Namibian Minerals Corporation (NAMCO) Announces Fourth Quarter And Full Year 2000 Results

LONDON, May 22, 2001 -- Namibian Minerals Corporation (Nasdaq: NMCOF - news) today reported diamond production and financial results for the year ended 31 December 2000.

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Twelve month highlights and results:

*  Earnings of US$1.0 million, US$0.02 per share, on revenues of US$41.8
    million.
*  Diamond production of 221 000 carats.
*  A 17% increase in average realized diamond prices to US$176 per carat.
*  Completion of MV Ya Toivo conversion, construction of new Nam 2 seabed
    crawler and the start of commissioning in Namibia.
*  Increased shareholding in Ocean Diamond Mining Holdings Ltd., (ODM) to
    97.7%, completing the acquisition.
*  Completion of the modernization of MV Namibian Gem.
*  Start of limited exploration with the new dedicated exploration vessel
    MV Zacharias.
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Earnings in 2000 of US$1.0 million, US$0.02 per share (1999: US$17.1 million, US$0.43 per share), reflected lower production levels, increased costs of operating an expanded fleet and costs associated with the ODM acquisition. Revenues from the sale of 237,000 carats (1999: 283,000 carats) were US$41.8 million, compared with US$42.8 million a year earlier. The 17% increase in diamond price achieved for the year at US$176 per carat (1999: US$151 per carat) reflects improved market conditions and larger stone sizes obtained in Mining Licence 36, acquired from ODM. Direct operating costs rose to US$22.1 million (1999: $13.7 million). Amortization, including goodwill, increased from US$4.0 million to US$9.1 million. Operating cash flow for the year was US$15.9 million, US$0.34 per share, compared with US$22.7 million, US$0.56 per share in 1999. At year end 2000 the Company had US$4.4 million in cash (1999: US$20.0 million) and US$54.2 million in long-term debt (1999: US$31.1 million).

Diamond production in 2000 was 221,000 carats (1999: 273,700 carats), of which 47% or 102,700 carats was contributed from the airlift vessels (1999: 17,300 carats(1)) acquired from ODM. The airlift vessels substantially outperformed historical annual production levels of approximately 55,000 carats per annum, primarily due to the US$5 million upgrade completed on MVNamibian Gem to enhance its productivity and by relocating MV Ivan Prinsep into higher grade areas for the three months while MVNamibian Gem was in port. The overall average stone size recovered during the year was 0.35 carats, although the average stone size in Mining Licence 36 improved to 0.38 carats. Operating cash costs, including royalty and marketing, were US$111 per carat (1999: US$65 per carat), representing a 60% margin on the US$176 per carat average sales price achieved.

Fourth quarter results

Fourth quarter revenues from the sale of 60,200 carats were US$10.6 million compared to sales of 53,700 carats for revenues of US$8.4 million in 1999. A loss of US$1.6 million, US$0.04 per share (1999: earnings of US$1.1 million, US$0.02 per share) reflects increased costs over the comparative period in

1999, including a full amortisation charge on goodwill and concessions acquired from ODM. The average sales price per carat was US$176 (1999: $156). Production in the fourth quarter was 57 500 carats (1999: 65 900 carats). Operating cash flow was US$8.5 million (1999:US$2.1 million).

Substantial investment in new projects

The Company invested US$50.0 million in new projects in 2000, principally on the construction of the new Nam 2 seabed crawler mining system and the conversion of its support vessel MV Ya Toivo (US$29.1 million), a new exploration tool and conversion of its support vessel MV Zacharias (US$13.0 million), and the modernization of MV Namibian Gem and its airlift mining equipment (US$5 million). These figures include capitalisation of interest and holding costs through the year. The projects were funded through a mix of cash flow and principally from bank facilities. Delays and cost overruns reflect the innovative and pioneering nature of these projects, exacerbated by late delivery of MV Ya Toivo, underestimation of Ya Toivo's structural steel requirements and the increase in the weight of the Wirth tool and consequent upgrade of its launch and recovery system.

The refurbishment of MV Namibian Gem took approximately three months and she returned to operation in third quarter when productivity doubled as a result of the technical enhancements effected.

Although the commissioning of MV Ya Toivo was delayed until fourth quarter and was further delayed due to the provisional liquidation earlier this year, performance is in line with expectation at this early stage of production build up. With its more powerful dredging capacity, new horizontal mining method, cutter heads and wider tracks, the Company expects its Nam 2 technology to mine lower grade resources and operate in previously inaccessible thicker sediments and softer footwall conditions.

Similarly, delays to the start-up of the new drilling system negatively affected the Company's exploration programme during the year, however, a number of promising targets have been identified and airlift sampling was started as a means of building the Company's resource base.

Recent Developments

As previously announced, the Company suffered a critical operational setback in January 2001 when an accident to its NamSSol mining system suspended mining operations. While the new Nam 2 system was in its commissioning phase, the impact of the accident was accentuated by the loss of the principal source of cash flow. The Company is continuing its discussions with the underwriters regarding the insurance claims resulting from the accident.

The Company's financial position was severely weakened as a result of this accident, after a year of considerable capital expenditure and debt build-up in 2000. Following a breach of a loan repayment term and despite an advanced new fund raising, moratorium terms could not be agreed with senior lenders. Several subsidiaries filed for provisional liquidation in late February 2001. All mining operations ceased while the Company continued to pursue financing initiatives. The Company reached accord with its senior lenders and raised gross funds of US$27.0 million by May 2001, including a US$15.0 million subscription from the Leviev Group, which has become the Company's new major shareholder and the exclusive marketer of the Company's diamonds.

In April 2001 operations resumed with MV Ya Toivo and in May 2001 the Namibian subsidiaries and one South African subsidiary were discharged from provisional liquidation. MV Ivan Prinsep was sold for approximately US$4.4 million to reduce the debt position of the Company's senior lenders. It is anticipated that, subject to court sanction and creditor approval, the South African subsidiaries could be discharged from provisional liquidation by the end of July 2001.

Outlook

The Company anticipates that 2001 will be another challenging year. Progress will depend on close monitoring of the financial situation, cost controls, rebuilding production levels and starting exploration and mine planning with the drilling system.

The Company will advise a production target for the remainder of the year once the effect of provisional liquidation is fully quantified and all operations have resumed. MV Ya Toivo has resumed commissioning and MV Namibian Gem is expected to resume operations by the third quarter 2001. Meanwhile the Company has commenced the rebuilding process for the damaged NamSSol, with anticipated completion in the fourth quarter.

MV Zacharias started exploration with the airlift last weekend and is expected to deploy the Wirth drilling system by July 2001.

The Company's earnings in 2001 will be significantly negatively affected by the loss of production from the NamSSol and the consequences of the provisional liquidation including the suspension of operations. The Company will incur a full year of costs but only benefit from less than half a year of production.

Despite the Company's recent setbacks and the ongoing impact, Management remains focused on realising the value of its competitive advantages, being the application of significantly improved technology to efficiently mine and explore its concessions.

``Recovery from provisional liquidation and overcoming delays in exploration are immediate challenges. I welcome the strength and expertise of our new shareholders as we now start to realise the substantial investment of the past two years," said Namco's Chairman & CEO Alastair Holberton.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF NAMIBIAN MINERALS CORPORATION

J.A.Holberton
Chairman & Chief Executive Officer

None of the Nasdaq Stock Market, The Toronto Stock Exchange, nor the Namibian Stock Exchange have reviewed the information herein and do not accept responsibility for the adequacy or the accuracy of the above.

This Media Release contains forward looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated by such forward looking statements are operational factors, general economic conditions and the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission.

(1) 1999 results are reported from the date of the ODM acquisition on 28 October 1999.

Namibian Minerals Corporation
Key Statistics
(In United States dollars)

	Fourth quarter ended 31 December, 2000	1999
Operating Results		
Diamond production (carats)	57,500	65,900
Diamond sales (carats)	60,200	53,700
Sales value (carat)	$ 176	$ 156
Cash costs (carat) (1)	139	92
Financial Results (millions, other than per share data)		
Revenues	$ 10.6	$ 8.4
Net income (loss)	(1.6)	1.1
Operating cash flow	8.5	2.1
Per share information		
Net income	$ (0.04)	$ 0.02
Operating cash flow	0.18	$0.05
Common shares (weighted average in thousands)	46.8	40.2

	Twelve months ended 31 December, 2000	1999
Operating Results		
Diamond production (carats)	221,000	273,700
Diamond sales (carats)	237,000	283,000
Sales value (carat)	$ 176	$151
Cash costs (carat) (1)	111	65
Financial Results (millions)		
Revenues	$ 41.8	$ 42.8
Net income	1.0	17.1
Operating cash flow	15.9	22.7
Per share information		
Net income	$ 0.02	$ 0.43
Operating cash flow	0.34	$0.56
Common shares (weighted average in thousands)	46.8	40.2

	As at 31 December 2000	As at 31 December 1999
Financial Position (millions)		
Cash	$ 4.4	$ 20.0
Long-term debt	54.2	31.1
Shareholders' equity	84.0	91.7

(1) Includes royalty and marketing

Namibian Minerals Corporation
Production Statistics
(Twelve months ended 31 December)

Production by vessel

Vessel	2000			
	Total Production (carats)	Area Mined (sq.m)	Volume* (cu.m.)	Average Grade (cts/sq.m)
Kovambo	115,743	276,590	852,728	0.42
Namibian Gem	45,764	74,505	88,881	0.61
Ivan Prinsep	49,118	69,299	78,265	0.71
Oceandia	5,744	24,043	20,865	0.24
Shallow Water	2,081	N/A	N/A	N/A
Zacharias	120	1,391	N/A	N/A
Ya Toivo	2,461	16,341	8,658	0.15
TOTAL	221,031	462,169	1,049,397	0.48

Vessel	1999			
	Total Production (carats)	Area Mined (sq.m)	Volume* (cu.m.)	Average Grade (cts/sq.m)
Kovambo	256,462	159,948	279,909	1.60
Namibian Gem	6,531	23,994	N/A	0.27
Ivan Prinsep	7,537	13,223	N/A	0.57
Oceandia	2,618	15,265	N/A	0.17
Shallow Water	593	N/A	N/A	--
Zacharias	--	--	--	--
Ya Toivo	--	--	--	--
TOTAL	273,741	212,430	279,909	1.29

* Volumes are calculated on the average thickness of sediments mined.

Production by mining licence

Mining Licence (carats)	2000	1999
Mining Licence 51	68,511	253,913
Mining Licence 36	148,116	17,279
Mining Licence 103A	4,404	2,549
TOTAL	221,031	273,741

Fleet Summary (United States dollars)

	2000	1999
Area mined (sq.m.)	462,169	212,430
Volumes mined (cu.m.)	1,049,397	279,909
Average grade recovered (cts/sq.m.)	0.48	1.29
Average grade recovered (cts/cu.m.)	0.21	N/A
Production (carats)	221,031	273,741
Production costs per carat		
Cash operating costs	$ 93	$ 49
Royalty and marketing	18	16
Total cash costs per carat	111	65
Amortization of capital assets and exploration/development costs	26	13
Total production cost per carat	137	78
Total sales price per carat	176	151

Notes

2000

(1) MV Oceandia and shallow water operations were closed down in May 2000 and July respectively.

(2) MV Namibian Gem produced for nine months only due to the port call for classification and modernisation.

(3) Ya Toivo commenced commissioning in December 2000 in low grade areas of thin sediments.

(4) MV Zacharias is the Company's exploration vessel and diamond recoveries are expected to be minimal.

1999

(1) The airlift vessels were acquired from ODM in October 1999 and contributed two months production.

Namibian Minerals Corporation
Consolidated Balance Sheets
United States Dollars (Audited)

ASSETS	As at 31 December 2000 $000	As at 31 December 1999 $000
Current		
Cash - Statement 3	4,394	20,033
Accounts receivable	1,207	1,196
Prepayments	231	530
Inventories	6,075	5,279
Marketable securities	51	97
	11,958	27,135
Exploration and development costs	15,450	14,098
Capital assets, net of amortization	109,440	71,926
Deferred costs	703	718
Goodwill	33,098	33,449

Other assets	274	308
	170,923	147,634
LIABILITIES		
Current		
Accounts payable and accrued liabilities	12,097	8,624
Bank overdraft	1,171	--
Advance receipt on inventory sales	4,250	--
Current portion of long term debt	16,535	16,833
	34,053	25,457
Future income taxes	14,715	14,900
Long term debt	37,710	14,228
	86,478	54,585
Non controlling interest	400	1,300
SHAREHOLDERS' EQUITY		
Share capital	90,169	83,802
Warrants	406	500
Exchangeable debentures	1,550	4,615
Contributed surplus	459	459
Cumulative foreign exchange adjustment	(13,637)	(3,124)
Retained earnings - Statement 2	5,098	5,497
	84,045	91,749
	70,923	147,634

Namibian Minerals Corporation
Consolidated Statements of Operations
and Retained Earnings (Deficit)
United States Dollars (Audited)

	For the 12 months ended 31 December 2000 $000	For the 12 months ended 31 December 1999 $000	For the 7 months ended 31 December 1998 $000	For the 12 months ended 31 May 1998 $000
Income				
Revenue from diamond sales	41,769	42,808	12,984	--
Interest earned	789	632	111	688
Gain on marketable securities	30	354	128	372
	42,588	43,794	13,223	1,060
Expenses				
Direct production costs	22,149	13,717	4,351	--
Royalty payment	3,308	3,732	1,264	--
Marketing costs	976	866	324	--
General office costs, including salaries	4,755	3,762	1,980	3,892

General exploration and development costs	--	--	--	3,254
Write-down of marketable securities	45	--	350	--
Amortization - capital assets	5,778	3,665	1,807	959
- exploration and development costs	428	--	--	--
- deferred costs	477	60	--	--
Interest paid - long term debt	1,924	460	32	22
- other	--	--	240	138
	(40,080)	(26,400)	(10,108)	(8,127)
Earnings (loss) for the period before taxes and goodwill	2,508	17,394	3,115	(7,067)
Recovery of income taxes	900	--	--	--
Earnings (loss) for the period before goodwill	3,408	17,394	3,115	(7,067)
Goodwill amortization	(2,401)	(256)	(7)	(12)
Earnings (loss) for the period	1,007	17,138	3,108	(7,079)
Retained earnings (deficit) - beginning of Period	5,497	(10,607)	(13,576)	(6,377)
Accretion on equity component of exchangeable debenture (net of tax)	--	(276)	(139)	(120)
Dividend	(1,406)	(758)	--	--
Retained earnings (deficit) - end of period	5,098	5,497	(10,607)	(13,576)
	$	$	$	$
Basic earnings (loss) per share for the period before goodwill	0.07	0.43	0.08	(0.19)
Basic earnings (loss) per share for the period after goodwill	0.02	0.43	0.08	(0.19)
Fully diluted earnings (loss) per share for the period	0.02	0.40	0.08	(0.19)
Dividend per share	0.03	0.02	--	--
Weighted average number of shares outstanding In thousands	46,842	40,233	37,850	37,690

Namibian Minerals Corporation
Consolidated Statements of Cash Flows
United States Dollars (Audited)

	For the 12 months ended 31 December 2000 $000	For the 12 months ended 31 December 1999 $000	For the 7 months ended 31 December 1998 $000	For the 12 months ended 31 May 1998 $000
Cash resources provided by (used in)				
Operating activities				
Earnings (loss) for the period	1,007	17,138	3,108	(7,079)
Items not affecting cash				
Amortization				
- capital assets	5,778	3,665	1,807	959
- goodwill	2,401	256	7	12
- exploration and development costs	428	--	--	--
- deferred costs	477	60	--	--
Issue of share capital not for cash	--	--	--	180
Writedown of marketable securities	45	--	350	--
Gain on sale of marketable securities	(30)	(354)	(128)	(372)
Income tax recovery	(900)	--	--	--
Changes in non-cash working capital	6,740	1,942	(4,862)	4,007
Net cash provided by (used in) operating activities	15,946	22,707	282	(2,293)
Investing activities				
Exploration and development costs	(1,780)	(1,885)	750	(9,851)
Capital assets	(49,989)	(14,304)	(933)	(11,846)
Marketable securities	30	413	128	1,382
Acquisition of ODM	(2,623)	(31,630)	--	--
Net cash used in investing activities	(54,362)	(47,406)	(55)	(20,315)
Financing activities				
Share capital	1,946	10,812	23	13,187
Bank overdraft	1,171	--	--	--
Exchangeable debentures	--	--	--	5,000
Long term debt	21,921	31,061	--	--
Exchangeable debentures repayment	--	(280)	(255)	--

Dividend payment	(1,406)	(758)	--	--
Financing costs paid	(112)	--	--	--
Net cash provided by (used in) financing activities	23,520	40,835	(232)	18,187
Net increase (decrease) in cash	(14,896)	16,136	(5)	(4,421)
Effect of foreign exchange movement on cash balances	(743)	--	--	--
Cash position - beginning of period	20,033	3,897	3,902	8,323
Cash position - end of period	4,394	20,033	3,897	3,902

SOURCE: Namibian Minerals Corporation