Chamber of Mines
Newsletter

A quarterly newsletter for the Namibian mining industry • Issue 04/2014 December 2014

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The Trekkopje project went into a 'Care and Maintenance' phase from 1 July 2013, a holding phase with every intention to start up as soon as the economic conditions become more favourable.

The Care and Maintenance (C&M) team is both based at the corporate office in Swakopmund and the mine site to protect the assets and keep the mine's infrastructure in working condition so that it can be commissioned when required and at minimal cost. General C&M tasks include proper storage, lubrication, corrosion protection and functionality checks.

"We have retained an excellent team of people who will maintain our focus on safety, health and the environment and endure AREVA's values of customer satisfaction, profitability, responsibility, integrity, acute sense of professionalism, sincerity and partnership to express the responsibility of the group to our customers, our employees, our shareholders and all of the communities in which we play a role; directly or indirectly," according to Hilifa Mbako, Managing Director.

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Aerial view of the Husab Mine development.

Chamber of Mines Newsletter

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Message from the CEO

The Namibian mining industry experienced mixed fortunes this year. As 2014 draws to a close, we reflect on these challenges and opportunities.

Our local mining industry continued to perform well amidst depressed commodity prices (for the first half of the year) and escalating input costs, and recorded an increase in over-all production as well as positive growth in the second quarter of 2014. Unfortunately however, the prevailing conditions have caused mines to undertake severe cost cutting measures to stay afloat, resulting in the loss of 732 jobs across three different operations.

The Chamber remains positive that the affected workers will be absorbed by existing as well as new mines currently being developed. The Chamber is collaborating with its members for possible deployment of affected employees to minimise the adverse impacts of retrenchments.

It is a very exciting time for the industry as B2Gold's Otjikoto Gold mine is scheduled to produce its first kilogram of gold before year end. Weatherly's Tschudi mine is expected to produce the first ever copper cathode in Namibia early in 2015.

Construction of Swakop Uranium's Husab mine remains on track and first production is planned for early in 2016, with ramp-up to full production in 2017. Once the new mines reach full operating capacity, the Chamber expects mining contribution to GDP to increase to between 17 – 20%, from 13 % achieved in 2013.

Since the uranium price reached rock bottom in June 2014, we observed a gradual increase in the price of uranium and other commodities. After a number of years of stagnation in the commodity market, we believe that commodity prices are finally on a gradual upswing. This bodes extremely well for new projects in Namibia. An increase in the uranium price is very likely to kick start several uranium projects and may also lead to the expansion of existing uranium mines.

Mining Expo & Conference
20th - 21st May 2015

I am pleased to announce that in 2015 the Chamber will be hosting the annual Mining Expo & Conference from the 20th – 21st May, and would like to invite all stakeholders to attend and participate in this prestigious event. Mining is the back bone of the Namibian economy, and will remain as such, with the planned start-ups of the three new mines and reinvestments in the sector, well into the foreseeable future.

I would like to wish you all a safe and joyful festive season and a prosperous New Year.

Veston Malango
Chief Executive Officer
12 December, 2014

The vessel titled 'Explorer,' which is being used for Namdeb's mid water exploration programme. Read more about the Chamber site visits on page 10.

Mining sector poised for growth

. . . amidst retrenchments, escalating costs

Christine-Rita Abankwah

INDUSTRY experts remain bullish that Namibia's mining industry has a bright future, despite the knocks the extractive industry has taken this year.

Local mining companies have been hit by a slew of challenges resulting from weak spot prices, escalating input costs, depleted resources and geopolitical issues.

In an effort to stay afloat in the economic turmoil, three mines have had to trim their capacity, resulting in retrenchments that have cost 732 Namibians their jobs.

Contrasting this, the three new mines under construction (Swakop Uranium's Husab mine, B2Gold's Otjikoto gold mine and Weatherly's Tschudi copper mine) present fresh hope.

The new mines are expected to give the industry a massive boost by creating more employment opportunities that will in turn absorb those who have lost their jobs through retrenchments, while injecting a fresh round of revenue into the economy.

"We expect mining contribution to GDP to increase to 17-20 percent in the next four years to 2018," Chamber of Mines CEO Veston Malango said in an interview recently.

"All three new mines will be operating at full capacity, making significant contributions to the Namibian economy. Additionally, with the gradual expected increase in commodity prices, we are likely to see companies develop more new mines.

"As commodity prices rise and conditions in the global economy begin to improve, the environment will become more favourable for investors to once again spend money on exploration activities, so we should see companies make new investments in this sector."

Malango believed that, in spite of the challenges, the Namibian mining industry was on a growth path not seen since independence.

"The mining industry performed better this year than in 2013 posting better overall production. The sector expanded by 6 percent in the second quarter of 2014 compared to a contraction of 6.6 percent recorded in 2013 during the same period," he said, referring to figures from the Namibia Statistics Agency.

Malango was particularly optimistic about the uranium sector, which has struggled to get back on its feet since Japan's 2011 Fukushima disaster, prior to which spot prices for the mineral averaged US$70 per pound.

Uranium mines around the world have since been battered by a combination of low spot prices and some European countries making the shift from nuclear to green energy.

"We expect the uranium price to gradually

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Mining sector poised for growth

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increase in the next few years. The spot price is currently US$39 per pound (as at 1 December 2014), up from a nine-year low of US$28.5 per pound in June this year.

"With the expected increase in uranium prices, we believe that projects such as Areva's Trekkopje mine, Zhonghe Resources project, Valencia's Norosa project and Bannerman's Etango project should come on stream once economic price levels have been reached. In fact Rössing Uranium is expected to expand and employ more people when markets improve," he said.

Meanwhile, more players are coming to the table, targeting less conventional minerals such as rare earths – a sector currently dominated by China and one which international investors have kept a close watch on.

Canadian company Lofdal Heavy Rare Earth's recent announcement that its project situated near Khorixas can produce an average of 1,500 tonnes per annum of separated rare earth oxides, over a seven-year life of mine, spells more good news for Government revenue and export earnings.

"China is the world's largest producer of rare earth minerals. Namibia has an opportunity to influence markets by forming an alliance with China," Malango noted.

With the expected increase in uranium prices, we believe that projects such as Areva's Trekkopje mine, Zhonghe Resources project, Valencia's Norosa project and Bannerman's Etango project should come on stream once economic price levels have been reached. In fact Rössing Uranium is expected to expand and employ more people when markets improve.

Job losses

The topic that has made the most headlines in the industry this year is no doubt the retrenchments at three major mines.

The retrenchments have been a bitter pill to swallow in an already heavily mechanised industry especially against the backdrop of Namibia's high unemployment rate.

Rössing Uranium and Rosh Pinah Zinc mines retrenched 200 and 125 employees respectively. For Rössing it represented the company's second round of retrenchment after it laid off 276 workers in 2013.

More recently, Okorusu Fluorspar mine announced it would close this month, leaving 407 employees out in the cold.

The company had depleted the high-grade ore at the mine and the remaining low-grade ore was no longer economic to mine.

The mine will re-hire about 30 employees on fixed term contracts to carry out care and maintenance of the mine, as well as on-going exploration work, research and development.

The impact of the mine's closure will be felt even beyond the job losses.

Since 2010, Okorusu had supplied iron ore to the Ohorongo cement factory near Otavi. Now, Ohorongo says it is investigating various alternatives to source iron ore within Namibia.

"Currently, Ohorongo has enough stock to carry it through the interim period," the company said when approached for comment.

As to whether the company would consider absorbing some of Okorusu's retrenched staff, Ohorongo said it had assisted with similar situations in the past.

"The company…is currently doing a thorough assessment to see how to possibly accommodate some of the Okorusu employees."

Malango stated that the chamber had begun the process of sharing the details of affected employees with other mines to secure employment for them.

Going forward, he said it was unlikely that more Namibian mines would close due to depleted resources, or becoming otherwise uneconomical.

"We don't expect any mines to close in the future due to these reasons. But we expect some mines to develop new ore bodies to replace the existing ones.

"Market conditions are improving and mining companies are re-investing into exploration to delineate new ore bodies and extend the life of mines thereby ensuring sustainability to operate well into the foreseeable future.

"The mining industry will continue to be the backbone of the economy for decades to come. And the industry has the potential to immensely contribute to the industrialisation of Namibia based on our minerals production as inputs into beneficiation and manufacturing industries," he added.

Stripping activities in the Zone 1 pit. After 20 years of mining, the Zone 1 pit will be about 3km long, 1km wide and 412 m deep. Stripping operations have also started in the Zone 2 pit, which will eventually be about 2km long, 1.3km wide and 377 m deep.

Husab giant steadily rises

WITH over one million man-hours worked on the Husab project, world-class Swakop Uranium teams and contractor companies are busy helping one of the world's largest uranium mines get on its feet.

"There is tremendous focus at the moment on ensuring that we complete the work in time to meet the site's requirements. This requires dedication by everyone involved in the project," says Swakop Uranium CEO Zheng Keping.

Progress on site is visible and impressive. The focus has moved from earthworks to concrete works, and will progressively move to structural steel and installation of mechanical components and piping in the coming months.

Production, which forms part of the robust training programme, has progressed at a steady rate. With so many people on site working and at such a concentrated pace, safety remains the biggest challenge.

Nevertheless, on 2 September 2014 the project celebrated a significant milestone with 4 million Lost-Time Injury-free (LTI) hours.

The company even monitors smaller incidents, such as exceeding the speed limits on the access road, rigorously to ensure safe working practices.

By the end of August, the Swakop Uranium operational team had worked 709 days without a lost-day injury since it received authorisation to proceed. However, their sights remain on the All Injury Frequency Rate for the year, which stands at 11.14.

"Implementation of operational readiness plans for mining has progressed well with a strong emphasis on the owner maintainer model for the heavy mining equipment in collaboration with support from the original equipment manufacturers," Keping said.

The next stage of operational readiness moves to the plant area, and will include commissioning plans.

!Gawaxab new Rössing chairman

Johannes !Gawaxab has been appointed as a Director and Chairman of the Rössing Uranium Board of Directors with effect from 1 September 2014.

This followed the retirement of Rehabeam Hoveka, who had been Chairman of the board since 1 April 2008.

!Gawaxab has a successful track record in business and industry, and has worked across various functions and jurisdictions.

This includes finance, commercial, planning, strategy and operations in Namibia, the UK/ Ireland, South Africa, Ghana, Kenya, Zimbabwe and Malawi.

Since 2006, !Gawaxab has held the position of MD Africa Operations of Old Mutual, from which he resigned this year.

Prior to that, he was the CEO of Old Mutual Namibia, CEO of Old Mutual Asset Managers Namibia and CEO of Old Mutual Employee Benefits Namibia.

Before joining Old Mutual, !Gawaxab held the position of General Manager of Air Namibia.

He serves as Chairman of the national oil company of Namibia, Namcor, and on the board of Ohorongo Cement.

Johannes !Gawaxab

He further chairs the board of Old Mutual in Kenya, Nigeria and Zimbabwe and serves on the board of Old Mutual Namibia.

Rössing's Managing Director, Werner Duvenhage, welcomed !Gawaxab's appointment as a new Director and Chairman of the board on behalf of the company.

"On behalf of Rössing Uranium's employees and shareholders, I welcome Mr !Gawaxab and know that his wealth of business knowledge and experience will lead the company to new heights in the current challenging uranium market conditions," Duvenhage said.

"I would like to extend our sincere thanks and appreciation to Rehabeam Hoveka for his in-depth knowledge and experience of our operations that he has brought to the boardroom since 2008. Prior to his chairmanship of the board, he had a long career at Rössing that started in 1986.

"His guidance and leadership have been particularly valuable as Rössing expanded its business during strong uranium prices and later weathered our operations against the declining uranium price," he added.

Rössing honours long service

THIRTY employees of Rössing Uranium received special recognition during the mine's annual Long Service Award gala evening in Swakopmund recently.

Three of these employees reached a 30-year milestone at the company, while 27 others received awards for 35 years of service.

Rössing Managing Director Werner Duvenhage congratulated the award recipients at the event.

"Tonight, we recognise and celebrate the commitment and dedication of our long-serving employees, who continue to serve as the driving force of the company's performance.

"You laid the foundation on which our company evolved and at times survived through the most trying times, like what we are going through currently," he said.

Duvenhage also thanked the recipients for their wider contribution.

"You have witnessed the many changes both at Rössing and in the total employment landscape since you first started your careers decades ago.

"Over the years, your work delivered value for our shareholders, the national and regional economy, and our broader stakeholder base. You have contributed much to Rössing and by doing so, positively changed the mining industry in Namibia," he noted.

When receiving his award, Frans Nanda, who started his career at Rössing as a Fitter in 1978 said, "Rössing has been my employer for 36 years. I commend the company for recognising experience and loyalty."

The long-service award recipients all received certificates in recognition of their years of service, as well as corporate gifts and cash bonuses from the company.

In pursuit of Rössing's aspiration to be an employer of choice, the mine offers exciting and rewarding employment.

In this way, Rössing has contributed significantly to society and the economy since 1976.

Rössing currently employs around 900 permanent employees of which more than 98 percent are Namibian citizens.

Frans Nanda received his award for 35 years of service from Werner Duvenhage, Rössing's Managing Director and Melissa Shanjengange, General Manager Organisational Resources.

Beneficiation Opportunities for Namibia's Minerals

Value addition in the mining industry has been a topic of broad and contentious debate in the business, political, and social spheres for a long time and particularly during the last three years. The issue was prominently brought to light in July 2011, when the Ministry of Finance announced the intention to introduce an export levy of five percent as part of a broad range of new tax proposals. The rate was later reduced to two percent after the Chamber of Mines (CoM) convinced government that the new tax proposals would be detrimental to the industry, as opposed to the purported contribution to growth of the economy. The main aim of such a levy was said to incentivise value addition in the mining sector, as well as to other natural resource exporting industries. The other motive was that the levy would help to increase Government revenue. Following the announcement and other developments surrounding the well-known 'Growth at Home' Strategy, there have been many claims that the mining industry contributes very little to value addition in Namibia.

In response to the Minister's announcement, the Chamber of Mines (CoM) proposed to the establishment of a Joint Value Addition Committee, more commonly known as VAC, to investigate the potential for greater beneficiation of Namibia's mineral products. GRN accepted the proposal which was later enshrined in the NDP4. In 2013 the VAC was constituted under the leadership of the Ministry of Mines and Energy (MME).

The VAC contracted independent consultants from Europe, SNL Metals, to conduct an in-depth analysis on the beneficiation possibilities for Namibia's key commodities. The findings of the report were presented at a workshop at the beginning of August 2014, where stakeholders were invited for consultation and deliberation.

To comprehend the overall findings in the report, it is important to understand the meaning of raw materials and beneficiation. Raw materials is regarded as un-processed ore derived from mining for direct shipment. Beneficiation or value-added processing in the mining sector is referred to as part of the mineral value chain after mining and extraction process, for example, smelting, refining and manufacturing. According to the definition laid out in the report, this process leads to a more finished product that has a higher export sales value.

It is also important to note that competitive advantage is the key driver for investment in manufacturing beneficiation, not comparative advantage – the availability of raw materials. Investment in this sector is driven by skills and craftsmanship, cost competitive production and access to markets (domestic & foreign). In general the report shows that significant opportunities for further beneficiation of local minerals exist and identifies challenges that need to be overcome in the Namibian context. However, the current and medium term supply of domestic minerals is not sufficient to warrant the construction of high capital, water and power intensive facilities. Thus the lack of economies of scale has been identified as one of the challenges for investment decisions in further value addition of minerals.

This holds true for all main commodities mined in Namibia (copper, gold, lead, & uranium) except for refined zinc and diamonds. Furthermore, the report shows that downstream processing may in some cases be a low margin business. Gold refinery was cited as one such case. The security of uninterrupted water and energy supply remain a challenge and a concern in Namibia. Once all the new mines are in operation, electricity consumption by the mining sector is predicted to increase tremendously. Major infrastructure developments and upgrades would also be needed to facilitate the increased bulk transport required by these operations.

The report further states that downstream processing may not be as labour intensive as the extractive sector and generally demands high skilled workers. Although direct employment numbers are relatively small, the report states that indirect employment created through the supply of capital goods, consumables and services and associated upstream businesses, could contribute five to ten times (multiplier effect) more than the number of jobs already created by the mining industry.

Copper:

There is the possibility of expanding the existing Tsumeb smelter to house a copper refinery. However, the current volumes of copper concentrates would not warrant investments into a copper refinery. Economies of scale is key to unlock such investments. Luckily, Namibia has a coast line, meaning such volumes could be attained by importing copper concentrates from other producers in the world.

For the first time in the history of Namibia, the new Tschudi copper mine currently under construction will be producing copper cathode (the purest form of copper) early in 2015. This is possible because the deposit is an oxide ore which enables direct copper cathode production by solvent extraction (SX) and electro winning (EW) process. At 17,000 tonnes of pure copper production Tschudi will be a small to medium operation and has a life span of initially 11 years but has the potential to warrant investment in further downstream processing operations such as a wire or rod cable plant.

Diamonds:

The report reveals that there is definitely room to further develop Namibia's diamond cutting & polishing industry. In 2012 ten percent of diamonds mined in Namibia were used for local beneficiation (cutting & polishing). In 2006, Government and De Beers agreed to make available both run of mine production from Namdeb – and aggregated diamonds. Aggregated diamonds are a mixture of diamonds from all of De Beers' mines, aimed at ensuring a consistent supply of rough diamonds. This consistency is vital for

the success and viability of the cutting and polishing industry. A total value of approximately US$300 Million (N$3 Billion) worth of diamonds is thus made available annually for the Namibia cutting and polishing industry. This represents more than 30% of Namdeb Holdings' (i.e. Namdeb and Debmarine Namibia) total production.

There is also considerable potential for further value-addition of cut & polished diamonds into jewellery which will generate significant revenue for the country. Such developments, however, will require a sizeable investment in skills development for this sector. Following the nature of this particular industry, promoting a particular brand for Namibian diamonds will play an essential role in the success of diamond jewellery manufacturing.

Gold:

The report shows that investing in gold refineries in Namibia would be uneconomical for a number of reasons. Firstly, gold mining companies do not generally invest in refineries because the return and profit margins of this business are much lower than those generated from gold mining activities. Currently, there is also an excess of global refining capacity, especially in Africa. South Africa houses the third biggest gold refinery in the world, the Rand Refinery, with a capacity of 600 tonnes per annum. Being a precious metal, refined gold can easily be transported back to Namibia for jewellery industry which would greatly enhance ultimate value addition in combination with precious (diamonds, tourmalines etc.) and semi-precious stones.

Iron & Steel:

In Namibia, there are a number of promising iron ore prospects with an estimated potential of 3.2 to 4.7 billion tonnes in iron ore reserves. The challenge, however, is for Namibia to compete for capital internationally. Iron ore mines are capital intensive, and the viability to invest is determined by the ability to produce high quality ore from low cost, long-life assets. Furthermore, new iron ore projects would need to be well positioned for export to overseas market, requiring the necessary rail and port infrastructure in Namibia. Due to the nature of iron ore mining and start-up requirements, many projects are delayed. Although this is the typical scenario, SNL is of the opinion that there is long-term scope for an iron ore mine to be developed in Namibia. Indeed, Namibia is getting closer to producing iron ore with the granting of a Mining Licence in September 2014 to Lodestone Namibia, by the Minister of Mines and Energy.

The scope for steel production in Namibia is limited, as there is currently an excess of steel smelting capacity on a global scale. Using South Africa steel making industry as an example, the country only exports small quantities of steel overseas. They have significant cost disadvantages compared to other major steel producing countries, for example Brazil, as they face high prices for energy and transportation. South Africa's situation is applicable to Namibia when assessing the feasibility of a local steel making plant for Namibia.

It is unlikely that Namibia will be self-sufficient in supplying the raw material inputs needed for steel manufacturing. This opens up another opportunity for downstream activities in the local steel industry. Given the possibility of iron ore production in Namibia, the report indicates that casting and rolling could be considered in the value addition of steel. Such a plant would initially use imported steel to produce intermediate steel products.

Zinc:

Namibia already produces Special High Grade Zinc at the Skopion Zinc refinery, but Skorpion's zinc resources are scheduled to be depleted in 2016/17. Plans are currently being reviewed to convert the refinery to process sulphide ores, which would come from the Gergarub deposit. Vedanta recently (November, 2014) announced an investment decision of U$780 million (about N$ 8.6 billion) to develop a zinc mine at Gamsberg in South Africa and to also invest in a roaster plant at Skorpion Zinc to treat the sulphide concentrates from Gamsberg. About N$ 1.7 billion will be for the refinery conversion, demonstrating a vote of confidence in Namibia. Much of zinc production is used to galvanise steel. The development of a galvanising industry in Namibia is possible, but would require a local steel industry (based on potential iron mining in Namibia), or steel imports. Already, the Chamber of Mines has received inquiries on the possible investments in the galvanising industry.

The demand for zinc is dominated by sophisticated end use markets, such as the automotive and construction industries. SNL is of the opinion that for Namibia to benefit from downstream activities associated with zinc, domestic and regional industrialisation is necessary.

Lead

The Rosh Pinah Zinc mine produces zinc and lead concentrate. The Rosh Pinah mine produces approximately 10,000 tonnes of lead concentrate per annum and along with other greenfield projects; Berg Aukas (12,000 tonnes), Namib Lead (3,000 tonnes), Tsumeb Slag (1,000 tonnes) and Gergarub (< 30,000 tonnes), Namibia has the potential to produce approximately 50,000 to 60,000 tonnes of lead concentrate per annum. The initial life of mine of these projects and the annual production of lead concentrate would not warrant the construction of a lead smelter. Once again, the lack in economies of scale is a major challenge to the viability of such an investment.

Uranium Enrichment:

Although Namibia is a main supplier in the global uranium market, local uranium enrichment is not currently feasible and remains a long-term objective. Eighty percent of the world's uranium production is not converted or enriched in the country of production, mainly as a result of skill shortages and high production costs. The Namibian Government's 2007 strategic commitment to encourage local nuclear fuel production creates significant potential for downstream beneficiation in the nuclear fuel cycle. It is argued that before such value addition can occur, a decision should be made to invest in a nuclear power plant. Due to the capital and specialised nature of uranium enrichment, the report suggests that it may be beneficial to attract integrated multinationals with expertise from mining through to enrichment.

Concluding Remarks

Overall, the report shows that there is potential for further downstream value addition in the local diamond, zinc and iron sectors. These are not without limitations and challenges in the Namibian context, especially with regard to shortages in specialised skills, power, water and underdeveloped transport infrastructure. During the discussion session held at the end of the workshop, it was distinctly noted that the above challenges are primarily the responsibility of Government, and should not hamper the development of such downstream projects. The report further identified diamonds, copper, zinc and iron ore as "low hanging" fruits on which all challenges could be addressed and a strong manufacturing base could be established based on these minerals.

As a way forward, the joint Value Addition Committee agreed to advance this research into phase 2 to cover another set of minerals, namely: dimension stone, salt, phosphate, fluorspar, manganese, graphite, and silica sand. A similar feedback workshop will again be held during Q1, 2015 where the results of phase 2 will be presented and deliberated.

Phase 3 of VAC entails field visits to manufacturing plants in selected Countries to investigate what it would take for such investments to come to Namibia. The final deliverable of VAC is the Mineral Beneficiation Strategy for Namibia. This will be the final road map to quide Namibia to Vision 2030 in the industrialisation based on our mineral products.

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a tsebo solution

Minister of Trade Calle Schlettwein being taken through the refinery plant by Skorpion Zinc General Manager Prasad Suryarao.

Schlettwein visits Skorpion Zinc

Minister of Trade and Industry Calle Schlettwein recently paid a warm visit to the Skorpion Zinc Mine and Refinery site. He was accompanied by his team from Offshore Development Company (ODC), Namibia Standards Institution (NSI), Namibia Chamber of Commerce and Industry (NCCI) and the Namibia Investment Centre.

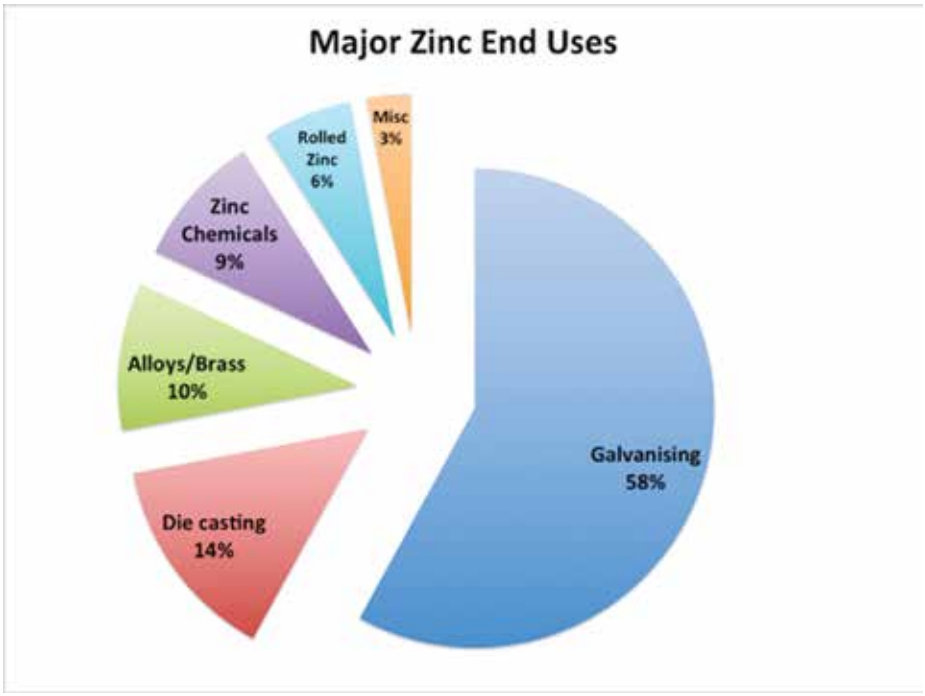
In his message to the Skorpion team, Schlettwein applauded the company for remaining a flagship investment within the mining sector that beneficiates within the country.

He indicated that his ministry was particularly excited about the planned conversion of the current refinery that would not only look at treating and beneficiating local sulphide concentrates but also concentrates from other countries.

"Once the conversion of the plant has taken place, even other sulphide concentrates which are currently exported from Namibia can also be treated and beneficiated to final metal locally. This is an exciting project we are embarking on," stated Skorpion Zinc GM Prasad Suryarao.

Conversion of the refinery will bring many benefits to the country and will make Namibia, particularly Skorpion Zinc, as the Anchor of Zinc in Africa. It will strengthen the status of the refinery as the only zinc refinery in Africa. The conversion foresees the Luderitz Port traffic increasing as well as the new road being constructed between Oranjemund and Rosh Pinah bringing additional benefits to the mine and other businesses in the southern region.

During the discussions, uses of zinc were discussed and how the NCCI, can encourage further value addition by local entrepreneurs to engage in manufacturing businesses that will make use of the locally beneficiated zinc metal, such as:



- Galvanizing (steel industries): This is to enhance the longevity and performance of steel.
- Die casting: a versatile process for producing engineered metal parts.
- Alloys and brass
- Zinc chemicals: used in the vulcanization of rubber, as well as in ceramics, paints, animal feed and pharmaceuticals, and many other products and processes.
- Rolled zinc (or zinc sheets): used extensively in the building industry for roofing, wall cladding, gutters and downspouts, flashing and weathering applications.

Namibia has the potential to set up industries that can engage in any of the above mentioned industries as further value addition on the zinc mined and beneficiated as metal at Skorpion Zinc.

The visiting team took a tour of Skorpion Zinc Mine and Namzinc Refinery led by Suryarao.

Safer and shorter travelling time for Trekkopje Mine users

A 28 kilometre gravel link road from Trekkopje Mine to Arandis railway was inaugurated on Friday, August 15th 2014 by Arandis Mayor Daniel Muhuura.

Areva Namibia's engineering team formed a joint venture with the onsite road maintenance contractor HH Schultz to construct the road.

Mayor Muhuura applauded Areva Namibia during the launch event saying "this event underpins the development commitment from Areva Namibia with the Arandis Town Council and the communities that are beneficiaries to this road. Areva Namibia has been a serious development partner and has contributed immensely to the social economic transformation of our town through the partnership that we have shared over the years."

"Our most valuable asset - employees - will benefit now by a safer and shorter traveling time," said Hilifa Mbako, Managing Director of Areva Namibia at the launch event. "In comparison, this road was a cost saving and done in record time; the first road running through the central business area of Arandis, benefitting the local community," he said.

Mayor Muhuura underlined the importance of this link as "a major investment that will not only benefit the mine, but also the overall road users in terms of less traffic on the B2 road. Industrial development must cater for sustainable development and we need to make sure that we put safety measures in place to enable us to strike a fair balance in maintaining our production, our workforce and our nation in a much safer environment."

The launch of this milestone was celebrated by all employees and stakeholders.

Seen at the inauguration from left is Francois van Dyk, Mine Manager (Acting), Hilifa Mbako (Managing Director) and Mayor Muhuura.

AREVA Namibia's Care and Maintenance Management team participated in cutting the ribbon to the new 28 km link road at Trekkopje Mine.

Tschudi update

On Friday, 08 November 2013, Weatherly held the Ground-breaking Ceremony for the Tschudi Copper Project, with the Minister of Mines & Energy, Honourable Mr Isak Katali officially kick-starting construction of this major new copper mine near Tsumeb.

One year later, the construction progress has been immense, and the project remains on schedule to produce its first pure refined copper metal on site early in 2015.

As of September 2014, over 500 Namibians were already working on the construction site, with that number expected to reach a peak of approximately 800 people before the end of 2014.

Thereafter, approximately 500 Namibian jobs will be created to operate the project during the initial planned mine life of 11 years.

Even though the town of Tsumeb has been experiencing some challenges to support all of the economic activity happening in the area for the last year or so, the overall benefits in direct employment, and also in terms of indirect local job creation, have been massive.

The Tschudi Copper Project is exciting, not only for Tsumeb and surrounds, but also for Namibia as a whole. Tschudi will be an open pit mine, delivering crushed and agglomerated copper ore to a hydro-metallurgical process on site called Heap Leaching (HL). Within this process, sulphuric acid from Dundee's new acid plant will be diluted with water and irrigated onto the ore, dissolving the copper into solution. This solution is then delivered to a two-stage processing plant, utilising Solvent-Extraction (SX), and then Electro-Winning (EW) technologies to upgrade and extract the copper from solution and produce pure refined copper metal in sheets called cathodes. These cathodes will be 99.995 percent pure copper and will be registered under the international code of standards for copper cathodes, known as ASTM B115 – Grade 1.

Up until the construction of Tschudi, all copper in Namibia has been processed up to a less advanced stage, producing "blister copper" at the Tsumeb smelter. This blister copper is then exported to be refined into copper cathodes. These copper cathodes are then a suitable material to be used in downstream manufacturing.

At Tschudi, final-product refined copper cathodes will be produced on site, the first time this maximum level of value-addition by mining and mineral processing has been achieved in Namibia for copper. This is a major step towards maximising value-addition in order to help create the prosperous industrialised future described within Vision 2030.

On the site the construction of the Heap Leach pads are almost complete, and construction of the SX and EW sections are well advanced. Weatherly engaged a specialist metallurgical project Engineering, Procurement and Construction (EPC) company called LogiMan to manage the project and they have in turn engaged many Namibian contractors to complete the work. To date more than N$110 million worth of work has been awarded to more than 40 local contractors and suppliers throuth LogiMan.

Open pit mining has already started at Tschudi, and at the end of September, Basil Read Namibia (and their sub-contractors) have already employed more than 120 people, operating a heavy earthmoving fleet including 2 x Liebherr 984 excavators, 8 x 50t and 100t Komatsu haul trucks, plus many pieces of ancillary plant including bulldozers, front-end-loaders, graders, water trucks, and so on. This fleet will increase to more than double that size in early 2015, with Basil Read job numbers also growing to over 300.

A third major contractor, B&E International (North) Namibia, are constructing the Crushing & Agglomeration plant which will crush and agglomerate the open-pit ore, and then stack it on the Heap Leach pads. This section is on schedule to be complete before the end of 2014, and B&E will employ approximately 90 people in their subsequent operations.

Intertek Genalysis Namibia have completed construction of their on-site laboratory, and commenced assaying open pit samples in September, with additional recruitment and training well underway.

Meanwhile, Weatherly has also recruited the key members of their operating team, and will complete recruitment and initial training of the remainder of the team before the end of 2014.

The Board and Management of Weatherly Mining Namibia are tremendously thankful for the support received from the Government of the Republic of Namibia, regional and local authorities, and the community of Tsumeb. With this continuing support, Weatherly is proud of the progress to date and is confident of delivering a tremendous asset, and a highly skilled workforce, with a long and prosperous future.

Chamber Site Visits

As part of ongoing engagements with Chamber members and the induction of the Chamber's economist, Lauren Davidson, the CoM team visited six mining operations in October and November 2014.

Namdeb Operations

In the second week of October, the CoM visited the Namdeb land based operations, including Elizabeth Bay, the Southern Coastal mines and the Orange River Mines. Elizabeth Bay, which is situated close to Luderitz consists of the Elizabeth Bay mine and the Contract orTreatment Facility. The Elizabeth Bay mine, although relatively small in size, is rather unique because of the very high grade pockets on site. The Contractor Treatment Facility recovers diamonds from gravels that are mines by Namdeb contractors in the shallow waters of the Elizabeth Bay mining licence.

During the time spent in Luderitz, the Chamber was appraised about the midwater exploration programme as part of Namdeb's strategic objective to enhance the sustainability of its operations. The team had an opportunity to visit a Vessel called the "Explorer" which was about to embark on a sampling programme in the mid water areas of Namdeb's mining licences.

The next port of call was the Southern Coastal mines (Mining Area 1), located along the beach just behind Namibia's southern most town, Oranjemund. Beach accretion, a process whereby the sea is pushed back to reclaim land for further diamond mining , is a core focus for the Southern Coastal mines to prolong the life of mine in this area. Accretion allows the ocean floor to be mined which was previously covered by water. The highlight was a visit to the Beach Comber dredge and the discharge point of sand into the sea.

The CoM team also paid a visit to the Red Area Complex, the new diamond sorting facility, where rough diamonds from Namdeb and Debmarine operations are recovered and then sent to Namibia Diamond Trading Company (NDTC) in Windhoek.

The Orange River mines were visited with a focus on the new Sendelingsdrif mine, which will soon replace the current Daberas mine and thereby contribute significantly to the sustainability of the Orange River operations.

Weatherly Operations

Located some 40 kilometres outside of Windhoek, on a farm just off the C28, is the historic Matchless mine still contributing to Namibia's copper concentrate production. The CoM delegation was taken underground where the bulk of Namibia's copper concentrate comes from. The ore mined at Matchless is transported 88 km to the Otjihase processing plant where copper concentrate is produced. A new underground mining area at Matchless is being developed which will provide first hand training in specialised underground mining techniques.

The construction of Tschudi mine, which is located just outside Tsumeb is progressing at a rapid rate and is scheduled to come into production in the first quarter of 2015. The CoM team visited the mining site, heap leach pads and the processing plant currently under construction. The ore will be transported by conveyor belt to the leach pads. Sulphuric acid, procured from Dundee Precious Metals Tsumeb, will then be irrigated onto the oxide ore, dissolving the copper to produce a pregnant solution. After this process, the pregnant solution is transported to the processing plant where copper cathodes will be produced in the solvent extraction (SX) and electro winning (EW) process.

Dundee Precious Metals Tsumeb

After visiting the Tschudi site, the CoM team went to Dundee Precious Metals Tsumeb's copper smelter and sulphuric acid plant. The sulphuric acid plant is under construction and is scheduled to come into production in July 2015. The team was delighted to note major upgrades being made to the copper smelter. With the installation of modern technologies –the Ausmelt furnace and associated oxygen plants, the whole plant is being turned into a new infrastructure. Old and disused equipment is being dismantled thereby improving the visual aesthetics of the whole plant. In the process, the environmental challenges associated with emitting sulphur dioxide gases into the atmosphere will be eliminated altogether with installation of modern bag houses. The plant also produces arsenic trioxide and lead dust as by-products for sale.

Swakop Uranium

The last site visit for the year was to Swakop Uranium's Husab Mine. The momentum of construction was witnessed by the buzz of activity on site, as well as the mere dedication of the Swakop Uranium and contracting employees. The highlight of the visit was the scale of mining operations already in motion, to ensure a sufficient ore stock pile ready when the processing plant is commissioned. Uranium will be extracted from the ore through acid leaching, solvent extraction and precipitation. Sulphuric acid needed for the leaching process will be produced on site.

Chamber of Mines team with Brad Wood (Northern Coastal Mine Manager) visiting Namdeb's Contractor

The Chamber is thrilled to be given the opportunity to be updated about Namibia's mining operations and also to witness growth in the mining industry as new developments unfold. As many of the articles in this newsletter indicate, it is very clear that the local mining industry is on a rapid growth path. It is even more exciting to physically witness these developments on site spurred by new investments and reinvestments in the sector.

The Beach Comber Dredge in action, digging up sand for beach accretion.

Namibia Rare Earths to extend life of mine

Christine-Rita Abankwah

NAMIBIA Rare Earths believes that its mining project in north western Namibia can be extended by another eight years beyond its initial forecast, as the world seeks alternative sources of rare earths outside China.

A Preliminary Economic Assessment (PEA) confirmed that the Canadian company's Lofdal Heavy Rare Earth project situated near Khorixas had a potential to produce an average of 1,500 tonnes per annum of separated rare earth oxides, over a seven-year life of mine.

This would generate an after tax cumulative cash flow of US$257 million. The company estimated the capital costs at US$156 million for the 2,500 tonnes per day open pit mine.

The term 'rare earth' describes any of fifteen metallic chemical elements. The global demand for rare earths has increased as industry finds more users for these elements.

Industry uses rare earths in lasers, camera lenses, x-ray machines, batteries and lamps, to name a few.

In an interview, Namibia Rare Earths president Don Burton said the potential to increase the life of mine was significantly very high.

"The current resource is based on drilling from surface to a vertical depth of between 150 and 200 metres. We have drilled exploration holes deeper to confirm that the mineralisation continues and we have intersected the rare earth mineralisation at similar grades and thickness to a vertical depth of over 300 metres.

"So we know the deposit is 'open' and we can increase the resource size with more detailed drilling. We believe this could potentially take us to a mine life of 15 years or more," he said.

He however cautioned against regarding the PEA as a pre-feasibility or feasibility study because the economics and technical viability of the project had not yet been established.

"We are currently finalising test work at Mintek in South Africa and Nagrom in Australia that is being carried out on drill core samples they received in early 2014. Once that is completed, we will optimise the process flow sheet.

"We anticipate that we will initiate [pre-feasibility study] and [feasibility study] level work before the end of this year and are in the process of designing these programmes which we anticipate will take 12-18 months to complete.

"Timing is also dependent in part on the successful determination of engaging a qualified partner," Burton explained.

The company's objective in completing the pre-feasibility and feasibility level work within this timeframe has a direct link to making an application for a mining licence.

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"There is still a lot of work to do including additional drilling to develop sufficient mineral reserves (as opposed to the current mineral resource), much more metallurgical test work on larger samples and environmental assessment studies including community consultations.

"Our focus from this point forward will be to complete sufficient technical work to satisfy all the requirements of the Ministry of Mines and Energy so that it will be in a position to then issue a mining licence for Lofdal," Burton said.

Meanwhile, Namibia Rare Earths was looking to bring in a qualified partner with both technical and financial capacity to assist in the development.

Rare earths are a very specialised commodity sector and the downstream refining and sale of products is much more complex than traditional commodities such as copper, zinc or gold.

There is also limited expertise in rare earth refining (termed separation) and much of this capacity currently exists in China.

"Almost all heavy rare earths are extracted from clay-type deposits in China so most producers using these particular rare earths are obliged to set up operations in China," Burton said.

"There is a very high level of interest in securing a sustainable source of heavy rare earths outside of China. This is a very significant aspect of Lofdal.

"So our first priority is to enter discussions with qualified partners outside of China. We also have the option to discuss with 'end users' who have an interest in securing a sustainable source of the heavy rare earths outside of China."

In both these instances, the company would look to the partner to secure funding such that they would not have to issue shares to finance the project.

"…We could take the more traditional route of financing the project on our own by way of issuing shares but as you would appreciate, that would be quite dilutive to our shareholders and we would be exposed to more risk with the downstream processing and marketing of products.

"One cannot exclude China, but we believe that would entail more complicated negotiations and take much longer to conclude," Burton said.

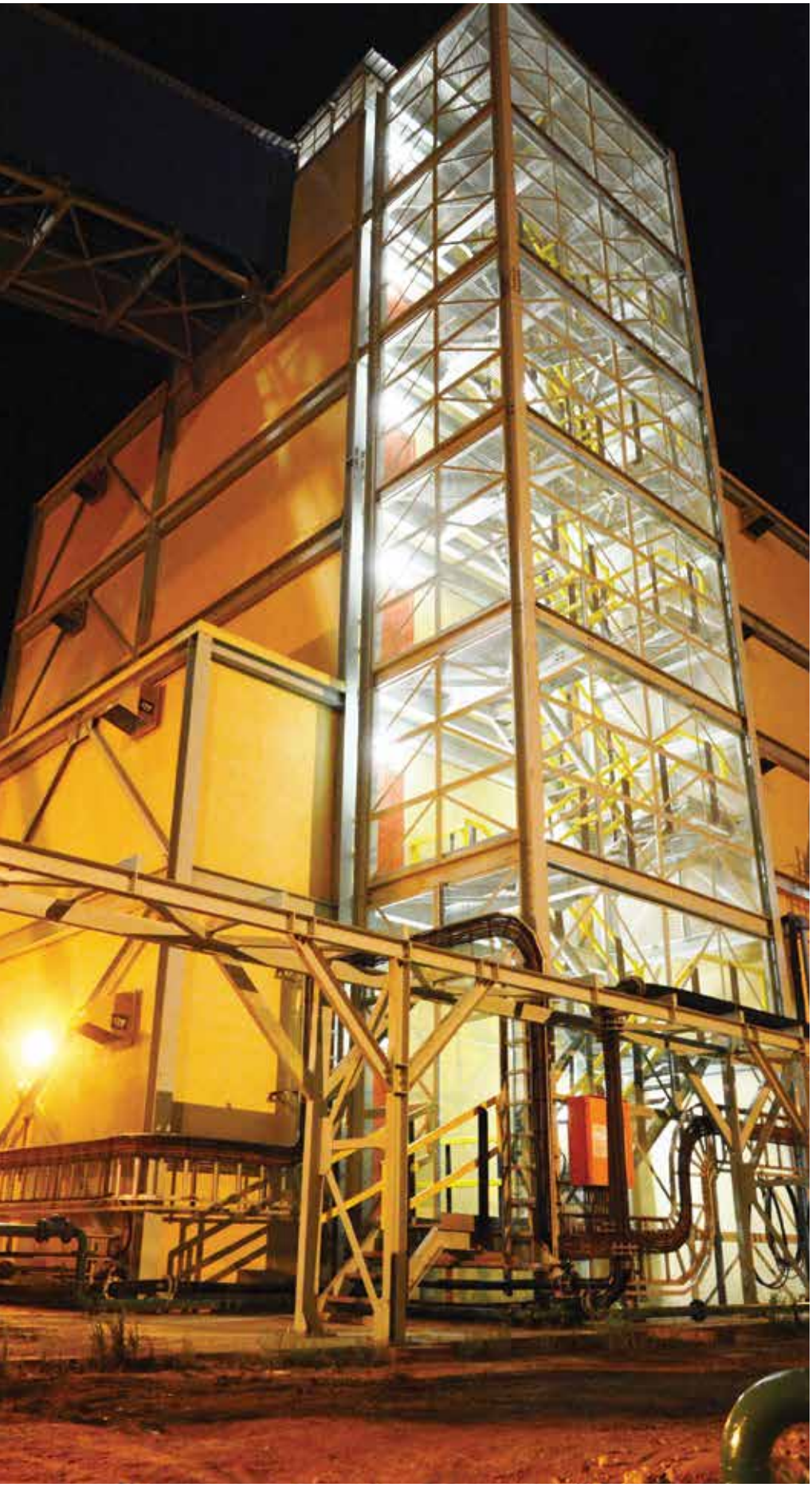
While the company has not yet undertaken an Environmental Impact Assessment (EIA), the PEA indicates that it can develop the project in an environmentally responsible manner, with significant economic benefits to Khorixas and Walvis Bay.

EU Heads of Mission visit Erongo desalination plant

Representatives from France, United Kingdom, Spain, Germany, Finland and Portugal in Namibia were introduced to the unique operations and technical process of extracting water from the sea to produce a potable product available for domestic and industrial usage in the Erongo region.

"Our stakeholders are important to the company. Our aim is to give an overview of progress made and to keep all informed and updated about our activities," according to Hilifa Mbako, Managing Director of AREVA Namibia. The EU visit to the Erongo desalination plant took place in September.

New diamond recovery through technology



Red Area Complex Plant

Namdeb has shown progress with both resource and technology development since the commissioning of the Red Area Complex (RAC) in 2013.

The state-of-the-art recovery and sorting facility is more cost effective compared to the old Mining Area 1 Recovery Plant built in the 1960's, which in later years was costly to operate because of aging equipment.

RAC was designed based on technologies that would lower operational costs in low grade mining areas. It boasts state-of-the art X-ray machine technology making use of the X-ray luminescent properties to differentiate diamonds from other minerals within the concentrate gravels.

The X-ray machines are supported by infra-red driers, ultra-violet sorting machines and conventional hand-sorting in order to extract the maximum amount of diamonds for export to the Namibia Diamond Trading Company (NDTC) in Windhoek.

"RAC has not only showed improved efficiencies but it also has state-of-the art surveillance systems that [have and will] reduce the potential of diamond theft through the improved resource protection (security) measures," says Wollen Nell Recovery/ RAC Manager.

Constructed at a cost of approximately N$150 million, RAC is part of Namdeb's on-going investigations into new technologies that will help extend the life of its mining projects that are set to boost the life of conventional land operations.

Both Namdeb and Debmarine's entire revenue stream is being processed through the new facility, therefore the integrity and reliability of this operation is vital for the operations. Riaan Burger, Namdeb's General Manager said; "The Red Area Complex demonstrates Namdeb's commitment to continuously improving its operations and creating long-term value for the organisation and in turn for our employees, stakeholders and Namibia in general."

To date, RAC and Sort-house have created employment opportunities for 21 people of which 18 are women, making this the only production plant with most women in this male dominated industry.

This further underlines Namdeb's importance as a significant player in the Namibian economy providing employment opportunities and related economic benefits to 2050 and beyond.

Sendelingsdrif Mine

Namdeb: 20 years of innovation and value creation

In November 2014, Namdeb celebrates 20 years of existence and continues to play a significant role in Namibia's economy.

With the launch of Project 2050 in 2010, Namdeb has investigated new technologies to profitably mine the wetter areas in the inshore and inner-shelf license areas.

Pushing back the sea and methods of extending the mine by accreting new beaches are unique world class approaches the mine has employed. These approaches have extended life of mine and contribute to the realisation of mining to 2050 and beyond.

Located along the Orange River is the newest Namdeb mine. Sendelingsdrif mine is situated in the Sperrgebiet National Park, close to Rosh Pinah and it is the second largest diamond deposit within the Orange River Mines' mining license area, after Daberas.

The mine contributes to ensuring the highest level of mining innovation and sustainability of the diamond mining company towards 2050 and beyond.

This development secures Namdeb's operations in the Orange River Mines license area and provides continued employment in the Karas region, employing 153 people.

Constructed at a cost of approximately N$350 million, this operation is designed to minimise the impact on the environment, with continuous progressive rehabilitation during mining, as well as dry screening (screening without water) to minimise water and power consumption.

This is done through Namdeb's robust Environmental Management Programme which will ensure that the area is restored to its original state as closely as possible, post mining operations.

Operation at the mine will be guided by Namdeb's 'ZERO HARM' commitment, as is the case within all its areas of operation. Therefore, Sendelingsdrif is subjected to the most stringent safety rules and employees fully comply with the prescribed safety laws and regulations.

Sendelingsdrif mine is expected to generate much needed revenue for further development of other strategic projects required to achieve Namdeb's vision of being the pride of Namibia's mining industry, leading up to 2050 and beyond.

Vedanta Resources celebrates ten-year anniversary of LSE listing

Anil Agarwal, Group Chairman, Vedanta Resources Plc and Tom Albanese, Group CEO, Vedanta Resources Plc opened the market at the London Stock Exchange (LSE) on 25 September 2014 to celebrate ten years of Vedanta's main market listing, confirming the Group's long-term commitment to its listing on the London Stock Exchange.

His Excellency Ranjan Mathai, the Indian High Commissioner to the UK, was also in attendance to mark this milestone.

At the time of flotation in 2003, Vedanta was the first Indian company to gain a premium listing on the London Stock Exchange, and it immediately qualified to enter the FTSE 250. The IPO was the second-largest of the year in London.

Vedanta's listing has provided an excellent platform for growth over the last ten years. In this decade, Vedanta has offered global investors exposure to the fast-growing Indian market.

Vedanta's share price has increased by 175 percent since its listing, outperforming the FTSE 100 and FTSE 250 Mining indices by a significant margin. The Group has delivered a total shareholder return of 12 percent per annum since flotation, returning US$1.4 billion of capital to shareholders.

Today, Vedanta is amongst the largest globally diversified natural resources company. It has increased production ten-fold since 2003, with strong organic growth supported by select acquisitions including Cairn India, KCM, Anglo American Zinc and Sesa Goa.

With an earnings before interest, taxes, depreciation, and amortization (EBITDA) of approximately US$4.5 billion for the financial year 2014, the combined market capitalisation of all of the Group's listed companies currently stands at approximately US$40 billion.

The Group now employs 88,000 people directly and indirectly across four continents, with a particular focus on India and Africa, where it holds the majority of its assets. Its community development programme has benefited over 4 million people in local communities where the Group operates.

"Our London listing has played a very important role in building Vedanta into the company it is today and we believe that it will be a significant part of the Group's future. We are proud of what we have achieved and would like to thank all those who have contributed to Vedanta's success. I look forward to building on this success with many more decades of partnership here in London," Agarwal said.

Xavier Rolet, CEO of the London Stock Exchange Group, said: "We are delighted to welcome Vedanta, a truly inspiring Indian success story to open the market this morning, 10 years since joining LSE. In that time, the company has gone from strength to strength, demonstrating London's ability to provide ambitious international companies with the ongoing financing and profile that have helped Vedanta grow into the global business it is today."

Best-practice agreement for best-practice results

Members of the Metal and Allied Workers Union of Namibia (MANWU) and the Contracting Companies working at the Husab Project have reached a far-reaching agreement to create a platform for industrial peace and teamwork. This was achieved through the leadership of Swakop Uranium.

The agreement will help ensure that the most challenging capital project in Namibia will be constructed on time and within budget. The agreement, which is an addendum to various previous Project Labour Agreements, was signed in Swakopmund on 8 September 2014. It was effective as from 1 September 2014 and runs until 31 December 2015.

According to Percy McCallum, Swakop Uranium's Vice-President Human Resources and Business Support, the negotiations with the contractor representatives and MANWU represent a further step in a smart partnership between the parties.

In terms of the agreement, a fair negotiated settlement was reached on hourly pay rates for the contracting company's employees, which took all macro and micro economic factors into account.

MANWU committed to, and will support the Contractors in improving productivity initiatives and encouraging MANWU members to refrain from being absent from work without permission or being guilty of poor timekeeping.

The parties have agreed to investigate and propose an HIV/AIDS programme, which will be developed in collaboration with Namibia Business Coalition on Aids.

The parties furthermore agreed to expand the current Safety Incentive Bonus Scheme in that a taxable monthly bonus would be paid to all those employees within the Recognised Bargaining Unit, subject to employees' monthly attendance rate and safety targets as determined by Swakop Uranium being met.

"Swakop Uranium strives to implement best practice standards in occupational health and safety, employment equity, conditions of employment, training and development and industrial relations. We want to attract and retain quality staff and to be seen as an employer of choice in Namibia. I would like to believe that this agreement is in line with our philosophy and vision," McCallum said.

Hofni Shikongo, Swakop Uranium's Employee Relations Manager (left), oversees the signing of the Substantive Agreement with MANWU. MANWU full-time Shop Stewards Elifas Andowa and Justina Jonas signed on behalf of the union and the workers.

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Celebrating 20 Years of Innovation and Value Creation

1994 - 2014

NAMDEB

On Diamonds We Build