



**Statement by Mr. Veston Malango, General Manager,
At the Mining Industry briefing meetings with the
Minister of Mines and Energy.
December 1, 2010**

Director of Ceremonies,
Hon. Isak Katali, Minister of Mines and Energy,
Hon. Willem Isaacks, Deputy Minister of Mines and Energy,
The Mining Commissioner, Mr. Shivolo,
The Diamond Commissioner, Kennedy Hamutenya,
The Chief Inspector of Mines, Mathews Amunghete,
MME Staff members present
Members of the Chamber of Mines and Captains of the Mining Industry,
All protocol observed,
Ladies and gentlemen.

Good Morning.

It is once again a pleasure to have this gathering of industry briefings to the Minister and senior staff members of the Ministry of Mines and Energy. This has been the case in the last 3 years and I believe we should uphold this tradition. Hon. Minister, last year this time, your predecessor started the briefing meetings with the launch of Epangelo Mining.

Today we are starting the event with a plenary session to provide an opportunity for you to address us on key issues pertaining to the mining industry. However before you do so, I would like to take this opportunity to present to you my brief from the Chamber's perspective.

Speaking on behalf of the industry as Chamber representative, I must say that you have made a strong impression to the mining industry since your appointment as Minister of Mines and Energy in March this year. This has been evidenced through interactions with Chamber members and on your visits some of the mines. Many of us had the first opportunity to "read" your mind when you attended the Chamber TESEF workshop at Midgard farm during 24 -25 September this year. I must inform you that you left a very positive impression on all Chamber members that were present, and as you saw, the workshop was very well attended. I hope that you will be able to visit the rest of the operations during 2011.

Hon. Minister, as we come to the end of the year, allow me to reflect on some key aspects of 2010.

Safety

Safety has always been top priority in our operations with a safety campaign slogan *that **one injury is one too many and one fatality is one too many.***

I am happy to report that so far, there has been no fatality this year and I pray that we maintain this record to December 31st and beyond. As at October 31st, we have maintained the Lost Time Injuries (LTI = 40) at same levels as 2009, but with a downward trend since 2007. We strive to improve safety at all times and we try to learn from each other's safety systems.

This is being done through Chamber Safety Peer Review Missions. We did one last year at Purity Manganese mine and we have just completed another one at Skorpion mine.

Mining Industry Performance

As per program, individual members will shortly be making their presentations on the performance of their mines or exploration projects. The combined picture will be that of the mining industry. Of strategic concern is the sustainability of the mining industry post global financial crisis, particularly the diamond sector. Hon. Minister, the Chamber is calling for a review of the fiscal regime for the diamond industry to ensure its continued role in the national economy.

We believe that reduced royalty tax and alignment of the diamond corporate tax to the tax rate for other minerals will release abundant resources currently not viable into economic resource that can be mined economically and ensure sustainability of the diamond industry. Details of these proposals will in due course be submitted to your office.

The Chamber is fully aware of the pressure on the fiscus, particularly with dwindling SACU inflows. However, the Chamber believes that a tax revision will not result in reduced revenues to Government. On the contrary, the outlook is positive, thanks to the growing uranium industry that is poised to take centre stage as the major source of State revenue. In the same vein, the Chamber shall be seeking MME's support as we enter into discussions with the Ministry of Finance.

TESEF

As alluded to earlier, Chamber members were very grateful that the Rt. Hon. Prime Minister, the Hon. Minister of Mines, Deputy Minister of Mines and Epangelo Directors were able to attend the TESEF workshop at Midgard during September 24 ~ 25 this year.

Hon. Minister, I am pleased to inform you that the Chamber of Mines has drafted a Mining Charter barely six weeks after the Midgard workshop. We have undertaken extensive consultations amongst ourselves.

We even had a special Council meeting to deliberate the draft document as produced by the Chamber TESEF Committee. Council reviewed the Mining Charter Draft No.5 at the Council meeting of yesterday. I am pleased to inform you that Draft number 6 will soon be submitted to your office. The Chamber is confident that the draft Mining Charter soon to be submitted to Government is a well thought out document that will achieve the objectives of transformation as envisaged by the TESEF white paper. We shall be looking forward to detailed consultations with MME. A workshop maybe the best platform for such dialogue and we are ready to organise one once the Ministry is ready.

Another important outcome from Midgard is that we are developing a database for all goods and services consumed by the mining industry, with a view of making this information available to Historically Deprived Namibians (HDNs). It is envisaged that HDNs would identify business opportunities through this database. This effort is linked to the Procurement and Enterprise Development Pillar of the Mining Charter. The Chamber undertakes to keep the Ministry of Mines well informed on this development.

“Sale” of Mineral Rights ~ EPLs & MLs

Hon. Minister, your expressed concerns at the apparent “sale” of mineral rights, particularly EPLs without Government benefiting from such transactions. Your predecessor equally raised these concerns to us.

We have reflected on the matter, and as you are aware, the Chamber of Mines proposed at Midgard, that Government should introduce a tax on such transactions.

The Chamber would be glad to assist where possible in taking this matter forward. In addition the Chamber undertook to provide you with a document highlighting the value chain of an EPL through to the ML stage and why such transactions involves substantial amounts of money, when you as Minister of Mines grant the same licences for literally nothing. The current licence fees are nothing to talk about. I am pleased to inform you that such a document has been produced and Council approved it yesterday at the Council meeting. It is my honour to submit this document to you today. Hon. Minister, as you can see, the Midgard workshop was not a picnic weekend outing, it was a serious business venture that has produced concrete and positive results.

Chamber of Mines Uranium Uranium Institute

We have attained an important milestone in the 41 years existence of the Chamber of Mines by establishing the Chamber of Mines Uranium Institute in Swakopmund. The inauguration event went well on August 19, 2010.

Outlook for 2011

Please allow me to say a few words for the outlook for 2011 going forward.

The mining industry has weathered the storm and we look to 2011 with optimism. That is the nature of our industry ~ high risk and cyclic in nature.

With expansion programs at existing mines, one mine under construction and new mines on the horizon pending the granting of mining licences, the mining industry shall continue to play its vital role in the economic development of Namibia. We shall continue to monitor mineral commodity prices, thanks to fast growing economies of China & India that are largely driving the mineral prices. Exchange rates will continue to be a challenge, with potential to erod42 Tw -5ya.tb(i)1(l)1(i)5(t)1(.l)]TJ 0

Hon. Minister, you missed the 2010 Mining Expo for reasons well understood. It is however our hope that you will not miss the next one.

May I inform you that the Chamber received great complements from the Permanent Secretary, Mr. Joseph Iita on the successful hosting of the Mining Expo of 2010. We shall build on this success.

Hon Minister, the Chamber will be looking forward to you tabling the Minerals Bill & its Regulations in Parliament during 2011. It is also hoped that consultations on the draft Mining Charter could be concluded next year and possibly be gazetted to kick start transformation in the mining sector. MME will score a first if this happens. Hon. Minister, although the Chamber has initiated the initial draft, the final document is strictly yours, a product of the Ministry of Mines and Energy. This is evidenced from the underlying tone in the document.

Challenges with EPLs

Lastly but not the least, the Chamber takes cognisance of positive developments in filling of positions at the office of the Mining Commissioner and technical services offered by the Geological Survey, particularly to the exploration community.

This has been greatly appreciated and acknowledged at the Chamber Exploration Committee meetings for which both the Mining Commissioner and the Director of the Geological Survey are active members.

Hon. Minister, I would like to make an appeal that long outstanding and unresolved disputes over EPLs be addressed in the New Year with renewed vigour. It would be a pity to let few straightforward cases of disputes, according to us, ruin the overall reputation of the Ministry. In the same vein, I am calling for the MME workshop with the mining industry to take place in the first quarter of 2011. This type of workshop has proven itself to be very useful in addressing outstanding issues of governance and compliance on both sides, i.e. Office of the Mining Commissioner and Chamber members.

In conclusion, may I take this opportunity Hon. Minister, to wish you and the entire staff of your Ministry, a merry x-mass and a prosperous 2011.

I thank you.