Key to the vision of Vedanta Zinc International (VZI) for a Southern African zinc complex of international standing

Aiming to become the safest, socially responsible 1Mtpa integrated zinc producer, in the Q1 median of the global cost curve

OVERVIEW

Skorpion Zinc (Skorpion), a part of VZI, is located 25 kilometres north of the town of Rosh Pinah in the //Karas region of southern Namibia.

With Black Mountain Mining and the new, flagship Gamsberg mine across the border in South Africa’s Northern Cape province, Skorpion is a key component of VZI’s vision for a Southern African zinc complex of international standing.
SKORPION ZINC: A JEWEL IN THE DESERT

Skorpion is the largest integrated zinc producer in Africa and the 8th largest zinc mine in the world. It is a conventional open pit oxide mine where the zinc oxide is quarried and then passed through a complex refining and metallurgical process, producing special high grade (SHG) zinc. It is the only Zinc Refinery in Africa.

RESERVE AND RESOURCE

The current reserve and resource is 26Mt (3Mt zinc), giving a life of mine (LoM) to 2020.

The Pit 112 expansion, currently under way, has allowed Skorpion to continue mining beyond 2017.

There are further prospects for Skorpion Zinc to play an important role in VZI’s vision for a Southern African zinc complex.

See The Pit 112 expansion on page 3 for more information.

PRODUCTION OUTLOOK: FY2018

In FY2018, Skorpion is expected to produce approximately 90kt of zinc. This is expected to rise, due to the Pit 112 expansion, to approximately 130kt by 2020.

The Skorpion Refinery – unlike most zinc refineries globally, which refine concentrate produced from zinc sulphide ore – is currently configured to treat Skorpion’s oxide ore, which has a grade of 8-10%.

Skorpion’s SHG zinc product is favoured by European markets because of its very high quality.
SKORPION ZINC:
A JEWEL IN THE DESERT

PRODUCTION PROCESS

THE PIT 112 EXPANSION
A pushback of the current pit, costing some US$200 million, the Pit 112 expansion is a partnership with mining contractor Basil Read.
Involving the removal of 80 million tonnes of waste to produce 2.5 million tonnes of ore over the next three years, the contractor’s expertise and equipment make the Pit 112 expansion fundable from internal resources and economically viable.
Through the active involvement of both the Namibian government and the Mineworkers Union of Namibia (MUN), an agreement was reached in terms of which the contractor would absorb Skorpion employees in order to minimise retrenchments.
In addition, plant improvement projects are targeted to increase zinc content in the leaching stage of production (see production diagram above).

LOOKING AHEAD
A SOUTHERN AFRICA INTEGRATED ZINC COMPLEX OF INTERNATIONAL STANDING
The Pit 112 expansion is a critical enabler for the internal funding of the planned ~US$160 million conversion of Skorpion’s refinery.
The conversion will allow refining of zinc sulphide concentrate from the new, flagship Gamsberg mine, which forms part of VZI’s Black Mountain Mining operation, across the border in South Africa’s Northern Cape province, as well as from other operations in Namibia and South Africa.
An aggressive drilling programme – 40 000 metres in 2017 compared with an average of 7 000 metres a year previously – is under way with a view both to developing Skorpion as an underground mining operation and identifying zinc resources elsewhere in Namibia.
Other projects under consideration include:
• the processing of a 6Mt stockpile of low-grade zinc ore; and
• the processing of more than 100 000t of copper, currently mined as waste.

EMPLOYMENT
Skorpion provides employment for approximately 1 600 people, including those of its business partners. In compliance with Namibia’s localisation policy, some 96% of the total are Namibian citizens.
The workforce is young and dynamic, with at least 10% being woman (a number which is set to increase).
SKORPION ZINC: A JEWEL IN THE DESERT

TRAINING & DEVELOPMENT
OPPORTUNITIES AVAILABLE TO EMPLOYEES INCLUDE:

In-house and external training in supervisory and leadership skills, and safety health and environment, accessible by all employees

Management development programmes, accessible to all employees

A graduate training programme, that provides three to four years of practical training for former bursars and non-bursar graduates

A self-study assistance scheme in terms of which any employee may pursue tertiary studies in any field relevant to the mining industry, and be reimbursed 87.5% of the total study cost on successful completion of their studies

A mentorship programme, in terms of which senior managers provide guidance to junior employees
SKORPION ZINC: A JEWEL IN THE DESERT

Skorpion, in its approach to sustainable development, applies VZI’s sustainable development model and sustainable development framework, both derived from the Vedanta group of companies.

The sustainable development model has four guiding principles that inform all planning and implementation:

• One, responsible stewardship, based on standards and guidelines of entities such as the International Finance Corporation (IFC), the International Council on Mining and Metals (ICMM) and the Organisation for Economic Co-operation and Development (OECD);

• Two, building strong relationships – with employees, host communities and broader society;

• Three, adding and sharing value to maintain the licence to operate;

• And four: strategic communication – specifically, reporting transparently and consistently on performance.

Key sustainability focus areas for Skorpion include:

The environment
Skorpion is located in one of the world’s 25 biodiversity hotspots – the Succulent Karoo Biome – and near the Spergebiet National Park. To manage its actual and potential impacts on these environmentally sensitive areas, Skorpion has a biodiversity action plan, backed by a biodiversity policy.

Flowing from these, it:

• protects some 13.3ha of the Karoo Biome habitat;

• has stored topsoil for biodiversity restoration/rehabilitation initiatives following mine closure; and

• maintains a nursery to preserve rare plant species; and

• has a plan in development to de-water the open pit, with a view to channelling the water into a water course and/or re-using it, depending on the outcome of an assessment of its quality.
Local economic development of the //Kharas region, in consultation with the Namibian government and various non-governmental organisation partners is a priority. Education is a primary focus and accounts for the largest portion of corporate social investment (CSI) spend. Skorpion also invests in infrastructure development, healthcare, sport and skills development.
CSI PROJECTS

Women from surrounding communities receive several weeks of training in beading skills. On completion of the course they are given starter packs to help establish their own businesses, in this way contributing to their own household income and to the economic development of the area.

Following training in needlework and tailoring and provision of sewing machines, a group of local women approached Skorpion for support in establishing their own income-generating business. Now, the Efafata Women’s Tailoring Project refurbsihes blankets and pillows for donation to households, schools and institutions in need.

The Skorpion Zinc U/17 Soccer Tournament was established in 2013, in partnership with the Namibian Football Association and the Ministry of Youth and Sport. In 2017, the four-day event attracted some 350 young players from across Namibia. In addition to their participation in the four-day event, players receive life skills training and aspiring referees amongst them have access to FIFA-accredited match official training. Several participants in the tournament have gone on to play for the national U/17 side, which won the COSAFA Cup in 2016.

The //Karas Goat Project was established in 2012, an initiative of the Governor of the //Karas region, to provide underprivileged rural families with an opportunity to become entrepreneurs through goat farming. Skorpion funded the initial provision of 31 goats (30 ewes and one ram) to each of 16 households, more than 60% of them headed by women. Three years later, the offspring of the initial herds were given to a second group of aspiring goat farmers, and in this way the project’s impact is expected to spread.
ABOUT VZI
VZI – headquartered in Johannesburg, South Africa – is a grouping of zinc assets located in South Africa, Namibia and Ireland, owned by India-based Vedanta Limited, a listed subsidiary of Vedanta Resources plc.

Operations include:
- Black Mountain Mining (BMM) and the associated flagship Gamsberg mine in South Africa’s Northern Cape province;
- Skorpion Zinc mine and refinery in the //Karas region of southern Namibia.

Mining and milling at the Lisheen Mine in Ireland was concluded in December 2015 after 17 years of operation and the mine is currently in an active closure mode.

CONTACT US
Telephone: +27 11 685 3973
Website: www.vedanta-zincinternational.com