Co Namibia Ltd	D Guhring	A J A Meyer
4. Salt Company (Pty) Ltd	J Klein Jnr	J Klein Snr
5. Trans Hex Group	A J Louw	D Gadd-Claxton
CLASS D MEMBERS		
1. Ambase Exploration Namibia Ltd	M Schaefer	S Gaike
2. Avmin Namibia (Pty) Ltd	P A Lombard	A H Matthews
3. Bafex Explorations	C Mackenzie	R Williams
4. BHP Billiton	J Twidale	J Parianos
5. Kumba Resources	L Geraghty	D J Alchin
6. Langer Heinrich Uranium	C Johnson	R Evans
7. Mount Burgess Gold	N Forrester	J Moore
8. Onganja Mining Company (Pty) Ltd	R G Carr	E A Barbour
9. P E Minerals	C Wium	E Mbeehi
10. Rio Tinto Namibia (Pty) Ltd	K M Sims	N Selibas
11. Savanna Marble cc	J Hoffman	
12. Teck Cominco (Namibia) Ltd	S Jennings	D Newman
13. Tsongoari Exploration (Pty) Ltd	D Newman	A Gordon
14. Westport Resources (Namibia) (Pty) Ltd	R Bonner	D Parnham

ASSOCIATE MEMBERS

1.	African Portland Industrial Holdings Ltd	J Muller	M Liefferink
2.	African Wire Ropes (Pty) Ltd	S Bredenkamp	E Heymann
3.	Alexandra Speiser	A Speiser	
4.	Barloworld Namibia (Pty) Ltd	J Quarmby	
5.	Brazil Benguela Exploration & Finance (Pty) Ltd	H C Benecke	
6.	DTC Valuations Namibia (Pty) Ltd	P G Rowley	P Duncombe
7.	Dungrae Engineering	I A E Williamson	
8.	Eco Plan	C Christian	
9.	Evi Mining Company	P Walker	V Stuart-Williams
10.	Kegge Advisory Services	G Kegge	
11.	Kuehne & Nagel (Pty) Ltd	S Hartwig	F Cyriax
12.	L van Schalkwyk	L van Schalkwyk	I D Kotze
13.	Manica Group Namibia	T Templin	K H Woker
14.	Mansudae Group	L W Chol	R Kapuu
15.	Marine & Coastal Geoscience (Pty) Ltd	H Huckstedt	B de Decker
16.	Mega Tech (Pty) Ltd	H Pupkewitz	
17.	Murray & Roberts Construction (Namibia)	J Louw	P Schaffner
18.	Namgem Diamond Manufacturing	M Pearson	
19.	Namibian Ports Authority	S Kankondi	K van Heerden
20.	NEC Investment Holdings (Pty) Ltd	A Bruckner	N Bruckner
21.	NOSA Namibia	E Grobler	G Hugo
22.	Palfi, Holman & Associates	A G Palfi	R Wartha
23.	Peter Nutt & Associates	P Nutt	
24.	Prodiamond Manufacturing	A Clocanas	
25.	Rex Quip cc	A Lang	C Lang
26.	Rosond (Cape) (Pty) Ltd	P Stoppel	J J Myburgh
27.	Roy McG Miller	R Miller (Dr)	
28.	Rubicon Security cc	B Nel	M van den Berg
29.	SGS South Africa (Pty) Ltd	M Botha	G Wurr
30.	Selected Hardware	H D Etzold	D Etzold
31.	Siemens (Pty) Ltd	G Langmaak	V Trubenbach
32.	Trust & Mining Company (Pty) Ltd	D O'N Mathews	P Mathews
33.	Woker Freight Services (Namibia) (Pty) Ltd	T Templin	K H Woker

HONORARY LIFE MEMBERS

1. D O'N Mathews
2. J Berning
3. Hon A Toivo ya Toivo
4. J Ratledge (deceased)

SUMMARY	**2003**	**2002**	**2001**	**2000**	**1999**
Class A founder members	3	3	3	3	3
Class A members	3	2	2	3	3
Class B members	4	4	4	4	4
Class C members	5	6	9	4	4
Class D members	14	14	15	24	21

Associate members	33	30	28	26	21
Honorary Life members	3	3	3	3	3
TOTAL	65	62	64	67	59

ANNEXURE C – THE COUNCIL OF THE CHAMBER

as at 31 December 2003

	Member	Alternate
Class A Founder members		
Namdeb Diamond Corporation (Pty) Ltd	I Zaamwani R Smart	
Ongopolo Mining & Processing Limited	A Neethling H Nolte	C Groenewald
Rossing Uranium Ltd	D Salisbury	C V Kauraisa
Class A members		
De Beers Marine Namibia	O Shikongo	S Schneider
Namibia Minerals Corporation	K Kapwanga	
Skorpion Mining Company	G Boting	N Green
Class B members		
AngloGold Namibia (Pty) Ltd	F M Bethune	J Daub
Okorusu Fluorspar (Pty) Ltd	M T Dawe	R Gevers
Rosh Pinah Zinc Corporation (Pty) Ltd	D Garbers	H Fourie
Salt & Chemicals (Pty) Ltd	R E Stanton	L Frielingsdorf
Class C members	N Green	
Class D members	D Newman	
Associate members	D O'N Mathews	

The Council met on the following dates :

26 February 2003
4 April 2003
16 July 2003
22 October 2003

The Executive Council Committee was not constituted during 2003

ANNEXURE D – THE STANDING COMMITTEES OF THE CHAMBER

as at 31 December 2003

The Environment & Prospecting Committee

D Newman (Chairperson)	Teck Cominco / Tsongoari Exploration (Pty) Ltd
L Apollus	Debmarine Namibia
B Burrell	Namdeb Diamond Corporation (Pty) Ltd
C Claasens	Ministry of Environment & Tourism
E Freyer	Ambase Exploration Namibia / Freyer Consulting
D Gadd-Claxton	Trans Hex Group
L Geraghty	Kumba Resources
A Goosen	Namdeb Diamond Corporation (Pty) Ltd
S Jennings	Teck Cominco Namibia Ltd
G Kegge	Kegge Advisory Services
P A Lombard	Avmin Namibia (Pty) Ltd
D O'N Mathews	Trust & Mining Company (Pty) Ltd
V Malango	Ministry of Mines & Energy
A Palfi	Palfi, Holman & Associates
V Petzel	Geological Survey (MME)
B Roesener	AngloGold Namibia (Pty) Ltd
R Samunyenga	Ministry of Mines & Energy
G I C Schneider	Geological Survey (MME)
A Speiser	Alexandra Speiser
A Walden	Diamond Fields Namibia

The Labour Committee

M Wills (Chairperson)	Skorpion Mining Company
L Dentlinger	Debmarine Namibia
I Djiuella	Okorusu Fluorspar (Pty) Ltd
R Frank	Walvis Bay Salt Refiners (Pty) Ltd
W Gaochab	AngloGold Namibia (Pty) Ltd
H Ipinge	Ongopolo Mining & Processing Limited
M Ipinge	Trans Hex Group
S Januarie	Namdeb Diamond Corporation (Pty) Ltd
J Klein Jnr	Salt Company (Pty) Ltd
B Kapolo	Rosh Pinah Zinc Corporation (Pty) Ltd
B Mrwata	Rossing Uranium Ltd

The Communications Committee was not convened during 2003

The Mine Surveying Committee

D F Hull (Chairperson)	Consultant
D Bansemer	Debmarine Namibia
T Botha	AngloGold Namibia (Pty) Ltd
A Goosen	Namdeb Diamond Corporation (Pty) Ltd
R N Isaaks	Ministry of Mines & Energy
D Mathews	Rossing Uranium Ltd
P v/d Merwe	Rosh Pinah Zinc Corporation (Pty) Ltd

The Safety Committee

M Viviers (Chairperson)	Namdeb Diamond Corporation (Pty) Ltd
J Tsauseb	Skorpion Mining Company
E Botha	Debmarine Namibia
E Farmer	Anglogold Namibia (Pty) Ltd
R Gevers	Okorusu Fluorspar (Pty) Ltd
J Hengari	Mineworkers Union of Namibia
G Hugo	NOSA Namibia
J Kastelic	Ongopolo Mining & Processing Limited
C Neethling	Trans Hex Group
Dr Nkandi-Shiimi	Ministry of Health & Social Services
P Rooi	Rossing Uranium Ltd
R Tjionco	Ministry of Mines & Energy
D van Tonder	Salt & Chemicals (Pty) Ltd
B Viljoen	Rosh Pinah Zinc Corporation (Pty) Ltd

The Mining Cooperation Council

A Neethling	Chamber of Mines of Namibia
M Dawe	" " " " "
J Rogers	" " " " "
C Pandeni	Mineworkers' Union of Namibia
R Frank / J Hengari	" " " "
C Schlettwein /	Ministry of Labour
B-M Shinguadja	" " "
J Iita	Ministry of Mines and Energy
K Hamutenya	" " " " "

ANNEXURE E – BODIES ON WHICH THE CHAMBER WAS REPRESENTED DURING 2003

	Representative	Alternate
The Ancillary Rights Commission	D O'N Mathews	
The Board of Trustees of the Namibian Institute of Mining and Technology	C Kauraisa J C Rogers I Zaamwani H Nolte	
The Council of the Polytechnic of Namibia	J C Rogers	
The Employment Equity Commission	S Nekundi	P Elindi
The Geology Advisory Board UNAM	D Newman	
The Labour Advisory Council	P Shipoke	
The Minerals Development Fund Control Board	J C Rogers C Kauraisa	D Newman
The Namibian Employers' Federation	J C Rogers	
The Namibian Ports Authority Board	J C Rogers	
The Namibian Transport Advisory Board	J C Rogers	
The National Energy Council	I Zaamwani	J C Rogers
The National Vocational Training Board	E D G Mueller	H Beykirch
The NOSA Namibia Board	A Neethling J C Rogers I Zaamwani E D G Mueller	

ANNEXURE F – CHAMBER MINING MEMBER ANNUAL LABOUR STATISTICS

Year	Number of employees as at 31 December	Total remuneration paid (Namibian Dollars)
1990	13605	349018000
1991	12265	387860000
1992	11441	385464401
1993	9854	381155796
1994	9693	397789557
1995	9775	458887020
1996	8540	457009217
1997	8214	533967714
1998	7686	592754266
1999	5427	478130587
2000	6248	559436982
2001	6026	565724429
2002	6099	614476640
2003	7029	914659811

ANNEXURE G – CHAMBER MINING MEMBER ANNUAL ACCIDENT STATISTICS

Year	Number of Reportable Injuries	Rate per 1000 employees	Fatalities	Rate per 1000 employees
1990	48	3,53	1	0,07
1991	41	3,34	2	0,16
1992	37	3,23	5	0,44
1993	30	3,04	3	0,30
1994	26	2,68	4	0,41
1995	28	2,86	6	0,61
1996	25	2,93	Nil	-
1997	29	3,53	1	0,12
1998	20	2,60	1	0,13
1999	18	3,32	1	0,18
2000	41	6,56	2	0,32
2001	25	4,15	3	0,50
2002	47	7,71	5	0,82
2003	51	7,26	1	0,14

ANNEXURE H - PAST PRESIDENTS AND VICE PRESIDENTS

THE ASSOCIATION OF MINING COMPANIES OF SOUTH WEST AFRICA

Year	**President**	**Vice President**
1969	J P Ratledge	D Borchers
1970	J P Ratledge	D Borchers
1971	W H Bailie	H J van den Hoven
1972	W H Bailie	G Nisbet
1973	J L P MacKenzie	K E Mantell
1974	J L P MacKenzie	K E Mantell
1975	J L P MacKenzie	J Berning
1976	J Berning	M H Rogers
1977	J Berning	J O Rochards
1978	J O Richards	B R Woolfe

THE CHAMBER OF MINES OF NAMIBIA

Year	**President**	**Vice President**
1979	J O Richards	B R Woolfe
1980	G R Parker	C A Gibson
1981	C A Gibson	D B Hoffe
1982	D B Hoffe	H A R Meiring
1983	H A R Meiring	C A Macaulay
1984	C A Macaulay	D B Hoffe
1985	H A R Meiring	J O Richards
1986	J O Richards	C A Macaulay
1987	C A Macaulay	H A R Meiring
1988	H A R Meiring	R A A Gower
1989	R A A Gower	M P Bates (Dr)
1990	M P Bates (Dr)	P J V Kinver
1991	P J V Kinver	J C A Leslie
1992	J C A Leslie	R A A Gower
1993	T K Whitelock	A R de Beer
1994	A R de Beer	S James
1995	S James	M J C Wittet
1996	M J C Wittet	A R de Beer
1997	A J Hope	J P Murphy
1998	J P Murphy	K Kapwanga
1999	K Kapwanga	F M Bethune
2000	K Kapwanga	I Zaamwani
2001	I Zaamwani	A Neethling
2002	I Zaamwani	A Neethling
2003	A Neethling	M Dawe / R Smart

ADDENDUM

Honorary Life Member - Mr John Berning

It is with deep regret that the Chamber of Mines records the passing of one of its Honorary Life Members, Mr John Berning, on 4th April 2004 after a long illness.

John Berning was intimately involved in the early exploration phases of the Rossing uranium deposit and played a major role in leading the pre-production development and mining of the opencast operation as well as the construction of the processing plant in 1974.

He was appointed as Rossing's first General Manager on 11th March 1970 and held this position until 1976. He was also a Rio Tinto Director from 1970 until 1978.

John Berning was actively involved in the affairs of the Chamber of Mines, being President from 1976 to 1978, and maintained his interest in the development of the Chamber and the Namibian mining industry after his retirement.

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