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The future of Rössing

Rössing has been engaged in the preparation of a comprehensive investment proposal to extend the production life of the mine through to approximately 2017.

In accordance with the Rio Tinto investment review and approval process, Rössing has submitted the proposal to a thorough review of both technical and financial aspects.

The technical review has identified several elements that will require additional refinement before the proposal will be given further consideration by the Rio Tinto Investment Committee.

Rössing is currently assessing the outcome of the technical review and this will lead to the establishment of a work plan to address and resolve the identified issues in the proposal.

A preliminary assessment of the work required indicates that the technical items identified in the review can be resolved in a reasonable timeframe to yield a technically sound project.

Rössing recently achieved more than 300 days without a lost time injury – this is best ever in the history of the mine. If this trend is maintained until the end of September 2004 Rössing will set a new mine record of two million hours worked without a lost time injury, a significant milestone in the history of the mine.

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Editor notes:

Visit the Rössing website at www.rossing.com for an overview of the environmental impact assessment briefing papers, and other information about Rössing. An electronic copy of the 2003 Rössing Report to Stakeholders is also available on the website.

Rössing has made a substantial contribution to the economy in the Erongo Region, specifically in Arandis and Namibia as a whole. In 2001 the mine contributed N\$1 billion to the Namibian economy (2.5% of GDP) and 10% to Namibia's export earnings.

If mining operations are extended to 2017 this will generate a further US\$500 million of revenue, with half of it going towards salaries, taxes and interest as well as profits distributed to shareholders. Payment for supplies to the mine would represent an important contribution to the economic activity in Namibia.

With the extension of the mining operation the employment numbers at the mine are expected to increase from the current 820 (of which 96% are Namibians) to about 930, which will involve training and skills development.

The mine extension allows for the continuation of its wellness, safety and environmental training programmes and initiatives that significantly improve the lives of workers and their families.

Key personnel

§ Chairman: Charles Kauraisa

§ Managing Director: Michael Leech.

Michael Leech is the first Namibian national appointed to this position.

Rössing Mine in Namibia

Rössing, a large open pit uranium mine, is situated in Namibia, south-western Africa. It lies 65 kilometres inland from the coastal town of Swakopmund in the Namib Desert. The

region is characterised by sparse vegetation, rocky outcrops and gravel plains with an average rainfall of approximately 30mm per year.

Rössing is one of the largest open pit uranium mines in the world and through the production of uranium oxide (U_3O_8) serves the world energy industry.

Rössing is part of the Rio Tinto Group of Companies, which currently holds 68,6% of Rössing's equity. Other shareholders are the South African Industrial Development Corporation 10%, Namibian Government 3.5% and other shareholders 18%.

Captain Peter Louw discovered the ore body in 1928. RTZ (now Rio Tinto) acquired exploration rights in 1966. Production started in 1976.

Recent milestones

- § In July 2003, 100 000 short tonnes of U_3O_8 was produced since production started in 1976.
- § In August 2003 the mark of 1 billion tonnes of rock hauled from the open pit was reached.

U_3O_8 production

2002: 2 751 tonnes

2003: 2 401 tonnes

Target 2004: 3 500 tonnes

Production capacity: 4 500 tonnes per year

As a primary producer of U_3O_8 Rössing produces about 6% of the world's primary production.

Markets

Current and potential customers: central Europe, North America and South East Asia.

Financial position

Despite an upward trend in U_3O_8 spot prices during 2003 and 2004, Rössing came under pressure due to the strong South African Rand (to which the Namibian Dollar is linked) against the US dollar – Rössing sells its U_3O_8 in US Dollars. The company made a loss in 2003 of about N\$140 million.

Contribution to the Namibian economy

- § Companies tax paid:
 - 2002: N\$241.5 million
 - 2003: N\$ 0 (In 2003 the weak US Dollar and strong South African Rand to which the Namibian Dollar is linked, meant that Rössing operated at a loss and did not pay company tax.)

- § Payment to Receiver of Revenue through salaries to employees:
 - 2003: N\$48 million

End