

NAMIBIAN MINERALS CORPORATION
MATERIAL CHANGE REPORT

Form 27 Securities Act (Ontario)
Form 27 Securities Act (British Columbia)

Item 1. **Reporting Issuer**

Namibian Minerals Corporation
Suite 243 – 247 Pavilion Road
London, England
SW1X 0BP

Item 2. **Date of Material Change**

2 November 2000

Item 3. **Press Release**

2 November 2000

Nasdaq Trading Symbol: NMCOF
TSE Trading Symbol: NMR
NSE Trading Symbol: NMC

Namibian Minerals Corporation today announced improved diamond production for third quarter 2000 attributed to all three of its mining vessels being in operation and the effect of technical enhancements carried out during the year.

Third quarter highlights

- ◆ Diamond production rose 42% from the second quarter to 65 000 carats; the Company is on track for higher second half production levels.
- ◆ A loss of US\$665 000 was due to exceptional costs of operating improvements and a non-cash write-off of relinquished concessions. Operating cash flow increased 70% from the second quarter to US\$1.7 million.
- ◆ Nine month production from two airlift vessels outperformed historic annual production levels, realizing the value of last year's ODM acquisition.
- ◆ Construction of Nam 2 was completed and the project is on schedule to start operation in Namibia by year end.
- ◆ Exploration started off the coast of Namibia including concessions acquired in the ODM acquisition; to date less than 3% of the concessions have been explored in detail.

Third quarter diamond production rose 42% to 65 000 carats (1999: 15 700 carats) from the previous quarter (45 600 carats). A loss of US\$665 000, or US\$0.01 per share for the third quarter (1999: profit of US\$5.4 million, US\$0.14 per share) was primarily due to exceptional costs of engineering and operating improvements to the fleet. Earnings were also affected by a one-time non cash write-off of US\$428 000 for relinquished concession areas in South Africa. Third quarter diamond sales of 58 100 carats (1999: 78 100 carats) generated revenues of US\$9.3 million (1999: \$12.4 million). After an

exceptionally strong first half year in the diamond market, the average realized diamond price for the quarter was US\$160 per carat (1999: \$159 per carat). Namco produces high-quality gem diamonds and sales prices have increased post quarter-end.

For the nine months ended 30 September 2000, total diamond production was 163 500 carats, compared to 207 800 carats a year ago. Earnings for the nine months before amortisation of goodwill were US\$4.3 million, US\$0.09 per share (1999: US\$16 million, US\$0.42 per share) and post amortisation of goodwill were US\$2.6 million, US\$0.06 per share (1999: US\$16 million, US\$0.42 per share), on revenues of US\$31.2 million (1999: US\$34.4 million). The average realized diamond price rose 19% to US\$176 per carat from US\$150 per carat last year. Operating cash flow for the nine months was significantly down at US\$7.4 million compared to US\$20.6 million in 1999. Direct production costs of US\$14.8 million (1999: US\$9.7 million) reflect the increase in Namco's fleet from one to three production vessels while general office costs of US\$4.3 million were in line with expectations. At period end, the Company had US\$9.1 million in cash, with diamonds stocks of 19 500 carats, compared with US\$3 million in cash and stocks of 7 500 carats a year ago.

“Diamond production is back on track with all three vessels in operation during the quarter,” said Chairman and CEO Alastair Holberton. “After a year of consolidation and investment we have the foundation for future growth.”

During the quarter Namco made excellent progress on the development of the new mining system Nam 2 and vessel MV *Ya Toivo*. Construction and dry testing of Nam 2 is complete, with the first subsea testing scheduled to take place this month. Installation of Nam 2's launch and recovery unit and processing plant is on schedule and MV *Ya Toivo* is on target to sail to Namibia before year end. Expenditure on the major capital items totalled US\$6.5 million on the mining system, US\$13 million on the processing plant and US\$8 million on upgrading the vessel, including the launch and recovery unit.

Nam 2 is expected to contribute substantially to the Company's production growth and profitability in 2001 with greater mining rates and throughput capacity (1.5 million cu.m. per annum compared to 0.7 million cu.m. per annum from the present NamSSol seabed crawler). A number of productivity enhancements will allow for operation in a much greater variety of geological and mining conditions.

Construction of Namco's new exploration tool was also completed during third quarter. An exploration vessel MV *Zacharias*, chartered for five years, is equipped with a range of exploration equipment including the new drilling system, an airlift sampling tool, a grab sampler and a vibrocorer. As previously advised, capital expenditure was US\$8.2 million. 65 of 163 prospective geological features have been prioritized, concentrating on the inner continental shelf in water depths to 100 metres. Sampling with the airlift tool started post quarter end and the new drilling system is expected to

commence operation in November. The programme's objective is to upgrade diamond resources for future mine planning.

During the quarter Namco reduced its total concession holdings to approximately 18 000 sq.km. At the present time, the Company believes its major strategic focus is the development of its inner shelf concessions (water depths to 100 metres), while the "D" concessions returned to the South African Government were in deeper waters (250 to 500 metres). Namco is the only company to have specifically designed and successfully operated large-scale technology for the inner shelf geological conditions. The Company's strategy is to lower the unit cost of production to develop further this prospective region.

The Company is focused on optimizing diamond production, reducing operating and support costs and in particular, improving liquidity, as the integration of the ODM takeover and the substantial capital expenditure programmes of 2000 are completed.

Item 4. **Summary of Material Change**

See Item 3 above.

Item 5. **Full description of Material Change**

See Item 3 above.

Item 6. **Reliance on Section 67 (2) of the Act**

If the report is being filed on a **confidential** basis in reliance of Section 67 (2) of the Act, state the reasons for such reliance.

N/A

Item 7. **Omitted Information**

N/A

Item 8. **Senior Officers**

J.A.Holberton
Chairman and CEO

Telephone: 44 20 7824 8900

Item 9. **Statement of Senior Officers**

The foregoing accurately discloses the material change referred to herein.

DATED at London, United Kingdom this 2nd day of November, 2000.

NAMIBIAN MINERALS CORPORATION

“J.A. HOLBERTON”

J.A.Holberton
Chairman & CEO