

Mr Eneas Mwanyangapo
Director and Co-Owner
Phoenix Investment (Pty) Ltd
P O Box 4318
SWAKOPMUND

EXE/VPS/DB/2018-207
061 71 2224/5
061 71 3804
shivutev@namwater.com.na
30 November 2018

Dear Mr. Mwanyangapo

**REF: RESPONSE ON YOUR REQUEST FOR PERMISSION TO EXTRACT CLAY
FROM WITHIN OMDDEL DAM AT OMARURU DELTA, ERONGO REGION**

The above subject matter refers.

I would like to acknowledge with thanks for the presentation made to NamWater by yourself and your team on the 26th of November 2018, where a proposal for removal/mining of clay for business purposes and thus restoring storage capacity of the Omdel Dam was presented. Indeed, siltation is one of the challenges we face in our dams.

We were informed that, Phoenix Investment own an Exclusive Prospecting License (EPL) for industrial minerals surrounding the Omdel Dam. To date Phoenix Investment completed an exploration study with a business plan and a feasibility study proving the viability of mining clay from the Omdel Dam. As acknowledged by you, NamWater was not consulted during the exploration process nor was an Environmental Impact Assessment done in accordance with the Environmental Management Act No. 7 of 2007. We were also informed that, Phoenix Investment recently applied for a Mining License and currently awaiting approval from the Ministry of Mines and Energy.

It should be understood that, mining is one of the listed activities in the Environmental Management Act No. 7 of 2007 which may not be undertaken without an Environmental Clearance Certificate. The Act stipulates that, to obtain such a certificate, relevant stakeholders should be consulted. At this stage, we did not receive an invitation to participate in a consultation process for this project.

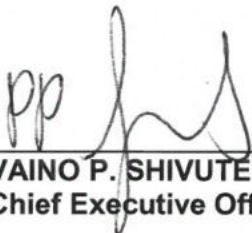
Although this mining project will be beneficial to us, we regret to inform you that, we will not grant you permission to proceed with mining of clay in the Omdel Dam until the following conditions are met:

1. Phoenix Investment to contract an independent and competent Environmental Impact Assessment Consultant to conduct an Environmental Impact Assessment for the proposed mining project.

2. Phoenix Investment Environmental Consultant to compile an Environmental Impact Assessment (EIA) report together with an Environmental Management Plan (EMP) for submission to the Directorate of Environmental Affairs (DEA) for approval. The scope of the EIA to consist and not limited to the followings: (a) detailed operation of the proposed mining activity, (b) potential surface and ground water pollution, (c) effect on dam wall structural integrity, (d) alternative sites for stockpiling of clay and any hazardous machineries/equipment, (e) access roads, (f) solid waste management, and (g) social-economics assessment etc. The EMP should detail all mitigation measures to be applied to avoid or prevent potential adverse impacts and enhance positive impacts.
3. Phoenix Investment Environmental Consultant to conduct proper public consultation process during the execution of the EIA. NamWater as a key stakeholder should be consulted during the EIA process for inputs and comments into the reports prior to submission to the DEA.
4. If the Environmental Clearance Certificate will be issued by the DEA, Phoenix Investment shall enter into a Memorandum of Agreement (MOA) with NamWater before commencement of mining. The agreement will outline operational procedures and conditions for deviating from these procedures and many other relevant legal issues.

I trust you will find the above in order and we look forward to our participation in the EIA process. If you will need any information from NamWater to assist you during the EIA process kindly contact Mr Nicolaas du Plessis, our Senior Environmentalist on PlessisN@namwater.com.na or at +264 61 71 2097.

Yours sincerely,



VAINO P. SHIVUTE (DR)
Chief Executive Officer