

Rössing Uranium Limited
28 Hidipo Hamutenya Avenue
Swakopmund, Namibia



Rössing Uranium

A member of the Rio Tinto Group

WORKING FOR NAMIBIA

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MEDIA RELEASE

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CONTAMINATED SCRAP METAL

It has come to Rössing Uranium's attention that pieces of stainless steel scrap metal believed to be contaminated, have been found by a scrap metal dealer in Cape Town, South Africa.

The scrap dealer in South Africa alerted the mine about the scrap metal which was allegedly received from a scrap dealer in Namibia.

The contamination level of the scrap metal is very low and does not pose any danger to the health of people who handled it.

Representatives of Rössing visited the scrap metal dealer in Cape Town and determined that the scrap metal is similar to those used at the mine.

The mine has strict procedures in place to prevent any contaminated scrap metal leaving the mining site. Rössing Uranium has immediately launched a full investigation to determine the origin of the scrap metal. Should it turn out that the scrap metal was from the mine, the company will launch an investigation to establish how and by whom the metal was removed.

Rössing Uranium has notified the Namibia Ministry of Mines and Energy of this situation and that the contaminated scrap metal found in SA was allegedly received from a scrap dealer in Namibia.

The mine is currently in discussion with the scrap dealer in SA for the safe handling and disposal of the contaminated metal.

Issued by:

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General Manager Commercial
Rössing Uranium Limited

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F Fredericks, R R Hoveka, A V Kalantari, C J Kinnell, J S Kirkpatrick, J S Louw (alt. G.P. Louw),
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Editor notes:

Visit the Rössing website at www.rossing.com for more information about Rössing. An electronic copy of the 2004 Rössing Report to Stakeholders is also available on the website.

The mine currently employs 860 employees (of which 96% are Namibians) and around 510 contractors.

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 (U₃O₈) serves the world energy industry for the generation and supply of electricity.

Rössing is part of the Rio Tinto Group of Companies, which currently holds 68,6% of Rössing's equity.

Production started in 1976, which means that the mine will be celebrating 30 years of production this year.

Recent milestones

- § In July 2003, 100 000 short tonnes of U₃O₈ 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.
- § In December 2005 the Life-of-Mine Expansion (LoME) proposal to extend the mine's life through to approximately 2016 was approved by Rio Tinto. This follows nearly three years of work on the LoME project and ends a long period of uncertainty for Rössing and all its stakeholders. The LoME project involves a total capital expenditure of US\$112 million. About half of the cost will be for additional shovels, haul trucks and other support mining equipment. The remainder is for refurbishment of the processing plant to enable Rössing to return to full production capacity of 4 000 tonnes per year within the next two years. The LoME project is to be rolled out during 2006 and 2007 and will lead to the employment of approximately another 150 additional employees.

U₃O₈ production

2002: 2 751 tonnes
2003: 2 401 tonnes
2004: 3 582 tonnes

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2005: 3 711 tonnes, the highest since 1990

As a primary producer of U_3O_8 Rössing produces about 7.7% of the world's primary production.

Markets

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

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 and N\$75 million in 2004 and was again in a tax loss situation at the end of 2005. The outlook in 2006 has much improved with a weaker South African Rand against the US Dollar and further increases in the spot market price of uranium oxide, currently at US\$40.50 per pound.

END