



**Chamber of Mines**  
OF NAMIBIA

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# Performance of the Mining Sector in 2020

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15 July, 2021

Zoom Webinar, 09h00 hours

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# IMPACT OF COVID-19 ON MINING SECTOR

First lockdown 28 March and initial restrictions – mining industry only allowed to engage in minimal operations.

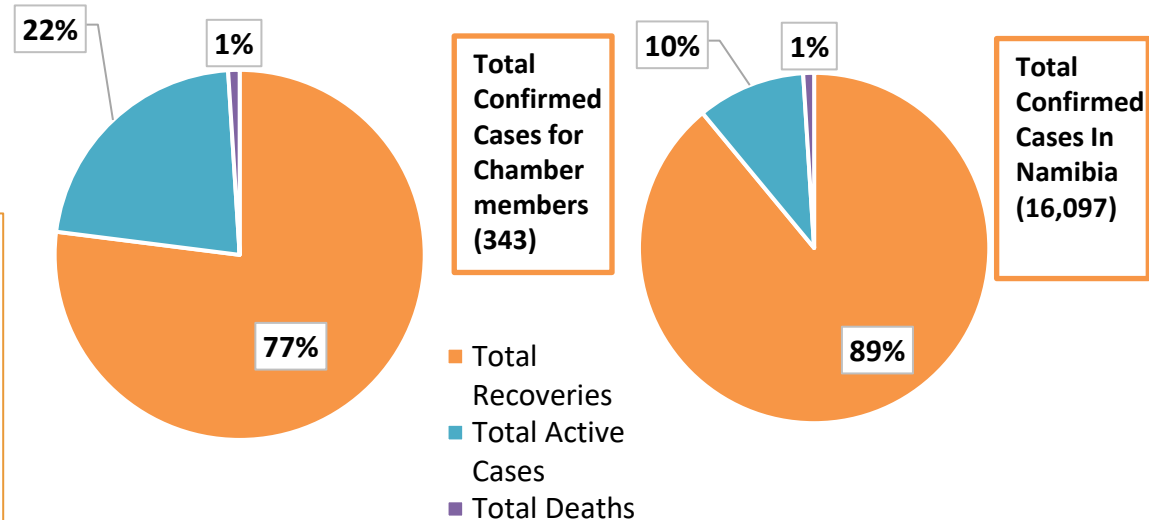
Down-sized mining operations unsustainable for an Extended Period of time – Chamber advocated for continuation of normal mining operations

**Global Commodity** prices plummeted in the 1st half of 2020 due to the COVID-19 pandemic, however, rapidly started increasing towards the end of 2020 as economies recovered

# OPERATIONAL IMPACT

- Scaling down of production for some operations
- Supply disruptions of critical inputs (this presented opportunities for local suppliers)
- Staffing disruptions due to COVID cases on site

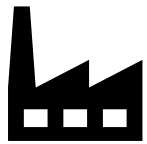
## COVID-19 STATS AS AT 11 DECEMBER, 2020



# MINING DEVELOPMENTS IN 2020



**Namib Lead and Zinc mine** placed on care and maintenance due to adverse operational environment during COVID-19 and financing challenges. 129 jobs lost. Namib Lead and Zinc mine underwent a restructuring process, and a change of shareholders to re-finance the mine.



**Skorpion Zinc** was placed on early care and maintenance in April 2020. Safety concerns regarding multiple slope failures lead to the early closure of the mine. Approximately 1,700 employees were affected.

SZ is investigating the possibility to mine the remaining ore body safely and is progressing ahead with its refinery conversion project.



**B2Gold** commenced with the development of the Wolfshag underground project at the Otjikoto gold mine - inaugural blast 30 October 2020. At an investment of approximately N\$850 million, the underground mine is expected to commence gold production in January 2022.



# MINING DEVELOPMENTS IN 2020 CONTD.



**Debmarine Namibia** made the decision to lay-up the Mining Vessel (mv) Grand Banks from November 2020 to the second half of 2022, due to the supply chain bottlenecks and low demand for diamonds.

Impacted employees were re-absorbed in the remaining fleet, and on the new Additional Mining Vessel 3 (AMV3) which is scheduled to commence operations in the second quarter of 2022.



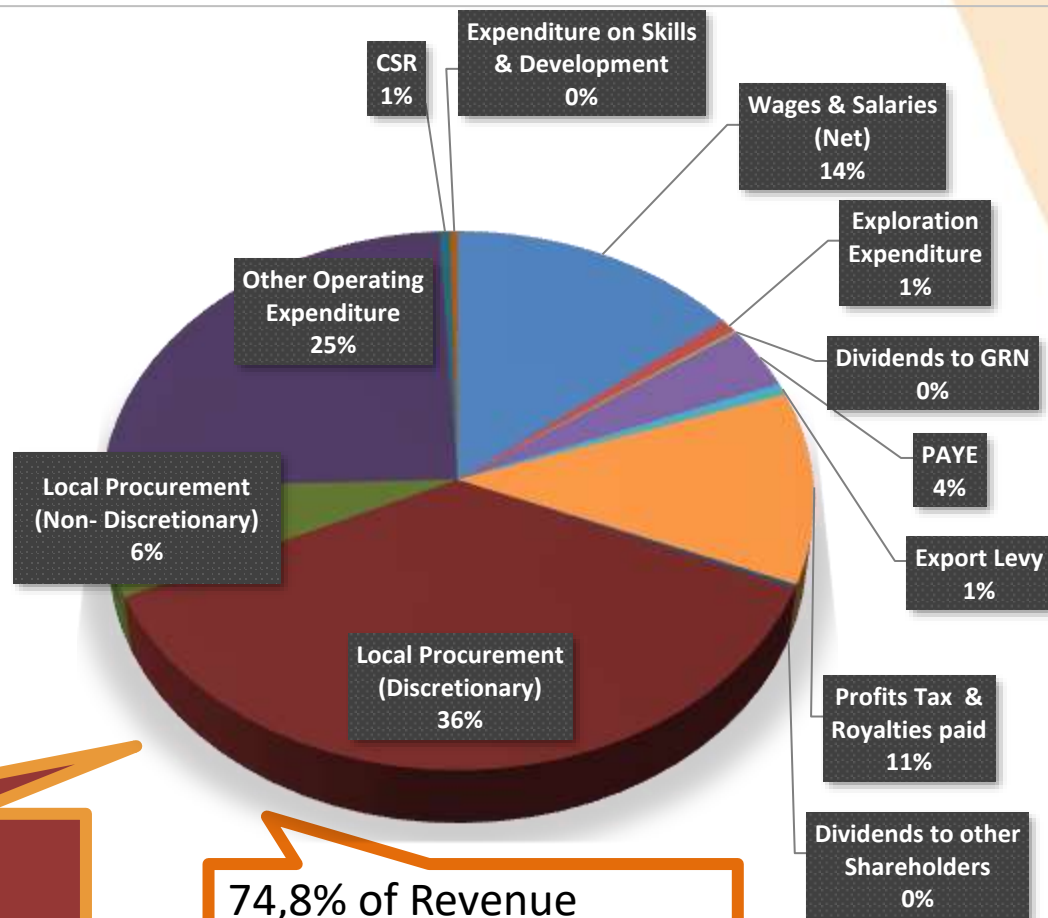
**Weatherly** suspended operations at the Tschudi mine in February 2020 due to depletion of the ore body. Production is being sustained by processing the remaining stock-piled ore.

Significant exploration and drilling is ongoing to mine the nearby satellite oxide ore deposits



# MINING INDUSTRY CONTRIBUTION TO THE NAMIBIAN ECONOMY IN 2020

Industry Contribution (N\$bn)	
Wages & Salaries (Net)	4,812 (14%)
Exploration Expenditure	0,284 (1%)
Dividends to GRN	0,050 (<1%)
PAYE	1,250 (4%)
Export Levy	0,233 (1%)
Corporate Tax & Royalties paid	3,880 (11%)
Dividends to other Shareholders	0,091 (<1%)
Local Procurement (Discretionary)	12,305 (36%)
Local Procurement (Non- Discretionary)	2,188 (6%)
Other Operating Expenditure	8,555 (25%)
CSR	0,178 (1%)
Skills & Development	0,122 (<1%)
<b>Total Revenue (2020)</b>	<b>33,949</b>

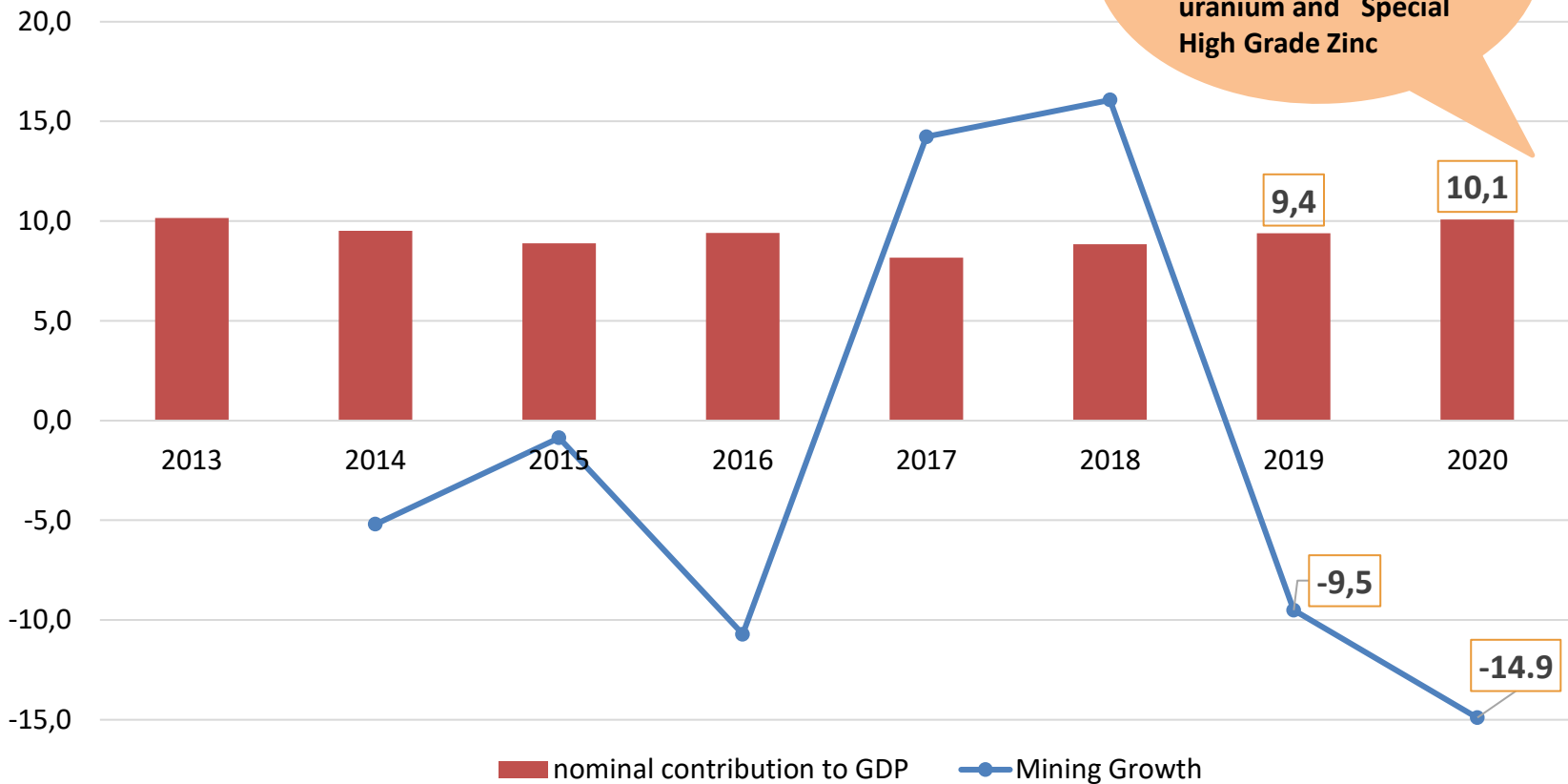


Total Revenue to GRN N\$5,413 billion - includes dividends and PAYE (15,9% of Revenue Generated)

74,8% of Revenue generated by the sector stayed within Namibia's borders



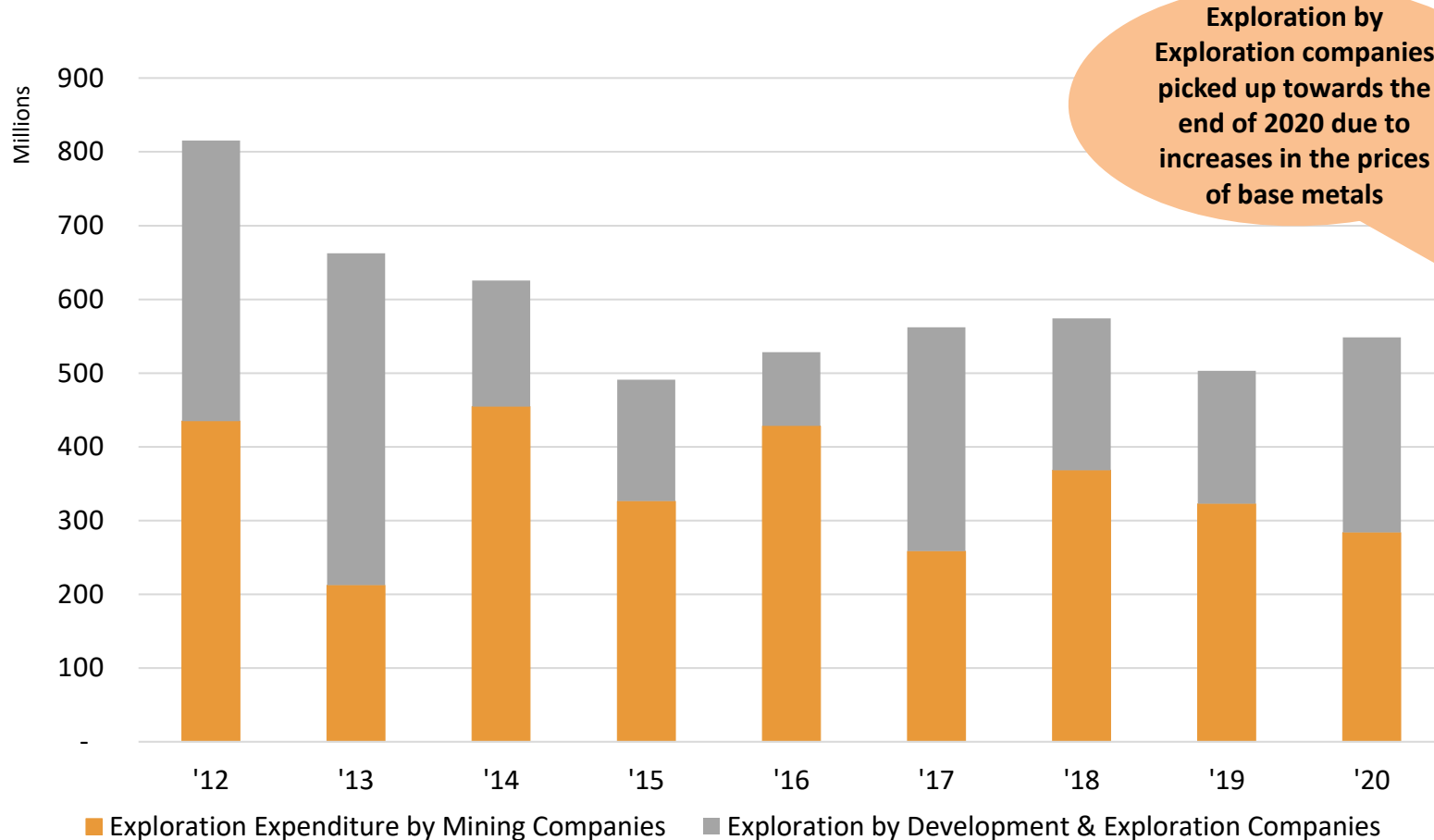
# MINING CONTRIBUTION TO GDP AND REAL GROWTH (%)



Source: Namibia Statistics Agency



# EXPLORATION EXPENDITURE BY MINING AND EXPLORATION COMPANIES

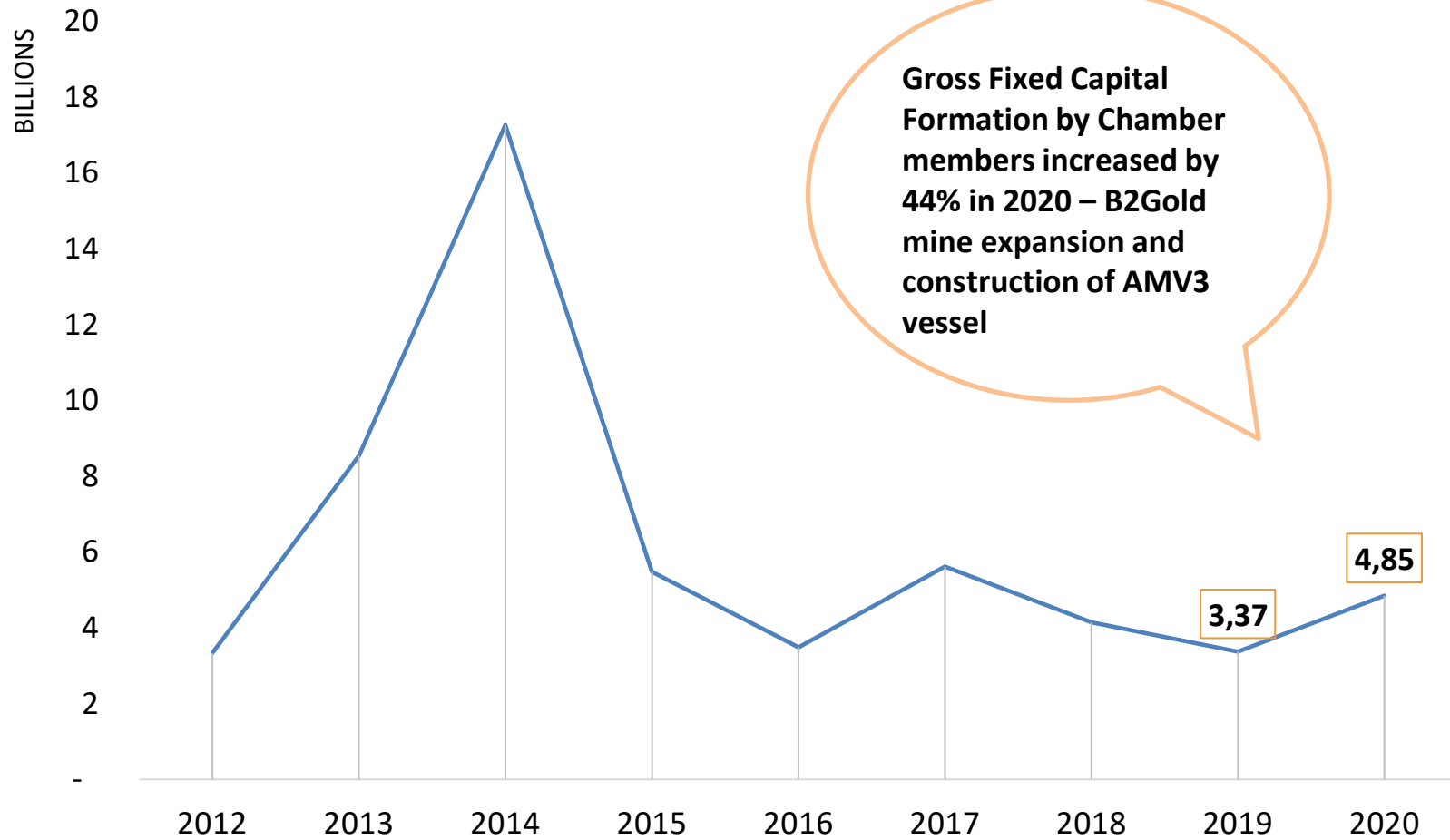


Source: Namibia Statistics Agency and Chamber of Mines of Namibia

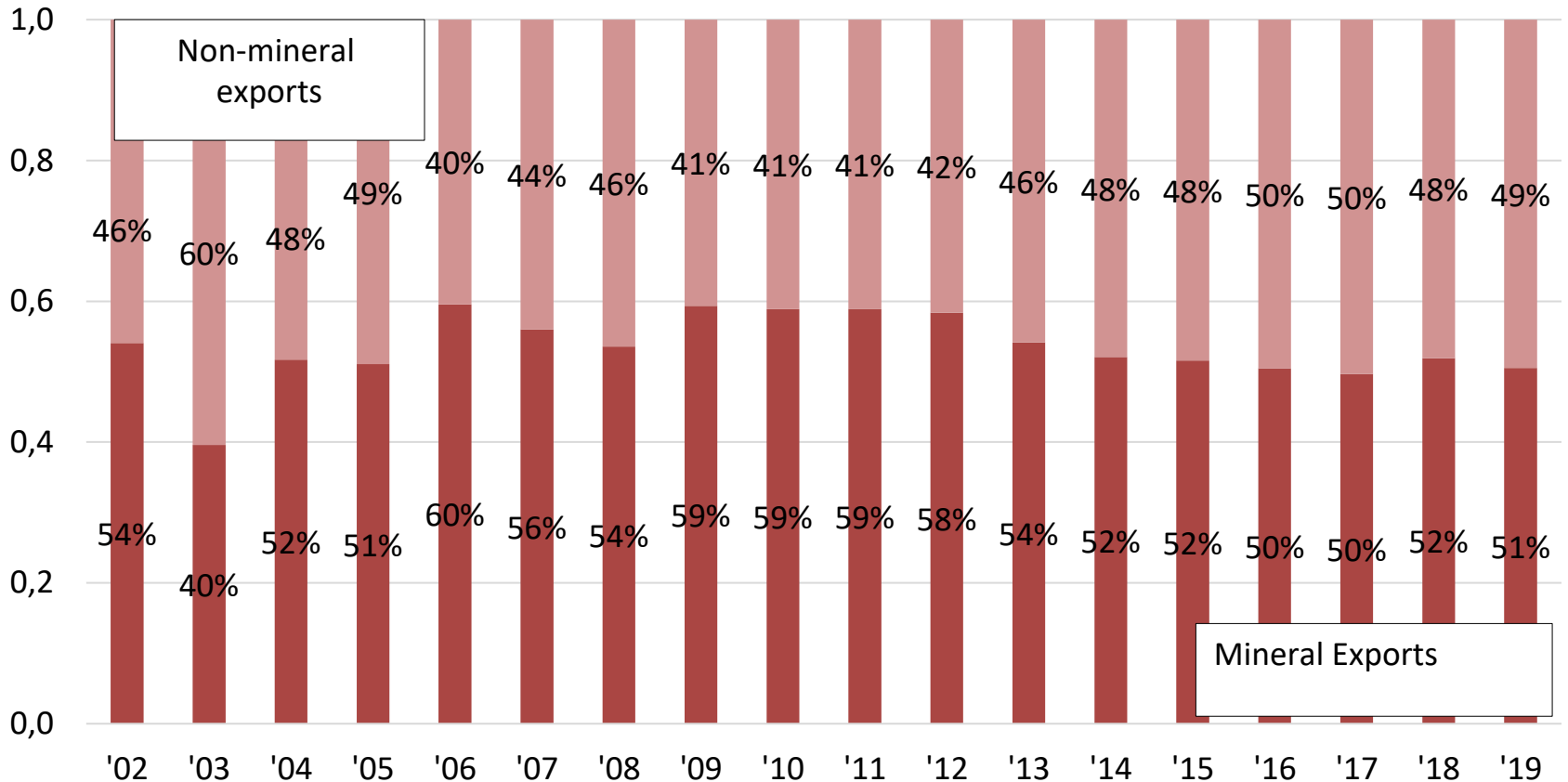




# GROSS FIXED CAPITAL FORMATION BY CHAMBER MEMBERS



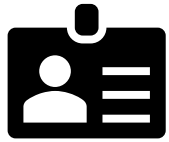
# Mining share of exports



Source: Namibia Statistics Agency



# EMPLOYMENT



Employment as at 31<sup>st</sup>  
December 2020

Permanent employees: 8,353  
Of which Expatriates: 249  
(97.02% Namibians, Expats 2.98%)

Temporary Employees: 917

Contractors: 5,321

**Total Direct Employment: 14,591**

*Using an industry multiplier of 7, the  
mining sector indirectly  
created **102,137 jobs***

*Total direct  
employment fell in  
2020 largely due to  
the closure of the  
Skorpion Zinc mine*



Employment as at 31<sup>st</sup>  
December 2019

Permanent employees: 9,027  
Of which Expatriates: 269  
(97.02% Namibians, Expats 2.98%)

Temporary Employees: 800

Contractors: 6,515

**Total Direct Employment: 16,324**



# POLICY OUTCOMES

- **NEEEF & NIPA:** NEEEF revised to make provisions for industry charters, although new Bill still drew major concern from private sector representatives. These concerns are being addressed in the final draft of NEEEF. Creation of New Investment Promotion & Development Board: finalisation of NEEEF & NIPA mandated under this new office. NIPA was not yet passed due to further amendments required to align it with the operational structures of the Namibia Investment Promotion and Development Board under the Presidency.
- **Mining Charter:** Chamber of Mines held workshop with MME, and the previous Chairperson of the Law Reform & Development Commission (Ms. Yvonne Dausab) in February 2020. MME provided input to revised version of the of the Mining Charter.
- **Income Tax Amendment Bill 2018: Non-deductibility of Royalties:** non-deductibility clause was finally abolished. Upon this announcement, a number of investment decisions were taken – B2Gold, Debmarine Namibia, Rosh Pinah Zinc Corporation, Navachab, Rössing, Bannerman and Skorpion Zinc Refinery Conversion project.
- **Tax Relief for Land-based Diamond Operations:** Government made an official announcement that tax relief will be provided for Namdeb’s land-based diamond mining operations
- **VAT Registrations & Refunds for Input VAT claims by Exploration Companies:** due to challenges induced by amendments to the VAT Act – Chamber learned that input VAT refunds, and new registrations, for exploration companies were being rejected by the Ministry of Finance. Chamber made a submission in this regards to amend the VAT legislation, which has been positively received and accepted by the Ministry of Finance.



# POLICY CHALLENGES

- **MME Moratorium on application of New Licences:** End of 2020, MME issued a public notice that new applications of mineral licences would be temporarily suspended. A moratorium for MME to **conduct a thorough review of the requirements and procedures in the application and administration of mineral rights.**

To ensure investment could continue in a time of rapidly rising mineral commodity prices - Chamber made a submission to MME appealing not to proceed with the moratorium, and rather, new applications of mineral rights could still be administered while the review process was on-going. The submission was rejected by MME, and the suspension was gazetted on 2 December 2020 for the period 1 December 2020 to 31 August 2021.

- **Auctioning of EPLs:** Chamber learned through media article that Government considering auctioning of EPLs. The auctioning of EPLs is not a viable option for Namibia's mining industry, as EPLs have no known value and thus cannot practically be auctioned. The Chamber made a submission to MME early in 2021. Subsequently, MME accepted the Chamber's position as it is aligned to MME's standing on the matter.

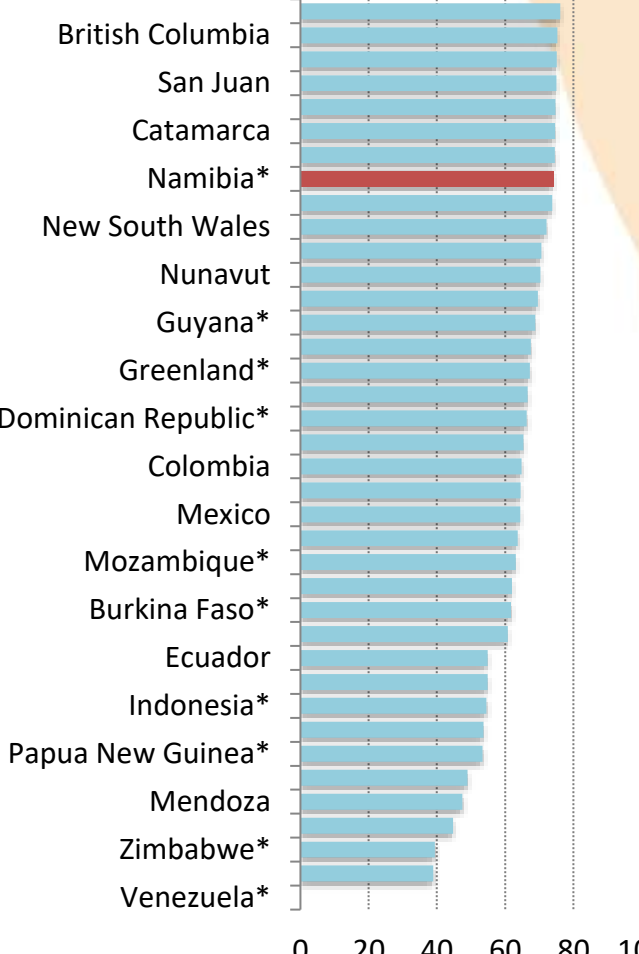
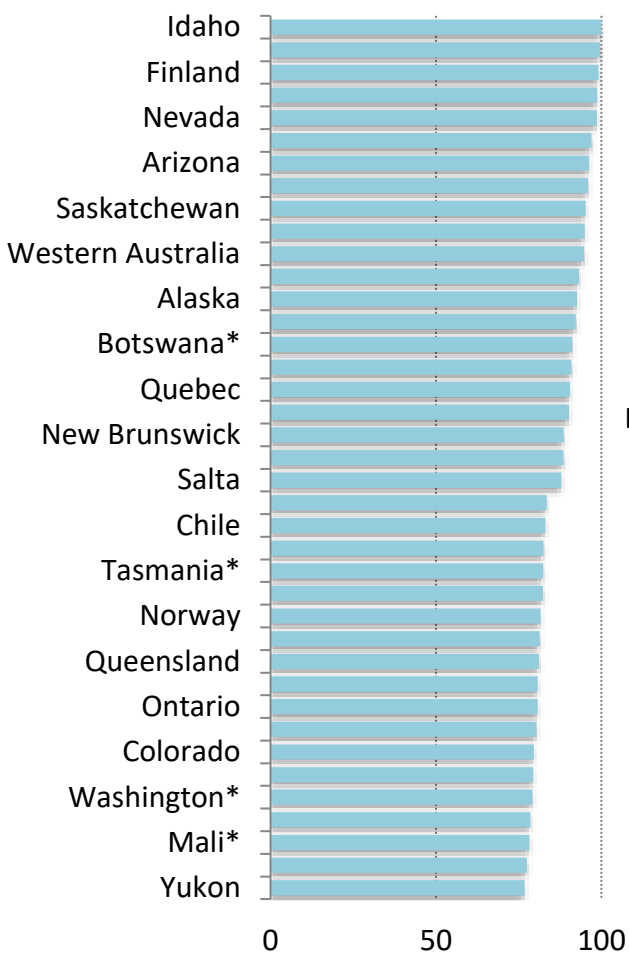


# NAMIBIA'S PERFORMANCE -- 2020 FRASER INSTITUTE REPORT

Namibia dropped 33 places globally on its PPI, falling from 14<sup>th</sup> position in 2019 to 47<sup>th</sup> position in 2020. Namibia also fell from 1<sup>st</sup> place in 2019 to 5<sup>th</sup> position in 2020 in Africa.

Report cited investor concerns over availability of labour/skill, regulatory duplication and inconsistencies, and challenges with input VAT refunds for exploration companies

Positive news: Geological Survey of Namibia maintained the distinction of being one of the **best Geological Surveys in the World.**



**Namibia fell from 14<sup>th</sup> position in 2019 to 47<sup>th</sup> position in 2020 on its PPI Score**

# LOOKING AHEAD

- It is of grave concern that Namibia's investment attractiveness in comparison to Africa, and the rest of the world, has declined in recent years, despite some of the major policy achievements and wins gained to encourage investment into the mining industry.
- Chamber urges GRN to expedite the finalisation of NEEEF/B and NIPA to end investor uncertainty.
- The Chamber remains committed to rectifying the negative perception of Namibia's investment attractiveness in mining, through its continued engagement with MME, MoF and other critical Government institutions.
- This will be crucial to ensure that Namibia as a mining jurisdiction, is ripe to receive new investments which are being driven by the next super cycle of mineral commodities prices.



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# Thank you

For more information, please download the 2020  
Chamber Annual Review on:

<https://chamberofmines.org.na/annual-reviews/>

