



Chamber of Mines
OF NAMIBIA

2019 Mining Industry Review & Impact of COVID-19

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13 August 2020

Zoom Press Conference, 11.00 hours

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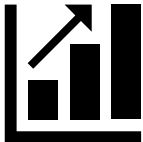
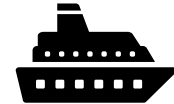


Highlights in 2019



Rio Tinto concluded the sale of its shareholding in the Rössing uranium mine to China National Nuclear Power Corporation

AfriTin ships first concentrate from the Uis Tin mine



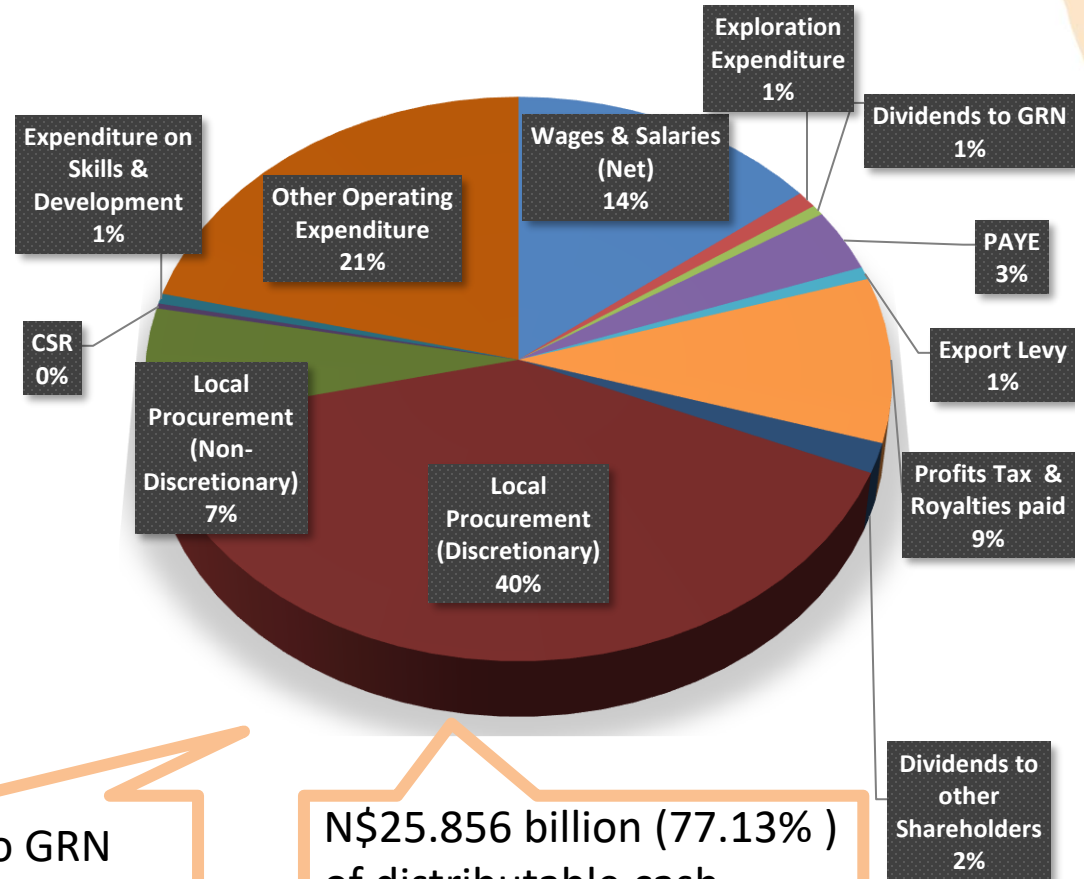
First production and sales from the Namib Lead & Zinc mine

Namdeb's Elizabeth Bay mine sold to Lewcor (Sperrgebiet Diamond Mining(Pty) Ltd.)



Mining industry contribution to the economy -- generated N\$33.524 billion in 2019

Industry Contribution (N\$bn)	
Wages & Salaries (Net)	4,832 (14%)
Exploration Expenditure	0,323 (1%)
Dividends to GRN	0,200 (1%)
PAYE	1,193 (4%)
Export Levy	0,243 (1%)
Profits Tax & Royalties paid	3,166 (9%)
Dividends to other Shareholders	0,575 (2%)
Local Procurement (Discretionary)	13,406 (40%)
Local Procurement (Non- Discretionary)	2,200 (7%)
CSR	0,097 (<1%)
Expenditure on Skills & Development	0,196 (1%)
Other Operating Expenditure	7,093 (21%)
Total	33,524

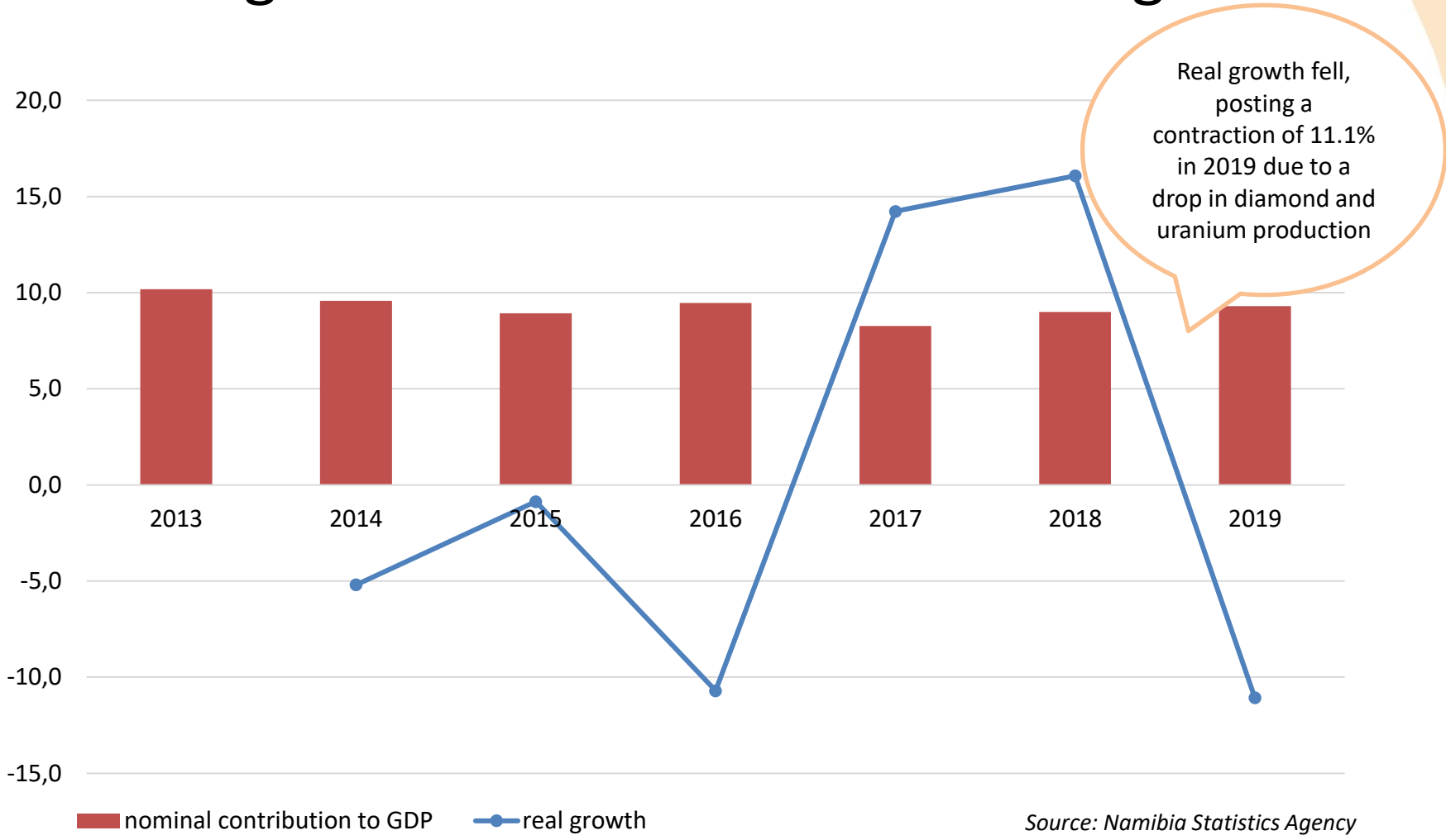


Total Revenue to GRN
N\$4.802 billion (14.32%
of distributable cash)

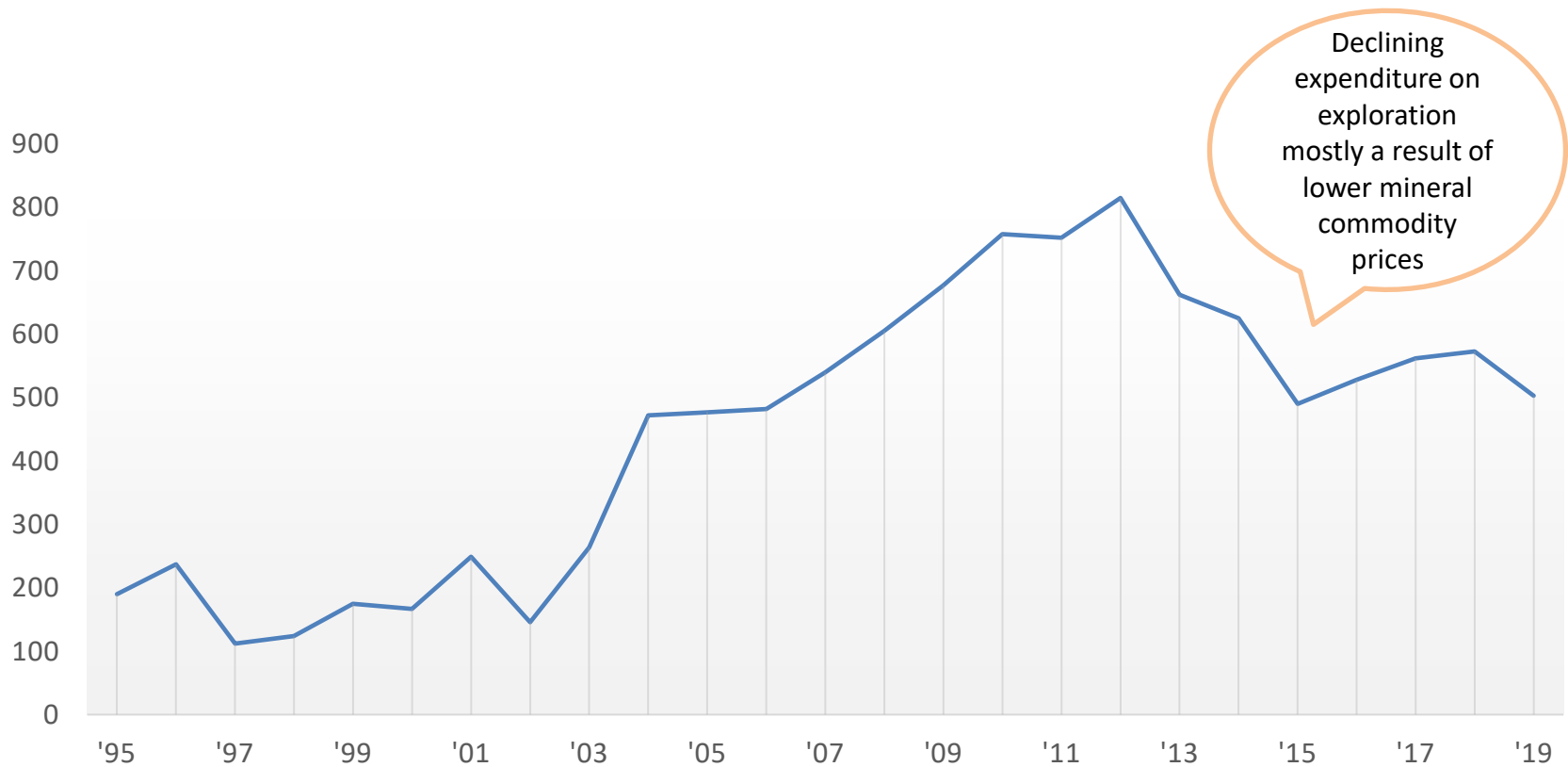
N\$25.856 billion (77.13%)
of distributable cash
stayed within Namibia's
borders



Mining contribution to GDP and real growth



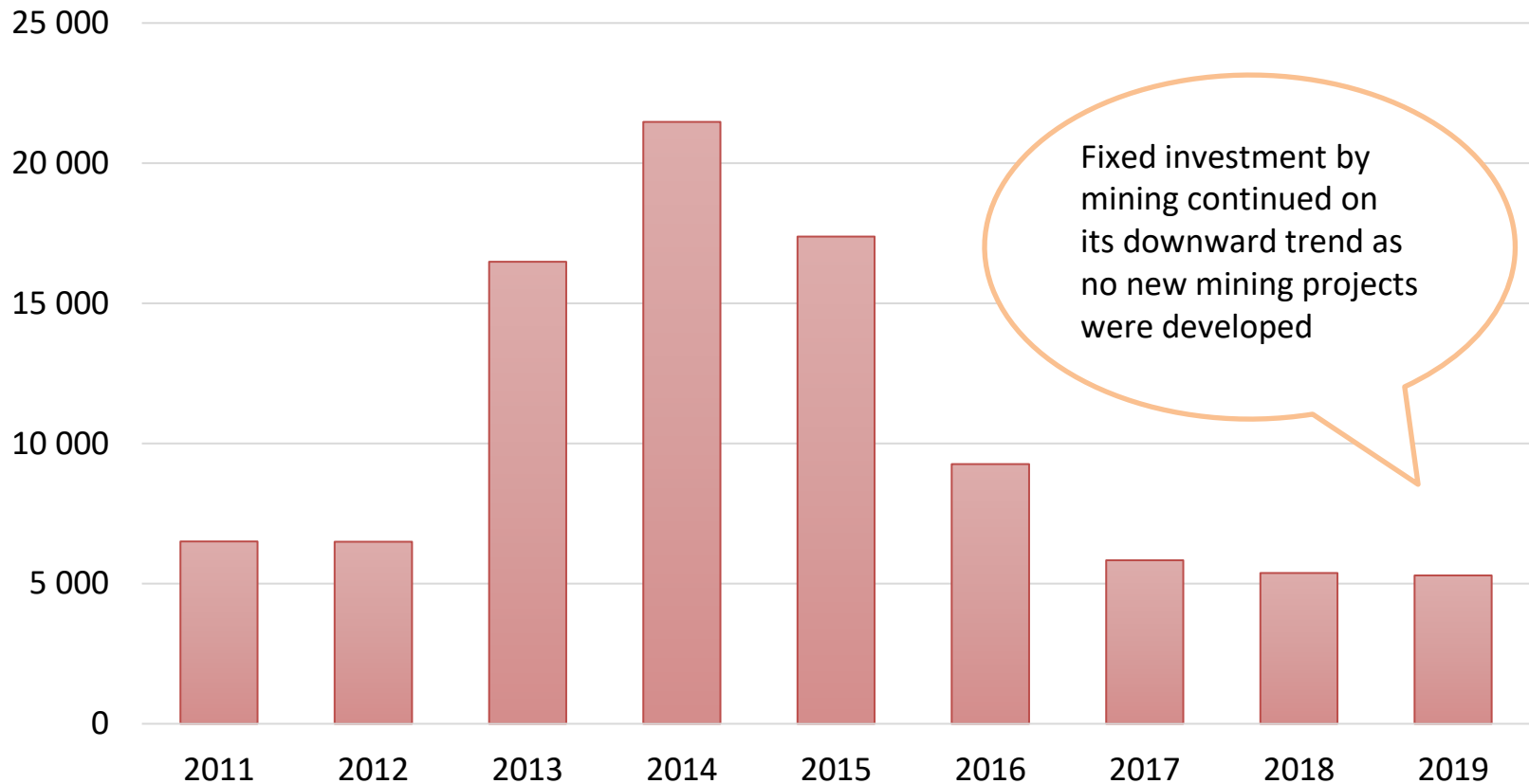
Exploration expenditure (N\$m) by mining and exploration companies



Source: Namibia Statistics Agency and Chamber of Mines of Namibia



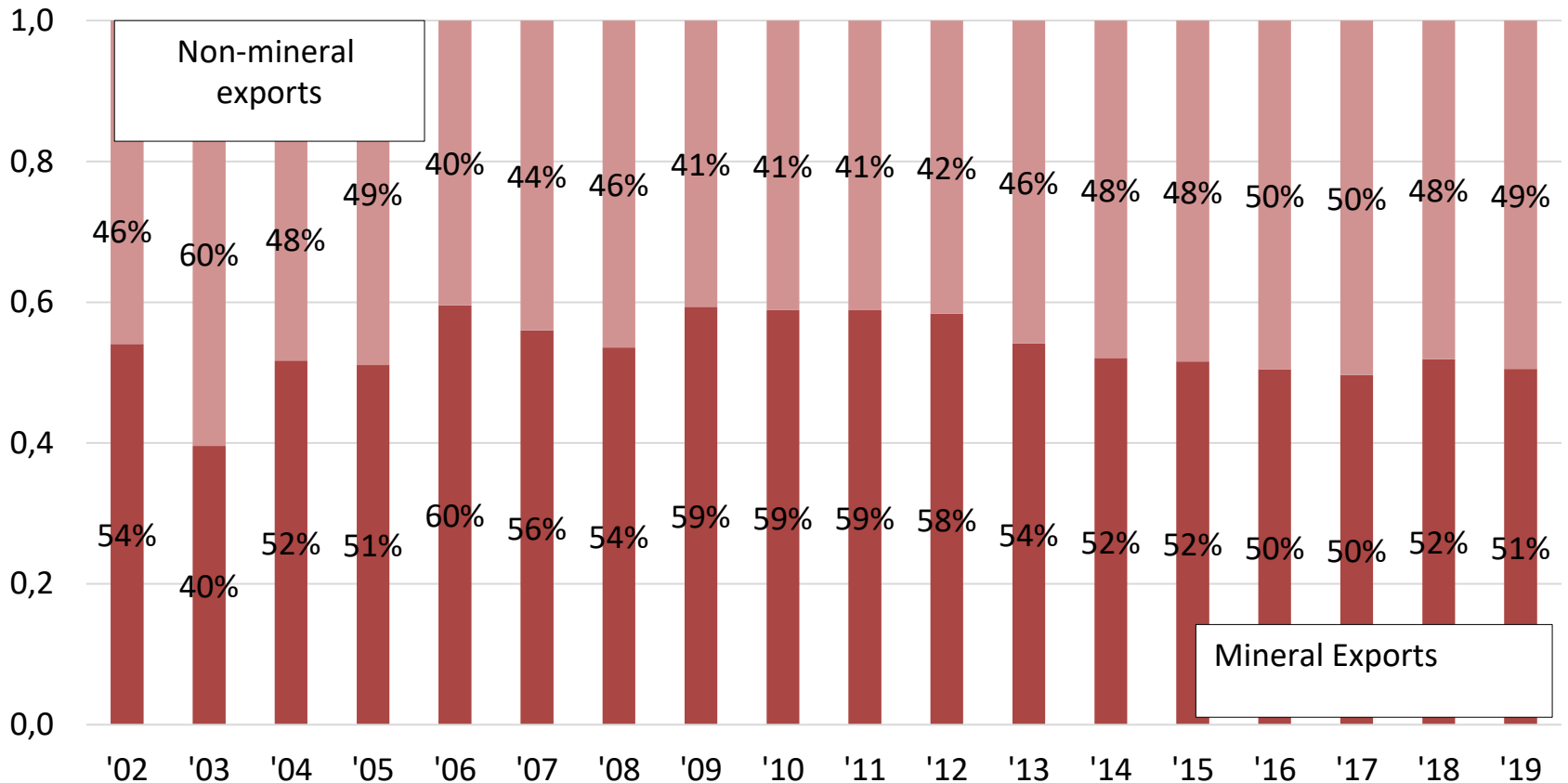
Fixed Investment by mining companies (N\$m)



Source: Namibia Statistics Agency



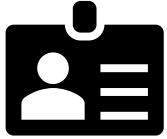
Mining share of exports



Source: Namibia Statistics Agency



Employment



Employment as at 31st
December 2018

Permanent employees: 9,042
Of which Expatriates: 283
(96.9% Namibians, Expats 3.1%)

Temporary Employees: 498

Contractors: 6,681

Total Direct Employment: 16,221

Using an industry multiplier of 7, the mining sector indirectly created 114,394 jobs



Employment as at 31st
December 2019

Permanent employees: 9,027
Of which Expatriates: 283
(96.9% Namibians, Expats 3.1%)

Temporary Employees: 800

Contractors: 6,515

Total Direct Employment: 16,324



Impact of COVID-19 on the mining industry and sector outlook



Impact of COVID-19

- At the beginning of the pandemic, mineral commodity prices plummeted particularly for base metals.
- Namib Lead and Zinc mine placed on care and maintenance – price of zinc & lead dropped to below break even point and social distancing not possible in confined underground environment. 129 jobs lost.
- Demand for diamonds have plummeted, being a luxury good in the midst of COVID-19 pandemic, dampening the flow in the diamond pipeline. Diamond production thus set to fall in 2020, negatively impacting Government revenue and export earnings.
- Gold prices have risen above US\$2,000/oz, the highest since 1975, which may offset some of the revenue losses to Government and export earnings.
- Mining industry has supported government in the fight against COVID-19 in cash and in kind to a tune of N\$ 77.9 million.



Impact of COVID-19

- Supply chain disruptions have impacted stock levels of inputs, consumables and equipment spares.
- Industry unable to import specialized skills in case of breakdowns of sophisticated equipment – no international flights.
- Opportunities in building specialised skills locally post COVID-19 and use of technology to repair equipment with help of experts remotely.



2020 thus far

Mining operations suspended at Tschudi in February 2020 as the oxide ore body is depleted. Processing operations expected to continue till the end of the year'. 66 direct & 367 contractor jobs lost.

Mining operations ceased at Skorpion Zinc due to depletion of ore body. Early mine closure due to safety concerns from multiple slope failures. Refinery conversion project underway. 1,500 jobs (532 permanent and 968 contractors) lost but NOT because of COVID-19.

Non-deductibility of royalties for mining entities officially revoked as announced in the 2020/2021 Budget speech.



4 new investment decisions made as a result

- ↳ Debmarine Namibia constructing AMV3 worth N\$7 billion.
- ↳ Skorpion Zinc refinery conversion
- ↳ B2Gold to develop underground mining operations
- ↳ Navachab to develop underground mining operations





Thank you

