

Namdeb extends life of mine to 2042

Namdeb, a joint venture between the Namibian government and Anglo American's diamond business De Beers Group, has extended its land-based mines' life by 20 years to 2042, thanks in part to a mineral royalty discount.



Source: ©Olga Yastremska^{123rf}

Under the previous business plan, the land-based Namdeb mines would have come to the end of their life in 2022.

As part of the deal, Namibia offered Namdeb royalty relief from 2021 to 2025, with the royalty rate cut to five percent from 10%.

De Beers CEO, Bruce Cleaver, said at a press conference in Windhoek that maintaining viable and profitable operations was becoming difficult under the existing fiscal arrangements, given the age of the mines.

Life of mine extended

Namdeb will now be able to invest its profits to extend its mining operations, he said, and the new plan will enable eight million additional carats of Namibian diamonds to be produced.

An estimate value of the additional carats could not be immediately ascertained.

The life of mine extension will create 600 new jobs, in addition to Namdeb's existing 2,100 employees.

Namdeb CEO Riaan Burger said production will be ramped up over the next 2-1/2 years to approximately 160% of the current capacity, requiring a capital investment of around 1.8bn Namibian dollars (\$122m) and a "significant" increase in operational cost.

Namibia's mines minister Tom Alweendo said the closure of Namdeb's mines would have been devastating.

"This decision benefits the sustainability of the life of mines, the national economy as well as preserving employment for our people and the livelihoods of families that depend on it," he said.

De Beers also mines diamonds offshore Namibia through its Debmarine Namibia unit.
(\$1 = 14.7530 Namibian dollars)

Source: Reuters

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