



Chamber of Mines
OF NAMIBIA

OVERVIEW OF NAMIBIA'S MINING SECTOR – A PIONEER OF NEW GROWTH?

Lauren Davidson, Chamber of Mines
Mining Conference, 31 August 2022

MINING SECTOR IN 2021 – DIRECT CONTRIBUTION



Sales & Profitability

- Revenue fell by **4.6%** in 2021 – due to winding down of Weatherly's Tschudi mine.
- Profitability down by 16% due increasing input costs
- Sector recorded profit of **N\$928 million** (2nd consecutive year)



Employment

- Increased by **4.5%**, in 2021 and the sector collectively employed **15,246** people.
- Expansion activities by mining companies (Rosh Pinah, Navachab & B2Gold)



Taxes & Royalties

- **Total revenue to government** – fell by **17.43%** lower sales revenue and profits realised in 2021



Procurement

- **N\$15.297 billion** - procured from local businesses and suppliers in 2021
- This amounted to **47%** as Proportion of Total Revenue to the Sector, and **59%** as proportion of total procurement spend

MINING SECTOR GROWTH & CONTRIBUTION TO THE NAMIBIAN ECONOMY



Mining sector recorded strong growth rate of 13.6% in 2021

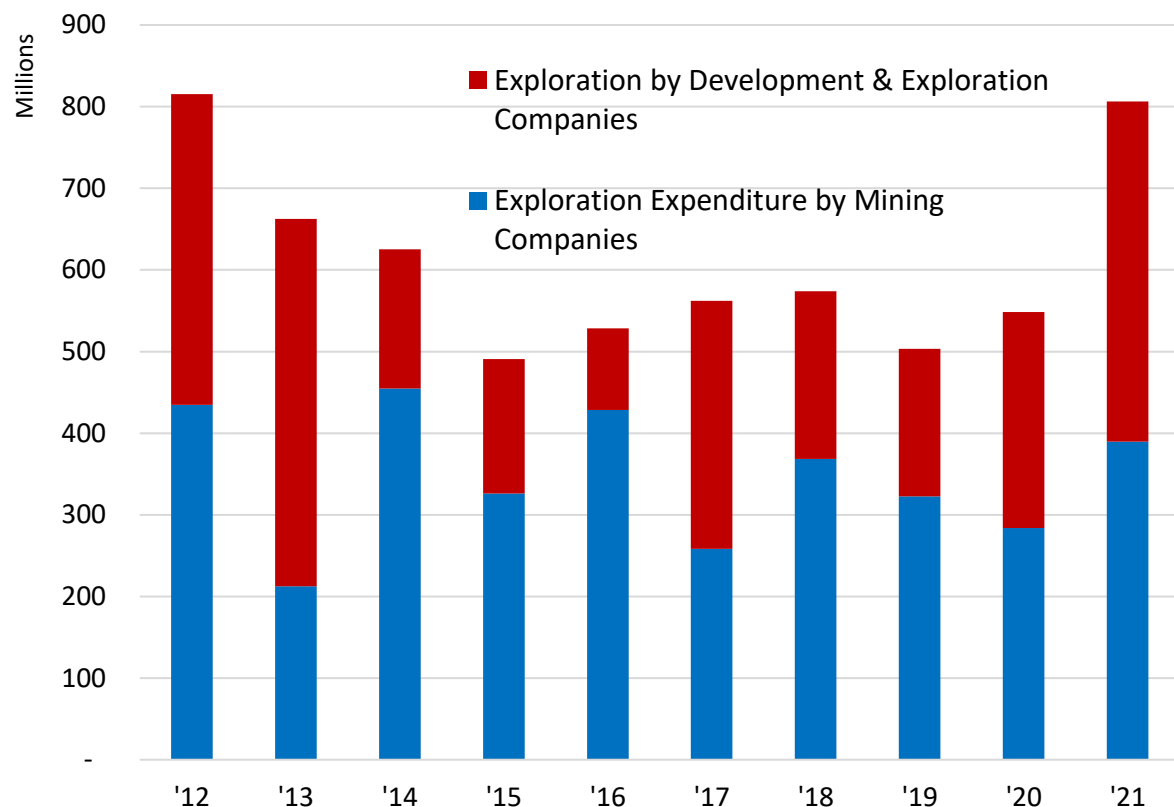
Growth Attributed to increase in diamond and uranium output.

Mining also remained the largest primary sector contributor in 2021– 9.1%

Source: Namibia Statistics Agency



EXPLORATION EXPENDITURE



Source: Chamber of Mines Annual Reports

Total Exploration (mining & exploration companies)

– increased by 47.09%, from N\$548.2 million in 2021 to N\$806.4 million in 2022.

Exploration by exploration companies

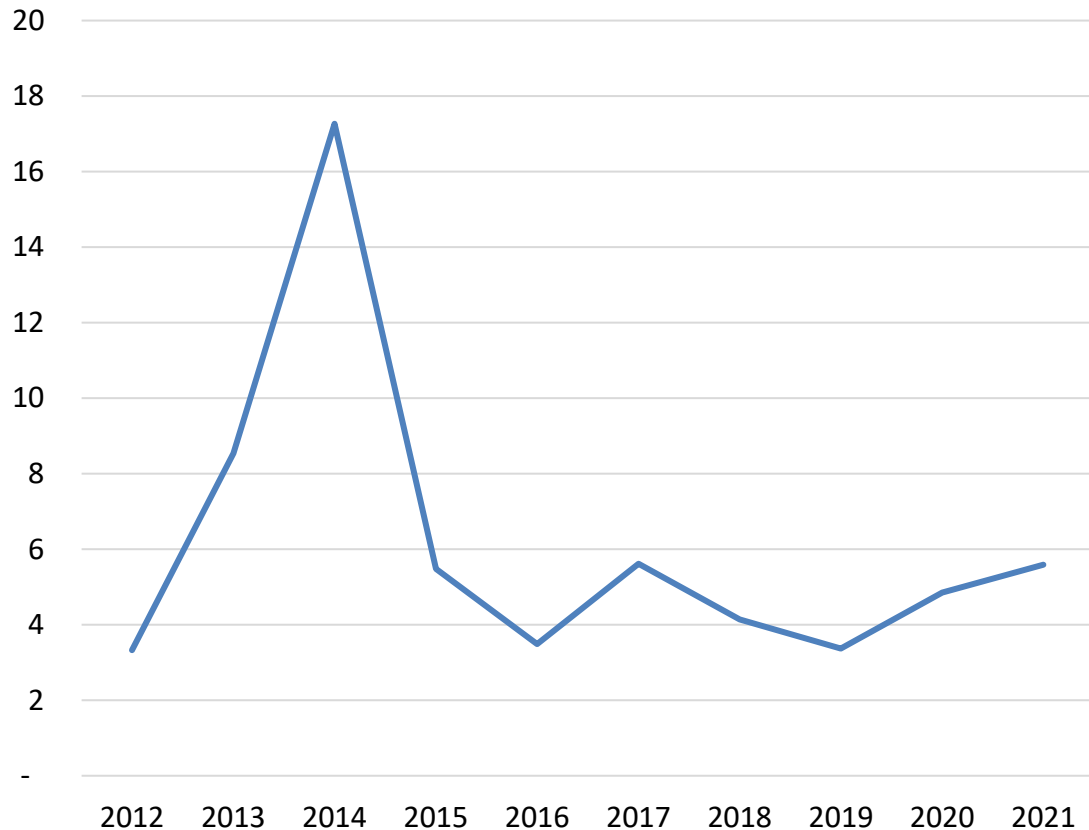
– increased by 57.5% , from N\$264.5 million in 2020 to N\$416.7million in 2021, due to favourable commodity price environment that supported increased capital flows into exploration around the globe.

Exploration by mining companies

– increased by 37%



FIXED INVESTMENT



Total Capital Investment –

increased by 15.3% totalling N\$5.592 billion

Investment was driven by the construction of Debmarine's new mining vessel, the Benguela Gem, along with expansion projects at the Otjikoto gold mine, Rosh Pinah mine and Navachab

Source: Chamber of Mines Annual Reports

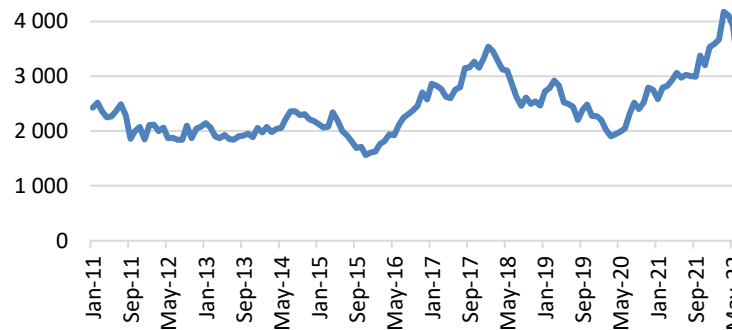


BASE METALS & BATTERY MINERALS

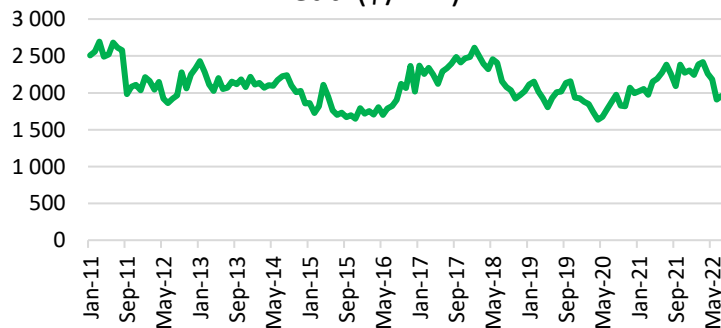
Copper (US\$/MT)



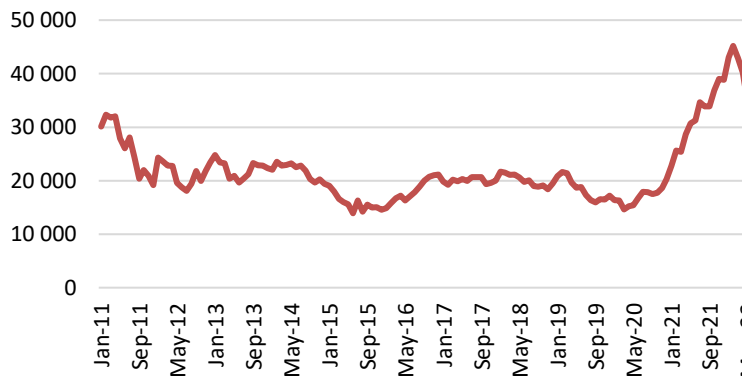
Zinc (US\$/MT)



Lead (\$/MT)



Tin (US\$/MT)



Source: Bloomberg Commodity Prices



GOLD PRICE (\$/TROY OZ)



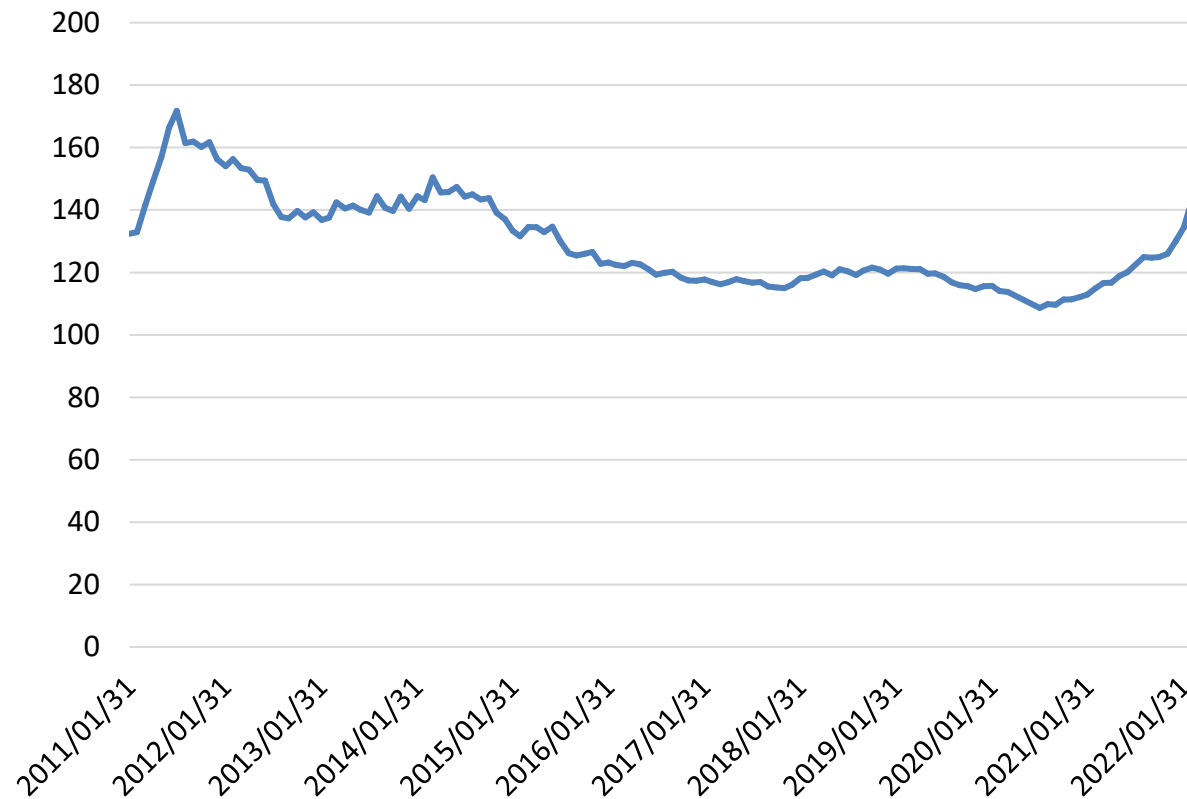
Price of gold has sky-rocketed during Covid-19, and has since stabilised at relatively high levels.

Remains a favourable safe haven asset in time of uncertainty – war in Ukraine

Source: Bloomberg Commodity Prices



DIAMOND PRICE (\$/CARAT)

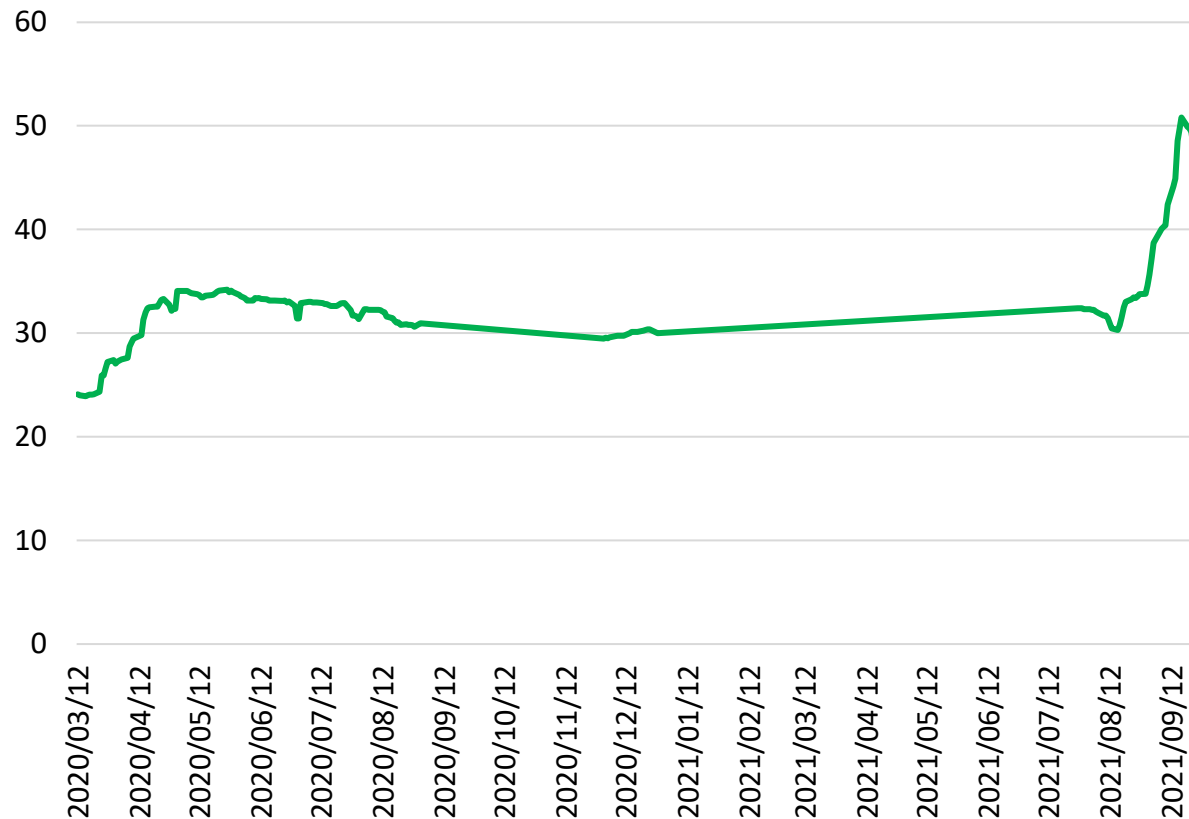


Global economic recovery 2021- higher demand for diamonds and increased price

Source: Bloomberg Commodity Prices



URANIUM PRICE (\$/LB)



Source: Bloomberg Commodity Prices

Uranium price sustained a consistent price increase since August 2021.

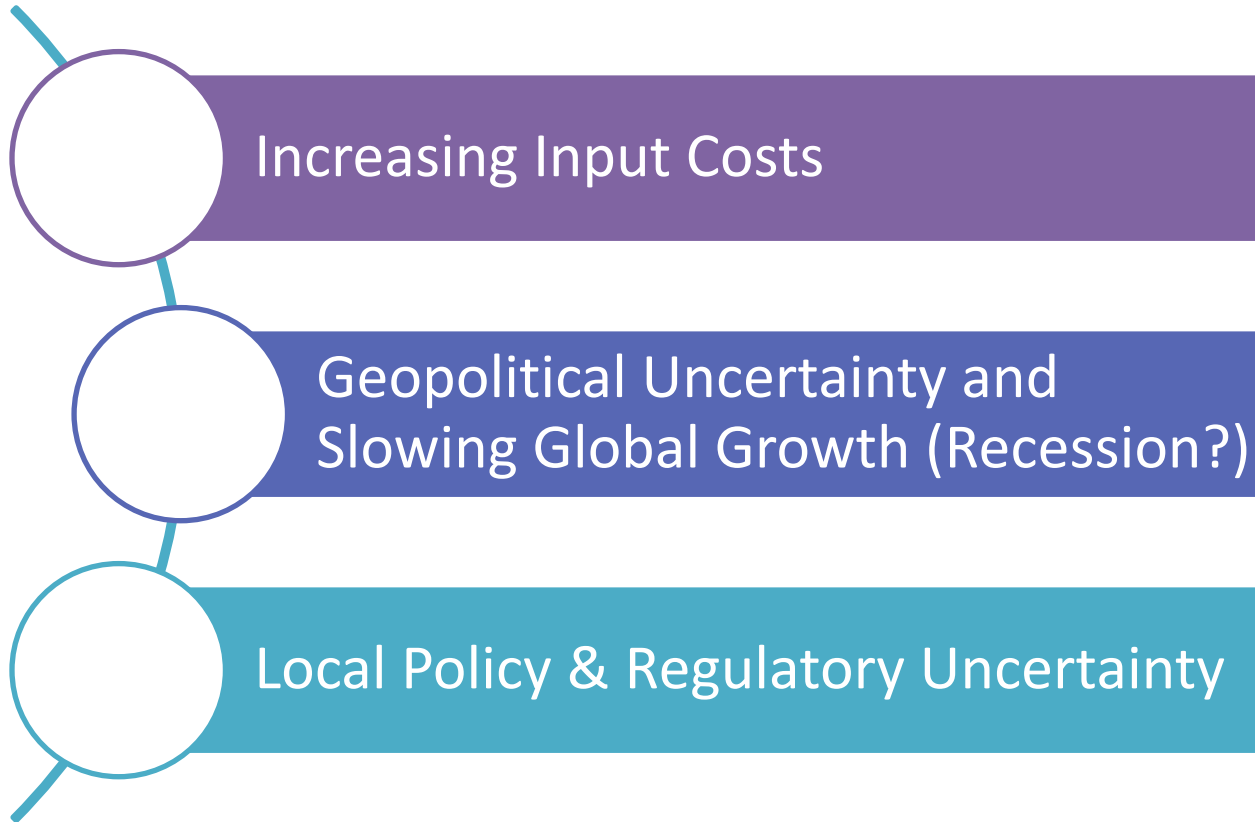
August and September 2021 - spot price traded up to a nine-year high of over US\$50 before softening to close the year at US\$42.

Rising price - increased purchasing of yellow cake (uranium concentrated) by various investment hedge funds in anticipation of further price increases.

Market fundamentals driving future supply deficit as a result of declining output by uranium mines, combined with an increase in demand for nuclear energy.



RISKS TO MINING SECTOR?



New Opportunities for Namibia's Mining Sector

- Green Revolution driving long-term mineral commodity price outlook
- 4th Industrial Revolution
- Changing ESG narratives
- Namibian mining sector gearing towards minimising carbon foot print & carbon neutrality
- Resurging uranium market

