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Chief executive officer Roderick Webster explains how the company's operation in Namibia can be a springboard to greater success for not only China Africa Resources, but its parent companies as well

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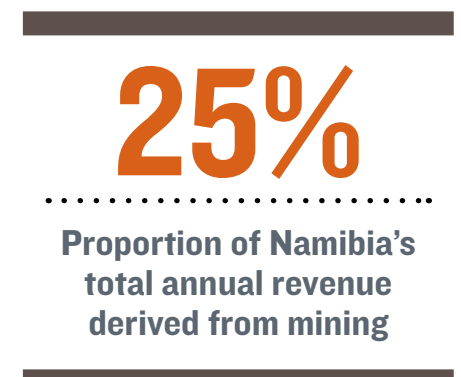
Located on the southwestern tip of Africa, the dry lands of Namibia provide not only a home to more than 2.3 million inhabitants, but to a bustling mining sector that provides approximately 25 percent of the country's total annual revenue. The fourth largest exporter of non-fuel minerals in Africa, and the world's fourth largest producer of uranium, Namibia is also rich in the likes of gold, tin, tungsten, copper, lead and zinc.

It is in the northwest of the country that China Africa Resources (CAR), a joint venture company between ECE and Weatherly International, can be found undertaking work on the Berg Aukas project. An active explorer in Namibia, ECE holds 18 exploration rights that cover an area of approximately 7146 square kilometres and is the majority shareholder of CAR, owning 65 percent of the business. Weatherly, meanwhile, has a 25 percent shareholding. Its role in the joint venture is to provide all the necessary management services to CAR for an interim period.

According to a competent person's report (CPR) carried out on the project, the historical non-compliant mineral resource estimate for December 1977, just prior to the mine's closure, indicated that significant, high grade, lead, zinc and vanadium mineral inventory remained in the ground. While insufficient data previously existed to properly establish the exact location of

these resources, it was determined that the estimates made within the CPR could be established and validated through the use of 3D modelling of the available data and through diamond drilling.

While the metallurgy of the mine is complex, with multiple product streams, the significant advances that have been made over the past three decades in extractive metallurgy mean that it is highly likely that any future metallurgical plant will have a vastly different design, process detail and recovery to that which was previously in operation.



The geological component of the feasibility study comprises shallow RC drilling to assess the upper regions of the project, diamond drilling of the deeper resources to validate and extend the historical resource, the compilation of data and subsequent development of a complete 3D computer model and the reporting of all resources.

"The base strategy, as was set out during the early days of the joint venture," explains chief executive officer, Roderick Webster, "is for CAR to take the Berg Aukas project through to its feasibility and then to see if it can be developed into a small lead-zinc mine. To this end, we have been extremely busy over the last year, drilling close to 6000 metres of deep, diamond drill holes and uncovering a number of exciting intersections."

Managed by Weatherly, pursuant to



The Berg Aukas project is recognised as a very high grade mine

the terms of its management services agreement, the feasibility study is expected to cost \$3 million over the full period. “With the drilling phase now close to completion,” Webster continues, “we are proceeding into the metallurgical phase of the study. Upon determining what kind of flow sheet we will require, we can then complete the feasibility study. This we hope to have achieved by the end of 2013.”

Recognised as a very high grade mine, the Berg Aukas project is seen as a small, yet very profitable development. More importantly to CAR, it is an undertaking that it hopes will establish the business within the market as good, competent operators, while helping to further build on the relationship between Weatherly and ECE.

“It is quite clear to us,” Webster states, “that ECE has aspirations on being a much larger player on the world stage and is actively seeking ways to achieve that goal.” One of the ways in which ECE is doing so is by seeking partners that understand what it is like to operate in core western markets. As such, the partnership between ECE and Weatherly is very much a mutually beneficial arrangement in that the latter is quite familiar with the ins and outs of being a publically listed company on the London Stock Exchange and can claim to be experienced hands when it comes to conducting operations throughout Africa.

While the immediate focus for CAR revolves solely around the successful development of the Berg Aukas mine, its long-term strategy is to build a profitable



Aerial Berg Aukas

and widely based resource business that may ultimately include the acquisition of additional assets from Weatherly, ECE or through third parties.

“As far as the immediate future is concerned,” Webster says, “I do not see the demand for minerals diminishing, particularly with all the major global markets remaining major consumers of various metals. While it is true to say that it is becoming more and more difficult to mine these metals and that they are increasingly being sourced from countries that have a fairly risky profile, with demand still exceeding supply the mineral resources market has a strong future ahead.”

One of the possibilities for CAR in the years to come could see its parent

companies turn their attention to the potential amalgamation of a number of assets. “It is well known,” Webster concludes, “that ECE has been exploring Namibia for quite some time and boasts a number of projects that it is keen to expand upon. Together with its access to projects in China and other countries such as Australia, what we potentially envision over the course of time is a consolidation of those assets to form a much larger, successful company with a view to a full London Stock Exchange listing.” **BE**

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