

Protocol

It is my honour to present to you the Chamber of Mine Review for the period 2006 and 2007.

Highlights for 2006 - 2007

SAFETY

COM takes mine safety extremely seriously. Unfortunately, the industry suffered 3 fatalities during the period under review.

Joseph Muruti was fatally injured when a rock fell underground at Kombat mine on 12 September 2006;

Jan Thaniseb was fatally injured when he was run over by a scoop on surface at Rosh Pinah mine on 1 March 2007; and

E M Sheehama was fatally injured in a car accident underground at Otjihase mine on 10 March 2007

We pay tribute to these employees who lost their lives in the course of executing their duties. Our position remains: and that is: "one injury to our employees is one too many". We continue to engage our stakeholders, especially the MUN, to work with us relentlessly to jointly eradicate injuries in our industry.

OBITUARIES

The COM notes with extreme sadness the passing on of 2 prominent members; Mr. Des Mathews and Mr. Don Newman. They will be sorely missed.

OTHER

GRN & DB unveiled the formation of NDTC which aims to increase the amount of local cutting and polishing of rough diamonds in Namibia. Eleven sightholders were identified and allocations made. The target is to increase the value of rough diamonds cut & polished locally to N\$2b by 2011.

Almost at the same time, a new uranium mine, Langer Heinrich Uranium was commissioned to produce 1 180 tonnes of Uranium Oxide a year with 132 permanent employees.

Weatherly international demonstrated its intention to make a serious contribution to the economy following the purchase of Ongopolo Mining & Processing in July 2006. Weatherly renamed & split Ongopolo into Weatherly Mining Namibia & Namibia Custom Smelters. Of note is the smelter capacity that is due to be expanded from 20 000 to 50 000 tonnes a year.

Skorpion Zinc Mine exceeded name-plate capacity by producing just over 150 000 tonnes of Special High grade Zinc during 2007. This combined with record high Zinc prices, led to Scorpion achieving record sales.

The last 2 years have seen the prices of minerals produced by Namibian operations reach historically unprecedented levels and this has had fundamental effect on both production and exploration within the country.

INDUSTRY PERFORMANCE FOR 2006 - 2007

In 2007, we saw a bumper turn over of N\$13.8b, compared to N\$12.2b in 2006. This represents an increase of 13%.

As we know by now, 2006 was an exceptional year for the Namibian mining industry, especially its non-diamond sub-sector. Total value added generated by mining reached a record N\$5.5b, contributing 12% to Namibia's GDP and almost 60% to merchandise export. All indications are that 2007 could equal or better the 2006 exceptional performance.

Corporate and royalty tax paid was N\$1.4b in 2007, compared with N\$1.3b in 2006. An increase of 5%.

Wages & salaries paid in 2007 amounted to N\$1.3b, compared with N\$1.1b in 2006. An increase of 28% over 2006.

INDUSTRY PERFORMANCE FOR 2006 – 2007 (CONTINUED)

Past chamber reviews have provided testimony to the enormous contribution the industry makes to enhancing skills of the nation's workforce at all levels. This year is no exception. This year's publication highlights the fact that 383 bursaries of various descriptions were awarded during the period under review. Of note is that some operations devoted around 5% of their labour costs to this vital cause.

In 2007, permanent employees in the mining industry were 7 901, compared with 7 691 in 2006. An increase of 3%.

Fixed investment in 2006 was N\$3.2b, contributing 26.5 % of total Namibia's Fixed investment of N\$12.2b.

Primarily driven by the increases of mineral prices and the conducive environment in Namibia, exploration expenditure reached N\$482m in 2006, the highest level since independence.

CHALLENGES

The Namibian mining industry has its own challenges:

COM commissioned a team to conduct a survey on the skills availability in Namibia. The exercise was completed early 2007. The results indicated present and projected acute shortages of skills especially for professionals (37%) and critical artisan trades (15%).

It is projected that the Namibian economy will grow by 4.7% in 2008. The driving force to the growth will be mainly the mining sector specifically the projected increase in Uranium production. The productivities of the mines depend heavily on the availability of sufficient power. Therefore, a shortage or unavailability of power for the mining industry will translate directly into pressure on the Namibian economic growth. The recent rallying of fuel price is a challenge for the COM. If this continues, it will significantly reduce the margins of some mines with negative consequences.

Availability of water for the mines, especially in the Erongo Region (in the desert) is proving to be a challenge. The proposed desalination plant will only materialise with the urgent & un-wavering support of all critical stakeholders.

The COM promotes healthy labour relations and industrial peace in the mining industry. The recent labour unrests at Rosh Pinah, Rössing and Skorpion have the potential to dent the already existing good relations.

WAY FORWARD

Since the findings of the skills audit, in addition to the already ongoing efforts, COM has developed a plan to address the skills shortage problem. COM will focus on two specific areas: (a) Increasing the intake of apprentices and (b) in collaboration with NIMT, evaluate and up-skill un-employed artisans. COM however cannot solve this national challenge by its own. We require support from Government specifically in the area of education. Proper and carefully planned investment in education is required, with specific emphasis to address the quality of education at secondary, primary and tertiary levels.

Over the last 2 years, COM has assisted Home Affairs financially in efficiency improvement initiatives including the upgrading and replacement of computers, the processing of identity documents and recently with a pilot project for work permits processing. COM is assisting HA with expectations that the efficiencies will improve. The area that remains of concern to the COM is the inability of the ISB to sit due to no quorum. This results in protracted delays and subsequent frustrations of our members.

We recommend that the Immigration Act be reviewed to resolve problems of ISB quorum. We further propose the granting of 3-years work permits to critical skills instead of 1-year. South Africa is granting 5-years work permits. The increase of skills migrating from Namibia is noteworthy.

The COM sees power sufficiency to be of strategic importance to the Namibian economy and the nation as a whole. We are concerned that a lot of efforts in the past have been to secure power from outside Namibia and invest in subsequent transmission requirements. COM is of the view that we must invest in projects to

make Namibia self-sufficient and only use the import of power as an optimization strategy. The mining industry will assist by assessing and implementing further efficiency measures in production processes.

With respect to the desalination plant in the Erongo region, we believe that in order for this effort to succeed, NamWater must take leadership and provide all the necessary support it can in the planning and execution of this strategic project.

Without industrial peace, we must all forget about a booming mining industry. We will not see the benefits to government, shareholders, investors and the Namibian nation. It is therefore in the interest of all us, including the leaderships of the mining industry and the MUN to work hard in maintaining long lasting industrial peace. It is therefore unfortunate that we recently had industrial action at one of our member mines Skorpion. This was of utmost concern to all of us; but we pleased that an agreement has been reached.

IN CONCLUSION: Since the last review, the Chamber has endeavored to maintain the momentum generated by the arrival of Veston Malango as General Manager and the presidency of Mark Dawe. We also welcome Dr Woten Swiegers on board. I pay tribute to these three dynamic gentlemen as well as my colleagues and Chamber Vice-Presidents Gerald Boting and Mike Leech, our partners in the Ministry of Mines and Energy, who have helped to turn a world-wide trend into concrete benefits for the industry in Namibia and the Namibian people. I also thank Robin Sherbourne for his continued support to the COM.

I thank all the Chamber Members for their support. The future health of the mining industry depends on cooperation between all its stakeholders. I am sure if we continue in this way we will all see the benefits of this approach.

I thank you all here tonight for your support.