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Karibib Lithium Project

Eight owners, 70 years, one elusive lithium dream

From German and South African interests to Australian and Canadian investors, Karibib's historic lithium mines have passed through eight companies without achieving sustained modern production. British-owned African Critical Elements is the latest to attempt a revival.

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COVER STORY

Karibib lithium's seven decades of changing ownership

The Karibib lithium project has passed through German, South African, Australian and Canadian mining interests over seven decades, with successive owners attempting to develop deposits that have attracted international investment without becoming a sustained modern mining operation.

Its latest owner, British company African Critical Elements (ACE), is seeking to revive the historic Rubicon and Helikon mines in the Erongo Region after acquiring an indirect 80% interest in the

project.

The acquisition, announced on 21 October 2026, marks another change in ownership for a mining district whose history predates Namibia's independence.

It also marks the return of John Wisbey, ACE's executive chairman, who previously attempted to acquire Karibib through Canadian-listed ILC Critical Minerals before that transaction failed in February 2026.

The latest development follows decades of changing ownership, exploration programmes, commercial

setbacks and unsuccessful attempts to secure financing for large-scale production.

The German and South African years

Exploration of lithium-bearing pegmatites around Rubicon dates back to at least 1932, while mining began in the 1950s. Helikon followed in the late 1970s, with intermittent mining continuing until 1994.

The early operations concentrated on extracting petalite, amblygonite, lepidolite, beryl and tantalum-





bearing minerals, which had industrial applications long before lithium became important to electric vehicle batteries.

One of the earliest major corporate owners was Germany's Klöckner Group, which became involved through Metranco, a South African minerals company.

Klöckner acquired interests in Metranco during the early 1970s and, through that company, gained control of South West Africa Lithium Mines, commonly known as SWA Lithium, around 1973.

SWA Lithium operated the mines locally, while Metranco exercised management responsibility from South Africa, creating a corporate structure linking German ownership, South African management and mining operations in what was then South West Africa.

Historical production records demonstrate that Karibib was an established mining district

decades before the modern lithium boom.

In 1974, the mines reportedly produced 4,500 tonnes of lepidolite, 1,500 tonnes of petalite and 60 tonnes of amblygonite.

However, production declined as international mineral markets weakened. By the early 1980s, annual output had reportedly fallen to approximately 1,000 tonnes.

The German-linked ownership arrangement continued into the years preceding Namibia's independence.

Around 1990, the properties passed to Namibia Lithium Mines, a Namibian company associated with South Africa's Afmin mining interests.

Australian investors arrive

Australian investors subsequently entered Karibib's ownership history, beginning with Sunrise

Minerals, which acquired the project after the Namibia Lithium Mines period.

Although limited information is publicly available about Sunrise's development activities, its ownership paved the way for another Australian company to take over.

In November 2009, Black Fire Minerals announced an agreement to acquire the Karibib Lithium Pegmatite Project from Sunrise Minerals for approximately A\$455,000.

The transaction involved acquiring Sunrise's Namibian subsidiary, Starting Right Investments 94, which held Exclusive Prospecting Licences EPL3750 and EPL3751.

The licence areas included the historic Rubicon, Helikon and Fricke's workings.

Black Fire believed modern exploration could identify additional mineral resources beyond the areas previously mined.

Historical operations had concentrated on limited portions of exposed pegmatites, leaving possible extensions insufficiently explored.

The company therefore undertook sampling and drilling at Rubicon and Helikon during 2009 and 2010 to assess whether the deposits could support larger-scale development.

However, Black Fire did not establish sustained commercial production, and the project continued attracting interest from other investors.

Canada's Desert Lion takes over

Canadian company Desert Lion Energy subsequently emerged as a major developer, pursuing a strategy that combined the historic deposits with lithium-bearing material left behind by decades of mining.

Its ambitions reflected growing international demand for lithium, particularly as rechargeable batteries and electric vehicles became increasingly important.

Desert Lion consolidated its interests around Rubicon and Helikon and secured mining licence ML204 in 2018.

That year, the company exported approximately 30,000 tonnes of lithium-bearing material from historical stockpiles to China under an agreement with Jiangxi Jinhui Lithium.

The shipments demonstrated that Karibib still contained material with commercial value, although Desert Lion's longer-term development plans encountered difficulties as lithium prices weakened.

Financing became increasingly challenging, while its relationship with Jiangxi Jinhui developed into a commercial dispute.

The Chinese company had advanced US\$4.5 million against future deliveries, but disagreements over the contractual arrangements subsequently resulted in arbitration proceedings.

The dispute would survive Desert Lion's ownership and later complicate another proposed acquisition.

With Desert Lion struggling

financially, Karibib again became the subject of a takeover.

Lepidico's Australian ambitions

In July 2019, Australian lithium developer Lepidico acquired Desert Lion Energy in a transaction valued at A\$22.9 million in shares and other securities.

The acquisition returned Karibib to Australian corporate control, although the project remained held through subsidiaries, including the Namibian operating company subsequently known as Lepidico Chemicals Namibia.

Lepidico proposed a more ambitious development strategy than several previous owners, involving mining, mineral concentration and downstream chemical processing.

Rather than concentrating on exporting lithium-bearing material, the company intended to use its processing technology to produce higher-value lithium products from lepidolite.

It invested in drilling,



resource estimation, metallurgical investigations, environmental studies and engineering.

In 2020, Karibib reached the definitive feasibility study stage, with an estimated net present value of US\$221 million based on an assumed lithium hydroxide price of US\$13,677 per tonne.

Front-end engineering and design followed in 2022, while additional mineral resource work was completed in 2023.

The technical progress appeared to bring Karibib closer to becoming a modern lithium producer, but Lepidico still needed substantial construction financing.

As lithium prices weakened, the company struggled to raise capital for mining and processing facilities.

Attempts to secure alternative financing and sell assets failed to deliver the investment required.

On 3 December 2024, Lepidico and several Australian subsidiaries entered voluntary administration.

The Australian parent was subsequently placed

into liquidation in May 2025, leaving Karibib with completed technical studies, identified mineral resources and existing mining rights, but without the financial backing needed for development.

A failed Canadian acquisition

The next company to pursue Karibib was ILC Critical Minerals, a Canadian-listed exploration and development company chaired by John Wisbey.

In September 2025, ILC negotiated an option to acquire Lepidico Mauritius, the intermediate holding company through which an 80% interest in the Namibian project was held.

The proposed transaction involved a C\$975,000 option exercise price and a secured loan arrangement with Lepidico Canada.

ILC saw an opportunity to acquire an advanced lithium, rubidium and caesium project rather than beginning exploration and development from an early stage.

However, the acquisition faced complications arising from the outstanding Chinese

arbitration dispute and the regulatory approvals required to complete the transaction.

The option deadline was eventually extended to 27 February 2026.

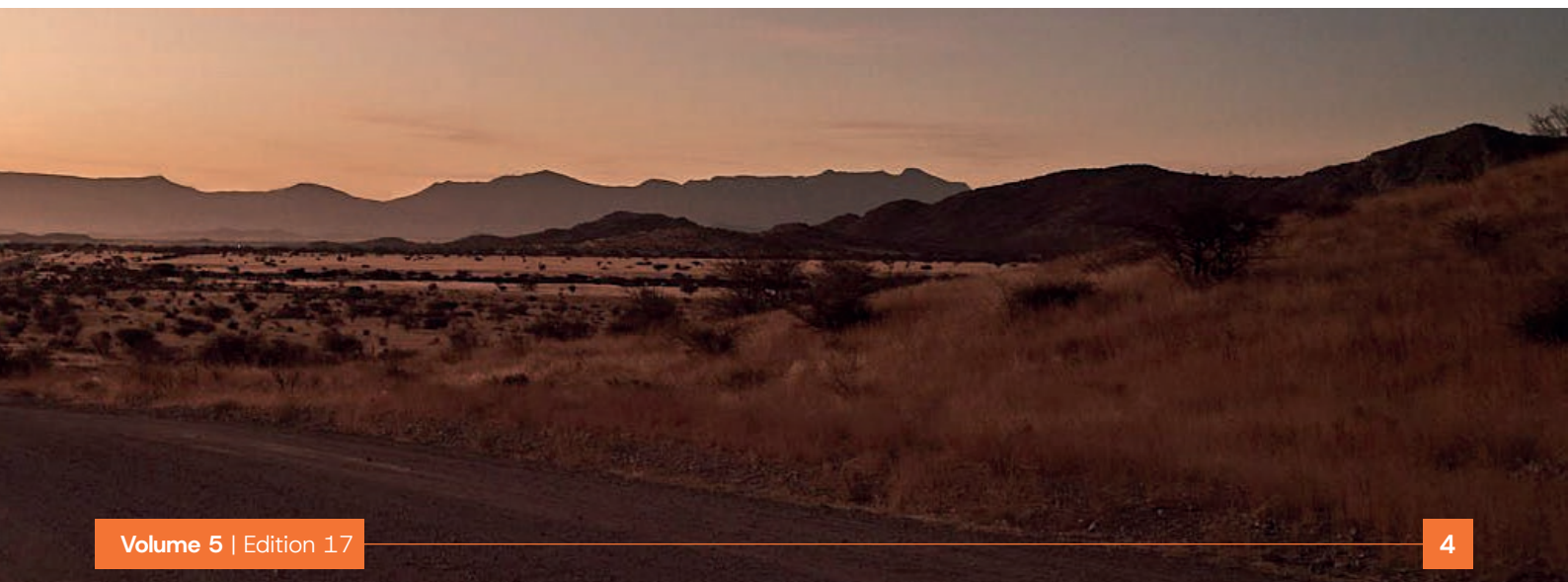
Although ILC's board supported proceeding, the TSX Venture Exchange did not provide the necessary approval before the deadline.

The option expired without being exercised, ending ILC's proposed acquisition.

Yet Wisbey's interest in Karibib continued. On 26 February 2026, one day before the option expired, ACE had been incorporated in England and Wales.

The newly established British company subsequently pursued the project through a different acquisition structure, eventually acquiring Lepidico Canada and its secured debts.

The October 2026 acquisition therefore represents another chapter in Karibib's long ownership history, with a new company attempting to achieve the commercial development that several previous owners had been unable to deliver.



Same project, same players, different companies

John Wisbey's pursuit of Namibia's Karibib lithium project has ended with an acquisition by a British company established just one day before his previous attempt to secure the same mineral deposits collapsed.

African Critical Elements (ACE) was incorporated on 26 February 2026, while Canadian-listed ILC Critical Minerals, chaired by Wisbey, was awaiting approval to acquire the project through an option agreement with Lepidico Canada.

On 27 February, ILC's option expired after the TSX Venture Exchange failed to complete its review. Wisbey and other individuals associated with ILC subsequently pursued a different acquisition structure through ACE.

On 21 October, ACE announced that it had acquired Lepidico Canada

and subsequently its secured debts, obtaining indirect control of 80% of the historic Rubicon and Helikon lithium project. The Namibian Competition Commission (NaCC) had approved the transaction with conditions on 6 October.

The acquisition followed Lepidico's financial collapse, substantial creditor claims and an arbitration dispute involving a Chinese lithium buyer. Australian insolvency firm KordaMentha's reports reveal how little the failed Australian parent might have recovered from ILC's proposed transaction.

A project with many owners

Karibib's mining history dates to the 1950s, when lithium-bearing minerals were extracted at Rubicon, decades before lithium became important to electric

vehicle batteries.

During the 1970s, Germany's Klöckner Group controlled the operations through its South African subsidiary Metranco, while South West Africa Lithium Mines managed local mining activities.

The properties later passed to Namibia Lithium Mines, associated with South African interests, before Australian company Sunrise Minerals acquired them.

In November 2009, Black Fire Minerals bought the project for approximately A\$455,000 and pursued exploration at Rubicon and Helikon.

Canadian company Desert Lion Energy subsequently consolidated the deposits and secured mining licence ML204 in 2018. That year, approximately 30,000 tonnes of lithium-bearing material



were exported to China.

Desert Lion's relationship with Chinese company Jiangxi Jinhui Lithium, which had advanced US\$4.5 million against future deliveries, eventually developed into a commercial dispute.

In 2019, Australian developer Lepidico acquired Desert Lion for A\$22.9 million in shares and other securities.

Lepidico completed a definitive feasibility study in 2020, estimating a net present value of US\$221 million, followed by front-end engineering and design in 2022. However, it could not secure construction financing.

How Lepidico ran out of money

On 3 December 2024, Lepidico Limited and five Australian subsidiaries entered voluntary administration after struggling with weakening lithium prices and unsuccessful financing negotiations.

Its June 2024 financial statements had reported approximately A\$13.5 million in consolidated liabilities and A\$4.7 million in cash.

KordaMentha's February 2025 report showed that Lepidico Limited itself held only A\$337,000 in cash when administrators were

appointed.

The directors' statement of company affairs recorded approximately A\$1.029 million in liabilities for the Australian parent, while administrators estimated the realisable value of its assets at A\$447,000 to A\$463,000, excluding certain assets.

A supplementary May report identified approximately A\$10.488 million in unsecured creditor claims for Lepidico Holdings and its consolidated Australian subsidiaries.

Estimated recoveries under the revised liquidation scenario were just 6.7 to 7.4 cents for every Australian dollar owed.

The Australian companies entered liquidation on 15 May 2025, leaving the international subsidiaries holding Karibib central to efforts to recover value.

What the liquidators expected

KordaMentha's September 2025 report detailed ILC's proposed acquisition of Lepidico Mauritius from Lepidico Canada for C\$975,000.

Lepidico Mauritius held 80% of Lepidico Chemicals Namibia, with Namibian shareholder Huni-Urib retaining 20%.

The agreement also entitled the seller to additional consideration equivalent to 70% of any net positive arbitration award involving Jiangxi Jinhui Lithium.

Under the liquidators' low-case scenario, repayment of approximately C\$530,000 in secured loans would reduce the purchase proceeds to C\$445,000.

After further deductions, only C\$100,000, approximately A\$110,000, might have reached Lepidico Limited.

A favourable arbitration outcome could have increased that amount to approximately A\$2.95 million.

These were projected recoveries, not money actually received.

The proposed sale also required debts owed by Lepidico's international subsidiaries to the Australian parent to be compromised or sold before completion.

Wisbey's failed acquisition

ILC negotiated its acquisition option in September 2025 and agreed to provide Lepidico Canada with a secured loan of up to C\$510,000.

Of that amount, C\$420,000 attracted annual interest of 10%. A subsequent

C\$65,000 advance increased total loan principal to C\$575,000.

However, the proposed acquisition remained exposed to the Chinese arbitration dispute.

On 24 December 2025, ILC received notice of an arbitration determination unfavourable to Lepidico Namibia and favourable to Jiangxi Jinhui.

Despite the ruling, ILC continued pursuing Karibib and extended its acquisition option to 27 February 2026, agreeing to additional commitments including a C\$42,000 consulting fee plus taxes.

Wisbey maintained that ILC's board supported exercising the option and had arranged the necessary funding.

However, the TSX Venture Exchange had not completed its review. ILC also reported being prevented from

advancing additional funds that could have supported another extension.

The option expired unexercised on 27 February, with ILC publicly confirming the failure on 4 March.

A new company, the same project

On 26 February, one day before ILC's option expired, ACE was incorporated in England and Wales.

Wisbey and Maurice Brooks, both associated with ILC, were involved in establishing the company.

Although the companies shared directors and shareholders, Wisbey maintained that they were independent and had no funding relationship.

He explained that ACE was established to prevent Lepidico Canada and the Namibian operation from also entering liquidation.

Unlike ILC, which sought to acquire Lepidico Mauritius directly, ACE acquired Lepidico Canada and subsequently purchased its secured debts.

This gave ACE indirect control of the Namibian project through a different corporate structure.

ACE also provided working capital for salaries, operating expenses and exploration. However, the acquisition consideration and full development financing commitments have not been disclosed.

Namibia questions the takeover

ACE submitted its acquisition application to NaCC in April 2026, attracting objections over foreign ownership, financing capacity and Namibian participation.

Otwathika Investment Holdings challenged



the transaction in July, questioning whether another ownership change would produce the investment needed for commercial production.

Huni-Urib also opposed the acquisition.

Wisbey disclosed that Namibian shareholders held approximately 1% of ACE at group level, separately from Huni-Urib's 20% interest in the Namibian operating company.

ACE maintained that potential investors had expressed interest and that its shareholders were prepared to provide further capital.

On 6 October, NaCC approved the acquisition with conditions after finding that it was unlikely to substantially reduce competition, particularly because Karibib was not producing minerals.

However, the commission considered employment,

skills transfer, investment and local participation, attaching conditions addressing workforce localisation, skills development and opportunities for Namibian suppliers, small businesses and historically disadvantaged people.

The publicly available determination does not disclose the complete binding targets or implementation deadlines.

Joe Walsh returns

The acquisition also brings back Joe Walsh, Lepidico's former managing director, who is identified in ACE's 21 October announcement as its proposed technical director.

Walsh led Lepidico while it advanced Karibib's feasibility and engineering studies, providing continuity between the previous management and the new owners.

ACE stated that his formal

appointment was progressing following NaCC's merger approval. The announcement does not establish that Walsh personally owned Lepidico or that NaCC must separately approve his board appointment.

ACE now intends to update the 2020 feasibility study and 2022 engineering work, initially concentrating lepidolite in Namibia.

It also proposes selling part of approximately 24,000 tonnes of beneficiated lepidolite concentrate, grading 1.38% lithium oxide, to support development funding.

Wisbey believes production could begin within three years if sufficient investment is secured, although ACE has not announced an updated construction budget, fully financed development programme or final investment decision.



Namibia outpaces South Africa in Orange Basin oil race – Ayuk

Namibia's progress in attracting offshore oil and gas investment has been held up as an example for South Africa, with African Energy Chamber executive chairman NJ Ayuk warning that regulatory delays are preventing its southern neighbour from fully exploiting the petroleum potential of the Orange Basin.

Speaking at the opening of African Energy Week in Cape Town, Ayuk said South Africa needed to remove regulatory obstacles and create conditions that would allow exploration companies to commit capital to its offshore acreage, pointing to Namibia's progress in the same geological basin.

The Orange Basin stretches across the maritime boundaries of Namibia and South Africa and has attracted considerable international attention following a series of major petroleum discoveries offshore Namibia. However, exploration

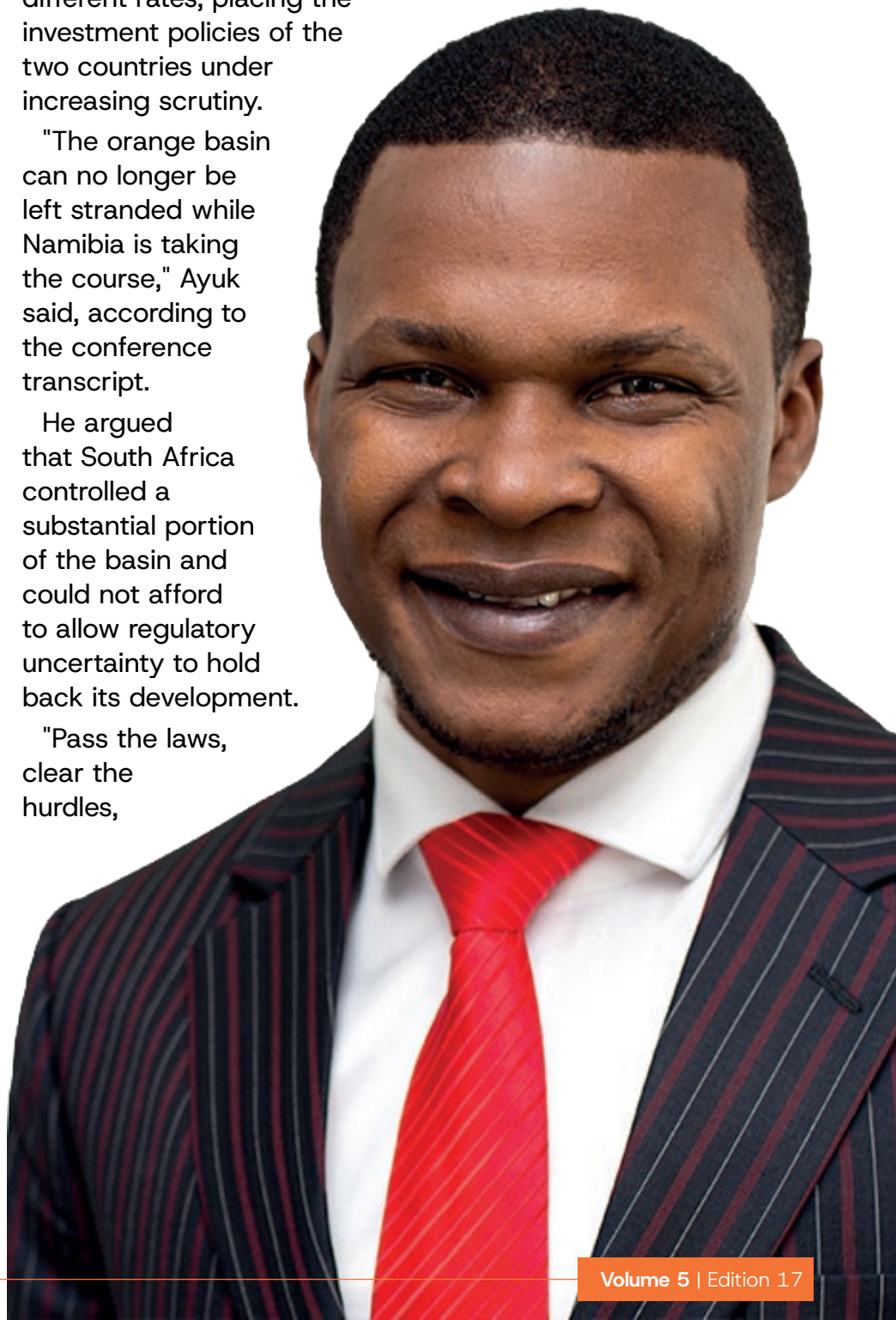
and development activity on either side of the border has progressed at different rates, placing the investment policies of the two countries under increasing scrutiny.

"The orange basin can no longer be left stranded while Namibia is taking the course," Ayuk said, according to the conference transcript.

He argued that South Africa controlled a substantial portion of the basin and could not afford to allow regulatory uncertainty to hold back its development.

"Pass the laws, clear the hurdles,

completely open up your high potential orange basins," he said.



Ayuk added: "Our neighbours in Namibia are doing way better."

His remarks placed Namibia at the centre of a wider debate about competition for petroleum exploration capital, particularly as African governments seek to attract investment while also securing greater domestic benefits from their natural resources.

Competition for investment

Ayuk said governments needed to recognise that petroleum companies had investment opportunities across multiple countries and would favour jurisdictions offering predictable regulations, workable commercial terms and timely approvals.

He criticised administrative delays that prevent projects from advancing, arguing that African governments should measure their performance by the investments they enable rather than the number of applications

or agreements held up in regulatory processes.

"We must be a nation and a continent of builders, not bureaucrats," he said.

The warning comes at a time when Namibia is working to translate offshore discoveries into commercially producing projects, a process requiring further appraisal, development planning, financing and government approvals.

Although the discoveries have strengthened Namibia's position as an emerging petroleum exploration destination, commercial production from its major Orange Basin discoveries has not yet begun.

The country's advantage therefore lies principally in the exploration investment and discoveries already secured, rather than in an established offshore oil production industry.

For South Africa, the challenge identified by Ayuk is to ensure that companies operating in its

portion of the basin have sufficient regulatory certainty to advance exploration and assess its petroleum resources.

Ayuk's comparison was particularly pointed because he delivered it in Cape Town, where African Energy Week brought together government officials, petroleum executives, financiers and other industry representatives to discuss investment opportunities across the continent.

Warning over local-content demands

Ayuk also cautioned African governments against introducing petroleum policies that could discourage investment, particularly where changes to local-content requirements, state participation or other contractual obligations increased uncertainty for companies.

While supporting greater African participation in the petroleum industry, he

argued that governments needed to balance their domestic economic objectives against the commercial conditions required to attract international capital.

"Yes, Africa must maximise its domestic benefits," he said.

However, he warned that abrupt regulatory changes and excessive compliance requirements could undermine investment confidence, particularly in emerging petroleum jurisdictions where exploration remains expensive and commercially uncertain.

"I'm all in for local content,

but let's have some smart content," he said.

The comments are relevant to Namibia as the country considers how its developing petroleum industry should be regulated and how local businesses, workers and the state can benefit from offshore discoveries.

The central challenge is to establish a framework that attracts the investment required to develop petroleum resources while ensuring that the resulting economic opportunities are not confined to foreign operators and service providers.

Ayuk did not single

out Namibia's proposed petroleum legislation as an example of excessive regulation. His warning was directed more broadly at African governments and emerging petroleum jurisdictions.

From discoveries to development

The African Energy Chamber chairman said the continent needed to increase exploration activity and strengthen its ability to finance petroleum projects, arguing that energy security and economic development required investment in both

established and emerging producing regions.

He also welcomed progress towards establishing an African energy financing institution, which he presented as a response to the difficulties petroleum projects face in securing capital.

Ayuk criticised international financing approaches that, in his view, restrict African fossil-fuel development while allowing wealthier economies to continue using oil and gas.

He argued that African countries should retain the ability to determine their own energy priorities, including the

role of petroleum resources in electricity generation, industrialisation and economic growth.

For Namibia, the immediate test will be whether the investment attracted by its offshore discoveries can be converted into approved and financed developments.

The country's discoveries have already demonstrated the geological potential of its portion of the Orange Basin, but their long-term economic significance will depend on whether companies proceed with commercial development and whether Namibia captures lasting

benefits through employment, procurement, taxation and domestic participation.

Ayuk's remarks suggest that Namibia has established an early advantage over South Africa in the competition for Orange Basin exploration investment. Maintaining that position, however, will require the country to combine regulatory certainty with a framework that delivers meaningful returns to the Namibian economy.

Andrada moves Lithium Ridge closer to resource definition

Andrada Mining is moving its Lithium Ridge project in Namibia closer to mineral resource definition after completing 16,500 metres of

diamond drilling across 143 holes and expanding the identified mineralised strike from six to nine kilometres.

The development marks an important step in the company's efforts to establish Lithium Ridge as a potential lithium, tin and tantalum project, with the remaining drilling results expected during the current quarter as technical work continues under its partnership with Chilean lithium producer SQM.

According to Andrada's interim results for the six months ended 31 August 2026, the first stage of drilling was expanded following

encouraging initial results, while licence-wide surface sampling identified additional mineralised pegmatites beyond the principal trend.

The extension of the mineralised strike by 50% has increased the area under investigation and provided further evidence of the scale of the mineralised system, which the company is now evaluating through geological modelling and resource definition work.

Andrada chief executive officer Anthony Viljoen said the progress at Lithium Ridge formed part of the company's broader strategy to develop its Namibian critical minerals portfolio through international partnerships.

"Our strategic partnerships with SQM at Lithium Ridge and BWCAM at Brandberg West are advancing two significant growth opportunities across tin, lithium, tungsten, copper and



tantalum,” Viljoen said.

The completion of the drilling programme represents a significant technical milestone for Lithium Ridge, which has progressed from initial exploration towards a more detailed assessment of its mineralisation.

The company said the programme had established an extensive body of geological information that would support the next stage of evaluation, including the development of a geological model and work towards defining a mineral resource.

The remaining drill-core samples are being processed and analysed, with the outstanding assays expected to be completed during the current quarter.

Results released on 6 October included lithium mineralisation grading up to 2.11% lithium oxide over approximately five metres, adding to earlier drilling

results that demonstrated lithium mineralisation across the project area.

The company has also identified tin and tantalum mineralisation in reported drill holes, raising the possibility of additional mineral products alongside lithium.

Andrada said the associated minerals could provide potential additional revenue streams, although further technical work would be required to establish their economic significance and whether they could be recovered commercially.

The discovery of additional mineralised pegmatites outside the principal trend is another important aspect of the exploration programme because it broadens the area that may require further investigation.

While the nine-kilometre strike does not establish the size of a mineral resource, it provides a larger exploration

footprint for the company and SQM to evaluate.

The next stage will involve integrating drilling results with surface sampling and geological information to improve understanding of the distribution, grade and continuity of mineralisation.

The work is intended to establish whether sufficient geological evidence exists to support a future mineral resource estimate and subsequent project studies.

Andrada said Lithium Ridge had become increasingly distinct from an early-stage exploration prospect because of the scale of drilling completed and the structured technical programme now under way.

The project is being advanced through an earn-in partnership with SQM, an established international lithium producer, allowing Andrada to benefit from external technical expertise

and investment as it evaluates the deposit.

The partnership is central to Andrada's strategy of developing its exploration assets while maintaining Uis as its principal producing operation.

Viljoen said the company's three Namibian assets now had defined roles, with Uis generating operating cash, Lithium Ridge providing exposure to lithium, tin and tantalum, and Brandberg

West offering opportunities in tungsten, copper and tin.

The company is also preparing to expand tin production at Uis through the installation of a new crushing circuit and ore-sorting equipment.

The expansion is expected to increase annual tin concentrate production by between 50% and 70% to approximately 2,500–3,000 tonnes, equivalent to 1,500–1,900 tonnes of contained

tin.

At Brandberg West, Andrada is continuing technical evaluation of historical tungsten, tin and copper mineralisation through its partnership with BWCAM Limited.

The project received unconditional approval from the Namibian Competition Commission for the partnership in August, while previous ore-sorting tests demonstrated promising



recoveries of tungsten and tin from historical material.

Further metallurgical testing, bulk sampling and exploration are planned to assess potential development options.

Lithium Ridge, however, the immediate priority is completing the outstanding assays from the first drilling programme and advancing the geological model towards resource definition.

Andrada has not yet

announced a maiden mineral resource estimate, a feasibility study or a timetable for commercial lithium production.

The company said the second half of its financial year would focus on completing the remaining technical work with SQM, with the results expected to inform the next stage of exploration and development planning.

The completion of 143 drill holes and the extension

of the identified mineralised strike to nine kilometres place Lithium Ridge at a more advanced stage of evaluation, with the next milestone being the determination of the scale and characteristics of the mineralisation that could support future development studies.



Namibia banks on uranium, gold as mining revenue falls N\$900m

Namibia is counting on new mining projects and stronger uranium and gold prices to revive economic growth over the next three years, even as the

government has slashed its expected mining tax and royalty income by N\$900 million for the current financial year.

Finance minister Ericah Shafudah revealed the contrasting outlook in her 2026/27 Mid-Year Budget Review presented in the National Assembly on Thursday, identifying mining revenue as the main weakness in government collections while placing the same sector at the centre of the country's anticipated economic recovery.

Mining company taxes and royalties have been revised down from N\$6.1 billion to N\$5.2 billion, a reduction of nearly 15%, reflecting the pressure that weaker mineral earnings are placing on public finances.

At the same time, the government expects economic growth to improve from 2.3% this

year to 2.6% in 2027, 3% in 2028 and 3.3% in 2029, with mining developments expected to play an important role.

"The recovery is anchored by pipeline projects in the mining sector, supported by strong uranium and gold prices and by stronger consumption as inflation and interest rates ease," Shafudah said.

The outlook highlights Namibia's growing dependence on the performance of different commodities at a time when the diamond industry, traditionally one of the country's most important sources of mining revenue, is experiencing a prolonged downturn.

While uranium and gold offer the prospect of renewed investment and production growth, diamond tax and royalty receipts are expected to fall to their lowest level in years.

Government projections show that diamond taxes and royalties will decline from



N\$5.8 billion in 2023/24 to just N\$414 million in 2026/27, representing a collapse of approximately 93%.

Shafudah said the decline had contributed to an estimated N\$5.3 billion revenue shortfall over the 2024/25 to 2026/27 medium-term expenditure period.

The government has responded by granting royalty relief to the diamond industry to protect employment and export earnings, although the minister did not disclose the value of the concessions or identify the companies benefiting from them.

The deterioration in diamond earnings has left Namibia looking increasingly towards other minerals to support economic activity, investment and government revenue.

Uranium and gold carry recovery hopes

Shafudah's statement identifies strong uranium and gold prices and projects

in the mining pipeline as important factors behind the expected improvement in economic growth.

However, the minister did not name the individual projects underpinning the projections, indicate when they are expected to begin production or disclose how much they could contribute to government revenue.

This distinction is important because investment in exploration, mine construction and expansion can stimulate economic activity before a project begins generating substantial corporate tax and royalty receipts.

The government's forecasts therefore depend not only on favourable commodity prices but also on the successful implementation of mining developments.

The outlook comes as Namibia seeks to diversify its mining economy beyond diamonds, whose weak performance has exposed the vulnerability of government finances to international commodity markets.

Shafudah warned that subdued global demand and commodity prices, particularly for diamonds, remained among the principal risks to the country's economic prospects.

Mining shortfall puts pressure on budget

The reduction in expected mining receipts is one of the main reasons the government has lowered its overall revenue forecast for 2026/27 by N\$1.5 billion, from N\$89.6 billion to N\$88.1 billion.

Lower mining receipts, reduced fuel levy collections and administrative fees contributed to the revision.

Non-tax revenue has also been revised down from N\$6.1 billion to N\$5 billion, partly because of lower mineral royalties and public enterprise dividends.

The weaker revenue outlook comes as the government faces rising debt-servicing costs and substantial demands for additional public spending.

The budget deficit is

projected at N\$16.3 billion, equivalent to 5.5% of gross domestic product, while public debt is expected to reach N\$201.7 billion, or 68.7% of GDP.

Interest payments alone are projected at N\$15.4 billion.

These figures underline the importance of restoring mining revenue, particularly as the government seeks to finance development programmes while containing borrowing.

Government moves on mining licences

Alongside its growth projections, the government is pursuing measures intended to improve the investment environment for mining and other industries.

Shafudah announced that efforts were underway to shorten the processing times for environmental clearance certificates, exploration licences and mining licences.

The proposed improvements form part of broader investment reforms intended to strengthen Namibia's competitiveness and encourage private-sector

development.

However, the minister did not disclose the current backlog of mining applications, the average processing period or the deadlines the government intends to introduce.

The government also plans to continue engaging private companies on agreements in the extractive industries to ensure that Namibia obtains a fair share of the value generated from its non-renewable resources.

In addition, Shafudah confirmed that mineral export



levy levels are under review, with consultations continuing.

The review could have implications for companies exporting raw and partly processed minerals, although the minister did not identify the minerals under consideration or announce proposed changes to levy rates.

The government has repeatedly emphasised the importance of obtaining greater economic value from natural resources through local processing and broader participation in mineral-

related industries.

Shafudah's latest statement places those ambitions alongside the immediate need to attract investment and revive economic growth.

N\$878m in local gold acquired

The minister also disclosed that the Bank of Namibia's Gold Acquisition Programme had secured domestically produced gold valued at approximately N\$878 million.

The programme forms part of efforts to diversify the

country's international reserve assets and strengthen its resilience against external economic shocks.

Shafudah did not identify the mines supplying the gold or provide the quantities purchased.

The acquisition nevertheless illustrates the growing role of domestically produced gold beyond its contribution to mining exports and company revenue.



URANIUM

Zhonghe's uranium mine remains on hold 14 years after licence approval

Chinese-backed Zhonghe Resources is seeking renewed environmental approval for its proposed uranium mine in the Erongo Region, nearly 14 years after receiving a mining licence for a project that has yet to enter construction.

The company has blamed weak international uranium prices for the prolonged delay, despite conducting exploration and feasibility work

and securing several environmental clearances since the project was first proposed.

Zhonghe Resources (Namibia) Development has applied to renew Environmental Clearance Certificate No. 02029 for uranium mining and continued exploration within Mining Licence 177, which covers 12,863 hectares in the Karibib and Swakopmund districts.

The licence was granted on 30 November 2012 and remains valid until 29 November 2031, while the company's most recent environmental clearance expired on 2 March 2025.

The application, published on the environment ministry's assessment portal, is undergoing review. It does not indicate when construction will begin, with the company maintaining that development depends on improved



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uranium market conditions.

Zhonghe's history in Namibia stretches back to 2006, when it obtained Exclusive Prospecting Licence 3602 in the Happy Valley area, approximately 110 kilometres north-east of Swakopmund and east of the Rössing uranium mine.

Exploration began in 2007, with geological mapping, radiometric and geochemical surveys, trenching and drilling undertaken to establish the extent of the uranium deposits.

By the end of 2012, the company had drilled 372 holes covering 89,512 metres, according to the International Atomic Energy Agency and OECD Nuclear Energy Agency's Uranium 2018: Resources, Production and Demand report.

The report recorded

indicated resources of 54.3 million tonnes containing 22.7 million pounds of uranium oxide and inferred resources of 205 million tonnes containing another 83.3 million pounds.

Together, these historical estimates amounted to approximately 106 million pounds of uranium oxide, although the figures do not constitute a current mineral reserve or establish how much material could be economically mined.

A feasibility study for the No. 18 deposit was undertaken between 2011 and 2012, followed by further resource evaluation and economic reassessments in 2015 and 2016.

The company's updated environmental assessment outlines plans for a uranium mine capable of producing

between 700 and 1,000 tonnes of uranium oxide annually.

The development would include open-pit mining, mineral processing facilities, waste rock dumps, tailings management facilities and supporting infrastructure such as roads, electricity and water supplies.

Earlier project descriptions also identified heap leaching as a proposed processing method, although the latest environmental application does not establish whether the original processing design will be retained in full.

Zhonghe's development plans provide for site preparation, construction, mining and processing, followed by rehabilitation, closure and environmental monitoring.

The company says

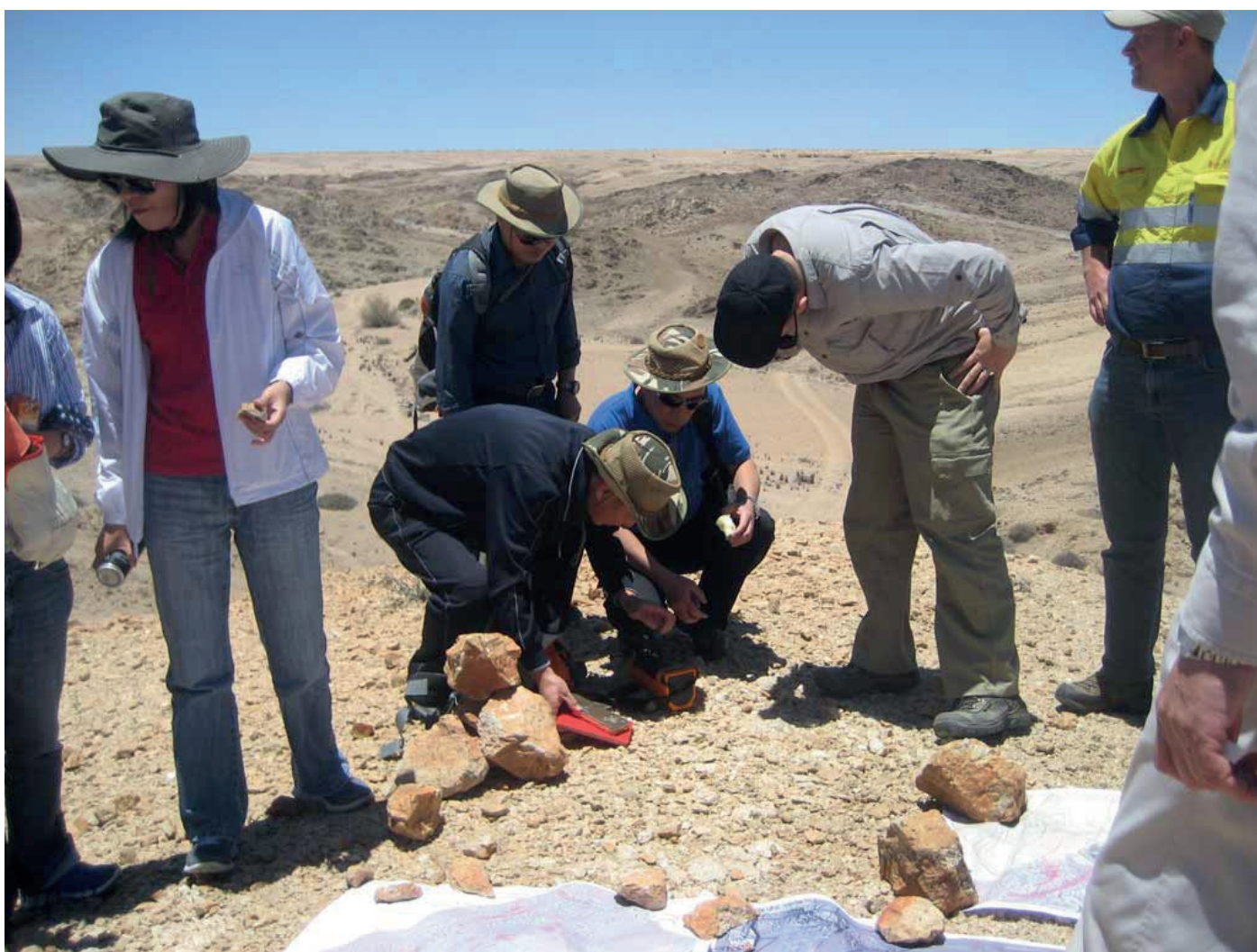
rehabilitation would continue during operations, with further work required after mining ends to address potential contamination and

other environmental risks.

Its updated assessment also acknowledges that separate environmental assessments will be necessary for certain

supporting infrastructure outside the main mining area.

Drilling continued despite delays



Although Zhonghe has not constructed a mine, exploration has continued.

According to the Namibian Uranium Association, the company launched an 800-metre diamond drilling programme in June 2023, accompanied by geological and geophysical surveys.

In 2024, its parent company, China National Nuclear Corporation (CNNC), completed a 20,000-metre drilling programme covering both Zhonghe's mining licence and the neighbouring Rössing mining licence area.

The work indicates that the company has continued investigating the deposit's potential despite repeatedly postponing mine development.

Zhonghe was established in Namibia in 2008 and is controlled by China Uranium Corporation, a subsidiary of CNNC.

The Namibian Uranium Association lists its

shareholders as China Uranium Corporation with 58%, Springbok Investment with 21%, and Namibia-China Mineral Resources Investment Development with 21%.

The company therefore forms part of the wider CNNC group, which also controls Rössing Uranium through its Namibian subsidiaries.

Another environmental renewal

Zhonghe has previously obtained environmental clearances for the project, including approvals associated with assessments undertaken in 2011, 2018 and 2022.

Its latest application follows a similar renewal process in 2021, when the company explained that low uranium prices had prevented construction but argued that maintaining environmental approval would allow it to implement the project more quickly once conditions

improved.

The same economic obstacle is cited in the latest application, even though the company has continued drilling and evaluating its resources.

The renewed application leaves several important questions unanswered, including whether Zhonghe has completed an updated feasibility study, how much capital would be required to construct the mine and what uranium price would justify investment.

There is also no confirmed construction timetable or final investment decision.

With the mining licence due to expire in November 2031, Zhonghe has approximately five years remaining under its existing licence to advance a project that has been under development for almost two decades.



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