

RÖSSING WORKING FOR NAMIBIA

2004 report to stakeholders



environmental social economic

# 2005 OUTLOOK



## THE PURPOSE OF THIS REPORT

The purpose of this report is to provide an overview of Rössing's interaction with society, the economy and the environment during 2004.

This review report will reach readers well into 2005 and, since planned activities on the mine are under way, it is important that it is discussed with Rössing's stakeholders.

Rössing's stakeholders are the mine's employees; its suppliers and customers; the communities of Arandis and Swakopmund; the officials of Offices, Ministries and Agencies of the Namibian Government; and non-governmental organisations (NGOs). In short, stakeholders are all people and institutions who influence the mine and who are influenced by the mine.

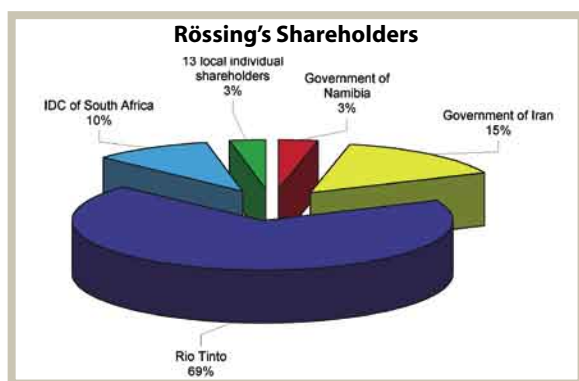
The engagement with all these stakeholders is very important for Rössing. Therefore, 100 randomly selected readers were asked in 2004 to comment on the usefulness of the report

stitution will present a verification of the content of this report in the 2005 report.

The Arandis stakeholders felt that more information about the town's problems and people should be reported.

Most of the questions raised were about the future of the mine and Arandis. For this reason, Open House 2005 was planned and held. Readers can obtain printed summary information on the event via the Communication Officer's address provided on the back cover.

On the operations side, production will be increased to 3 800 tonnes of  $U_3O_8$  for 2005 to counteract the negative economic impacts of the 'weak' US dollar, in which Rössing's uranium is sold.



to them. The most frequent suggestions are incorporated into this 2004 review report and will guide future communication activities.

The many questions raised about the way the mine operates will be addressed by an update on the Rössing website ([www.rossing.com](http://www.rossing.com)) later in 2005. In addition, a fact sheet will be published explaining important aspects of the mine.

For the first time ever, to confirm the accuracy of information presented, an independent in-

Planning for the future of the mine will continue. Although the official long-term plan foresees closure in 2009, options are being actively pursued to expand the life of the mine to 2017. Marketing efforts are continuing to secure sales for the expansion phase.

In addition, a large number of other important initiatives are planned and targets have been set for 2005, many of which are explained in the following pages during the review of the mine's 2004 performance.

# RÖSSING MINE IN NAMIBIA

Rössing Uranium Limited operates a large open-pit uranium mine located in the Namib Desert in the Erongo Region of Namibia. The mine is situated close to the town of Arandis, 65 km north-east of the coastal town of Swakopmund. Walvis Bay, Namibia's only deep-water harbour, lies 40 km south of Swakopmund.

The mine produces uranium oxide for use in the generation of electricity at nuclear power utilities throughout the world.

Since the mine opened in 1976, its operation has had a strong influence on the economies of the nearby towns of Arandis and Swakopmund, as well as on the economic environment of the Erongo Region and of Namibia as a whole.

In this annual review for our local stakeholders, we take a close look at Rössing-related events during 2004 and assess the scope of their influence, ranging from the individual mine employee to the worldwide consumer of electricity generated by uranium produced by Rössing.

At the heart of Rössing Mine are its 833 employees, 96% of whom are Namibian citizens. This virtually all-Namibian workforce has been built up over many years by a firm commitment to realising the company's human potential through human resource training and development at local level. During 2004 an average of 317 contractor employees worked on the site every month.

During 2004, this workforce ran the mine and processed 19 million tonnes of rock to produce 3 582 tonnes of uranium oxide, compared with the 2 401 tonnes produced in 2003. Looking after its employees by providing good salaries and maintaining excellent levels of health and safety at the mine continues to be a key priority for Rössing.

Business-wise, Rössing is committed to providing good financial returns to its shareholders, without neglecting the needs and interests of

its other stakeholders. The company's business plan is driven by requirements such as finding markets for the product, meeting production targets, managing production technology and maintaining a sound financial policy.

The mine's most important objective of all, however, is that all employees work without any safety-related incidents.

It is the responsibility of the Board of Directors at Rössing Uranium Limited to ensure that these objectives are met.

The towns of Arandis and Swakopmund are home to almost all employees. However, while mine employees living in Swakopmund constitute only a small proportion of that town's 24 000 residents, virtually all of Arandis's 4 000 residents remain economically dependent on the mine.

During 2004, the Rössing Foundation in Arandis – which implements the mine's corporate social responsibility programme – worked alongside the Arandis Town Council to create a more stable and diverse economic basis for the town. The Foundation and the Council have made significant progress with various capacity-building programmes for the town's inhabitants.

More than 4 000 people throughout the Erongo Region were directly supported by salaries paid to mine employees (amounting to some N\$173 million) during the year under review. In addition, the mine spent N\$310 million on goods and services from local business partners.

Also during this period, the mine processed 10.9 million tonnes of ore, utilised 3 million m<sup>3</sup> of fresh water (compared to 2.5 million m<sup>3</sup> in 2003) and covered 2 ha of land with waste rock. Recognising its impact on the natural resources in the environment, Rössing supported conservation efforts in Namibia by way of educational trails to the Brandberg as well as various other environmental awareness activities.

At national level, Rössing has contributed up to 10% of the country's gross domestic product (GDP) and up to 26% of Namibia's export earnings annually throughout its 28 years of operation. However, as in the previous year, the weak US dollar and strong South African rand, to which the Namibia dollar is linked, meant that Rössing operated at a loss; hence, it did not contribute to the country's revenue by way of paying company tax.

A range of customers purchased uranium from Rössing, which currently produces about 7.7% of the world's uranium – up from 6% in 2003. This uranium is used for the generation of electricity in nuclear power utilities by countries in Central Europe, North America and South-east Asia. The mine cooperates closely with its customers in order to better understand the impacts of uranium throughout the nuclear fuel cycle.



# MESSAGE FROM MICHAEL LEECH

## MANAGING DIRECTOR

Dear Reader

Welcome to our 2004 Report to Stakeholders.

The focus of this report is Rössing's 2004 performance, but given the timing of its release, I also wish to report on the fatal accident of Gustav Timbo on 8 March 2005. His loss has been a terrible blow to his family, colleagues and all of us at Rössing.

We are determined that our efforts to reach ZERO INJURIES will be our overriding goal every day.

Our overall safety performance in 2004 showed significant improvement on previous years:

- Employees worked 2 million hours without a Lost-time Injury
- Employees worked 383 consecutive days without a Lost-time Injury – this is an all-time record for the mine, and
- One Lost-time Injury was recorded in 2004, the lowest number ever in the 28-year history of the mine.

On the business front, the market price of uranium oxide increased substantially during 2004, balancing out the continued US dollar weakness which impacts our earnings. Although the company made a loss for a second year, it was minimised by our increased production rate – to a level not achieved for more than ten years.

In 2004, the life-of-mine plan forecast closure in 2009. Our objective continues to be to develop and expand our capacity to deliver value to shareholders and local stakeholders for the long term and we have a dedicated team working on plans to justify extending the mine life.

On activities close to home, you will note that the work of the Rössing Foundation in the mine's neighbouring town, Arandis, was expanded and now includes various capacity-building projects for the residents, local government and business.

The pioneer of Rössing and its first General Manager from 1970 to 1976, John Berning, passed away on 4 April 2004 in Swakopmund. John was a frontrunner in the early exploration phases of the uranium deposit, which began in 1966. He also played a major role in leading the pre-production development of the mine and the construction of the processing plant in 1974.

I trust you will find that the report answers your questions about Rössing and that you will let us have your comments or questions.

A handwritten signature in black ink, appearing to read "Michael Leech".

Michael Leech  
Managing Director  
Rössing Uranium Limited

30 April 2005



# RÖSSING AND ITS EMPLOYEES



*"Being chosen to attend an Earthwatch programme in Canada was a good experience. It was definitely worth it and offered me an opportunity to experience another culture, work in a team environment in weather I wasn't used to, and undertake tasks that were not altogether within my comfort zone. You actually get to learn more about yourself; for instance, I had never given it a thought that in this lifetime I would willingly expose myself to such low temperatures. Sometimes I would get up and it would be  $-16^{\circ}\text{C}$  outside and I would wonder what I was doing there. Good spirits, humour and a 'never say die' attitude made my experience a quite memorable one indeed."*

Aina Mutota, Rössing Geohydrologist



*"Rössing has been operating in Namibia for many, many years and I haven't heard any bad vibes about Rössing at all. I've heard only good, positive stuff. I compare their employment conditions on a regular basis with Namdeb, and I think they are very competitive in the various industries. They seem to have all the policies and procedures in place to encourage their people to grow with the company for the benefit of their employees, the company and the nation."*

Percy McCallum,  
Group Human Resources Manager,  
Namdeb, Windhoek



## RECOGNITION:

*An employee receives a token of appreciation from his supervisor for a job well done.*

Rössing prides itself on the way it takes care of its most important asset, namely its human capital which is the heart and soul of the operation. As an Equal Opportunity Employer we are committed to continue recruiting and employing high-quality workers devoted to maintaining safety and productivity to support the future of Rössing.

At the end of December 2004 the mine had 833 employees, which increased slightly from the 2003 figure, namely 820. The employees were made up of 92% male and 8% female. The average age of the males was 44 years and that of females 37 years, which indicates a fast-aging workforce. Their average length of service at the mine is 18 years. In 2004, 88% of employees were historically disadvantaged Namibians (HDN), while 12% were not.

## REALISING RÖSSING'S HUMAN POTENTIAL

In today's challenging global economy, any organisation must keep in the forefront with continuous employee training and development. Rössing continues to invest in both on- and off-the-job training and development of its employees, ranging from technical to soft skills-oriented short courses.

In 2004 a total of 143 employees (17% of the workforce – 90% male and 10% female) underwent training. The vast majority of trainees were historically disadvantaged Namibians, ranging from senior management to unskilled job levels.

As part of the company's focus on management and leadership development, four First Line Managers successfully completed a Management Development Programme facilitated by the University of Stellenbosch, South Africa. The company continued to sponsor employees to complete an MBA programme through the University of Namibia. Two employees successfully completed the course in 2004, while the studies of another three employees are still current.

# RÖSSING AND ITS EMPLOYEES



*IN-HOUSE TRAINING: A group of employees from the haul truck mechanical workshop attended a four-day training course on the hydraulics of Rössing's Komatsu haul trucks.*

## BURSARIES AND APPRENTICESHIP TRAINING

Rössing's bursary scheme has been expanded, with an increase in the number of students given the opportunity to study in specialised fields such as Engineering, Surveying and Geology. During 2004, nine bursaries were awarded, compared to six in 2003.



*CAREERS: Rössing participated in a careers exhibition in Walvis Bay and co-sponsored the transport of secondary school pupils in the Erongo Region to attend the exhibition.*

In 2004 Rössing took in 12 apprentices from the Namibia Institute of Mining and Technology for a six-month stint to give them valuable training in the various technical fields they are studying.



*TRAINING: Rössing bursary holder apprentices from the Namibia Institute of Mining and Technology on site for their six-month job attachments for practical training in various trades being welcomed by Rössing's Development Officer, Bernd Moeller.*

*"Juggling full-time work, family commitments and your studies is not easy. But one thing I would say is to never wait until it is too late. Capitalise on an opportunity to study while the flame for knowledge is still burning strong. If you postpone it might die later."*



Hendrik Bok,  
Rössing Superintendent Drill and Blast;  
studying Mining Engineering

*"I was awarded a bursary by Rössing to study mining engineering at a tertiary institution in Russia in 2002, and after finishing my studies there I was employed by the company. I am currently taking part in a development programme whereby you move from section to section in a department, and gain experience or knowledge of the whole departmental set-up. Focus should be placed on change management. If one looks at the statistics of people joining the mine and those leaving, it seems as if they simply come here to get training and then they leave. It is not because they want to go, but there is some kind of a push factor."*



Simeon Shooya, Rössing Mining Engineer  
and bursary holder

*"Unlike some of the other artisans, I am exposed to a wide working area on the mine. [On] the one day, I work with a metallurgist, and the next, with a blaster. At the same time I learn a lot about the operations of the mine. I would really say that the experience I am gaining is very good. Another factor is that I am constantly kept up to date with new electronic gadgets on the market."*



Gerome van Wyk,  
Instrumentation;  
completed apprenticeship at Rössing

# RÖSSING AND ITS EMPLOYEES

## AFFIRMATIVE ACTION

Affirmative Action is a legal process aimed at redressing workplace employment inequities caused by past discriminatory laws and practices.

In accordance with the stipulations of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) and the related guidelines, Affirmative Action (AA) activities at Rössing began as far back as 1999, and are still ongoing. The activities include establishing structures, reviewing workplace practices and statistics, and preparing and implementing an AA Plan for the company. Other activities are establishing measures to aid the achievement of the goals set in the AA Plan and reporting periodically on progress. Some of these are discussed briefly below:

- The company followed a process to internally advertise all positions for which an understudy was required, with understudies appointed for most of the positions held by non-Namibians.

- In terms of section 19 (4) (a) of the Act, Rössing applied for exemption from the provisions of section 19 (3), which relate to the training of Namibian citizens as understudies for a number of specialised positions. Rössing not only granted bursaries to Namibians to obtain degrees in the specialised fields, but also re-advertised these positions in Namibian newspapers and employed recently graduated Namibians from designated groups in a few of these specialised positions.

- However, the formulation of development plans for understudies has had mixed success as a number of the understudies do not yet have written development plans, although some plans were verbally discussed and agreed.

- At senior management level, notable progress was made during 2004. For the first time in the company's history, a Namibian – albeit a historically advantaged male – was appointed as

Managing Director. Two females, one of whom was a historically disadvantaged Namibian (HDN), and two HDN males were appointed in senior management positions. One female and two males from the designated group were appointed in middle-management positions.

- Although female representation in middle-management positions is still a focus area, one HDN female and three HDN males were appointed to this level in 2004, along with one female from the historically advantaged group.

- In the specialised/skilled/senior supervisory levels, a significant increase compared with previous years was achieved within the HDN group, with the appointment of 31 males and 3 females.

- Overall there has been notable success with the appointment of employees from HDN groups. The company's workforce profile in 2004 was as follows:

Historically disadvantaged Namibian men	79.0%
Historically disadvantaged Namibian women	7.2%
Previously advantaged women	1.1%
Persons with disabilities – men	0.3%
Non-Namibian women	0.4%
Previously advantaged men	8.5%
Non-Namibian men	3.5%

- During 2004, a seven-member AA Committee spearheaded AA activities. A member of the Rössing Branch of the Mineworkers' Union of Namibia represented on the AA Committee made a significant impact at shop-floor level with presentations to the workforce on the application and progress of AA in the company.

- AA observers in selection and promotion panels remained active in 2004 through monitoring the recruitment and selection process.

Overall, progress is visible, but we can certainly do better and need to continuously look at ways to improve our current progress.

In terms of the Affirmative Action Act "historically disadvantaged persons" means all persons who belong to a racial or ethnic group which was or is, directly or indirectly, disadvantaged in the labour field as a consequence of social, economic or educational imbalances arising out of racial discriminatory laws or practices before the Independence of Namibia.

*"About my practical, I can say that I have gained a lot of experience in the last six months. I have been working at NamWater for the last three years in the water purification plant and even though I am not working in a purification plant [at Rössing], there are a lot of similarities between what I am doing here at Rössing [and NamWater], especially to monitor water supply functions on a regular basis to ensure an adequate quantity of high quality water at the most economical cost.*

*One thing about Rössing is that employees need to change their mindset. By that I mean that some have this 'I have been working here for 23 years and you can tell me nothing' attitude. That needs to change."*

Helena Kandjengo, NamWater; apprenticeship at Rössing



*In the past, round about the 1980s, Rössing was very involved with Affirmative Action. Then it wasn't called Affirmative Action, but a deliberate effort was made to make educational opportunities available to quite a few blacks: give them scholarships, let them study abroad and then give them responsibilities after completing their studies... Maybe it was because of the political climate in the country at that time. Anyhow, the initiative was there. But I think they changed a lot after Independence and appear to have diverged from this line of thinking. It will actually be interesting to know how the company is applying the Affirmative Action policy after Independence."*

Mike Ipinge, Manager: Community and Economic Development, Swakopmund Municipality



# RÖSSING AND ITS EMPLOYEES

## EMPLOYEE RELATIONS

Relationships by Objectives (RBO) is a relationship-building initiative in which the parties examine their individual objectives and the underlying issues that negatively affect their relationship. In the course of the process, they identify not only common objectives that are important for both parties, but also the mechanisms and structures to achieve those objectives.

In 2004, a relationship-building initiative between the company and the Mineworkers' Union of Namibia identified underlying issues that were causing a strained relationship, and identified common objectives that would improve it.

## INCOME OF EMPLOYEES

In 2004, Rössing and the Mineworkers' Union of Namibia's Rössing Branch reached the following agreements:

- A 5% increase in basic salaries for the Bargaining Unit as from 1 September 2004, plus a N\$3 000 one-off amount paid with the October 2004 salaries, and
- Over and above the annual salary increase for 2004 and the one-off payment in October 2004, employees could qualify for a monthly and quarterly Safe Production Reward if a target of 10 tonnes per day or more could be achieved. During the year a total of N\$4.7 million was paid to employees as part of the Safe Production Reward.

## OCCUPATIONAL HEALTH

### *Contamination incidents at the converter in the USA and at Le Havre in France*

The floors of containers carrying Rössing product were found to be slightly contaminated after drums were removed at the converter in the USA in April 2004. The contamination was only found inside the containers. This meant that those containers had to be decontaminated prior to their release for onward transportation.

A contamination incident and subsequent decontamination at Le Havre, France, occurred in April 2004. Containers loaded with Rössing product were taken off the ship and placed at stacking areas within Le Havre. After the containers had been removed, the stacking areas were checked and found to be contaminated by low-level radioactivity. This contaminated material was analysed and found to be contaminated soil. During May 2004, an inspection, checking and monitoring of the transport route of the container shipment was carried out. Slight radioactive contamination was found on the container positioning shoes on the feeder vessel. Approximately 20 g of material (mud) of low-level radioactivity was removed during decontamination. This material was brought to Rössing for disposal. The mother vessel and all harbour storage areas were free of contamination.



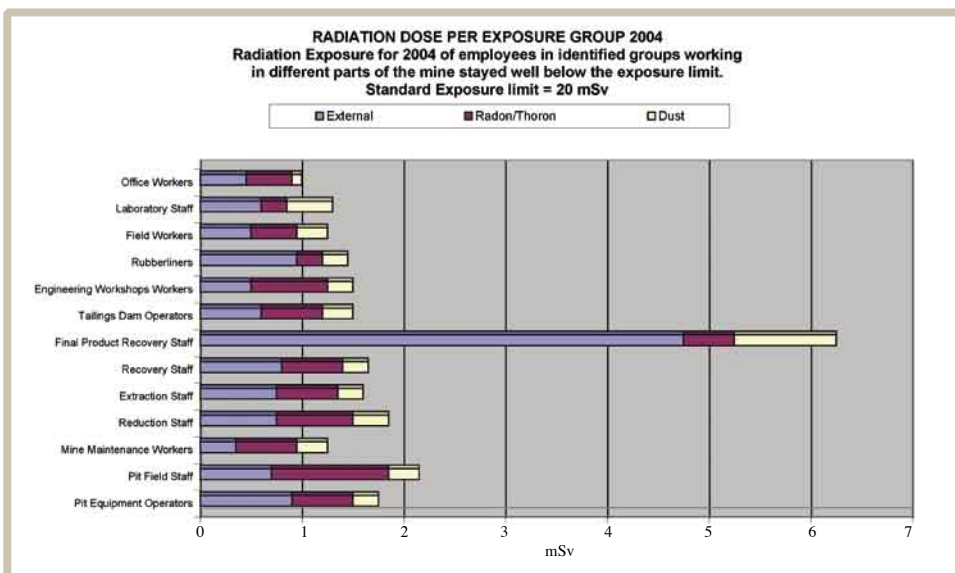
*"While I cannot comment if their staff are happy, I think they earn decent salaries and they are well compensated for their work. The salary and benefits that they receive are quite good compared with other institutions, but it's a phenomenon in mining that they pay above-average salaries and that they get good benefits, [as well as] allowances for sport, housing, medical, that type of thing."*

Joachim Klitzke,  
Manager, First National Bank,  
Swakopmund



*"We heard a while ago there was a leak on one of their containers while it was being shipped. It was not kept a secret: an investigation was going on, it was in the newspapers, the information was made public – and that's good."*

Johan Bronkhorst,  
Security School, Swakopmund





# RÖSSING AND ITS EMPLOYEES

The USA converter and Le Havre incidents resulted in significant changes being made within Rössing's uranium oxide production plant. To eliminate a recurrence of such incidents, container packing and monitoring processes were revised. These changes resulted in an increase in monitoring both on- and off-site at the Walvis Bay harbour.

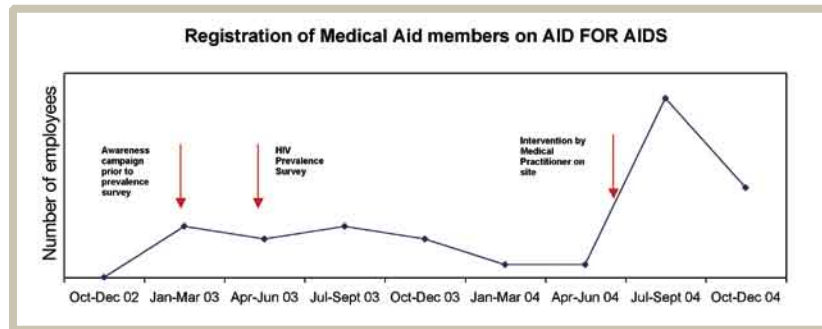
## Theft of uranium

Rössing was informed by the Namibian Police that three persons – one a Rössing employee, one a contractor, and one person of unknown origin – were arrested while trying to engage in the sale of uranium oxide. A fourth person, another Rössing employee, has subsequently been arrested.

As part of the prevention of uranium theft in the future, an investigation by an independent auditor was carried out and a number of actions are to be implemented.

## Health promotion

Voluntary testing for HIV and related counselling were strongly promoted in 2004 to encourage employees to establish their HIV status and to avail themselves of appropriate clinical and supportive care. In total, 150 voluntary HIV tests were taken at the Medical Service Provider on-site during 2004. From the tests conducted, three (or 2%) positive results were recorded. Some 57 employees and 11 contractors had voluntary HIV tests done in November 2004 alone, which is significant compared with the average of 9 tests per month up to that



point. This increase is a direct result of the HIV voluntary testing and counselling campaign conducted by Rössing's Peer Educators during November.

and any of his/her registered dependants who are HIV-positive were able to gain access to anti-retroviral treatment without any additional cost to the individual.



### PEER EDUCATORS:

*Rössing's Peer Educators attended a training course in counselling to enhance their skills.*

Employees and their registered dependants were able to receive anti-retroviral treatment through the Medical Aid Scheme, which provides a generous benefit for this purpose. The graph on this page indicates the trend of registration for employees on the Aid for AIDS programme since the inception of this benefit. By registering with the programme, an employee

An appraisal of the Rössing's implementation status of the Rio Tinto Group HIV/AIDS Strategy was conducted by Rio Tinto's Health, Safety and Environmental (HSE) Department in September 2004. Rössing was found to have fully implemented the Strategy.



*URANIUM OXIDE: Rössing's final product, U<sub>3</sub>O<sub>8</sub>, is stored in black drums, securely packed in containers, railed to Walvis Bay harbour, and shipped to Rössing's customers.*

# RÖSSING AND ITS EMPLOYEES

As a service to the Namibia Institute of Mining and Technology, two HIV awareness sessions were conducted for the intake of 225 students.

Rössing's Peer Education Programme started in 1996. Today, it consists of volunteers in the workplace who are trained to share health messages with their colleagues on their own level and in their own language, where language barriers exist.

Various topics were covered in the Programme during 2004. These included "Alcohol and drug abuse and the workplace"; "Why are we concerned?"; "Healthy lifestyle – Weight management"; "Fatigue management"; "High blood pressure (hypertension) and heart disease"; "HIV voluntary testing and counselling"; "HIV/AIDS – Anti-retroviral treatment and sexually transmitted diseases"; "Malaria and cancer"; "Positive thinking and important life qualities"; "Drinking – Keep it safe"; and "Personal financial planning". The Peer Educators reached more than 300 employees per month on average.

## Workplace safety

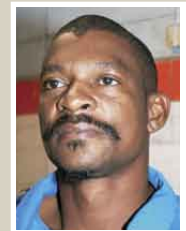
Rössing's highest priority is to send employees home to their families safe and well at the end of the working day. Only in this way can the company make a positive contribution to the well-being of the people associated with the

mine, and to the future of Rössing itself. Therefore, maintaining a safe working environment and creating a culture in which employees accept responsibility for protecting themselves and their fellow workers remained a major objective in 2004.

At Rössing we believe that if every employee understands the benefit of having safety systems in the workplace, it is possible to work without accidents. We also believe that the development of excellent safety systems drives overall efficiency and that, when we have great safety performance, we will also have firm control over all our systems of cost and production.

By way of a Safe Production Reward incentive scheme, employees were encouraged to reach a targeted number of tonnes per day as well as practise and uphold safety standards at all times.

The year under review was marked by two major safety achievements, namely working more than 2 million man-hours without a lost-time injury (LTI), and completing a 383-day cycle without a single LTI – a first in the 28-year history of the mine.



*"Safety is very important, seeing as it goes hand in hand with production. I personally think that because we have limited manpower, the workload is unevenly distributed. This pressure could lead to accidents. One scenario would be in the case of shift workers: if only two guys are on a shift and it is expected of them to be in three places at the same time, it is bound to bring problems. How do you prioritise?"*

Ethien Kamesiepo,  
Rössing Occupational Health,  
Safety and Environmental  
Representative



*DUST: A new dust collector was installed at the pre-screening plant and is one of many control points to monitor dust on site.*

# RÖSSING AND ITS EMPLOYEES

The number of injury incidents reported in 2004 was as follows:

- LTIs 1
- Medical treatment cases 12
- First Aid cases 22

This achievement shows that it is possible for all Rössing employees and contractors to work safely and that we are able to work without LTIs.

Starting each task/job with a risk assessment was the immediate priority of employees, and they were trained to think carefully about the potential dangers of the work they were about to execute.

The Rössing management team drove the development of a strong safety culture: they demonstrated their personal commitment by conducting regular safety interactions. These interactions were conducted during walkabouts in areas where employees performed physical work, in order to discuss potential hazards and the safety precautions taken.

Employees elected 39 Occupational Health, Safety and Environmental Representatives, who formed a vital link between them and management. These Representatives were utilised in safety investigations and were encouraged to perform safety interactions in their work areas on a daily basis.

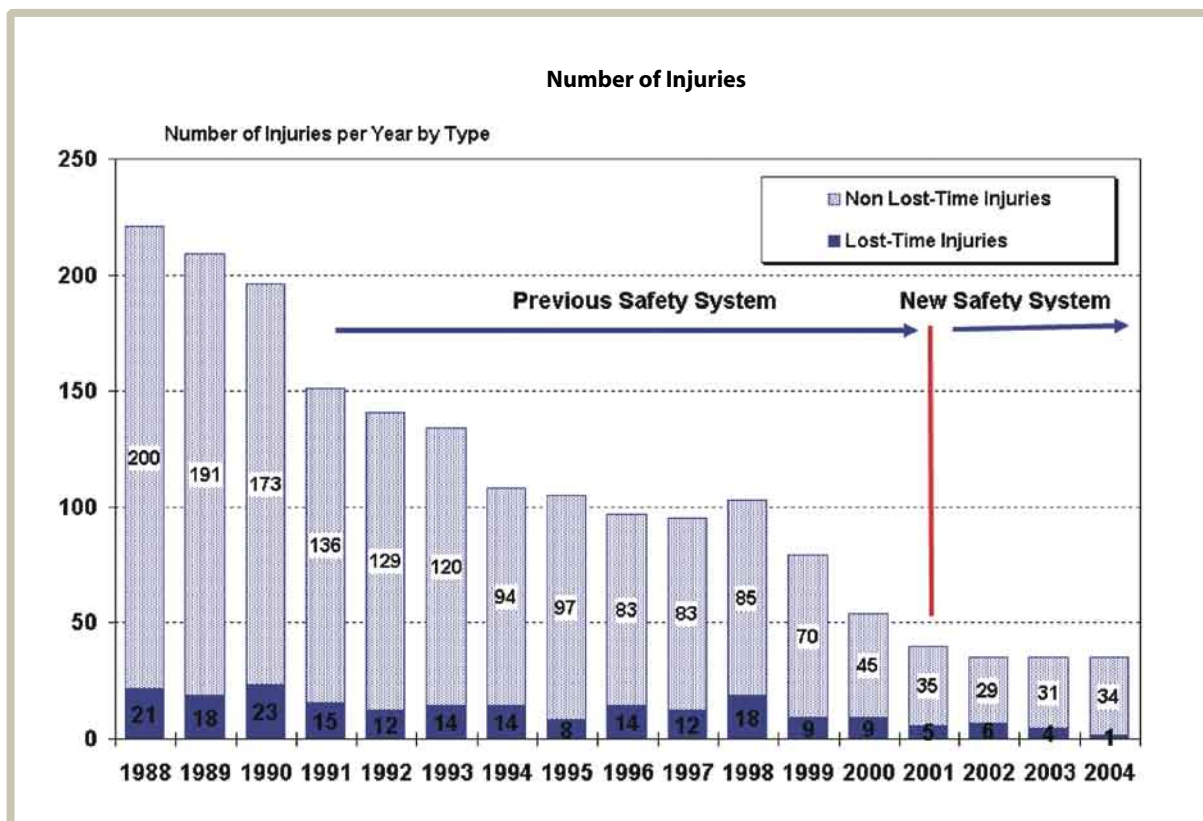
In 2004, a Rio Tinto safety audit was conducted at the mine. The audit noted 6 significant and 33 other deviations. The significant findings had to be addressed within 30 days.



**SAFETY RECORD:**  
365 days without an LTI – a first in the history of the mine.



**SAFETY AUDIT:** Rössing employees answer questions from a Rio Tinto safety audit team.



# RÖSSING - THE BUSINESS

## RÖSSING MINE REACHED ITS PRODUCTION TARGET IN 2004, PRODUCING 3 582 TONNES OF URANIUM OXIDE.

In 2004, the mine produced 1 181 tonnes more uranium oxide than in 2003. A total of 10.9 million tonnes of ore and 8.1 million tonnes of waste rock were mined during the year. The number of permanent employees increased minimally from 820 in 2003 to 833 at the end of 2004. More than 300 contract employees provided services to the mine on a monthly basis.

Since the value of the US dollar fell below N\$5.50 in 2003, the mine – like many other businesses in southern Africa – increasingly felt its dependence on the exchange rate. Uranium is traded in US dollars on the world market; and once Rössing's customers have paid for the product, money is transferred to the mine's banks in Namibia and exchanged to Namibia dollars. In

2004 the exchange rate ranged between 5.65 and 7.01 US dollars against the Namibia dollar.

To minimise the negative currency effect, production was increased and this helped to reduce the loss from N\$140 million in 2003 to N\$75 million in 2004.

Retained earnings from years when the exchange rate was more than double that prevailing in 2004 – and very favourable for Rössing – were utilised to continue the operations through both 2003 and 2004. In 2004, salaries and benefits to employees equalled N\$173 million, of which N\$38 million was paid by employees as personal income tax to the Namibian Receiver of Revenue. As a mine is exempted from paying com-

pany tax in a loss situation, personal tax was the only indirect contribution the mine made to the Namibian Government in 2004.

Payments for goods and services bought in Namibia amounted to 55% of money spent, while those bought outside Namibia amounted to 45%.

A higher production target of 3 800 tonnes of uranium oxide has been set for 2005 in order to prevent further financial losses to the business.



*CONTAINER HANDLING: A container packed with drums of uranium oxide is loaded onto a railcar to transport the consignment to Walvis Bay harbour.*

# RÖSSING - THE BUSINESS

## THE FUTURE OF THE MINE

Due to the low uranium prices and unfavourable fluctuations in exchange rates, 2003 and 2004 also saw substantial changes in the mine's long-term plan and the future outlook of Rössing's operation.

Exploration drilling beyond the depth of the current open pit has shown that the mining characteristics of the ore body are substantially different for different areas of that body. As new information became available, mining plans were adjusted, taking all up-to-date economic and geological information into account.

During most of 2004, work continued on the completion of a feasibility study for mining the Phase 2 area, which is situated in the west of the pit. The completed study showed that, at the economic conditions prevailing at the time, a financial loss would be incurred. Large volumes

of waste would have had to be moved without profit to uncover the Phase 2 ore.

Towards the end of 2004 a new approach was developed to mine an area in the south-east of the pit, situated behind an unstable geological fault. This approach entails mining away the unstable area from the top down, thereby increasing the safety of mining in the vicinity. It also extends the life of the mine from 2007 to 2009. The plan to carry out this option was approved by the Board of Directors in 2004.

Following a similar approach in the central part of the open pit would allow mining of the so-called Phase 3 area. However, the target area is situated in marble-rich rocks, and would consume large volumes of expensive acid when leached for uranium. Mine planning is ongoing to determine a more economical way of extracting the uranium from this type of ore, in order to extend the mine's life to 2017. Results of these studies are expected in the latter half of 2005.

In order to maximise the value of the Rössing ore body and to continue mining for as long as possible for the benefit of both the shareholders and the stakeholders, the search for an optimal mining sequence – including the Phase 2 ore – will continue for as long as the economic parameters continue to fluctuate.

On the management front, Michael Leech took over from David Salisbury as the company's Managing Director on 15 September 2004. Michael Leech is the company's first Namibian national to hold this position. He joined Rössing in 1982. Although David Salisbury was transferred from Rössing to take up a position in the Rio Tinto global business improvement programme, he continues his services as one of the Rössing Directors.



*SHINY: A brand-new-looking Shovel 10 back in the open pit after extensive maintenance work.*

# THE ARANDIS COMMUNITY



## THE RÖSSING FOUNDATION IN ARANDIS



***“For Arandis to be self-sustaining, economic, social and environmental programmes were introduced to prepare the community to determine their own destiny ...”***

Job Tjiho,  
Regional Director, Arandis

Since the Rössing Foundation opened its office in Arandis some two years ago, considerable progress has been made in the development of the town and its inhabitants.

**The Rössing Foundation in Arandis strives to ensure an economically independent and self-sustaining town. It should also be a centre for educational excellence, empowering the town’s inhabitants through capacity-building.**

With this in mind, the Foundation launched many training and development programmes in partnership with the community and other organisations. The focus of these programmes includes improving the quality of school education, creating tourism opportunities, developing business opportunities, strengthening local government and its infrastructure, promoting recreation and culture, and encouraging agricultural activities.

To achieve their goals, the Foundation works hand in hand with the Town Council and many community groups.

## SCHOOLS

The schools development programme focuses on improving the quality of the three schools in Arandis as well as others in the Erongo Region through training, coaching and mentoring in English, Mathematics, Science, School Management and Teacher Induction. Current projects are the Spring School, which prepares students for their exams; early childhood education; and a community hostel that accommodates 30 students, established with the help of the Arechanab Community Trust. Partners in this programme are the Mathematics Institute, the Institute for Education and Career Development, and the Ministry of Higher Education, Training and Employment Creation.

## LOCAL GOVERNMENT AND INFRASTRUCTURE

This programme aims to build and strengthen the capacity of the Arandis Town Council through training and mentorship for the effective governance of town affairs, as well as by renovating the Arandis Club buildings to establish the Arandis Community and Development Centre. The renovation is funded on a 50–50 basis between the Arandis Town Council and the Rössing Foundation.

The Centre hosts the following facilities:

- A library, run by the Rössing Foundation
- A computer training centre, which is part of the Arandis Leadership Academy, run in partnership with Realworld Education
- A teacher resource centre
- Space for workshops as well as for community meetings that relate to the projects
- A fully equipped kitchen, managed by the “Old Ladies Restaurant”, and
- Chambers for the Town Council with an area to accommodate the public, which are still under development.



**FOOD FROM THE KITCHEN:** The Old Ladies Restaurant at the Arandis Community and Development Centre prepares meals for workshop delegates.



**SMALL-SCALE MINERS:** Business Development Coordinator, Petra Ondigo, presenting an SME training workshop for a group of small-scale miners from Uis and Spitzkoppe at the Arandis Community and Development Centre.



**YOUNGSTERS:** Athletes from the Arandis Running Club participated in the 10 km Race at the Rössing Marathon Championship.



**EMPOWERMENT:** The Rössing Foundation, AgriFutura and Rössing pooled resources to present a course on Small Business Management at Arandis.

# THE ARANDIS COMMUNITY

## TOURISM INITIATIVES

The Rössing Foundation provides support and training in respect of all tourism undertakings that Arandis residents initiate for the Erongo Region. For example, the Arandis Urban Conservancy Trust was established with the Foundation's assistance, and is currently being formally registered.

Other conservancies which the Foundation assisted in the Erongo Region during 2004 were Otjimboyo (north-east of Uis), Ohunju (in the vicinity of Omatjette), #Gaingu (at Spitzkoppe), and the Henties Bay Cultural and Tourism Project, run by that town's community.

## BUSINESS DEVELOPMENT

Existing and new entrepreneurs are the main beneficiaries of this programme, which equips them with skills by initiating, creating and promoting business development and opportunities for investment in Arandis.

This includes, for example, training and support for small- or medium-scale enterprises (SMEs) such as the small-scale miners from Uis and Spitzkoppe; and assisting entrepreneurs with writing business proposals.

Petra Ondigo coordinates this programme on the Foundation's behalf. It is run in partnership with SME Compete, an initiative funded by the United States Agency for International Development to the tune of about N\$400 000.

## RECREATION AND CULTURE

This programme aims to strengthen the spirit of the Arandis community. This is done through developing sports such as soccer, volleyball, tennis and athletics, as well as school sporting activities. The programme is run by the Foundation and community volunteers, and is assisted financially by SCORE – the Sports Coaches Outreach Programme.

Cultural activities are undertaken in partnership with the Goanikontes Youth Group and various local specialists. Programme Coordinator, Gerson Eichab, oversees the Recreation and Culture programme.

## AGRICULTURAL PROMOTION

The Rössing Foundation facilitates the promotion and marketing of agricultural products. In 2004, it supported three gardening projects – all coordinated by Gerson Eichab. One of these, the Pensioners' Garden Project, is well established and sells fresh vegetables to shops in Swakopmund. Training is offered in partnership with AgriFutura.

Plans for 2005 include a training project to be established for the Topnaar community who live south of Walvis Bay. Participants will be trained in auctioning livestock and managing stock.



*GARDENING: The Rössing Foundation supported three gardening projects at Arandis.*

*"We learned about volunteerism when the Rössing Foundation came to Arandis – a very good thing. It helps people to gain skills. My suggestion is that the Foundation must continue using volunteers to empower our people. Because of the Foundation's involvement, tennis was revived in our school. As a result [of the Foundation's subsequent support] three of our school pupils were nationally ranked. ... The Foundation programmes in 2004 were a success in formal school, in extramural activities, for the teachers, for pupils, and for the community at large."*

Salomon Manga,  
Principal, Urbanus Dax Primary School,  
Arandis

*"What the Rössing Foundation did in 2004 was not new. It was good though, because through those programmes we could look at the school from an outsider's [point of view]. This enabled us to identify our shortcomings – a positive outcome. We are now addressing our shortcomings. But how can we perform without resources? It is not easy for our schools in Arandis to get donations, because everybody says we are Rössing schools."*

Erna Both,  
Principal, Kolin Foundation  
Secondary School, Arandis

*"I think the Rössing Foundation is doing a wonderful job in Arandis and needs to be commended. It [made] resources [available] for small businesses, which enabled us to do our work. I would like to see the Business Advisory Centre as part of a tripartite arrangement with local government, Rössing, and/or Rössing Foundation activities."*

Nicolaas Bernadict Xolile Links,  
Coordinator, Business Advisory Centre,  
Arandis

*"The Rössing Foundation has always been prepared to assist when we needed its assistance. We, however, believe that we must try to do things for ourselves before we ask for assistance."*

Phillip Ewald Namupala,  
Chairperson, Arandis Urban Conservancy  
Project /Tourism

*"The year 2004 was very good. The Rössing Foundation with World Teach volunteers assisted us. They helped us with speaking and reading English, physical education, and music. This was very useful. Our pupils' English reading and speaking [skills] have improved and they enjoyed it."*

Lucia Liseth /Uises,  
Principal, Arandis Primary School

# THE ARANDIS COMMUNITY

*"I feel bad about the fact that we had to struggle on our own. We were promised, though, that the Foundation would only assist us if we planted/sowed half of the garden site. We tried, but could not meet the requirement. We do not have enough water and pipes. We could, therefore, not meet the requirements because we could not afford pipes and enough water."*



Josef Makina,  
Chairperson, Ratanang Garden, Arandis

*"What we need to do now is to make sure that there is closer cooperation between the Rössing Foundation and the Arandis Town Council. Such cooperation is not only needed between the management and higher-ranked staff members of the two offices. The need must be realised by all employees of the two offices, [and] by the lower-ranked employees as well."*



Patrick Haushona, Customer Care Manager,  
Arandis Town Council

*"Sport is one type of activity that takes many people's minds away from stress. It keeps people from irresponsible behaviours like drug and alcohol abuse, and the like. Sport keeps people busy. We, therefore, need to conduct a survey that will include all the people in Arandis, to [determine] the various sport activities in which people would want to participate. This will ensure that everybody is included in sport. Soccer, volleyball, tennis and running teams have already been established by the Rössing Foundation."*

Zacharias Useb, Regional Sport Officer

*"I've heard of the Rössing Foundation but I don't know much about them. I've just been to one of their sport days. They must go around and talk to the people of Arandis. I would like to do a computer course with them, but maybe there would not be space."*

Riana /Urias, Arandis resident



*"I'm not involved with the Rössing Foundation. I heard of them years ago, when they gave free computer training and courses in dressmaking. I'm 25 years old, but am not working. I have been studying at [the Namibia Institute of Mining and Technology] for four years [now], from 2001. I was doing plumbing and finished last year, but failed my practical. I want to redo it, but the problem is money. If I get a job, I will be able to pay to finish the course."*

Josephina Hainghumbi,  
Arandis resident



*"For those people working for Rössing that live in Arandis, Rössing pays [the Arandis Town Council] for housing and other services that they provide to [their] employees. The Rössing Foundation also works in Arandis, and they work closely with the Council. I cannot say if Arandis will ever become independent from Rössing: I think that will depend on the leaders of Arandis. If the leaders of Arandis are good, they will [develop the town] and [it will] become independent. If the people that manage the town are not good, it will become a ghost town."*

Trofimus Shikongo,  
Councillor, Swakopmund Town Council

## A SHORT HISTORY OF ARANDIS

THE TOWN OF ARANDIS, LOCATED 11 KM WEST OF THE RÖSSING MINE, WAS FIRST ESTABLISHED IN 1976. AT THAT STAGE, THE LAND HAD BEEN DEMARCATED AS DAMARALAND, ONE OF SEVERAL ETHNIC SO-CALLED "HOMELANDS" IN FORMER SOUTH WEST AFRICA. IT WAS ONLY THROUGH AGREEMENT WITH THE DAMARA RAAD ("COUNCIL") AND THE GOVERNMENT THAT THE MULTIRACIAL TOWN OF ARANDIS COULD BE BUILT. IT WAS DEVELOPED BY RÖSSING URANIUM LIMITED TO PROVIDE FAMILY ACCOMMODATION FOR ITS WORKERS, WITH THE HOPE OF ESTABLISHING A NEW COMMUNITY THAT PEOPLE WOULD CALL HOME.

THIS SENSE OF HOME WAS ENHANCED AT ARANDIS BY THE MYRIAD OF INITIATIVES RÖSSING SUPPORTED, FROM THE BUILDING OF SCHOOLS AND SPORTS FIELDS THROUGH TO THE CONSTRUCTION OF A MAJOR HOSPITAL THERE. RÖSSING URANIUM LIMITED MANAGED ARANDIS FROM 1976 UNTIL 1992. IT WAS SUBSEQUENTLY GIVEN TO THE NAMIBIAN GOVERNMENT AS AN INDEPENDENCE GIFT, AND IN 1994 ARANDIS WAS PROCLAIMED AS A FULLY-FLEDGED TOWN.

RÖSSING CONTINUES TO HAVE A STRONG LINKAGE TO ARANDIS, BOTH THROUGH THE EMPLOYEES WHO MAKE ARANDIS THEIR HOME, AND THROUGH THE RÖSSING FOUNDATION. IN 2005, FOR EXAMPLE, RÖSSING WILL BE SUPPORTING A SOCIO-ECONOMIC BASELINE STUDY TO BE CONDUCTED IN ARANDIS TO ASSIST THE TOWN IN PLANNING FOR THE FUTURE.



# THE ARANDIS COMMUNITY

## THE ARANDIS TOWN COUNCIL

"I have total confidence that Arandis as a town can be self-sufficient. The challenge is to provide employment opportunities for our people. But we, as a Town Council and the residents of Arandis, still have to do a lot of marketing: we need to tell people and potential investors what Arandis has to offer.

We are currently an undiscovered diamond in the desert, but with the support of all the stakeholders and all our development partners, we are confident that this diamond will soon be discovered and cherished.

As far as leadership is concerned, we have training programmes lined up for the Councillors so they can understand their role, not as politicians, but as leaders of the local community. Once they walk into the Council Boardroom, they're not there as a [political party] member, but as a person that must make decisions that will have an impact on people's lives. It is important for all Councillors to know where we are and where we want to be.

The Council designed an incentive package that we offer to SMEs. The project is aimed at relocating businesses from outside Arandis. They retain their market, but move their operations to Arandis because of the affordability of operating from [here]. We have received eight feasibility studies from the Institute for Management and Leadership Training [concerning] interested entrepreneurs, mostly from Windhoek. The council is now scrutinising [them] and if they meet the requirements, they will be given the green light.

The Council also submitted a proposal to the Chinese Embassy. Through the Erongo Regional Council, the Governor managed to get the Tiazhou Municipality in China to twin with the entire Erongo Region. We met with the Mayor of the Tiazhou Municipality and we put forward proposals for their consideration. We identified specific areas for twinning, as well as in agriculture, amongst others. The relationship entails entering into possible joint ventures with them; exchange visits to learn from their experiences; and inviting them to invest in Arandis, put up manufacturing industries, and export to their own markets.

The Town Council has also promoted SMEs through our own initiatives. [When] the Namibia Development Corporation donated the shopping centre to the Council, ... there were only four businesses operating within the shopping centre. We have [since] increased that number; currently, all the available space is filled. There is now a restaurant and butchery, an Internet café, as well as a Taiwanese shop.

The relationship between the Council and the Rössing Foundation in terms of SME promotion, Tourism, Education and Local Governance is very good as it helps us to improve and expand our capacity."

Florida Cloete,  
Chief Executive Officer,  
Arandis Town Council

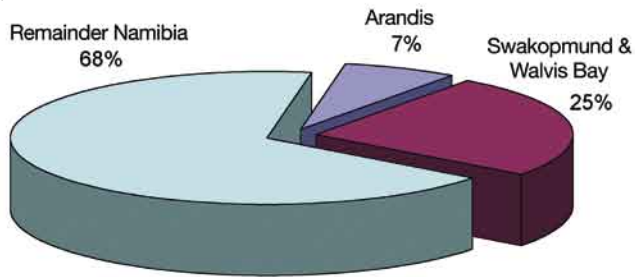


# RÖSSING IN THE ERONGO REGION



## BUSINESS PARTNERS IN THE REGION

### Payments to Suppliers in Namibia



*"The mine has a big influence on the local economy. I think they also stimulate many other businesses around them. It is not only*

*the people who work for them: there are many contractors who work there and that stimulates even further employment opportunities and more capital injection into the local economy. So overall I have a very positive impression of Rössing. They are an essential part of the economy."*

Sybrand Coetzee, Manager,  
Bank Windhoek,  
Swakopmund Branch



*"We haven't got work from Rössing for a very long time. I don't know who is doing mechanical engineering or automotive engineering for them at the moment."*

Dirk Louw, Director,  
PW Pampe, Windhoek

*"Many businesses, including ours, have benefited tremendously from Rössing over the years. Our company was involved with them right from the beginning. At*



*the time when Rössing started to struggle, we decreased our rates to such an extent that many of the services we rendered to them,*

*we did at a very low charge. This was all done to show our gratitude and loyalty towards Rössing. So it is not a big money-spinner for us – we just wanted to assist them getting through the difficult periods until their volumes improved again. Especially in later years, many of our rates to them haven't increased; some [have] even decreased."*

Kristian Woker, General Manager for Sales,  
Woker Freight Services,  
Walvis Bay

*"Rössing is a local company and it's one of the major employers in the Erongo Region. It makes an important contribution towards the development of the Region – and the country – by way of creating employment and paying taxes to the government. It's also one of the companies that seems to be well-managed in its operations."*

Mike Ipinge, Manager Community and Economic Development,  
Swakopmund Municipality

## MADE IN ARANDIS

ARANDIS PIPE LINERS, LOCATED IN ARANDIS, IS A NEWLY ESTABLISHED COMPANY THAT FITS AND REFURBISHES PIPES. THEY WERE ABLE TO SAVE RÖSSING MAJOR COSTS IN 2004, WHEN PIPES FROM THE SLURRY PUMPING CIRCUIT ON THE TAILINGS DAM, WHICH HAD PREVIOUSLY BEEN REGARDED AS IRREPARABLE, COULD NOW BE REPAIRED AND FITTED WITH A HIGH-DENSITY POLYURETHANE LINING (HDPE) FOR REUSE. THE REFURBISHED PIPES COST ROUGHLY ONE-THIRD OF THE LANDED COST OF A NEW PIPE.



*ECONOMISING: Members of the mine's Maintenance Improvement Team inspect one of the newly refurbished pipes at Arandis Pipe Liners' premises.*

TRADITIONALLY, PIPES ON THE TAILINGS DAM WERE RUBBER-LINED. THIS 6-MM-THICK LINING WAS VERY SENSITIVE TO CHANGES IN THE SLURRY MIXTURE, AND ONCE THE RUBBER WAS DAMAGED, THE STEEL PIPES HAD TO BE RELINED. THE RELINING WITH HDPE MAKES PIPES MORE DURABLE.

# RÖSSING IN THE ERONGO REGION

## MANAGING ERONGO'S WATER TOGETHER

The main water users in the Erongo Region have established a forum to discuss and coordinate water supply issues among themselves and with the bulk water supplier, NamWater.

The Coastal Bulk Water Users' Forum was introduced in 1997 to deal with the imminent change to desalinated sea water. Members of the Forum are Namport, Rössing and NamWater, and the Town Councils of Arandis, Henties Bay, Swakopmund and Walvis Bay. With time the Forum's focus has shifted from desalination to the sustainable management of the groundwater resources available. Water demand projections are compiled regularly so that NamWater can plan ahead, adjust the scheme's capacity to the increasing demand, and avoid supply interruptions.

Rössing assists NamWater with their training of Water Care Technicians. In 2004, two apprentices joined Rössing for practical training, which will continue into 2005.

A new initiative involving local consumers in the management of their water resources is the establishment of Basin Management Committees (BMCs), as prescribed in the

Namibian Water Resources Management Act of 2004. The Kuiseb River basin was chosen as the country's first test case, and in 2001, the process of forming a BMC for the area was facilitated by the Desert Research Foundation of Namibia.

Rössing was involved in the stakeholders' forum from which the members of the Kuiseb Basin Management Committee (KBMC) were elected in 2004. The KBMC's objective is to ensure sufficient and equitable access to water, and sustainable, integrated use of related resources in the Kuiseb River basin.



*SURVEY: Water levels were measured and water samples collected at smallholdings along the Swakop River.*

The members of the KBMC are the Walvis Bay Town Council (also representing the Coastal Bulk Water Users' Forum), the Desert Research Foundation of Namibia, the Department of Water Affairs, NamWater,

the Erongo Regional Council, the Khomas Regional Council, communal and commercial farmers, the Coastal Environmental Trust of Namibia, and the Ministry of Agriculture, Water and Rural Development's Directorate of Extension and Engineering Services. Other BMCs will be established in due course. In particular, Rössing is looking forward to playing a role in the Committee for the Omaruru/Swakop River basin.

Recognising the need for closer cooperation with water users in the Khan/Swakop River basin, Rössing launched an investigation of

the groundwater resources and water quality in the lower Swakop River in January 2004, with the support of smallholding owners in the basin. Water levels were measured and water samples collected. The results showed that the groundwater had generally become more saline since the previous study, in 1997, while the water levels had not changed much. Monitoring and data evaluation will continue during 2005.

To ensure a coordinated approach to sustainable water management, Rössing has introduced a Water Strategy (see schematic summary on this page). The most important objectives of the Strategy are creating awareness amongst and communicating with local communities and other water users. Similar importance is attached to water conservation and minimising impacts on water quality.



# RÖSSING IN THE ERONGO REGION



The mine's water consumption in 2004 was higher than planned, partly because more uranium was produced (the water demand is linked to the tonnes of ore milled), and partly because the volume of water recycled was lower than expected. Upgrading of the water recovery systems is planned for 2005. To save fresh water, the abstraction of brackish water from the Khan River was increased by 200 m<sup>3</sup> per day above the internal target, but remained well below the quota set by the Department of Water Affairs. Pumping from production borehole 7 from January to June 2004 caused water stress to one of the nine trees at a nearby monitoring site. Trees at other sites were not affected.

**As in previous years, the water quality on the mine and in the Khan River was controlled by recycle systems and monitored to detect**

**potential contamination by process wastewater. No such contamination has been found in the Khan River. The contaminant of most interest is uranium, but natural groundwater away from the mine can also contain uranium when it is in contact with uranium bearing rocks, which are occurring in the area between the coast and Usakos.**

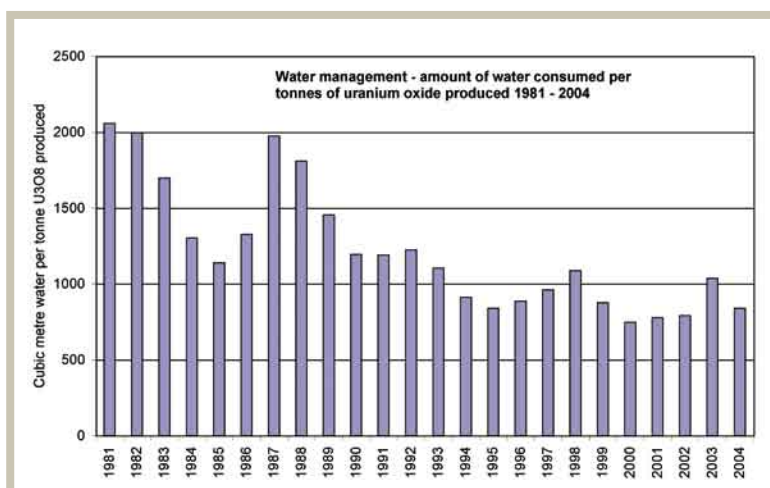
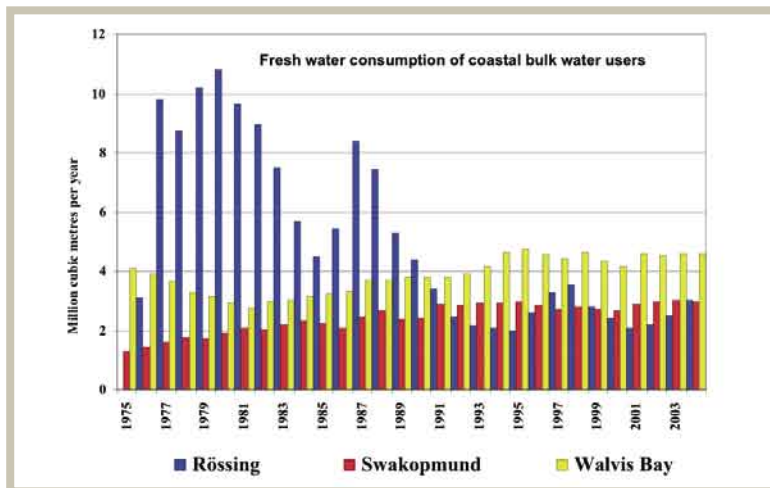
For these monitoring purposes, a sophisticated method of fingerprinting developed by the Council for Scientific and Industrial Research in South Africa was used to identify uranium derived from the mine. The method relies on the different behaviour of various uranium atoms in groundwater. The results of uranium fingerprinting into 2004 showed that contamination only occurred in a limited area around Rössing's tailings facility.

*"People are saying that our water is not pure. That's the only concern that I as an individual have concerning Rössing. Can the mine contaminate the water? I don't know. I think on the one hand the Municipality of Walvis Bay should investigate a concern like this, but on the other hand, Rössing should also get involved. I'm sure that they will comply to municipality rules, but still, I think they have a responsibility towards the communities of Walvis and Swakopmund to clarify issues like this."*

Pieter Louw, General Manager, Walvis Bay Stevedoring

*"One of the issues that always surfaces when you talk to people in town is water – contaminated water: that uranium and the waste get into the water. I think that's the biggest issue concerning Rössing with the people in Swakopmund. We don't know enough."*

Johan Bronkhorst, Security School, Swakopmund



*RECYCLING WATER: Water and acid are used to leach uranium from the ore and produce uranium oxide. The resulting wastewater, containing process chemicals, is pumped with the tailings sands to the tailings facility. From there, water is recycled and reused for leaching. Fresh water is added to make up for evaporation losses.*

# RÖSSING IN THE ERONGO REGION

The mine, as well as the municipalities in the coastal area, is using freshwater supplied by NamWater from the Kuiseb and Omaruru Rivers. The mine is situated in the Swakop River catchment which does not have any link with the Kuiseb and Omaruru Rivers – therefore potentially contaminated mine water cannot reach these drinking water supplies.

## CARING FOR THE ENVIRONMENT

### A CENTRAL NAMIB BIRDING ROUTE

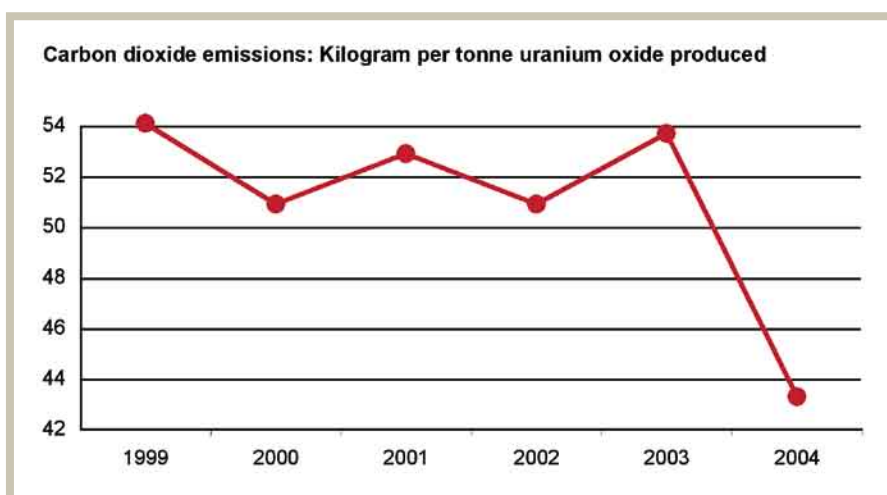
In the framework of the Rio Tinto–Birdlife International partnership, plans were developed to establish a birding route which would link the important bird areas of Walvis Bay and the Brandberg for ecotourism. With the assistance of Namibian stakeholders and Birdlife International, an application for donor funding was made to a UK institution. It was, however, unsuccessful. A new application will be put forward to the World Bank in early 2005 to further community-based ecotourism to support communities in the Erongo Region.

## ENVIRONMENTAL TOURS

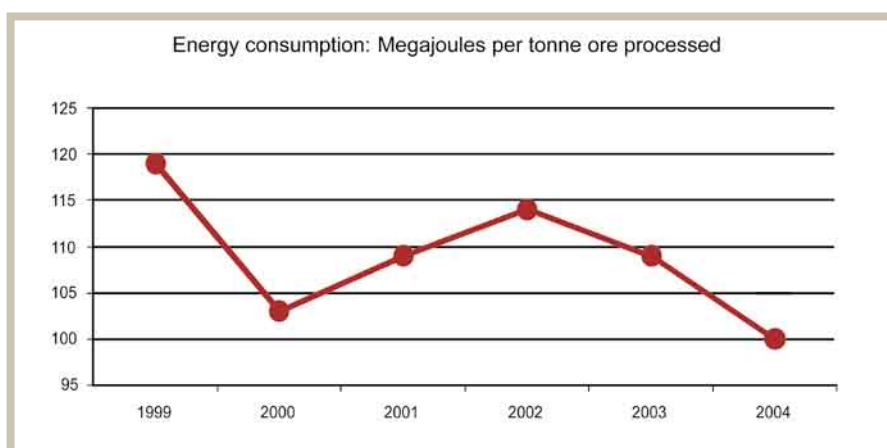
Early in 2004, Rössing undertook a conservation trail to Brandberg and the Ugab River area under



**THE FAMOUS "WHITE LADY" ROCK PAINTING:** A Rössing conservation trail goes to various places of interest at Brandberg.

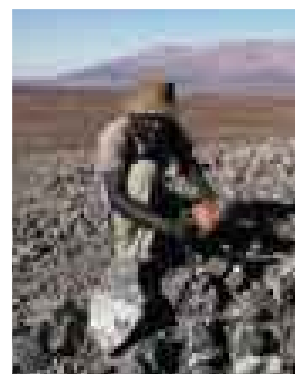


Between 1999 and 2003 no substantial reduction in the emission of green house gas carbon dioxide was achieved. However, in 2004 a significant decrease was achieved due to more efficient operations and increased production of uranium oxide. The target for 2005 is to reduce the green house gas emission by a further 2.5%.



The energy consumption rate per unit of production has not changed substantially over the last few years. In 2004 operational efficiency resulted in a reduction in the energy consumption compared to the previous two years. The target for 2005 is to reduce the levels by an additional 2.5%.

the guidance of Namibian conservationist, Pieter Mostert. The trip included visits to small-scale miners in the area and talking to conservancy committee members. The overall aim of the trail was to create social and environmental awareness among the participants. The trip was part of a Rössing-sponsored prize awarded to a Namibian journalist by the Media Institute of Southern Africa.



**SMALL-SCALE MINER:** Participants in a Rössing conservation trail visited small-scale miners near Brandberg West. The Rössing Foundation assists these miners with business development training.

# RÖSSING IN THE ERONGO REGION

## CORPORATE GOVERNANCE TRAINING

Erongo Regional and Town Councillors benefited from a training course in corporate governance organised by Rössing and hosted by the accounting firm Ernst & Young. In total, 44 Councillors participated in the course, along with Regional Council and municipal officials from Arandis, Henties Bay, Omaruru, Swakopmund, Uis, Usakos and Walvis Bay. It was the first time in the Erongo Region that a private company had presented a training course on corporate governance for government institutions.



*TRAINING: Erongo Regional and Town Councillors attended a course in corporate governance in Swakopmund, presented by the auditing firm, Ernst & Young.*

## COMMUNITY ACTIVITIES

Rössing hosts regular tours to the mine for the general public. During 2004, some 76 groups totalling 1 436 visitors participated in these tours. The proceeds of the tours were donated to the Swakopmund Museum.

The Rössing Namibia Marathon Championship and 10 km Race have become a landmark event on the Namibian athletics calendar. In 2004, the annual event was hosted for the 13th time. A newly introduced 5 km walk drew much attention as well. Proceeds from the latter were donated to the Cancer Association of Namibia.

In line with its corporate social responsibility, Rössing made cash and in-kind donations to the value of more than N\$300 000 to about 60 organisations, mainly in Arandis, Swakopmund, Walvis Bay and the Erongo Region.

The Erongo House of Safety is a registered Children's Home and Place of Safety for children in need of care. Rössing annually donates money for its upkeep and for special projects it launches. In November 2004, a donation of N\$50 000 was made to the House of Safety Management Committee.



*RUNNING: Rössing's Marathon Championship and 10 km Race were again well supported by athletes from as far as South Africa.*



## RÖSSING FOUNDATION FULFILLING NATIONAL NEEDS

Expanding opportunity is part of the basis of a democracy. For the past 15 years in a newly democratic Namibia this has been the case; more specifically, this notion has been a central interest of the Rössing Foundation for more than 25 years.

It is accepted practice within the non-profit sector to regularly check whether we are making best use of our resources and expertise and to reaffirm our commitment to social development. This takes into consideration both developments and changes within the national context, as well as demands that might arise at a more local level.

In 2004, changes within the Foundation have shown a commitment to embracing new opportunities and meeting more local demands from various sectors of society. The achievements of the change process with regard to local developments, especially those related to Arandis and the Erongo Region, are described earlier in this report. As a response to more national needs, however, there has been a significant review of the Foundation's role and contribution to socio-economic development in Namibia.

During 2004, the Rössing Foundation pursued work in three programme areas. The first of these set out to strengthen the skills base in

Namibia through training and increased education opportunities. The second programme area encompassed strengthening selected communities to mobilise their natural resources in order to improve their livelihoods, while the third programme aimed to improve economic opportunities for communities by expanding their income-generation options.

## ADULT EDUCATION CENTRE, ONDANGWA

Through the work of the Rössing Foundation Adult Education Centre in Ondangwa, training in both vocational and language skills has significantly increased the competencies of many Namibians, allowing them to participate actively in their workplace or seek new opportunities for self-employment. Agreed partnerships with at least 22 other training organisations have ensured that many more adults have been exposed to skills training programmes both in Ondangwa and at the Khomasdal Education Centre in Windhoek. The six community libraries that exist here also contributed to the building of knowledge for both adult and school learners, and remain a critical resource to those communities that benefit from having access to the libraries.

## MANAGEMENT OF NATURAL RESOURCES

The management of natural resources, and par-taking of the benefits derived from the sustainable utilisation of these resources, have become a significant contributor to rural development initiatives in Namibia. Through the work of the Rössing Foundation, four conservancies have been registered to date in the Omusati and Oshikoto Regions.

In 2004, the Uukwaluudhi Conservancy was granted a hunting concession by the Ministry of Environment and Tourism, and discussions are well under way for a joint venture with a private company on the development of a tourism lodge in the conservancy. All four conservancies have developed resource management plans.

# RÖSSING IN NAMIBIA

At the King Nehale Conservancy, the harvesting of Kalahari melon seeds again generated more than N\$100 000 in income for local residents.

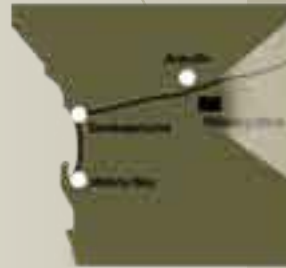
## CRAFT ENTERPRISES

During 2004, two significant developments occurred in the craft programmes managed by the Rössing Foundation. Firstly, nine craft enterprises were established in the four north-central Regions, and during the course of the year, crafts to the value of approximately N\$500 000 were purchased from various producers for both export and local sale. Secondly, the trading component of the craft programme – Mud Hut Trading and the Namibia Craft Centre – was launched as a totally independent and self-sustaining unit operating under the name of Omba Arts Trust. This development, which is the culmination of many years of work, now allows the project to operate directly from income it derives from the sale of local Namibian crafts.

Towards the end of 2004, the Rössing Foundation finalised a deal with the Ministry of Higher Education, Training and Employment Creation for the latter to purchase the Khomasdal Education Centre. Not only will the Centre continue to provide training opportunities, but it will now also host the newly created Namibian Training Authority, which is responsible for all vocational training in Namibia.

This latest step constitutes the final major change envisaged by the Rössing Foundation, as it responds to its new challenges of developing further opportunities in the more populous areas of the country, and being able to contribute towards national objectives for rural development.

# RÖSSING'S PRODUCT AND ITS CUSTOMERS



2004 was a year of contrast. On the positive side, the uranium price – which is set in US dollars – continued to increase, reflecting the swing in market focus from secondary supplies (inventory and reclaimed material) to primary production (like Rössing). The negative side was the continued weakness of the US dollar, which offset a substantial part of the price increase. Rössing sales in 2004 were increased to 3 607 tonnes in order to maintain adequate cash flow.

Demand for uranium both in the short- and long-term markets remained on par with recent years. Supply from primary producers was, however, severely limited.

Most of Rössing's main competitors were not able to offer new sales until 2007 or 2008 due to existing contractual commitments. World uranium production increased to 46 349 tonnes, with Rössing accounting for an important 7.7% share.

The market continued to pay close attention to Rössing's future. Consequently, there was widespread disappointment amongst utilities that the Phase 2 operation was not given the green light.

Of note during 2004 was Rössing's first sale to

the Chinese national nuclear industry. Some 106 tonnes of uranium oxide were successfully shipped to Shanghai, a first for any Western producer. China plans to increase its nuclear generating capacity from 6 GW to over 30 GW by 2020. They have poor natural reserves of uranium and will look to overseas producers to supply them; hence, Rössing is well placed to become a significant supplier.



**NUCLEAR INDUSTRY:** Following a one-off sales agreement between the Chinese national nuclear industry and Rössing, a small consignment of uranium oxide was shipped to China.

Looking forward Rössing believes that, in the short to medium term, prices for uranium should continue to hold up, but there is a real threat that new production will eventually curtail prices in the long term.

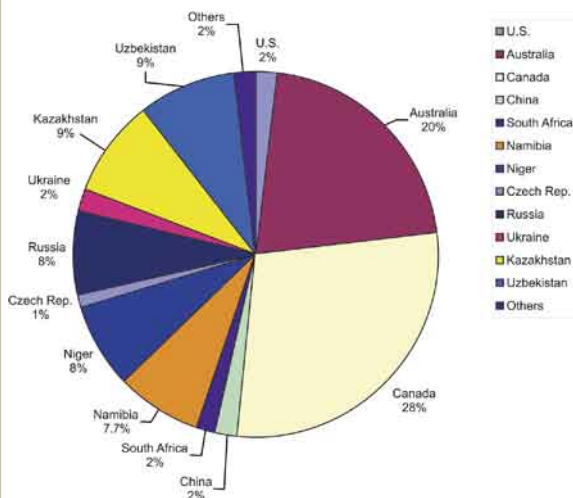


*"In the past they said that if the [South African] rand goes below a certain level, they will not be able to survive;*

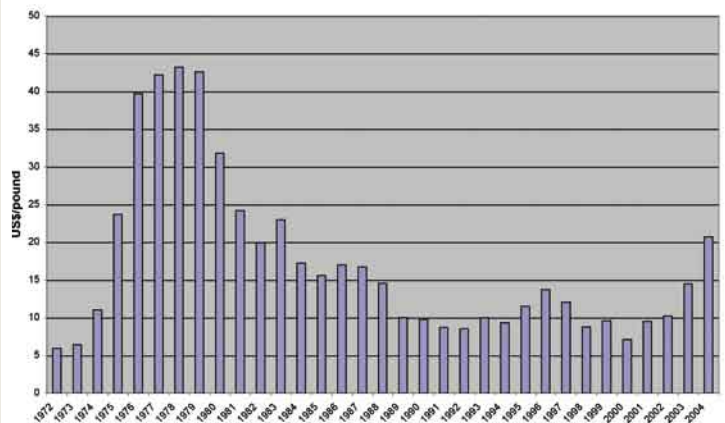
*but then the rand does go below that level and they still continue. So I think they really have a strong will to survive, to keep their operations going, and that they will do everything to survive; which tells me they really have a commitment to the community and the country in which they operate."*

Lynette Rautenbach,  
Pricewaterhouse Coopers

**World primary production of uranium oxide - 2004**



**Spot market price in US dollars per pound of uranium oxide**





# RÖSSING'S PRODUCT AND ITS CUSTOMERS

## COOPERATION ON BIODIVERSITY ASSESSMENT

Rössing's customer, the Swedish power utility Vattenfall Bränsle AB, regularly audits the environmental performance of their suppliers. As a result of the latest audit at Rössing, a cooperative project was agreed upon that deals with aspects related to biodiversity

management. The power utility has developed a method to measure impacts of power generation and distribution facilities on land use and biodiversity. A specialist from Sweden visited Rössing in November 2004 to work with Namibian ecologist Dr Antje Burke and Rössing staff to introduce the method at the mine. The project will be completed in 2005, allowing Rössing to better manage not only its land use, but also the desert vegetation and wildlife around the mine.



## Commercial Nuclear Fuel

### Mining

Uranium ore is mined from the earth.

### Milling

Uranium ore is processed to produce a form of uranium known as "yellowcake".

### Conversion

Yellowcake is converted to uranium hexafluoride.

### Enrichment

This step increases the concentration of the isotope U-235 from its naturally occurring level of 0.7% to higher levels required for nuclear reactors - about 3%.

### Fabrication

Enriched uranium is converted into uranium dioxide, formed into solid cylindrical pellets, sealed in metal fuel rods and bundled into fuel assemblies.

### Power Production

Fuel assemblies are loaded into nuclear reactors where the U-235 fissions, producing heat and steam used to generate electricity.

# RÖSSING AND SUSTAINABLE DEVELOPMENT

## HOW RÖSSING UNDERSTANDS SUSTAINABLE DEVELOPMENT

A mining process has a start and an end which is related to the amount of ore the mine can economically extract from the earth. During the period mining is taking place, employees earn salaries and support their families, businesses and the Government benefit from purchases and taxes while the shareholders receive a return on their money invested. But what happens thereafter?

For Rössing, Sustainable Development means:

- ensuring that the positive developments taking place during the years of mining have a long lasting positive effect on the people of the region and Namibia
- that employees are building capacity for themselves so that they can contribute to their future wellbeing
- that the inevitable environmental impacts of mining are minimised after closure of the operation
- that enough natural resources are remaining for the children of future generations to have a livelihood in the region.

“The core purpose of Rössing Uranium Limited is to create the most sustainable value for all our stakeholders” (Rössing Management team, 2004). A summary of the mine’s vision, values and targets is printed on the following page.

The Rössing mine was commissioned in 1976 and in 2006 the mine will be in operation for 30 years, 10 years longer than originally planned. Visions and sacrifices of Rössing employees on all levels have repeatedly taken the company through very difficult times.

Likewise in 2004, the strong Namibia dollar compared to the US dollar resulted in less income from uranium sales made in US dollars and financially the mine went through one of its most difficult periods since the late 1970s. Therefore, on the assumption that the 2004 exchange rate remains constant, the 2004 long-term plan had to foresee mine closure in 2009.

However, as in the past, Rössing’s planning departments, supported by specialists from Namibia and several Rio Tinto organisations are working on extending mine life to 2017.

At the same time and hand in hand with the mine, the Rössing Foundation supports the Arandis Town Council to build a sustainable future for the community of Arandis – eventually to be independent of the mine.

“The best contribution the mine can make to sustainable development in Namibia is to stay in business.”  
David Salisbury –  
Managing Director 2003

All the above efforts need to take note of the opinions of Rössing’s stakeholders. Sustainable development aims for a collective vision of the future and communication with stakeholders was again high on the agenda in 2004. In the 2003 report Rössing undertook to keep stakeholders informed and up to date with developments at the mine and Open House 2005 was planned for February/ March 2005.

An additional forum for consultation will be established in 2005. The Rössing Local Stakeholder Forum consisting of representatives from NGOs, businesses, local, regional and central Government as well as Rössing Foundation and the mine will be formed in early March 2005. The purpose of the Forum will be to provide a formal platform for consultation

and engagement. The aim is to have interests of all stakeholders brought to the table by their legitimate and representative leaders.

In the spirit of developing a common vision for a sustainable future, please approach Rössing mine or the Rössing Foundation with your comments and opinions at the contact details provided on the back cover.

“Rössing definitely makes a huge contribution towards Swakopmund. For the local economy it’s important that they are successful and that they continue to grow, because when they grow there is more employment. They are an integral part of the success of Swakopmund.”

Joachim Klitzke, Manager,  
First National Bank,  
Swakopmund

<p><b>VISION</b></p> <p>Rössing is committed to remain a safe, reliable, efficient and competitive producer and suppliers of U<sub>3</sub>O<sub>8</sub> to the nuclear power industry around the world. Our objective is to develop and expand our capacity to deliver value to shareholders and local stakeholders for the long term.</p>					
<p><b>CORE PURPOSE</b></p> <p>To create the most sustainable value for all our stakeholders.</p>					
<p><b>BUSINESS RESULTS</b> Key Performance Areas</p>					
<p><b>Health and Safety</b></p> <ul style="list-style-type: none"> <li>• Zero incidents</li> <li>• Recognise nothing is more important than the health and safety of our people</li> </ul>		<p><b>Communities and Environment</b></p> <ul style="list-style-type: none"> <li>• Zero non-conformances</li> <li>• Full community support and partnership</li> <li>• Productive stewardship of our resources</li> <li>• Minimum waste</li> </ul>		<p><b>Customer Focus</b></p> <ul style="list-style-type: none"> <li>• Customer values all our standards of operation highly</li> <li>• Preferred supplier and customer</li> <li>• The market rates us as determined and a valued associate</li> </ul>	
<p><b>DESIRED OUTCOMES</b></p>		<ul style="list-style-type: none"> <li>• Producing against all odds</li> <li>• Increasing business value to stakeholders and Namibia</li> <li>• Opportunistic growth</li> <li>• Always meet flex plan</li> <li>• Capital expenditure generates value</li> </ul>		<p><b>Finance Strength</b></p> <ul style="list-style-type: none"> <li>• Employment as Rössing a CV plus</li> <li>• Retain and grow talent</li> <li>• Employees act like shareholders of the business</li> <li>• Engage, recognise and reward our employees</li> </ul>	
<p><b>KEY DRIVERS</b></p> <ul style="list-style-type: none"> <li>• Personal observation</li> <li>• Programme covering health, safety and the environment</li> <li>• Employees engaged and involved</li> </ul>		<ul style="list-style-type: none"> <li>• Environmental standards ISO 14001</li> <li>• Arandis to be self-sustaining</li> <li>• Completion of decommissioning plan</li> <li>• Services bought locally wherever possible</li> </ul>		<p><b>People Commitment</b></p> <ul style="list-style-type: none"> <li>• Skills progression programmes</li> <li>• Succession programme</li> <li>• Leadership values</li> <li>• Affirmative Action (AA) programme</li> <li>• Performance management</li> </ul>	
<p><b>5-YEAR TARGETS</b></p> <ul style="list-style-type: none"> <li>• Zero injuries</li> <li>• Reduction in occupational illnesses</li> </ul>		<ul style="list-style-type: none"> <li>• Zero non-conformances</li> <li>• Valued by the community</li> <li>• Arandis to be self-sustaining</li> <li>• Procurement develops Black Economic Empowerment (BEE) businesses</li> </ul>		<p><b>Operational Excellence</b></p> <ul style="list-style-type: none"> <li>• Clear ownership</li> <li>• Integrated planning and systems</li> <li>• Change management</li> <li>• Project management</li> </ul>	
<p><b>1-YEAR TARGETS</b></p> <ul style="list-style-type: none"> <li>• 50% reduction in All Injury Incident Frequency Rate</li> <li>• Health injury rates developed and reduced</li> </ul>		<ul style="list-style-type: none"> <li>• Awareness: 50% more non-conformances reported for rectification</li> <li>• Full compliance with Environmental Management Programme</li> <li>• Full compliance with Community Plan</li> <li>• Two new businesses started in Arandis</li> </ul>		<ul style="list-style-type: none"> <li>• Waiting list of applicants for jobs</li> <li>• AA plans surpassed and no longer necessary</li> </ul>	
<p><b>VALUES</b></p> <p>Passion for survival, health and safety and survival through growth of output  Care about people and Namibia  Fairness and honesty in everything we do  Accountability and respect for others  Growth for people and the business  Integrity and good governance</p>					
<p><b>DESIRED BEHAVIOURS</b></p> <p>Understanding stakeholders (balancing conflicting expectations and behaviour)  Engagement  Risk management  Recognising the full supply chain  Adaptability and improvement  Teamwork and collaboration</p>					

PERFORMANCE DATA TABLE	1999	2000	2001	2002	2003	2004	Target for 2004	Target for 2005
<b>The Employees of Rössing</b>								
Number of Employees	1066	800	791	793	820	833	833	847
Payment benefiting Employees – N\$'000	149500	96883	120263	136761	169212	173672	-	no target
No. of personal annual raditation Exposure above 20mSv	0	0	0	0	0	0	0	0
No. of Lost-time Injuries	9	9	5	6	4	1	2	0
Lost-time Injury Incident Rate – LTIIR	0.49	0.85	0.45	0.8	0.3	0.08	0.15	0
New cases of pneumoconiosis	0	0	1	0	0	1	0	0
New cases of dermatitis	0	0	0	0	1	0	0	0
New cases of hearing loss	1	1	0	0	1	0	0	0
New cases of chronic bronchitis	1	0	0	0	0	0	0	0
<b>Rössing - the Business</b>								
Ore processed – '000 tonnes	10463	11039	9084	8769	8347	10972	10442	12270
Waste rock removed – '000 tonnes	15607	9787	12033	13015	10434	8139	950	9621
Ratio ore processed:waste rock removed	0.67	1.13	0.75	0.67	0.8	1.35	1.1	1.28
U <sub>3</sub> O <sub>8</sub> produced – tonnes	3171	3201	2643	2751	2401	3582	3053	3800
Source dust levels at	1.32	2.8	1.45	0.8	0.38	1.03	0.7	0.7
Fine-crushing plant – mg/m <sup>3</sup>								
Reinvested in the business – N\$'000	106700	56400	237700	106200	0	0	no target	no target
<b>Rössing in the Erongo Region</b>								
Payment to regional <sup>1</sup> suppliers N\$'000	n/d	37485	n/d	54422	77640	100 000	no target	no target
Fresh water consumption – 000m <sup>3</sup>	2779	2312	2053	2175	2486	3003	2238	2847
Fresh water per tonne ore processed – m <sup>3</sup> /t	0.27	0.21	0.23	0.25	0.3	0.27	0.23	0.23
Ratio of fresh water :total water	0.27	0.22	0.22	0.25	0.35	0.33	0.28	0.31
Seepage water collected – 000m <sup>3</sup>	2102	2709	1609	2001	1963	2381	2836	2654
Energy use on site – GJ x 1000	1248	1133	979	999	915	1096	752	no target
Energy use per tonne ore processed – MJ/t	119	103	109	114	109	100	72	97.5
CO <sub>2</sub> emission – Kt CO <sub>2</sub> equivalent	171.6	162.9	139.7	139.9	127.5	155.7	118.2	no target
CO <sub>2</sub> emission per unit of production – t/t U	54.1	50.9	52.9	50.9	53.7	43.4	39	42.5
<b>Rössing in Namibia</b>								
Company tax paid – N\$'000	54700	143485	243838	26878	0	0	no target	no target
Payment to Namibian suppliers – N\$'000	n/d	223559	n/d	97892	261417	310000	no target	no target
Value of charitable gifts – N\$'000	n/d	169	138	107	61	9	no target	no target
Value of community investments – N\$'000	n/d	148	109	322	5442	4131	no target	no target
Value of commercial initiatives – N\$'000	n/d	12	0	0	196	5	no target	no target
<b>Rössing's Product and its Customers</b>								
Uranium spot market price – US\$/lb	10.21	8.15	8.84	9.88	11.56	20.43	-	-

## Your contacts

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<sup>1</sup> Regional refers to the Erongo Region and includes payments to suppliers and service providers from Arandis, Swakopmund and Walvis Bay

n/d = Not separately determined