



Chamber of Mines

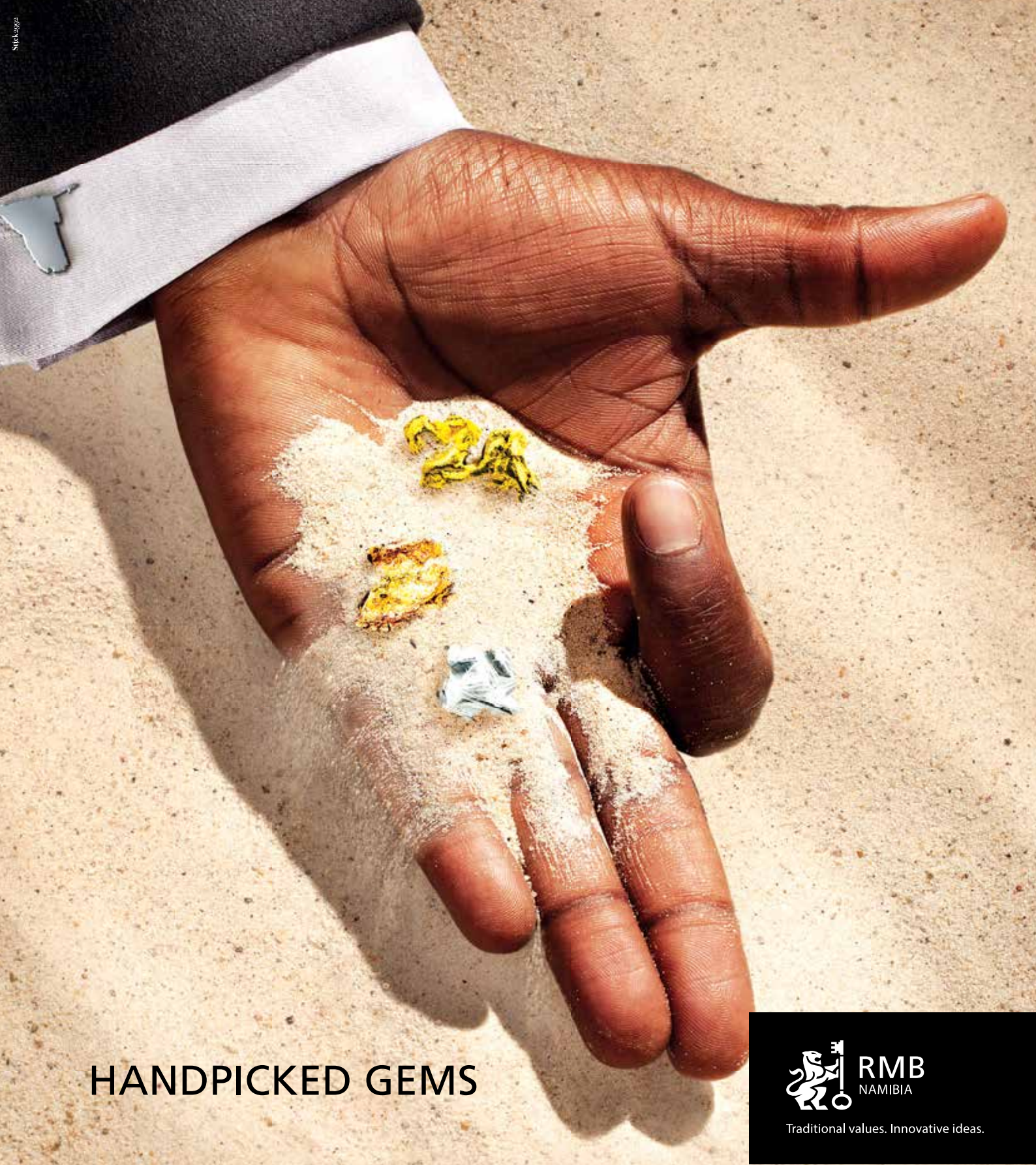
Newsletter

A quarterly newsletter for the Namibian mining industry

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HANDPICKED GEMS



Traditional values. Innovative ideas.

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Our deep understanding of the resources industry unearths the best gems

RMB Namibia has extensive experience in advising, structuring and funding the mining sector and is committed to the competitive development of Namibia's resources sector throughout the cycle. RMB Namibia mobilised more than N\$2-billion towards the Otjikoto Gold Mine; Debmarine's two new offshore diamond mining vessels; the Langer Heinrich Uranium mine and the recent localisation of the financing of Ohorongo cement. We nurture mutually rewarding relationships and are proud to be the trusted corporate and investment banking partner to the Namibian mining industry. For more information contact Angelique Peake on +264 61 299 8103, email apeake@rmb.com.na or Matthias Langheld on +264 61 299 8112, email matthias.langheld@rmb.com.na, www.rmb.com.na

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Cover picture:



Water pond and camp captured during dusk at Swakop Uranium's Husab mine which is set to produce first yellow cake before the end of 2016.

Chamber of Mines Newsletter

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CEO Foreword

Commodity prices continue to bestow mixed blessings upon the mining sector, as uranium prices have fallen to historic lows and gold prices have increased to date by some 22% from the beginning of 2016. The pressures of low commodity prices, particularly for uranium miners, come at a time when operational costs for local mining companies are escalating due to increases in tariffs on utilities such as water and electricity, the increments of which are significantly higher than the inflation rate.

The uranium price has been trading at around US\$27 per pound for most of 2016, which has negatively affected current and planned production for Namibia's uranium mines. The development of prominent uranium projects have also been stalled until a shift in uranium market fundamentals occur.

As a case in point, in July 2016, Paladin announced that it has signed a non-binding term sheet to sell a 24% stake in its Langer Heinrich Uranium mine to a global nuclear industry participant. Should the sale be concluded, Paladin's share in the Langer Heinrich mine will be reduced from 75% to 51%. In addition, the mine also announced that it is currently reviewing its mine plan to lower production for the next two years as a result of the low uranium price.

On the up-side, however, Swakop Uranium's Husab mine is scheduled to start production before the end of 2016, ramping up to full operations during 2017. Thus any production cuts by existing mines in 2017 will be offset by new production from the Husab mine.

Moreover, copper, lead and zinc prices have stabilised throughout the year and has provided some relief to local mining operations. Gold has performed extremely well as a sought after safe haven asset, which has translated into higher earnings for Namibia as gold production continues to rise.

Output from Otjikoto's gold mine tripled Namibia's gold production between 2014 and 2015. This year, Namibia's gold production increased by 13.5% from January to May this year and is set to continue increasing as B2Gold's Otjikoto mine looks to expand production with the inclusion of the Wolfshag zone in its mine plan.

We have also recently received confirmation that Gecko's Okanjande graphite mine will come into operation early in 2017. The mined ore will be sent for processing at the Okorusu plant which was previously under care and maintenance.

It is of major concern to the sector that Government is yet to pronounce itself on the New Equitable Economic Empowerment Framework



Bill (NEEEB), which in its current form, is widely contested to be contrary to its proposed objectives of broad based empowerment. The recent growth recorded by the Namibian mining sector was on the back of a favourable and stable investment climate. At present, Namibia's investment climate, not only in the mining sector, is being severely jeopardised through the uncertainty surrounding the format of the bill and the implementation thereof.

Veston Malango
23 September 2016



Recent Chamber of Mines site visit to Husab mine, with a 2 kilometre long conveyor belt in the background.

Geoscience Council of Namibia inaugurated

ERIC NYASHA MHUNDURU

The first-ever Geoscience Council of Namibia was inaugurated on 10 August 2016, having been established through the Geoscience Professions Act (Act No. 3 of 2012), which seeks to promote and regulate geoscience professions in Namibia.

The newly elected council will be responsible for registering geoscientists as well as monitoring the education, training and qualifications for the geoscience profession.

The council will exercise control over the practising of the professions.

According to the Act, members of the council will be eligible to hold office for a period of three years from the date of appointment, but must on the expiration of such a period continue to hold office for a further period not exceeding three months until a successor has been appointed.

The council was officially inaugurated by the Deputy Minister of Mines and Energy, Hon. Kornelia Shilunga, who said the council's formulation was a result of the realisation that earth science professionals in Namibia do not enjoy the same professional status as those practitioners who require registration to carry out their professions.

Shilunga said the council would be self-sustaining and was expected to source funding from application fees for registration, annual fees and examination fees as well as any other fees payable under the Act.

"In each and every discipline we need rep-



Deputy Minister of Mines and Energy, Kornelia Shilunga

resentative bodies that will be able to look into the sector's interests, create platforms to come together and deliberate on issues that affect their profession.

"The Geological Society of Namibia felt the need to form a council due to the low grading of geoscientists especially those working for government during the Wages and Salary Commission (WASCOM) time.

"Looking back to the 1990s the Geological Society of Namibia noted that earth science professionals in Namibia such as geologists, geochemists, hydrologists and geo-technicians do not enjoy the same professional status as those practitioners who require registration to carry out their professions such as engineers, lawyers, medical doctors and accountants,

among others," Shilunga said.

Chamber of Mines President, Kombadayedu Kapwanga, reiterated the significance of the council, in that geoscientists marketing themselves will also take pride that they are members of a body that operates under an Act of Parliament.

"It is imperative that we give credit where it is due. You will recall that the 2014 Report of the Fraser Institute, a renowned Canadian Survey Institute for exploration and mining companies, revealed that Namibia emerged as the most attractive investment destination for mining and exploration in Africa, followed by Botswana. 30 African countries participated and Namibia ranked in 25th position globally, out of the 122 jurisdictions that were surveyed.

Furthermore, the Geological Survey of Namibia was voted as one of the best Geological Surveys in the World. This is a prestigious position that we should work even harder to maintain. Indeed, many of us who have been privileged to travel in Africa and worldwide, are able to attest to this achievement as we have seen other similar institutions particularly in Africa, being run down due to lack of appreciation of the role of a Geological Survey and geosciences in general. In many cases, such deplorable cases are a manifestation of misplaced priorities by the governments of the day. We should all be proud that Namibia does not fall into this category and therefor stands out positively worldwide as attested to by the Fraser Report," Kapwanga said.

Dundee donates to Tsumeb's Fire station

ERIC NYASHA MHUNDURU

The Tsumeb firefighting station in July received a donation of specialized bunker gear (personal protective equipment) valued at over N\$100, 000 from Dundee Precious Metals Tsumeb's Fire and Emergency Response division.

The bunker gear was comprised of six advanced bunker jackets, fire boots, pants and gloves as part of the mining company's focus on the importance of safety in the community and sharing resources and expertise.

Dundee's Superintendent Fire and Emergency Response, Quinton Galloway said, "Safety is paramount at Dundee and is held in high regard by both Tsumeb Fire station and the Company's Fire and Emergency Response division. One could say both institutions goals are somewhat aligned."

Tsumeb Municipality Chief Fire Officer, Mathew Shikewa mentioned that their personal protective equipment had sustained damage during a previous fire related incident, and he further recognised Dundee for going above



Fire - Fighting fire with fire Dundee Precious Metals Tsumeb Fire and Emergency Response unit at the PPE hand over. (L to R) Dundee Precious Metals Tsumeb Fire fighter, Jan Prinsloo, Dundee Precious Metals Tsumeb Superintendent Fire & Emergency Response, Quinton Galloway, Tsumeb Fire Fighter Timoteus Wangolo, Tsumeb Chief Fire Officer Mathew Shikewa, Dundee Precious Metals Tsumeb Safety Manger Alfeus Gariseb and Dundee Precious Metals Tsumeb Fire Coordinator, Martin Titus.

and beyond to provide the local station with the specialised equipment.

He said these would be used to render care and assistance to citizens in need.

Tsumeb firefighter, Timoteus Wangolo said the donation was a long term investment that was set to benefit not only the fire station but the surrounding Tsumeb community.

InnoSun clinches Namdeb's wind farm deal

Oab Energy (Pty) Ltd, a wholly owned subsidiary of InnoSun Holdings, has emerged as the preferred developer of an 8MW wind farm project for Namdeb.

The project, which is being developed under a Build, Own, Operate and Maintain (BOOM) principle, comes after the diamond miner had sought Independent Power Producers (IPP) to implement the project, with a commitment to purchase the electricity generated.

The project is expected to be completed by April 2017, with construction starting in the fourth quarter of this year.

It will consist of four wind turbines of 2MW each and an annual energy yield of 30 905 MWh.

Namdeb Electrical Engineer, Pankratijs Kondjamba, confirmed that the company had already agreed with #Oab Energy on the terms of the Power Purchase Agreement (PPA), in which it will not be investing any funds.

"Energy remains a critical input to our operations and one of the highest cost drivers as well. The project is aimed at curbing the effect of exponential increases in electricity tariffs, reducing our carbon footprint and securing the supply of electricity to our mining operation," Kondjamba said.

He said the wind farm will reduce pressure on the national grid and the country's power importation demands, as it will now have an additional energy source for the company.

"We are also well aware of the energy situation in the country and by engaging in these types of projects, we are assisting in reducing the costly import of electricity into the country – in response to the Harambee Prosperity Plan (HPP) that calls on all Namibians to pull together in one direction for attaining prosperity in Namibia," Kondjamba said.

"The power generated to supply our operations will free up capacity on the Namibian grid and could be utilised in other sectors of the economy, and at the same time prevent the need to import such amount of power from neighbouring countries thus reducing the country's exposure to high cost of supply due to unfavourable exchange rates."

Kondjamba said there are plans to increase the initial capacity of 8MW to meet most of the needs of the miner's operations.

"It would have been a good thing to have the capacity increased so that we can supply our operations in Oranjemund and along the Orange River, but there are certain challenges with accessing the national grid to wheel electricity.

"We hope that the current work on the Renewable Energy policy by ECB will address third party access to the grid, which will then encourage us to think about increasing capacity of the wind farm," he said.

Without going into specifics, the Namdeb Electrical Engineer said the company was also toying with the idea to build a solar farm.

"Namdeb is also looking into other renewable energy initiatives such as a possible solar farm for our Sendelingsdrif mine within our Orange River Mines licence area and installations of solar geysers on Namdeb properties in Oranjemund."

The implementation of the wind farm by Namdeb comes as the Chamber of Mines has raised concern over the uncertainty surrounding the country's power supplies.

Namibia currently imports over 60 percent of its needs from regional suppliers.

The miner's grouping also lamented on the rising costs of electricity in the country attributed to high import costs, with over N\$3 billion having been spent last year on energy imports, which is placing strain on mining operating costs.

InnoSun Energy Holding, through Omburu Sun Energy, is the developer of Namibia's first utility-scale ground-mounted PhotoVoltaic (PV) power plant, a 4,5 MW renewable energy power plant located in Omburu near Omaruru.

InnoSun Energy Holding is a sister company of InnoVent from France. InnoVent, created in 2001, is involved in the development, financing, construction, operation and maintenance of wind and solar farms in France, South Africa and Namibia.

Namibia takes part at the International Geoscience Congress



from L to R - Sepo Lamaswala Haihambo (Head of coverage, Rand Merchant Bank (RMB), which is part of the FNB Group; Ingenesia Katjinaani - teacher at Fidel Castro Ru2 Primary School); MME Minister, Obert Kandjoze; Theresia Malobela from YES Network and the University of Namibia; Leena Iileka a teacher at Van Rhyn Primary school; Josephine Uushona from the YES Network at the University of Western Cape and Leon Husselmann a teacher at M&K Gertze High School, receiving the cheque from FNB worth N\$65, 000.

ERIC NYASHA MHUNDURU

Namibia's participation at the 35th International Geoscience Congress was finalised with the donation of N\$65, 000 to the Young Earth Scientist (YES) Network Namibia from First National Bank (FNB).

Thief Geoscientist in the Ministry of Mines and Energy (MME) and Namibia's representative to the YES network, Kombada Mhopjeni said eight participants took part in the event, from 27 August to 4 September in Cape Town, South Africa.

This is the second time the event took place on the African continent and in South Africa, after it was last held in Pretoria in 1929.

Apart from the FNB sponsorship, Air Namibia also sponsored discounted flight tickets for three students who participated, while Trip Travel sponsored other discounted flight tickets for five teachers.

The National Petroleum Corporation of Namibia (NAMCOR) sponsored N\$20, 000 while the MME Minister, Obert Kandjoze, who officially received the FNB sponsorship, pledged to sponsor an additional N\$10, 000.

This was the first time that YES Namibia members and students attended the event since the first IGC conference was held in 1876.

Mhopjeni said it is important for the young scientists to take part in the event as it is a major learning and networking opportunity.

The conference takes place every four years and is attended by thousands of geoscientists from across the world.

Mhopjeni said congress participants will increase enthusiasm for science after the event; establish new contacts, that are of benefit to their careers;

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The five Science Teachers who attended the Geosciences Information for Teachers (GIFT) Workshop were Ingenesia Katjinaani Ndimbarukua from Fidel Castro Ru2 Primary School, Benjamin Ambambi from Delta Primary School, Flanan Sikopo from Jan Jonker Afrikaner High School, Leon Husselmann from M&K Gertze High School in Rehoboth and Leena Iileka from Van Rhyn Primary school.

new knowledge, and willingness to share what they have learned.

“The students’ participants include Josephine Uushona, who will present her research on selective leaching analysis of a copper deposit, in the Plutus Prospect she did in Botswana.

“Victoria Upindi will present her research on the geochemistry and geochronology of the Barby formation done in Southern Namibia.

“Theresia Malobela will present her research on the geochemistry and geochronology of the Barby formation also done in Southern Namibia.

“The five Science Teachers who will attend the Geosciences Information for Teachers (GIFT) Workshop include Ingenesia Katjinaani Ndimbarukua from Fidel Castro Ru2 Primary School, Benjamin Ambambi from Delta Primary School, Flanan Sikopo from Jan Jonker Afrikaner High School, Leon Husselmann from M&K Gertze High School in Rehoboth and Leena Iileka from Van Rhyn Primary school,” Mhopjeni said.

The global YES Network is an international organisation of early-career geoscientists and students from across the world, primarily under the age of 35 years. The Namibian YES branch was formed in 2009, when Namibian geoscientists attended the IYPE event in Lisbon, Portugal.

Minister Kandjoze is its patron.

The goal of YES Network Namibia is to provide a platform for young, dynamic Namibian earth scientists with a passion for science to network, research and promote earth sciences.

YES Network Namibia supports activities that promote collaboration between Namibians and other early career earth scientists worldwide.



Namdebs Zaamwani Surveyor, a High Tech Surveying Tool

It is clear that a significant part of the future of Namdeb's operations lies in the shallow waters of its license areas. It is imperative to acquire the right technology that will assist in collecting accurate data to give confidence in the availability of the mineral resource in these areas.

It is against this background that the Survey section of Namdeb acquired the state-of-the-art survey boat in late 2014. The survey boat is an investment of about N\$1 million procured from FibreTech, South Africa.

The boat was named after the former long serving Namdeb Chief Executive Officer, Inge Zaamwani-Kamwi, as an honour to her untiring service she gave not only to Namdeb but the diamond industry in Namibia.

This vessel is a multipurpose platform that can perform geophysical surveys of the shallower portions of the Namdeb Mining Licence areas. It will carry out its work mainly in the offshore areas of Mining Area one, as well as all other marine portions of Namdeb's Mining Licences.

The boat is fitted with the latest technology to assist the surveyors to collect accurate data. It is fitted with two modern 200HP four stroke Yamaha engines, redundant power systems for survey equipment and safety equipment for offshore operations.

It also has a highly accurate positioning system (Applanix) and Single Beam Echosounder (SBES). It has the ability to run various geophysical sensors like Multibeam Echo Sounder (MBES) and Boomer which can map the sea



bottom as well as the sub-bottom accurately.

Since the arrival and successful launch of the Zaamwani Surveyor, in the Namdeb license waters, some notable milestones have been achieved. During the first quarter of 2016, about 145 line kilometers of seabed sub-bottom data has been collected in offshore MA1 using Boomer equipment from the Zaamwani Surveyor.

This data allowed Namdeb to confirm the sediment thickness to bedrock in the shallow marine areas for the first time, as well as confirming parts of the extent of the gaseous Acoustic Blanketing Layer (ABL). The ABL also has a potential significant impact on the future of these mining areas.

The implication of the Boomer data being collected is that more accurate estimations can be made of material volumes down to bedrock

which form a critical part of the planning for the exploration and exploitation of the shallow marine areas.

The vessel is licensed to carry six people, but a typical survey operation requires a minimum of three people onboard.

The Zaamwani Surveyor forms an integral part of the toolkit of the Survey Section within the Mineral Resource Management (MRM) department and has already proven to unlock significant value for the Company.

The vessel forms one of the many tools that contribute towards an efficient and effective marine survey service to Namdeb. Nevertheless, the success of the whole operation is centred on a strong and competent team and the support from the MRM team in particular.

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Namibia Uranium Association holds respiratory workshop

ERIC NYASHA MHUNDURU

The Namibia Uranium Association (NUA) and Institute in Swakopmund held a Hearing Conservation workshop together with 3M on 11 and 12 August, with 30 attendees from local mines and industries, including Occupational Hygienists from around the country, who all received

certificates for their participation.

NUA Director, Dr. Gabi Schneider, opened the event, which consisted of a complete overview of 3M Hearing Conservation Solutions, with an auditory transduction, a look at regulatory standards, noise control techniques, and the importance of hearing conservation and protection.

Attendees were taken through a hearing conservation program discussion by Marc Hus-

selmann and Tony Nel of 3M Personal Safety, together with a demonstration of the 3M EAR Fit Dual Ear Validation System, which fit tests for real personal ear attenuation.

This was a follow-up to a one day Respiratory Workshop held on 8 and 9 March, where over 50 people from local mines and industries attended and received certificates for their participation.

The previous workshop was held in conjunction with the Lung Clinic, 3M, and NEHC.

Ohorongo achieves 240 LTI free days



On the 1 January 2016, Ohorongo Cement management and employees committed themselves to upgrade their existing safety system. This came in the wake of seven safety related incidents involving employees in 2015. Nine months later the team managed to remain safe as part of Zero Harm commitment of creating a safe working environment for all employees and protecting the environment affected by the company's operation.

As such, on the 7th September 2016 the employees prided themselves with the milestone of completing more than 240 days lost time injury (LTI) free.

"We must continuously identifying safety hazards, report them and work together to eliminate them in order for us to achieve the set out target

of 365 LTI free days and beyond. We remain committed to practicing good safety behaviors, look out for one other and set examples for all to ensure that we all go home safe every day," said Hans-Wilhelm Schütte the company Managing Director.

As part of the commitment to remain safe, employees at the company's plant near Otavi, have daily safety talks before they commence their duties.

"If we continue with this trend, I believe that we will become the supplier of choice, supplying the highest quality products, building solid business relationships with all stakeholders," Schütte told the employees.

Each work area also has a dedicated Safety

Representative who act as the links between management and employees on safety and health related matters.

"This commitment does not end at work for me because I don't want to gamble with safety as my life also impacts other people, especially my family," said Wendell Louw a Safety Representative.

"Safety is important to save lives at the workplace. The company should have zero tolerance on safety. Employees will be more productive if they feel safe and secure at the workplace," said Esther Shatona also a Safety Representative.

For this milestone the company rewarded the employees with a gift and if the team manages to remain harm free for 365 days the company has promised a bigger reward for the whole team.



Wendell Louw, Esther Shatona (Safety Representatives) and Mr Hans-Wilhelm Schütte Ohorongo MD

Government acquisition of Areva's desalination plant ends in deadlock.

A legal battle is looming between NamWater and Areva, over the price of the water being pumped from the miner's desalination plant outside Swakopmund, amid a persistent drought and imminent water shortages in some parts of the country.

NamWater maintains that the water it buys from Areva's desalination plant is overpriced, despite the Namibia Competition Commission (NaCC) having dismissed a complaint filed by the water utility in June.

NamWater is arguing that Areva charges of N\$35 per cubic litre, compared to ground water, which is sold at between N\$10-15 per cubic litre, are too high.

The water utility in its filing with the NaCC had alleged that Areva's price for the supply of water was excessive and constitutes an abuse of dominance as envisaged in terms of Section 26(1) read with Section 26(2)(a) of the Competition Act.

"We are convinced that (the) tariff is on the high side and can be better. We are currently considering our options in taking this issue forward," NamWater Chief Executive Officer Dr Vaino Shivute said in an interview.

He said previous efforts to engage the uranium miner on the pricing of its water, which is currently supplied to three mines and Swakopmund, where the water now constitutes 75 percent of the town's supplies, had failed.

"We have engaged them; that is why we took the matter to the Namibia Competition Commission, because we could not get much out of them," Shivute said.

Quizzed if legal action was one of the options on the table, the NamWater CEO said "we are not ruling anything out".

"I cannot give you a definite answer at the present moment, but all I can tell you is, we are reflecting on the matter, gathering information here and there. Once we have finalised that process, we will then decide how to take the process forward."

Areva Managing Director Hilifa Mbako is, however, adamant that the company's water prices are reflective of the production costs incurred.

"The existing prices are determined by volumes and the costs of filtering the water," he said.

The Areva MD said the company is ready to face any legal challenge, because its position had been vindicated by the NaCC.

"We have not broken any law and they are free to take whatever action they deem necessary and we will comply with any court ruling. The NaCC, from our position, is a competent institution on the matter and has already made its determination," Mbako said.

He said the company would continue to engage the Ministry of Agriculture, Water and



NamWater CEO Dr Vaino Shivute



The water utility in its filing with the NaCC had alleged that Areva's price for the supply of water was excessive and constitutes an abuse of dominance as envisaged in terms of Section 26(1) read with Section 26(2)(a) of the Competition Act.

Forestry on finding a lasting solution to the country's water challenges, "rather than fight".

"We take note of NamWater's intentions. We want to be part of a progressive approach, as we all know the country is faced with a water challenge. We believe all stakeholders should come together to find a lasting solution to the water challenges, rather than spend time on



Areva Managing Director Hilifa Mbako

fights," Mbako said.

Asked if government had now officially communicated its objection to the offer price of US\$200 million to acquire the Areva desalination plant, Mbako said the company is still to receive any communication.

"We have not been informed as yet, and when we are, we will take it from there," he said.

"We need to be made aware of the press pronouncements made about their concerns, before we can respond."

Areva and government have been engaged in talks over the possible sale of the country's sole desalination plant at the coast, as the miner moves to disinvest in the business, which it had built to supply its mining operations that are currently mothballed due to low global uranium prices.

The Areva desalination plant has a capacity to produce 20 million cubic litres of water and is currently only selling five million cubic litres. While government has turned down the offer to purchase Areva's desalination plant, they recently announced its decision to build its own desalination plant within the next two years to ensure secure water supply for the coastal region.

Bannerman continues to progress to Etango

Since the commissioning of Bannerman's Heap Leach Demonstration Plant in March 2015, the company has followed a carefully planned 5-Phase test program. The first four phases were successfully completed and yielded the following results:

i. The heap leach process is ideally suited for the Etango ore, achieving an average uranium extraction of 93%, compared to the company's Definitive Feasibility Study (DFS) parameter of 86.9%.

ii. The sulphuric acid consumption averaging 14 kg/tonne of ore treated is also lower than the 17.6 kg/tonne reflected in the DFS.

iii. The leach solution shows no observable build-up of deleterious elements that might influence the efficiency of the solvent extraction process.

The first four phases clearly indicate that the DFS metallurgical parameters are robust and further improvement opportunities exist.

Phase 5 of the testwork, the value engineering phase, was designed to explore such opportunities and have recently been completed. Leaching of coarser material was conducted which was crushed by a conventional cone crusher rather than a High Pressure Grinding Roll. Reduced levels of binder were used in the agglomeration process which also formed part of the Phase 5 testwork.

Once again, the results of the Phase 5 testwork have been very encouraging with uranium extractions at 93% within 22 days, acid consumption at 14.4kg/tonne of ore treated and the reduction in the use of binder during the agglomeration process has had no observable impact on the leach percolation.

With these results, Bannerman has decided to proceed with the Phase 6 Program which will test the crushing of even coarser material using conventional methods.

Christal Lebusa, Senior Metallurgist of Bannerman, who is responsible for overseeing the heap leach testwork said, "rapid leaching kinetics observed with the Etango ore are so encouraging that we need to take the program a step further to include the improvements in our Etango Plant design. The economics of our project can improve substantially and we are encouraged by the support we get from our Board of Directors to take the testwork another step further".



Christal Lebusa with the Bannerman Heap Leach Demonstration Plant in the background.



Senior Metallurgist, Christal Lebusa with the Honourable Deputy Minister of Mines and Energy, Kornelia K. Shilunga during a recent visit to the Heap Leach Demonstration Plant.



Miners to feel power hike pinch

Local mining operational costs are set to spike further, following the Electricity Control Board's (ECB) decision to hike the electricity bulk user tariff by 16,71 percent.

This comes at a time when the mining sector is already under duress from week global commodity prices.

"The recently announced rate hike will most certainly have a negative impact on miners, Chamber of Mines CEO Veston Malango said in an interview.

"The 16,71 percent hike in electricity price is coupled with increasing costs for other major inputs, such as fuel and water, in a global economic climate, which is currently characterised by uncertainty, depressed commodity prices and slowing growth," he said.

NamWater, which supplies most mines, was granted a 10 percent tariff increase by Cabinet in March, while local fuel prices have been increasing over the past few months, despite low oil prices, with petrol and diesel pump prices increasing by 30c/l and 50c/l respectively.

Malango said although the Chamber had been consulted over the tariff adjustment, the increase impacts on the sector's cost containment measures effected by miners to remain viable.

"Yes, the Chamber was fully consulted and attended the NamPower presentations for the rate hike. The Chamber also had detailed consultations with NamPower and made a submission to the ECB (Electricity Control Board). Mining companies are looking at ways and means in which to reduce costs, and such an increase will result in more pressure on budgetary constraints," Malango said.

The Chamber chief executive said although the increases were inevitable, the grouping would have preferred increases that were not above inflation, with the current rate hovering at 6,7 percent in May.

"Being privy to the details of NamPower's case, the Chamber believes that the ECB took the right decision under the circumstances. Nobody doubts that electricity costs will always go up, but the main concern is cost increments that are way above inflation. We hope this trend will be rectified in future and going forward," he said.

Quizzed if the increase in utility costs will deter investment and impact on the attractiveness of the country as a mining investment destination, Malango said Namibia still remains one of the top four investment destinations for mining in Africa, and one of the only countries to have increased growth in the sector, due to the realisation of new investments.

"These issues, however, should not be viewed in isolation, and it should be remembered that the entire SADC region is facing water and electricity constraints, along with the associated rise in costs.

"Yes, the above mentioned challenges will increase the cost of doing business, but investment decisions are made based on a wider range of factors that Namibia already possesses. Investment decisions are made on the basis of the overall attractiveness of the country," he said.

"That aside, exploration activities and mining investment decisions worldwide have generally been on the decline, as a result of subdued demand and low commodity prices."

According to the ECB, its increase, which

translates to N\$1,49 per kWh from N\$1,28, was less than NamPower's request for a 31,24 percent hike for the 2016/17 financial year, which would have translated to a tariff of N\$1,68 per kWh.

The increase, which is cost-reflective, according to the energy sector regulator, would suffice for NamPower to cover its allowed operational costs, keep the lights on and fulfil its financial obligations.

Cost reflectivity means that the utility is allowed by the regulator to recover all costs of supplying electricity, which include all operational, administrative and customer care costs.

The ECB has been committed to a 2005 Cabinet decision and has granted NamPower real increases for the past 10 years.

Namibia currently imports over 60 percent of its power requirements from South Africa, Zambia and Zimbabwe, a situation which has seen the aggressive licensing of independent power producers recently, to augment local production.

Insurance to cover Dundee's costs

Tsumeb based Dundee Precious Metals says its insurance will cover the cost to repair damage made to the refractory lining of the Ausmelt furnace following a power outage that was experienced in July.

"The regional power outage on Friday, 22 July 2016 has resulted in damage to the refractory lining of the Ausmelt furnace. The cooling water entered the Ausmelt furnace as a result of the back-up systems for power and cooling water not operating as expected, which compromised the integrity of the refractory lining.

"As a consequence, and following inspections completed on Sunday, July 24, 2016, management has concluded that the refractory lining will need to be fully replaced," the company said.

The precious metals company which operates a smelting plant locally said it was currently formulating a plan to avoid a repeat of the events, which will likely reduce its 2016 concentrate throughput by approximately 20,000 tonnes.

"A plan is currently being formulated with the team to avoid a repeat of Friday's incident. Details are still not finalized," the company said.

Dundee said the company had received assurances from government regarding constant power supplies to its operations.

"Dundee Precious Metals Inc. has invested a substantial amount of money in the operation and we are coming to the end of nearly four years of construction where some process interference was experienced.

"It is important to bring the operation to steady state as we have made a commitment to the market in terms of business performance and financial delivery for the year and we have to deliver on those commitments," the mining company said.

The development at Dundee comes as Namibia continues to rely on imports to augment its power supplies.

The country currently imports over 60 percent of its power needs, with over N\$3 billion used last year to cover the costs.

According to the Electricity Control Board (ECB), Independent Power Producers (IPPs) are set to invest over N\$1.8 billion into the country's energy sector over the next 18 months.

Thirty-five IPP licenses have already been issued to date by the energy sector regulator, mostly for small scale renewable energy projects, largely through its Renewable Energy Feed – In Tariff (REFIT) initiative, which aims to attract local investment into the sector.

The REFIT program is geared at adding 70MW into the grid by the end of 2017, with 14 IPPs having signed Power Purchase Agreements (PPAs) in October 2015.



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B2Gold certifies ECD Educarers

ERIC NYASHA MHUNDURU

At least seventeen educarers trained by Lifeline/ChildLine Namibia in the Early Childhood Development Basic Curriculum (ECDBC) course received their certificates at a celebratory event hosted in Otjiwarongo on the 5 August 2016.

B2Gold funded the training through their Corporate Social Responsibility (CSR) programme, thus supporting government's efforts to improve the quality of holistic Early Childhood Development (ECD) in the two towns of Otavi and Otjiwarongo.

In addition, B2Gold engaged Lifeline/ChildLine Namibia to conduct a detailed needs assessment of over 40 ECD Centres in the two towns. Of these, 27 were identified as needing considerable assistance to reach the minimum standards required by the Ministry of Gender

Equality and Child Welfare (MGEWCW).

The Company purchased N\$300,000 worth of books, educational play materials, equipment and stationery to promote learning through play. These containers with materials were handed over to representatives of the ECD centres at the graduation ceremony.

In his welcoming remarks (delivered on his behalf by his special advisor, Moses /Omeb), the Governor of Otjozondjupa region, Otto Ipinge, said "establishing a strong foundation in ECD is one of the most consistent and reliable vehicles towards improved standards of living, successful education, and life-long learning. This can only be achieved by way of public-private-partnerships as done here today".

Speaking at the event on behalf of B2Gold Namibia, Managing Director Mark Dawe noted that giving back to communities is something

B2Gold does with passion and determination. "We know it is the right thing to do."

The event was also attended by the mayors of the towns of Otavi and Otjiwarongo, the Deputy Director of ECD in the MGEWCW, Spendu Onesmus, Director of Lifeline/ChildLine Namibia, Natalia Halweendo, ECD Trainer, Bernadette Cloete, as well as senior staff from other ministries in the region.

Asked what the training means to her, Astrid Kamwanga, one of the 17 graduates, answered that she was short of words: "It is almost as if I am dreaming because this day had seemed so far."

B2 Gold's Corporate Social Responsibility (CSR) programme aims to promote responsible mining and sustainable initiatives that will have long-term impacts in its four focal areas of Education, Environmental Conservation, Livelihood Development and Health.

Environmental taxes now reality

ERIC NYASHA MHUNDURU

Environmental taxes on imported electric filament lamps and new and re-treaded pneumatic tyres, as well as a carbon emission tax on imported new and used vehicles, was affected on 11 July.

This was revealed in the Government Gazette 6019, dated 30 May, which contained the full schedule of the environmental duties that will be imposed.

Finance Minister Calle Schlettwein announced in July that environmental taxes would finally be levied after years of consultations.

This followed an earlier announcement by Schlettwein on 26 April in the National Assembly.

"In terms of Section 65(4) of the Customs and Excise Act, an importer of goods subject to the environmental tax is required to conduct a stock take on 11 July to determine which goods are on hand that were imported on or after 26 April.

"The Minister of Finance has indicated that all goods subject to the environmental tax, imported on or after 26 April, which have not been sold by 10 July, will be subject to the environmental tax.

"The importer is required to submit a sworn statement to Customs and Excise by 18 July of such goods, showing the description and quantity of the excisable goods. The environmental tax on these goods will be payable by 31 August to the Directorate of Customs and Excise.

"This arrangement applies to any person who has imported any of the goods referred to above. Importers of motor vehicles must by in possession of an offer to purchase (referred to as OTP) from a customer by 10 July, to avoid the imposition of the environmental tax on the sale of vehicles on or after 11 July," the Government Gazette said.

It further outlined that in terms of Section 65(1) of the Customs and Excise Act, the amendments to duty rates have become effective, and were therefore payable once notice of the tax was given in the National Assembly.

The Government Gazette said the environmental tax had not been levied since then, as a result of system specification challenges.

In the case of motor vehicles, the carbon emission tax would be based on the carbon emission of the vehicle that was imported, as certified by the car manufacturer.

Thus importers would be able to obtain a statement from the Automated System for Customs Data (ASYCUDA), which would indicate the environmental tax liability payable.

"It is recommended that vehicles which are imported are accompanied by a manufacturer's certificate, confirming the carbon emission of each vehicle, to minimise delays when importing vehicles," the gazette said.

The environmental tax for motor vehicles was calculated by using the formula CO₂ emission exceeding 120g/km x the levy rate (N\$40). For



example, a vehicle with a carbon emission of 447g/km will be charged an environmental tax of $(447 - 120 \times \text{N\$}40)$ N\$13,080.

For tyres, the tax is N\$10 per tyre and electrical filament lamps will be subject to a tax of

N\$3 per lamp. The environmental taxes will add to the cost of mining as operations are large consumers of tyres.



Fuel products levy hiked by 25 cents

ERIC NYASHA MHUNDURU

The fuel levy on petrol and diesel products was hiked by 25 cents from the beginning of August, as part of government's plans to increase its revenue base.

This follows the tabling of the new taxation proposal by Finance Minister Calle Schlettwein in the National Assembly at the end of July.

The new levy applies to petroleum oils and oils obtained from bituminous minerals, excluding crude.

Among the products affected are petrol, illuminating kerosene, distillate fuel, specified aliphatic hydrocarbons solvents, biodiesel and mixtures thereof, not containing or containing less than 70 percent by mass of petroleum oils, or oils obtained from bituminous minerals, biodiesel and other biodiesel products, the ministry said in a statement.

The new fuel levy will also be applicable to all fuels that have entered the country and are being held in bondage warehouses, and as such, would not have been subjected to any duty payments, but would be subject to duty payments once they are sold for public use.

"In terms of Section 13 of the interpretation of laws, I give notice that under Section 65(i) of the Customs and Excise Act, 1998 (Act No.20 of 1998). Part 5A (Fuel Levy) of Schedule No.1 to that Act is hereby amended, with effect from date of publication as set out," Schlettwein said in the statement.

All goods specified by the minister in the



Finance Minister Calle Schlettwein.

schedule to the taxation proposal, which have not been cleared for home use on or before 1 August 2016, shall be subjected to the payment of duties at the rate as stated on the schedule.

Similarly any goods, which are specified in the schedule although entered for home use prior to 1 August 2016, and notwithstanding that such goods having passed out of customs control, will become liable to the new levies imposed, if such goods have on 1 August 2016 not been delivered from the stock of an importer, manufacturer or dealer.

"Every importer, manufacturer or dealer must forthwith take stock of all goods specified by the minister in the schedule and make a clear accurate and separate record of such goods.

"Within seven working days from 1 August 2016 they must deliver to the controller, having jurisdiction over his/her area, a sworn statement containing a description, including quantities of such imported goods, which are in his or her stock prior to 1 August 2016.

"All parties concerned are obliged to pay to the controller the amount of levy on the goods specified in the schedule on or before 30 September 2016," the minister's said.

Namibia has in the past years relied on Southern African Customs Union (SACU) revenues to fund its budget, with the union contributing around 35 percent to government revenues.

The Finance Ministry announced earlier this year that it would be getting N\$3 billion less from SACU in the 2016/17 financial year, because it had already received that N\$3 billion in the 2014/15 financial year.

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