

Namibia:
*Key Partner, Major New
Frontier?*

Background

- Small population – 2.6 million, large area - 824 292 km²
- GDP growth expected at 3.6% this year and 3.1% in 2023 – figures before oil discoveries;
 - Risk Agency profile similar to SA, better than most in SSA;
- Mining, agriculture and tourism the traditional backbone of the economy;
 - Much construction and other investment driven by investors from Angola, which has stopped in recent years;
- Becoming trade and logistics hub for Zambia, DRC, Botswana and southern Angola – but also highly dependent on economic development in those countries;
- Politically stable by regional standards, with credit ratings above most other countries in region;
 - Well run by regional standards, relatively easy to do business;
 - Some frustrations with work and residence permits reported that can impact on business;
- Namibia actively looking to delink from reliance on SA – not new, they've been doing it for years;
 - Periodic calls to delink Nam dollar, but benefits generally outweigh negatives;
 - Similar issues to SA with structural and income imbalances in the country;

GDP at constant 2015 prices (N\$ Million)

GDP by Sector, Constant 2015 Prices, N\$ Millions	2015	2016	2017	2018	2019	2020
Agriculture and forestry	9,711	9,917	10,206	10,614	10,275	10,878
<i>Mining and quarrying</i>	12,966	11,578	13,224	15,357	13,903	11,835
<i>Manufacturing</i>	16,671	18,335	18,033	17,966	18,733	15,067
Electricity and water	2,550	3,107	2,590	2,884	2,715	3,215
<i>Construction</i>	8,061	4,748	3,652	3,262	3,083	2,721
<i>Wholesale and retail trade, repairs</i>	16,394	16,883	15,297	14,526	13,387	11,827
Accommodation and Food services	2,764	2,882	2,843	2,976	3,058	2,046
Transport, and Storage	4,541	4,789	4,592	4,586	4,557	3,536
ICT	2,107	2,233	2,367	2,315	2,590	3,040
Financial, Insurance & Real Estate	17,582	17,897	18,480	18,701	20,257	19,081
Public administration and defence	16,707	16,684	17,046	17,158	17,424	17,109
Health & Education	17,991	18,938	18,963	18,501	18,644	18,908
Other Services	6,521	6,234	6,156	6,157	6,034	5,605
Total Basic GDP	134,566	134,226	133,450	135,004	134,660	124,867

Source: Namibia Statistics Agency, Africa House

Global Exports to Namibia

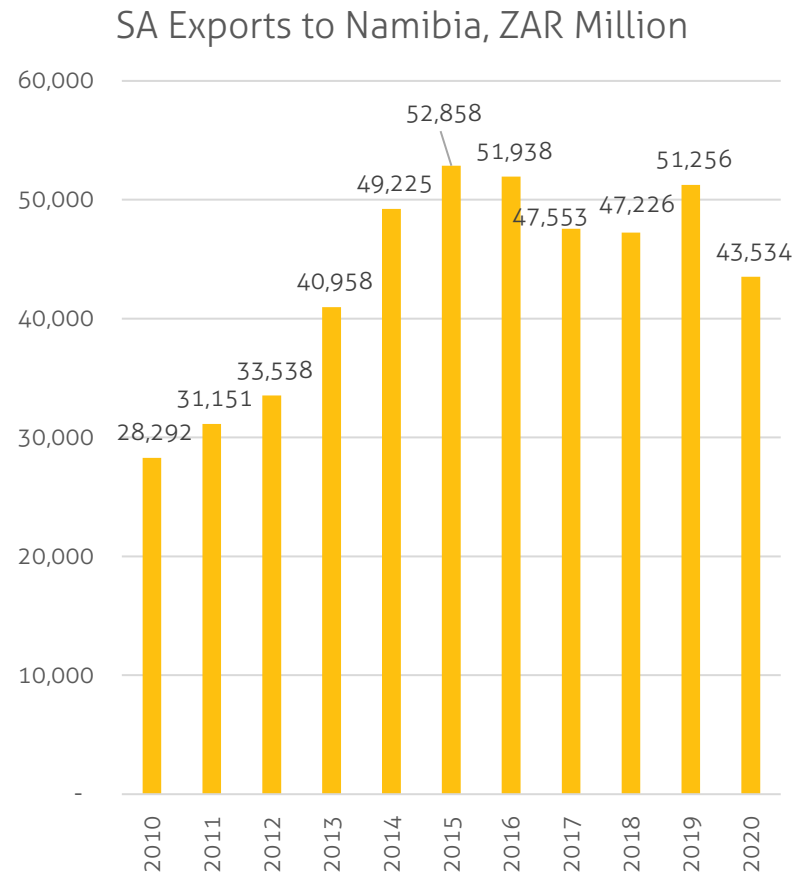
- Global exports to Namibia have declined over the last few years, as the economy has struggled in real terms to grow;
- A slowdown in mining and in construction activity in particular has impacted on exports to Namibia;
- South Africa is the key supplier and has actually clawed back market share in recent years:
 - Largely as diamond exports from Botswana shrank – SA share is 67% excluding diamonds, from 63% with;
 - Also machinery and vehicle exports from China and others slowed noticeably;
- Excluding diamonds, China is 2nd largest exporter with the USA (fuels, unspecified and machinery) 3rd;
- Global interest in green hydrogen, Shell discovery will see greater attention paid to Namibia;

Exports, US\$ Million	2015	2016	2017	2018	2019	2020
Total	7,152	6,121	5,373	5,843	5,149	4,103
South Africa	4,153	3,549	3,569	3,590	3,546	2,669
<i>SA Share</i>	58	58	66	61	69	65
Botswana	746	848	147	177	159	67
China	490	268	272	319	201	223
USA	128	213	115	210	195	60
Congo	512	204	246	187	24	61
Bulgaria	95	54	165	135	129	162
Peru	94	52	123	155	90	114
Germany	100	82	78	69	68	52
India	69	72	68	48	109	47
UK	58	41	55	58	52	60
Italy	24	79	98	13	39	10
Zambia	35	25	26	35	37	60
Chile	69	47	18	0	91	139
Spain	37	31	62	69	40	45
Netherlands	29	30	21	33	38	29
Others	514	527	311	746	331	306

Source: Comtrade, Africa House

SA Exports to Namibia - ZAR

- Rose very sharply from 2010 to 2015, up by 87% on the back of strong mining activity towards the latter end;
- Have tailed off, but at R44bn in 2020, still 3rd largest in Africa after Botswana and Mozambique;
 - 10th largest global export destination for SA;
 - Excluding extractives exports, SA exports almost as much to Namibia, Botswana and Mozambique as to China!



SA Export Profile To Namibia

- Very strong value added profile, with over 90% of exports to Namibia having a value-added component;
- Strong engineering and infrastructure profile – vehicles, steel, machinery, chemicals etc;
- FMCG products growing in the market;

SA Exports to Namibia, 2010-2020, ZAR, Billions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Total	28.3	31.2	33.5	41.0	49.2	52.9	51.9	47.6	47.2	51.3	43.5	477.5
Machinery	4.7	5.3	5.9	6.6	8.3	9.0	8.8	7.9	7.7	7.9	7.2	79.3
Vehicles aircraft & vessels	4.9	5.4	5.5	6.4	9.2	9.0	8.1	6.6	5.8	6.3	4.5	71.9
Prepared foodstuffs	3.2	3.5	3.9	4.6	5.1	5.8	5.9	5.8	5.9	6.4	6.1	56.1
Chemicals	2.8	3.3	3.5	4.0	4.5	5.0	5.3	5.3	5.3	5.3	5.4	49.8
Products Iron & Steel	2.7	2.9	3.2	3.6	4.5	4.8	4.1	3.7	3.8	3.5	3.2	40.0
Mineral Products	1.4	1.1	1.5	3.7	3.4	4.1	4.2	3.9	4.5	7.4	3.8	39.1
Textiles	1.4	1.7	1.7	2.1	2.5	2.5	2.6	2.6	2.4	2.4	2.1	24.0
Plastics & Rubber	1.2	1.4	1.5	1.9	2.3	2.4	2.5	2.3	2.3	2.3	2.1	22.2
Vegetables	1.1	1.1	1.0	1.7	1.7	1.8	1.9	1.6	1.6	2.3	1.9	17.6
Toys & Sport apparel	0.7	0.8	1.0	1.2	1.5	1.6	1.5	1.4	1.4	1.4	1.3	13.8
Wood pulp & paper	0.9	1.0	1.0	1.0	1.1	1.3	1.3	1.2	1.6	1.3	1.2	12.9
Live animals	0.9	0.9	0.9	0.8	1.1	1.2	1.2	1.2	1.1	0.9	1.0	11.2
Photographic & medical equipment	0.5	0.6	0.6	0.7	1.0	1.0	1.0	0.8	0.8	0.9	1.0	8.7
Other Exports	1.8	2.1	2.4	2.6	3.0	3.3	3.4	3.2	3.0	3.1	2.8	30.8

Southern Namibia: Next Oil & Gas Frontier?

- Green Hydrogen (US\$9.4bn): HYPHEN Hydrogen Energy is preferred bidder;
 - Vertically integrated project to produce 300 000 t/y of green hydrogen and green ammonia for export from 2026;
 - Phase 1 sees \$4.4-billion building of 2 GW of renewable-electricity generation capacity and electrolyser capacity to produce green hydrogen for conversion into green ammonia.
- Shell's Graf Discovery: WoodMac: "We understand the well met its pre-drill estimate of between 500 million and 1 billion barrels. We assume 700 million barrels is recoverable."
 - Assuming estimates are correct, WoodMac says it could support a US\$12bn project, producing 190,000 barrels per day at peak. First oil would flow in 2027.
- Total's Venus-1X Well: WoodMac's note said it "conservatively estimates recoverable oil volumes of over 3 billion barrels," pointing out that "Venus is set to become Sub-Saharan Africa's biggest ever oil discovery.";
- "Discovery has potential to trigger a wave of new investment across the entire energy value chain in **infrastructure, power generation**. The petroleum market could deliver thousands of jobs to the population while creating demand for services and new domestic companies in transport, logistics and education." - Nicolas Bonnefoy, ASAFO and Co
- Other Oil and Gas projects: Kudu Gas; Nambots Mobile Modular Refinery; Kavango Basin; Clasox Walvis Bay Oil Refinery; Exxon Mobil Exploration Programme

R/E = 17.12 R/\$ = 15.08 Au 1854.71 \$/oz Pt 1029.39 \$/oz iress

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Namibia selects preferred bidder for pioneering \$9.4bn green hydrogen project

Shell poised to spud appraisal well on potentially huge Graff oil discovery in Namibia

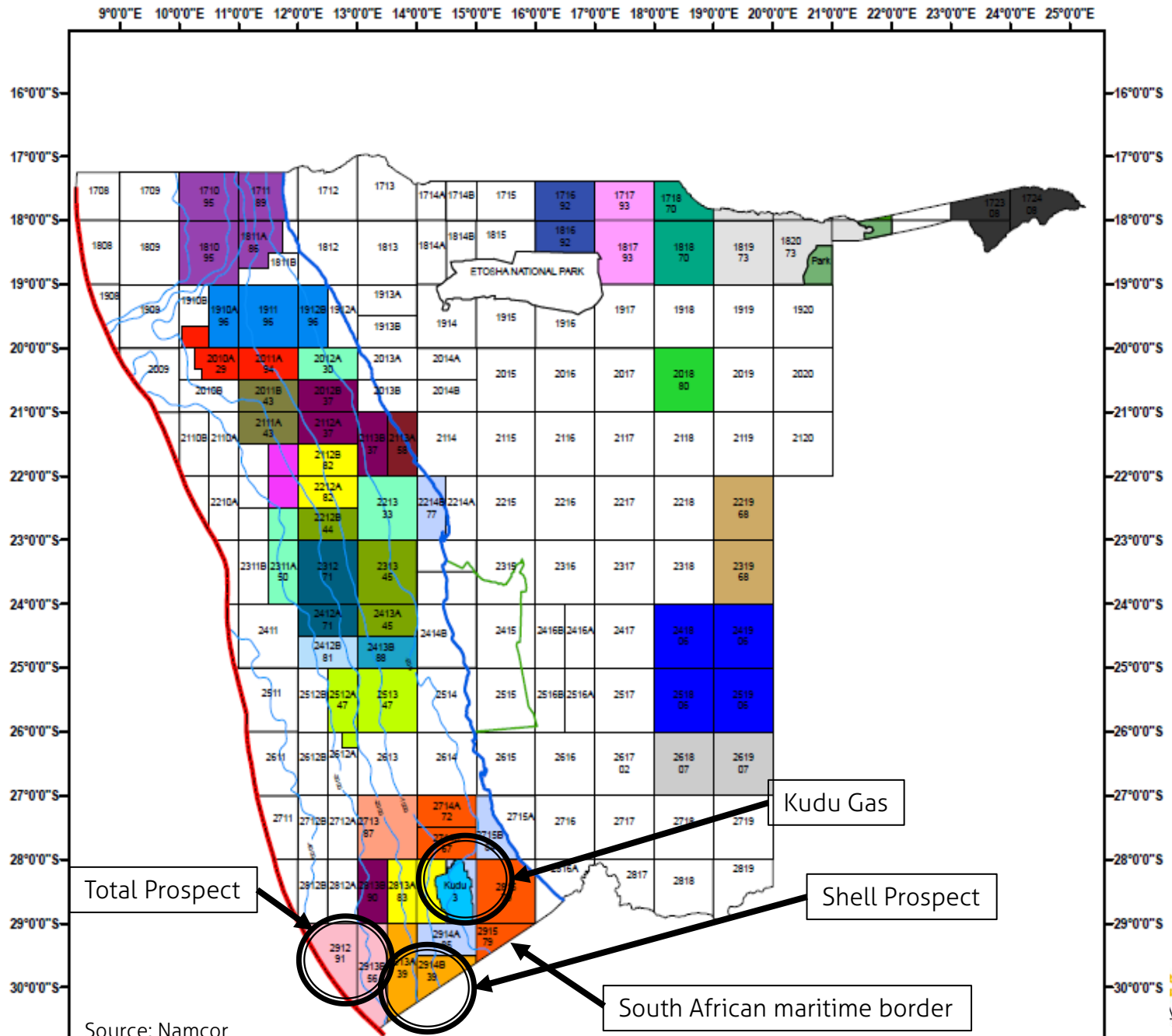
Scale of deep-water find underscored by speed of delineation well and distance from original discovery probe



At least 3bn barrels: Venus is Sub-Sahara Africa's biggest ever oil discovery

Wood Mackenzie says TotalEnergies mega-find in Namibia could produce 250,000 bpd in first phase

HYDROCARBON PROSPECT MAP



Source: Namcor

Summary

- Namibia has endured a tough last few years, with a slowdown in real estate investment, Covid and sluggish growth in key sectors;
- The country is on the cusp, potentially, of being a key African energy player within five years – oil, green hydrogen and renewable power (wind and solar);
 - Energy minerals – copper, cobalt, lithium, uranium – add to this basket of energy projects and prospects;
 - Energy play could unlock massive infrastructure development in southern Namibia, similar to that planned in northern Mozambique – ports, roads, rail, power, towns, tourism, manufacturing all in play;
 - Could be mirrored on the SA side, assuming the Boegoebaai port and green hydrogen project gets going, coupled with rail, mining, power and agri in the N Cape;



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