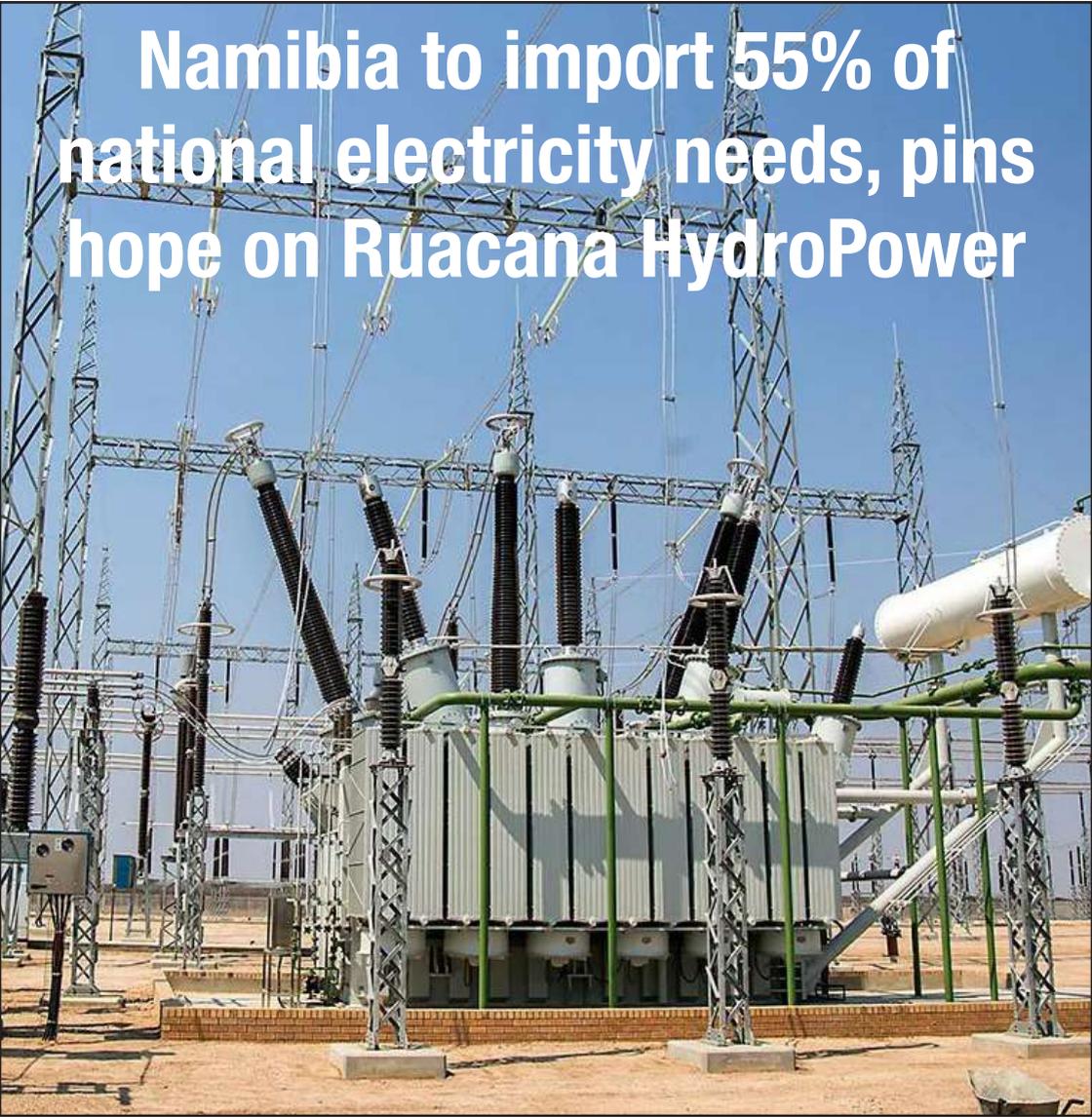


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Namibia to import 55% of national electricity needs, pins hope on Ruacana HydroPower



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ECB forecasts double-digit bulk tariff increase for NamPower

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More exploration activities headed for Namibia – Chamber of Mines

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Namibia to import 55% of national electricity needs, pins hope on Ruacana HydroPower

Namibia will address its national power demand for the 2024-2025 financial year by importing at least 55% of its electricity from its neighbours and the Southern African Power Pool (SAPP), an official has revealed.

Electricity Control Board (ECB)'s Executive for Domestic Technical Regulation Petrus Johannes said local generation will contribute the remaining 45%.

Namibia's power demand is approximately 660 megawatts (MW) at its highest peak, of which it only produces about 488MW from a combined source of the Van Eck coal plant at 120MW, Paratus diesel plant at 16MW, Anixas diesel plant at 22MW, and the Ruacana Hydropower Station, which has not been producing at the highest expected level.

Johannes pinned hope on the Ruacana Hydropower Plant as a primary source to enhance local generation. Ruacana Hydropower Plant's optimum performance is dependent on the water flow from the Kunene River.

"Currently it is reported that the water flow at Ruacana is promising and for the period 2023/24 it is anticipated that Ruacana will



generate as expected. It is our belief that the situation will continue in the medium to long term. The Ministry of Mines and Energy and [the] government must continue to engage our Angolan counterpart to ensure sufficient water flow from Kunene River," said Johannes.

He said electricity generated at Ruacana is

cheaper, but in events when less generation happens results in expensive alternatives or imports of power at a higher cost.

In addition, he said complementing local generation, NamPower last year implemented several projects such as the Anixas II (50MW) and Khan Solar PV (20MW) which are expected to be commissioned from June and towards the end of the year.

In further efforts to enhance local generation, ECB issued 69 electricity generation licences of which 41 are operational, three are under construction and 25 are still being developed.

“We hope these licenses that have not yet been commissioned will do so soon and will have a positive impact on end-user consumers,” he added.

In the absence of these robust interventions, the ECB fears possible power shortage, an imminent threat as a result of security concerns raised from neighbouring countries and the SAPP region.

“This shortage will continue putting pressure on the electricity supply and tariffs, not only in Namibia but in other countries in the SADC region as well. This situation will prevail until enough new generation capacity has been built,” ECB Chief Executive Officer Robert Kahimise also said.

“To mitigate this possible shortage of electricity, the government through the Ministry of Mines and Energy is working tirelessly to ensure security of electricity supply in the country, of which soon a determination of additional capacity will be announced.”

Mining

Persistent water shortage threatens uranium production, future mine expansion

Miners say water shortages and outages over the past four years have significantly impacted uranium mines which rely on water from Orano’s desalination plant and supplied by NamWater.

According to the Chamber of Mines of Namibia, the disruptions stem from naturally occurring sulphur eruptions offshore causing temporary shutdowns of the desalination plant.

To protect their membranes from damage, the desalination plant undergoes temporary shutdowns, impacting the consistent water

supply for the mines.

“As a result of these water supply disruptions, uranium production had been severely impacted, leading to extended periods of production stoppages and substantial revenue losses for the mining companies involved as well as loss of royalty and export levy to the government,” the Chamber of Mines said.

The miners’ concerns come as the Bank of Namibia (BoN)’s economic outlook in March projected a slowdown in uranium mining sector growth to 3.6% in 2024 from a robust 24.5% in 2023, attributed to water



supply interruptions and mine adjustments.

Although uranium prices have surged in the past months as anticipated by market analysts since 2013, according to BoN, water supply interruptions and production adjustments at mines are still expected to hinder output.

“Despite increased spot prices, the sector is expected to experience water supply interruptions, resulting in uranium mines adjusting their production downwards, coupled with anticipated stripping activities at some of the mines,” BoN said in its Economic Outlook Update for March 2024.

Meanwhile, the Chamber of Mines on Wednesday raised concerns on the current water supply and capacity highlighting that it is not sufficient to meet the needs of future mines and the expansion of existing ones, especially given the potential for growth in a

rapidly improving uranium market.

“However, the Chamber has established that there is enough capacity at the Erongo Desalination Plant to satisfy the current water demand from existing mines, and expansion capacity to supply the oncoming uranium mines,” it said.

“The desalination plant also intends to curb water supply disruptions by increasing capacity with the installation of another column of membranes and NamWater constructing reservoirs to store sufficient water during the sulphur booms.

“The Chamber of Mines is working closely with its members, the Erongo Desalination Plant, and NamWater to ensure that current bottlenecks are addressed in the supply and distribution infrastructure to meet current needs and anticipated future demand,” the Chamber of Mines added.

Energy

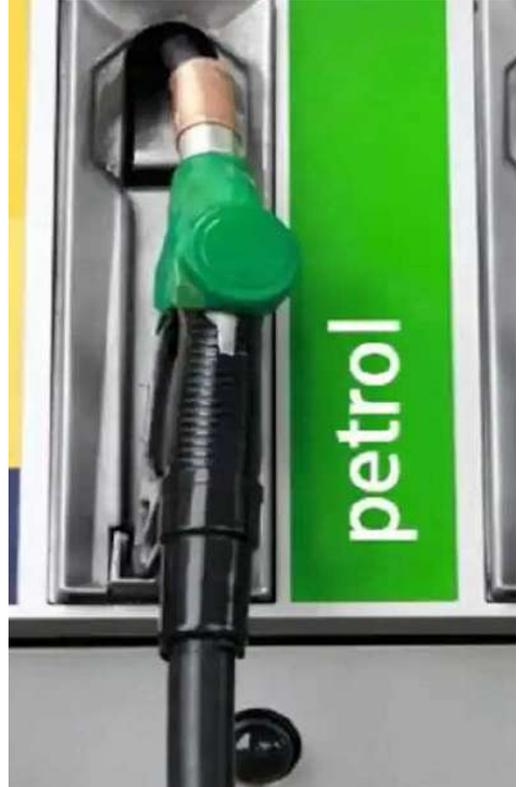
Namibia records second fuel price hike in two months

Namibia's petrol prices have increased by N\$2.22 per litre over the past two months, with diesel prices up by N\$1.12 after the Ministry of Mines and Energy announced a 70 cents per litre increase on petrol and a 40 cents per litre increase on both diesel prices, effective from Thursday, 2 May 2024.

The upward price adjustment for May will consequently see Walvis Bay's new prices at N\$23.00 per litre for petrol, N\$22.17 per litre for diesel 50 ppm, and N\$22.37 per litre for diesel 10 ppm.

"The Ministry noted under-recoveries on both petrol and diesel products, amounting to 123.567 cents per litre on petrol, 60.214 cents per litre on diesel 50 ppm, and 51.208 cents per litre on diesel 10 ppm. In this context, and for Namibia as an oil importer, the imperative for striking a balance between alignment with the market dynamics and cushioning the consumers from the negative effects of excess price volatility cannot be overemphasized. The National Energy Fund will absorb the remaining under-recoveries, partially offsetting the burden on consumers," the ministry said.

Following the government decision, petrol prices have increased by N\$2.22 per litre over the past two months, with diesel prices



up by N\$1.12.

The government department has also announced the extension of the temporary Relief Margin of 20 cents per litre offered to the oil importers for another six months.

"The Ministry has also resolved to extend the temporary Relief Margin of 20 cents per litre offered to the oil importers for another six months or until such time that the relief margin is reviewed, or the Petroleum Import Coordination System is implemented, whichever occurs first."

According to government data, Namibia consumes an average of 90 million litres of fuel per month.

Energy

ECB forecasts double-digit bulk tariff increase for NamPower

The Electricity Control Board (ECB) is projecting a double-digit bulk tariff increase of up to 14% for the Namibia Power Corporation (NamPower) in the 2025-2026 financial year, before gradually decreasing to nine, four, and 5% in the succeeding fiscal years from 2026/27 to 2028/29.

This announcement comes after the regulator announced an 8% tariff adjustment for NamPower for the 2024-2025 financial year, a reduction from the 14.59% initially requested by the national power utility.

The ECB, however, expressed concerns that these adjustments, surpassing local inflation rates, may exert pressure on commodity prices.

Robert Kahimise, CEO of the ECB, stated that: "After careful consideration and in line with the ECB tariff review process, the board has decided to adjust the NamPower bulk tariff to 8%. This adjustment revises the average tariff from the current approved rate of N\$1.9856 per kWh to N\$2.1444 per kWh, effective from July 2025 to June 2026."

The forthcoming adjustment, effective in July, is lower than the 9% increase implemented for the 2023/24 fiscal year.

Kahimise further elaborated on the ECB's forecast, indicating a double-digit increase of up to 14% for the 2025/26 financial year,



followed by reductions to nine, four, and 5% in subsequent fiscal years from 2026/27 to 2028/29.

"In accordance with the tariff regulatory framework, the ECB conducted a thorough review, assessing the tariff application's detailed analysis, financial impact on NamPower, optimal dispatch of local generation versus contracted imports, and overall economic implications. Consequently, NamPower's revenue requirement has been adjusted from N\$8.4 billion to N\$7.9 billion," emphasized Kahimise.

He added that NamPower generates revenue based on approved budgeted costs, volumes, and tariffs.

“However, actual costs and revenue often deviate from budgeted figures, resulting in annual over or under-recoveries. Therefore, the ECB has deferred under-recoveries to alleviate the impact of electricity costs on consumers.”

Kahimise attributed the under-recoveries to lower-than-projected generation from the

Ruacana Power Plant, necessitating higher-cost imports to compensate.

Pinehas Mutota, ECB Executive for Economics and Market Regulations, acknowledged the significance of tariff adjustments in ensuring power stability and continued generation but cautioned about their potential impact on the economy.

Energy

Sintana in N\$58m deal to acquire stake in PEL 79 offshore Namibia

Sintana has entered into an agreement with Crown Energy, a private Namibian company, to acquire up to 67% of Giraffe Energy Investments (Pty) Ltd, a vehicle which in turn owns a 33% stake in PEL 79 alongside state-backed oil company Namcor.

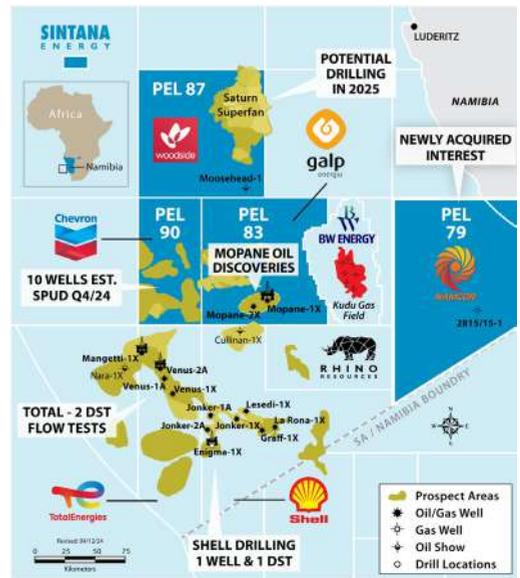
PEL 79 governs blocks 2815 and 2915 located inboard of blocks operated by BW Energy, Rhino Resources, and Shell.

Namcor is currently the operator with a 67% interest in PEL 79. Initially, Sintana is paying N\$38.4 million (US\$2 million) to acquire 49% of Giraffe and can increase the stake to 67% over the next five years for a further N\$19.2 million (US\$1 million) payment.

“Together with our partners at QXI and Giraffe, we look forward to working with NAMCOR to fully realize the significant geologic, commercial, and strategic value of PEL 79,” said Sintana Chief Executive Robert Bose.

Mark Stearnes, Chief Executive of Quantum Xploration Inc (QXI), meanwhile, said, “As the Orange Basin continues to

deliver outstanding exploration success, we are delighted to work with Sintana and Crown to enhance the technical and operational capabilities at Giraffe. We look forward to supporting NAMCOR with their continuing efforts to unlock the full exploration potential of this highly prospective license.”



Stearnes was Galp's asset general manager in Namibia from 2017 to 2023, a role which saw him lead upstream operations in the country, including on PEL 83, which hosts Mopane.

The Canadian exploration company holds around 5% of Galp-operated Mopane, which was confirmed as a significant commercial discovery by the Portuguese firm earlier this week.

Mining



Chinese investment in Namibia's mining sector has grown substantially in recent years. Companies like CNUC, Sinomine Resource Group, and Yintai Gold Co Ltd have made significant

acquisitions in the country's mining sector, particularly in uranium and gold mines.

While some express concerns about concentration risk, the Chamber of Mines sees these acquisitions as crucial for the

sector's growth and sustainability.

According to the Chamber, these investments have not only infused capital but have also ushered in a wave of innovation and expertise, essential for maximising the sector's potential.

"The entities acquiring stakes, along with those that have previously invested, are esteemed firms committed to the sustained progression of activities, as evidenced by the investments in Namibia's uranium industry," said the mining sector body.

Highlighting the transformative impact of foreign investments, the Chamber points to notable successes such as the Husab mine, a flagship project that stands as the second-largest open-pit uranium mine globally.

Moreover, the extension of the Rössing mine's lifespan until 2036 underscores the enduring benefits of strategic partnerships and foreign capital infusion.

Collectively, these endeavours have created over 6,000 direct job opportunities, empowering the Namibian workforce and fostering economic resilience.

"The establishment of the Twin Hills gold mine by Yinati Gold is poised to generate additional employment and boost Namibia's gold sector's impact on the GDP. This venture will also bring further economic advantages, including a rise in foreign exchange earnings and government revenues. Similarly, Sinomine Resource Group's acquisition of the Dundee Precious Metals Tsumeb smelter represents a commitment that ensures its continued operations in Tsumeb.

"Thus, the Chamber does not see this as a risk, but as necessary for the continued growth and development of the industry. The fact that the most recent investment interest is coming from Chinese companies illustrates that they are willing to invest, and



Max Rix

pay the price for Namibian mining assets," emphasised the Chamber.

Beyond the glittering surface

However, not everyone shares the Chamber's rosy outlook. Max Rix, the Head of Research at Simonis Storm, cautions about "concentration risk."

With major mines controlled by foreign entities, concerns arise about national sovereignty, economic security, and wealth distribution.

"The sale of Tsumeb Smelter to a Chinese company and the involvement of Chinese entities in multiple mining ventures pose both challenges and opportunities for Namibia," he said.

"The concentration risk associated with the control of major uranium and gold mines by foreign entities could lead to concerns about national sovereignty, economic security, and the distribution of wealth. However, these investments also bring opportunities such as technology transfer, infrastructure

development, and job creation, which can contribute to the broader economic development of the country," Rix said.

Lack of local investment

Despite the influx of foreign capital, the Chamber of Mines, however, laments the lack of local investment participation in the mining sector.

"The Chamber of Mines was delighted when Osino Resources listed on the Namibian Stock Exchange on the eve of the Mining Expo & Conference on 29 August, 2023. This was an opportunity for Namibians to own a piece of the new gold mine.

"However, the Chamber was very disappointed to learn last week from Osino Resources (as reported in The Brief), that the fundraising in Namibia had not been successful because there is no appetite amongst local investors to purchase shares in such an important mining venture."

The mining industry body noted that because exploration and mining are extremely risky and capital-intensive, there is very little appetite among Namibians to invest their hard-earned savings in commercial mining activities.

There seems to be fears that undertaking such risk would result in the immediate loss or depletion of their savings and pension funds, the organisation added.

"The Chamber believes that the best way for the Namibian market to invest and participate in the local market would be to buy shares in Namibian mines that are listed on the Namibian Stock Exchange.

"The local listing of mines, as was recently done by Osino Resources (now purchased by Yinati Gold), allows Namibians to have a direct stake in mines by investing in shares.

The purchasing of shares does not require large capital amounts or contributions towards financing of mine development and is thus far more accessible to the local market. Moreover, it can also create value for the investor through favourable movements in the share price," said the Chamber.

This view is also shared by Rix who noted that the increasing presence of foreign investors, particularly Chinese in Namibia's mining sector, has not been matched by a balanced and diversified investment portfolio from local investors.

He added that this could be due to several factors, including the high capital requirements, technical expertise, and risk associated with mining investments, which may be beyond the reach of many local investors.

Additionally, he said, the attractiveness of the sector to foreign investors might be due to favourable investment policies or geopolitical interests that do not necessarily align with local investment capabilities.

To encourage local market participation in investing in Namibia's mining assets, Rix believes the government and stakeholders could consider several measures.

"These may include providing financial incentives such as tax breaks or subsidies to local investors, offering technical and business training to build local expertise in mining, creating joint venture opportunities with foreign investors to ensure local ownership, and implementing policies that ensure a certain percentage of mining projects are owned by Namibian entities. Additionally, fostering a more conducive business environment that addresses bureaucratic hurdles and enhances transparency could attract more local investment into the sector," he added.

Harnessing local content for Namibia's green hydrogen future



By Joseph Mukendwa

Namibia is poised to become a leader in the green hydrogen sector. With vast renewable energy resources, the country has the potential to not only meet its own energy needs sustainably but also to become a significant exporter of green hydrogen. According to research, the green hydrogen sector is likely to contribute 600,000 jobs by 2040.

The key to unlocking this potential lies in the development and implementation of robust local content policies. These policies are essential for ensuring that the benefits of the green hydrogen sector are widely shared among Namibians, contributing to socio-economic development and the betterment of the livelihoods of our people.

The concept of local content is not new, and many countries have implemented policies to ensure that their citizens and local businesses benefit from their natural resource. Norway, for example, has successfully used local content policies to develop its oil and gas sector, ensuring that a significant portion of the value generated remains in the country. The Norwegian model emphasizes the development of local expertise, technology transfer, and the creation of competitive local suppliers.

Similarly, countries like Kenya and Morocco have shown that it is possible to implement local content policies in a way that benefits both international investors and the local community. Kenya's geothermal sector has thrived due to deliberate efforts to involve local communities and businesses in the development process. Morocco's Noor Ouarzazate Solar Complex, one of the world's largest solar power plants, has been a success story in terms of integrating local content policies, with significant investment in local workforce training and development.

The Local Content Conference that took place in Luderitz from 16 to 18 April, brought together experts from various countries around the world, who shared their experiences on local content practices. Namibia can draw valuable lessons from these experiences. From the discussions, the first step should be to conduct a thorough analysis of the existing capabilities within the country and identify gaps that need

The key to unlocking this potential lies in the development and implementation of robust local content policies.

to be filled to support the green hydrogen sector. This includes assessing the skills available in the workforce, the capacity of local suppliers, and the infrastructure in place.

For Namibia, the development of the green hydrogen sector presents an opportunity to leapfrog traditional energy systems and create a modern, sustainable economy. Based on lessons learned from other countries, the sector will be able to achieve this if we develop a clear and comprehensive local content policy framework that sets out expectations for the involvement of local businesses in the green hydrogen sector. Equally, there would be a need to invest in education and training programs to build the skills needed as well as create incentives for international investors to partner with local businesses and transfer knowledge and technology.

As the green hydrogen sector does not operate in a vacuum, envisaged green hydrogen local content policies must be aligned with the country's broader economic development goals and contribute to the

diversification of the economy. Whilst no formal local content policy exists for the green hydrogen sector, a framework that addresses local content is in place. With the signing of the Feasibility Implementation Agreement with Hyphen, one of the largest envisioned green hydrogen projects in the country, a social economic development (SED) framework was developed. Key elements of the SED framework include employment creation, enterprise development and skills development, to name but a few. Monitoring of the implementation of the SED framework will be key, as this will inform the development of a local content policy for the green hydrogen sector.

As we stand at the threshold of a new era in energy production, it is imperative that Namibia seizes this moment to ensure that the green hydrogen sector is developed in a way that maximizes the benefits for all Namibians. This will require a concerted effort from all stakeholders, including the government, private sector, and civil society, to ensure successful implementation of local content policies that are both ambitious and pragmatic.

The call to action for Namibia, for the green hydrogen sector, is clear. We should learn from the mistakes made by other countries and must manage local content in a way that truly ensures the socio-economic development of the country and the betterment of the livelihoods of its citizens. This is not just an economic imperative but a moral one. By doing so, we can ensure that the green hydrogen sector is not only a source of clean energy but also a catalyst for sustainable development and prosperity for all Namibians.

**Joseph Mukendwa is Head of Policy, Planning and Strategy at the Namibia Green Hydrogen Programme (NGH2P)*

Mining

More exploration activities headed for Namibia – Chamber of Mines

The Chamber of Mines of Namibia anticipates more exploration activities headed to Namibia in the next few years, buoyed by an 18.1% increase in exploration expenditure from 2022 to 2023.

The growth, according to the Chamber, reflects a vibrant mining exploration environment, particularly for critical minerals, gold, uranium, and copper.

Chamber of Mines President Zebra Kasete said Osino Resources, Bannerman, and Reptile Uranium played a pivotal role in driving this increase through their progressive exploration efforts as they positioned themselves for mine development.

Kasete said other major players in critical mineral and base metal exploration, such as Craton, Namibia Critical Metals, and Damaran, also contributed to the positive trend.

“It is against this backdrop, that the Chamber anticipates a significant increase in exploration interest and investment in the next few years, and with that, growing opportunity for Namibians to participate in these activities,” he said.

“The challenge, however, remains for Namibians to effectively raise financing for exploration projects. Namibians need to be empowered with the knowledge and skills on how to raise funds for exploration, enabling them to become active partners and contributors to projects. Overcoming this challenge requires collective collaboration between education and finance institutions,



the Ministry of Mines and Energy, and other stakeholders to equip locals with the know-how and skills to successfully raise capital for exploration projects,” he said while providing an overview of the mining sector’s performance.

Kasete added that the 2023 GDP figures highlight the growing importance of the mining industry relative to other sectors, which is expanding its contribution to the

Namibian economy.

Specifically, the mining industry's contribution to GDP increased to 14.4% in 2023, from 9% in 2021 and 11.9% in 2022.

"Once again, Namibia's mining industry achieved remarkable growth in 2023, which registered 18.9%. The lower growth rate of 18.9% in 2023, compared to the previous year's (2022) growth rate of 24% is attributed to a slower increase in diamond mining production," he stated.

For the 2023 financial year, Kasete also said there was an 18.3% growth in gross fixed capital formation (fixed investment) and exploration although only calculated on nominal terms.

"Although this figure hasn't been adjusted for inflation, it's reasonable to assume that real fixed investment also saw positive growth due to the robust performance in nominal terms. This surge was primarily driven by capital expenditures in mining operations aimed at enhancing production and mining processes. Additionally, a significant portion of the fixed investment resulted from the restart activities at the Langer Heinrich mine," he added.

However, on the flipside, the Chamber president said total exploration spending by mining and exploration companies declined attributed to reduced exploration expenditure by mining companies, likely influenced by their increased capital spending.

Kasete said Namibia achieved record gold and uranium production, reaching 9,800 kilograms and 8,283 tonnes, respectively, representing an annual growth of 31% for gold production and 24.5% for total uranium production.

"Gold production benefited from expanded mining and processing capacity at the Navachab mine, as well as better-

Namibia's mining industry achieved remarkable growth in 2023, which registered 18.9%. The lower growth rate of 18.9% in 2023, compared to the previous year's (2022) growth rate of 24% is attributed to a slower increase in diamond mining production

than-expected grades from the underground Wolfshag operation at B2Gold's Otjikoto mine," he said.

"Meanwhile, the increase in uranium production resulted from several factors, including reduced production delays caused by better management of water supply disruptions, enhanced efficiency in processing plants at Husab and Rössing, and a positive uranium price environment.

"Despite a slowdown in demand and declining diamond prices, Namibia managed to increase diamond production by 6.3%. This achievement was attributed to expanded mining capacity and successful operational ramp-up efforts by Namdeb and higher production from Debmarine's offshore operations," he added.

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