



SECTOR PROFILE

# METALS AND MINING

# Introducing **Namibia**

Namibia is ranked amongst the world's most politically stable countries. The Namibian Government is committed to stimulating economic growth and employment through the attraction and retention of investments.

Namibia's primary infrastructure is well-developed and modern, with a good transport system whose road infrastructure quality is ranked the best in Africa, an efficient communication system with global cellular networks and globally competitive broadband, as well as a sophisticated financial sector.

A land of contrasting beauty, Namibia is strategically located on the south-western coast of Africa and serves as a quintessential trade conduit with the rest of the world for landlocked countries including Botswana, Zambia, Zimbabwe and the Democratic Republic of Congo through the port of Walvis Bay. Compared to other ports in the region, the congestion-free port of Walvis Bay offers shipping line time savings of up to five days to Europe and the Americas, and is a springboard into the Southern African Development Community (SADC) trade block, with a market access of 330 million people.

The country is endowed with natural wind and sun resources, and is considered to be amongst the most competitive destinations in the world with potential to become a producer and exporter of green hydrogen, reckoned to catalyse the decarbonisation of the planet.

Namibia is a middle-income country whose considerable successes rest on a stable multiparty parliamentary democracy that delivers sound economic management, good governance, fundamental civic freedoms and respect for human rights.

Namibia values long-term relationships with foreign investors, and provides numerous opportunities for international investors seeking a foothold and growth on the African continent. The Government has put in place an enabling environment to assist with identification of opportunities, syndicate financing, operating and tax incentives in certain sectors, particularly manufacturing, and one-stop bureau services for establishment of local operations of international companies.

The Namibia Investment Promotion and Development Board (NIPDB) serves as a one-stop shop for all companies aspiring to do business in Namibia. As a public entity in the Office of the President, the NIPDB exists to facilitate investments into Namibia.

This brochure presents the Namibian sectors which are abundantly filled with development opportunities awaiting investment. The areas of green hydrogen, renewable energy, oil and gas, chemical industry, sustainable tourism, transport and logistics and value addition opportunities in the mining sector.



# Metals and Mining

### Overview of the Metals, Mining and adjacent industries

This sector includes all activities involved in, and in support of the mining, production and processing of various metals, sand, concrete and construction materials.

According to the 2021 Fraser Institute Annual Survey of Mining Companies, Namibia's mining industry is one of the top 10 in Africa based on their Investment Attractiveness Index. The mining and quarrying industry is one of the largest contributors to GDP (N\$16 billion in 2020). A thriving industry that has historically driven Foreign Direct Investment (FDI) to Namibia. Going forward, domestic growth is anticipated to improve from the year 2022 onwards, largely boosted by diamonds and recoveries for some tertiary industries.

Namibia is the world's forth-largest producer of uranium oxide and largely sells to power utilities in Central Europe, North America and South-East Asia. Historically, diamond mining has been the leading sub-sector of Namibia's mining industry and it places Namibia in the top 10 global diamond producers in the world. Namibia is also a leading producer of zinc and the fourth-largest exporter of non-fuel minerals in Africa.

The mining industry itself is well-developed and sophisticated, with many local equipment and service providers contributing another N\$5 billion to GDP in 2020. These service providers facilitate the distribution of foreign goods or services, such as hauling vehicles and excavation equipment, furnaces and drill rigs and several processing operations.

Namibia's most influential drivers in the diamond markets are the US and Europe, with India and China becoming increasingly substantial.

**Key commodities:** Diamonds | Uranium | Copper | Lead | Zinc | Manganese | Tin | Rare Metals (REE, Tantalum, Niobium) | Lithium | Gold | Silver | Salt | Marbles | Granites

### Investment opportunities in the upstream and downstream value chains

The mining sector has been slow to shift away from the extraction and export of minerals in their raw forms to mineral processing and value addition. However, value addition has been done on gold (unrefined gold bars); diamonds (diamond polishing and processing); copper (copper smelting – copper cathodes); zinc (zinc processing leading to 99.99% pure zinc); dimension stones (processing of marbles and granites into table toppers and tiles); coarse salt (refined salt) and cement. There is still room for significant investment in this industry, especially given that Namibia exports raw minerals and imports a portion of processed minerals back into the country.

The Namibian Government promotes mineral beneficiation through certain mining licence conditions from the mines and energy ministry that encourages a portion of minerals to be sold locally for further value addition in cases where local value addition industries exist and where minerals can be sold to those industries at competitive prices.

The mining industry has matured over the years, in large part due to a favourable legislative framework. This includes the allowance to deduct 100% of the exploration/development costs in the 1st year, security of tenure of mineral rights, and no compulsory Government shares. Thus, the untapped market potential coupled with a supportive regulatory framework ensures that this will be a fruitful industry that is ripe for investment.

## How to invest

Mining in Namibia is regulated by the Minerals (Prospecting and Minerals) Act 33 of 1992. Section 2 of this Act vests all rights in respect of minerals in the state. Other laws applicable are the Diamonds Act 3 of 1999, Minerals Development Fund of Namibia Act 19 of 1996. To search for minerals, companies can apply for several authorisations, including a non-exclusive prospecting licence, exclusive prospecting licence and reconnaissance licence. Other licences include: Mineral Deposit Retention Licence (MDRL); Mining Licence (ML); and Mining Claims (MC), guidance on the application process for the various licences can be found at (<https://www.mme.gov.na/mines/mrrd/>).

## Shared experience of Domestic and Foreign Investments in Namibia

Investor participation in the Namibian mining sector is a safe bet, enabled by a very strong political environment and a transparent policy and legislative framework. A number of regional and global industry leaders are participating in the mining industry.

The Namibian government and De Beers through a 50:50 joint venture created Namdeb to venture into primary land-based diamond mining and Debmarine Namibia (also a 50:50 joint venture between the Namibian government and De Beers) to handle off-shore diamond mining.

Lodestone (a mining company with U.S. shareholding) commenced iron ore extraction in 2015. In 2018 Desert Loin shipped their first shipment of 30,000 tons of lithium ore. A third lithium mine in western Namibia is currently under development by the global lithium exploration and development company, Lepidico Ltd.

A few other foreign companies with operations include: B2Gold Corporation | Skorpion Mining Company [Vedanta Zinc International] | Namibia Custom Smelters [Dundee Precious Metals Inc]




The Benguela Gem is the first of its kind and represents an outstanding feat of engineering design, technology innovation and sustainability performance. Despite significant challenges presented by Covid-19, the project was delivered ahead of time and budget – a testament to the world-leading skill and expertise of all involved. The investment in this vessel will support a long term, sustainable future for Namibia’s diamond sector, which is home to some of the most sought-after diamonds in the world.


~ Bruce Cleaver - De Beers Group Chief  
Executive Officer 2022





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