The in-house electronic bulletin of Rössing Uranium Ltd.

May 2005

e - Rössing Bulletin

Special printed edition on the **Inauguration of the Gobabeb Training and Recearch Centre**

Message from the Managing Director

Mike Leech

RÖSSING, situated in the Namib desert, is a major producer and supplier of uranium oxide for the world nuclear industry in the generation of electricity.

In our day to day work we have to focus not only on meeting our production target, but also on managing the health and safety of our workforce and equally important the environment in which we operate.

Our key drivers on environmental practices include for example water usage and energy consumption, which are supported by the mine's Environmental Management System such as ISO 14001.

Over the years Rössing participated in many environmental initiatives as part of e its commitment to caring for the environment.

In the 1980s for example, Rössing co-sponsored the Desert Ecological Research station at Gobabeb. Now years later we still regard ourselves as a firm friend of Gobabeb.

Earlier this year a Rössing Local Stakeholder Forum, of which Gobabeb is a key member, was established for the advancement of social and environmental initiatives.

Over the years Rössing has supported numerous environmental projects such as the Waterberg conservation trails, which are still ongoing but in the Erongo region now. Others were the publication of an ecological map, restoration of the largest meteorite site, Hoba, in northern Namibia with a small museum and visitors' centre, and protection of the black rhino through assisting the Endangered Wildlife Trust. Rössing also hosted regular specialist presentations dealing with environmental issues in Namibia. Most recently Rössing co-sponsored a project aimed at the protection of the Damara tern breeding areas along the coast and hosting bird-watching events for schools.

This publication is aimed at keeping our stakeholders informed about the operation and our activities and to try and give a picture of our commitment and efforts, not only to survive but also to grow.

Rössing wishes all those involved at Gobabeb great success in their future programmes in training, research and resource management and we look forward to finding more areas where we can work together.

Rössing Tomorrow

Read all about...

A blast into Rössing's future

THE Revised Phase 1 Operating Plan for 2005 includes an expanded area above the Trolley 10 Haul Ramp – this area is now called the New Trolley 10 (NT10) mining area.

This change was necessary to ensure a stable Open Pit wall and safe mining conditions, but has also helped to provide additional ore reserves which will support Phase 1 production until 2009. The Phase 1 mine plan is now called Phase 1 with New Trolley 10 – Phase1WNT10.

The photos (left) from the top show Trolley 10 (white line) before the blast early in February this year, the blast and the scattered rock after the blast covering part of Trolley 10. The blast has now made it possible for the Trolley 10 area to be mined safely from the back.

The Phase1WNT10 plan will serve as an interim mining plan while the Phase 3 mine planning studies continue.

The Rössing ore body – why don't we just mine it?

WHEN Rössing came into production nearly 30 years ago in June 1976, mine life was anticipated to be 20 years.

Since then, a number of changes have taken place, which allowed the continuation of mining until today, and Rössing is aiming to continue operations well into the future.

Mine plans change continuously in response to the changing price of uranium, the cost to run the Mine and the increasingly improved knowledge about the Rössing ore body and the stability of the Open Pit.

Due to low uranium prices and unfavourable exchange rates, the last two years saw substantial changes in the Mine's five-year 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 in different areas of the ore body.

One can imagine how difficult it is to prepare a plan considering all variables. Therefore, special modeling software is being used to search for the best mining alternatives for the entire Open Pit taking all varying parameters in the different areas into account. These computer models are continuously updated, as new economic and geological information becomes available.

The 2005 – 2009 five-year plan foresees completion of mining of the Phase 1, Trolley 10 and New Trolley 10 portions of the ore body in 2009.

During 2004, a plan to mine Phases 1 and 2 of the ore body until 2016 was considered. This alternative was too expensive to be economically viable due to the vast amount of waste which had be to mined to uncover Phase 2 ore.

In order to continue mining beyond 2009, the Mine Planning section is now investigating an alternative to incorporate the Phase 3 area into the Life-of-Mine plan.

A major challenge is the processing of high calc ore, which will most likely use large volumes of expensive sulphuric acid to leach out the uranium.

Ways to separate marble from uranium bearing Alaskite ore are being researched by a team of Rössing Managers, headed by Del Lloyd and coordinated by Bernard Morwe and Pieter Niemann.

A solution to this problem needs to be found within the next two years so that there is enough time to modify the Processing Plant should this be necessary.

However, the Phase 2 portion of the Open Pit is not forgotten.

In order to maximise the value of the Rössing ore body and to continue mining as long as possible for the benefit of shareholders and the Namibian economy, the search for the optimal mining sequence including Phase 2 ore will continue as long as economic parameters change.

The role of Mine Planning

A mining plan must be in place before a portion of the ore body can be mined. When the blast holes have being drilled and blasted, the rock is loaded and hauled, the ore processed, the uranium oxide drummed and the equipment maintained to perform all these tasks, the Mine Planning teams have done substantial work beforehand to ensure that at the end of the day the selling of the uranium generates more money than it costs to operate the Mine.

During planning, a number of factors are taken into account:

- price of the product at which customers are prepared to buy uranium from the mine
- cost to run the operation, replace equipment, buy consumables like acid, fuel and water, and pay salaries and benefits
- stability of the Open Pit walls so that people and mining equipment are protected against slope failures
- amount of waste which has to be mined without profit to uncover the uranium bearing ore – and finally
- the amount of acid, which is consumed by the different ore types before the valuable uranium is leached out.

Whereas price and costs are determined by marketing and purchasing professionals, geologists and process engineers investigate the ore characteristics. Mine Planning engineers and accountants optimise the final operating plans.

The different Phases

See the insert in this e-Rössing Bulletin for a photo of the Open Pit on which the different phases are indicated.

The different "Phases"

Although the word phase denotes a step in a time sequence, the terms Phase 1, Phase 2, Phase 3, Trolley 10, New Trolley 10 are now commonly used at Rössing to identify certain parts of the ore body.

- Phase 1 is used for the portion of the Open Pit, which is currently being mined.
- Phase 2 is a portion beyond the western rim of the Open Pit, which shows a lower uranium grade and needs substantial waste removal to uncover the ore.
- Phase 3 is situated behind the central south wall at depth, is easier to uncover and has a high uranium grade. The process to leach uranium economically from the Alaskite / marble mix still needs to be established.
- Trolley 10 is a portion of the ore body in the south east of the Open Pit in front of the slope failure, and the
- New Trolley 10 portion is situated behind the slope failure in the south east of the Open Pit. The latter two areas show good uranium grades but higher acid consuming marble content and might be more difficult to mine in an unstable fractured rock mass.

The concept of Ore Sorting can be traced back to a Canadian geologist Len Kelly, who conceptualised and built the first Radiometric Sorter. This method was used successfully in Canada and in Australia.

Rössing, however, has a long history of radiometric ore sorting dating back as far as 1968, when tests were first conducted for the Rössing prospect.

Already then it was established that radiometric ore sorting would not conclusively reduce the unit cost of production unless ore sorting was used as a means to increase production levels.

Geology & Mining of the Rössing ore body

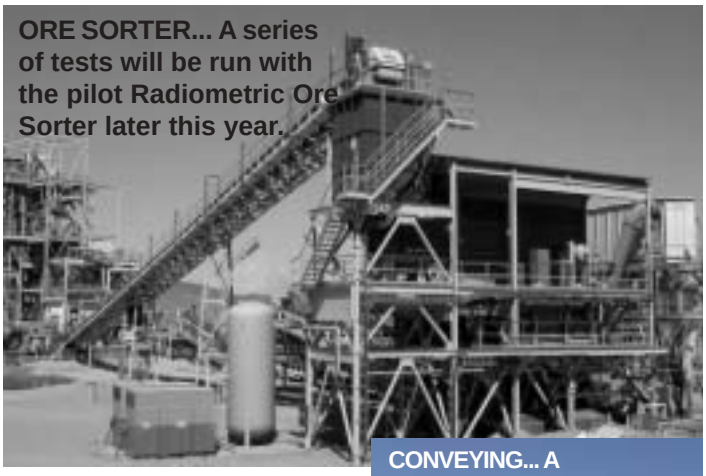
THE Rössing ore body consists of folded sedimentary rocks with granite intrusions, known as Alaskite. It is within this Alaskite rock that uranium is present in either microscopically small crystals of uraninite or yellow crystals of beta-uranophane.

The ore body is mined by open-cut mining, with blasting used to loosen the rock for mining purposes. After blasting the rock/ore is loaded onto 180 tonne haultrucks, which pass under radiometric scanners to assess the grade and sort per truckload basis.

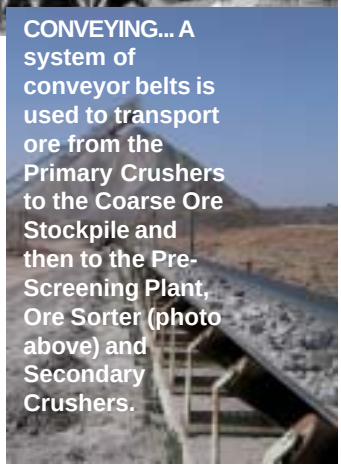
This scanning process is not absolutely accurate since only approximately 300mm of the top portion of the material is scanned to assess the grade of the material, which is then assumed to be representative of the entire load.

Ore Sorting Pilot Plant

In 1997 a pilot programme was initiated at Rössing, which strengthened the potential that the head grade of the sorted fraction could be doubled with minimal metal losses. The process flow would typically consist of: Primary Crushing of ore from the Open Pit, screening of ore in Pre-screening Plant, sending upper size fraction (50% of material) to the Ore Sorter and then sorting the material into accepts (ore) and rejects (waste). The handling of sorter feed, sorter waste and sorter ore are all included in the Ore Sorting Plant. Additional equipment includes rotary screw compressors, air receivers, a dust collector, conveyors and surge bins. The waste material would be transported to a waste dump.



ORE SORTER... A series of tests will be run with the pilot Radiometric Ore Sorter later this year.



CONVEYING... A system of conveyor belts is used to transport ore from the Primary Crushers to the Coarse Ore Stockpile and then to the Pre-Screening Plant, Ore Sorter (photo above) and Secondary Crushers.

Advantages of Ore Sorting for Rössing

With Rössing planning a production increase, ore sorting plays some role in helping to realise this for the Mine, since the pilot plant will be operational later this year.

The effect would be much greater with a full scale Ore Sorting Plant being on line. Ore Sorting is a cost effective method of increasing production levels, which means that by sorting the feed (coarse ore), waste material going to the Processing Plant is replaced by more feed material. This means that more metal is send to be drummed, which leads to higher revenues for the Company.

Cost benefits

Through blasting, the sedimentary rock and Alaskite intrusion becomes mixed, which means that more acid will be needed to extract uranium from the milled material than would be required if only Alaskite was milled.

Ore sorting will reduce usage of consumables and maintenance of equipment in the Processing Plant, namely, acid consumption, unit power, rodmill liners and rods, crusher liners and tailings pumping. With a more accurate means of sorting, in this case the Ore Sorter, the cut-off grade of ore in the Open Pit can be lowered. This in turn can change the current design of the Open Pit, and lead to a better optimization of the current resource available.

The pilot plant is scheduled to become operational at the end of June this year on an interim basis to gain more accurate information that would serve as support during a feasibility study conducted for the construction of a bigger Ore Sorting Plant.

SCANNING... A loaded 180 tonne haultruck pauses briefly under a radiometric scanner in the Open Pit to determine the ore grade.

Uranium as a source of energy

FOR more than two decades Rössing has been producing uranium oxide (U_3O_8) for consumption by the energy markets of the world.

Following further conversion and enrichment processes overseas the energy of uranium is used as fuel for nuclear stations in many countries to produce electricity.

Uranium oxide is a heavy greyish black metal, which in its natural form is relatively harmless unless ingested. It consists of a number of isotopes which are all radioactive and is therefore a Class 7 hazardous material.

To ensure that uranium is used only for peaceful purposes, uranium is only sold to countries which are signatories of the Nuclear Non-Proliferation Treaty.

Nuclear energy offers the world a stable source of energy for heat, light and power. It is an acceptable source of energy, which does not generate emissions of carbon dioxide.

Nuclear generated electricity results in a substantial reduction of greenhouse gas emissions each year, helping nations to meet their commitments on emission levels.

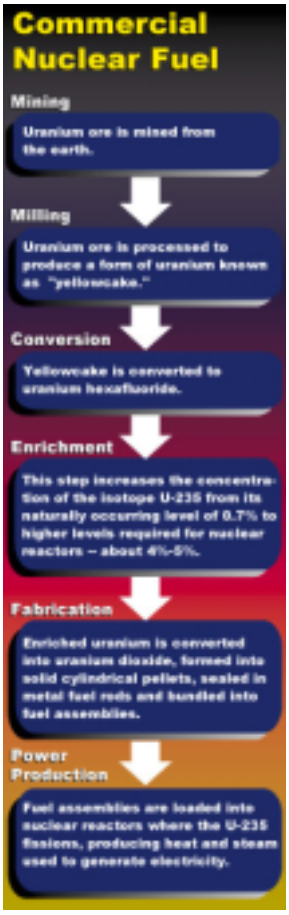
The environmental benefits of nuclear energy are therefore gaining increased recognition by policy makers, particularly given its large-scale energy potential

Uranium is one of the most powerful natural energy sources known to mankind. It is a naturally occurring metallic element with an unstable atomic nucleus which, in becoming stable, gives off energy in the form of radiation.

This in turn can be harnessed to produce other forms of energy such as heat.

In a nuclear power station this heat is used to produce steam which drives conventional turbine generators to generate electricity.

For uranium to be converted into nuclear fuel, which will then be used in nuclear power reactors for the generation of electricity, its properties need to be changed to reach an appropriate level. Natural uranium contains about 0.7% of U-235 and the balance U-238, but for it to be utilised as nuclear fuel, its U-235 concentration needs to be enriched to about 5%.
It is uranium as U-235 that is required as a nuclear fuel. Whereas some uranium companies process uranium to a stage to produce yellow cake, Rössing goes one step further and produces uranium oxide, referred to as U_3O_8, before shipping it off to overseas converters.



Source : USEC website

Discovery of the Rössing ore body

THE Rössing uranium deposit is situated some 65 kilometres east of the coastal town of Swakopmund. This is a region of vast gravel plains and rocky outcrops.

Captain Peter Louw, a mineral prospector working in the Namib Desert, discovered the deposit in the late 1920s.

Although various attempts were made by Captain Louw and his partners to interest mining companies in the deposit, it was only in the mid 1960s that a subsidiary of the RTZ Corporation (now Rio Tinto plc) took an option on the prospect and began a long programme of geophysical and geological surveys, drilling and evaluation.

The ore body was found to be an enormous low-grade deposit of uranium embedded in tough, abrasive granite known as Alaskite. In 1973 it was decided to go ahead with the mining of the ore body.

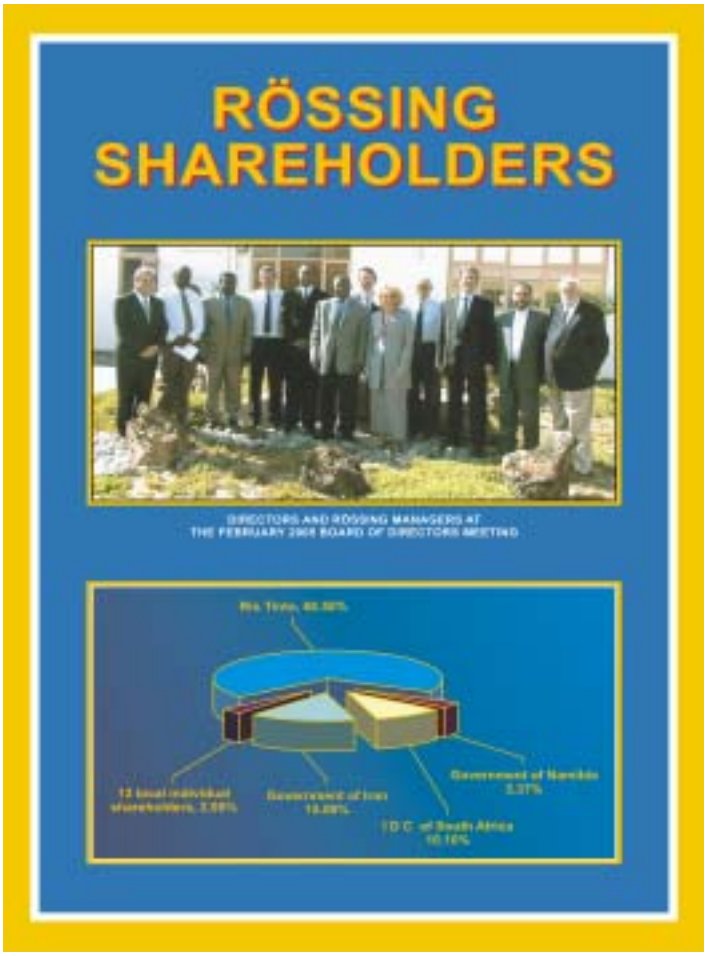
The plant and mine were designed to produce 4 500 tonnes of uranium oxide per year and began operating in March 1976, reaching full scale production in 1979.

Energy Value

In terms of energy value, Rössing's uranium oxide (U_3O_8) extracted from the ore is of great value in the nuclear power industry.

One drum of uranium oxide contains the equivalent energy value of 25 000 barrels of crude oil. By June 2003 Rössing had produced 100 000 short tonnes of uranium oxide. This is the equivalent of 215 995 drums of uranium oxide.

In energy value it would generate enough electricity for a city with a population of one million for about 385 years, and for the whole of Namibia for about 1 500 years at current consumption rates.



Uranium - its path from the mine

THE safe transportation of Rössing's final product, uranium oxide, involves an intricate web of responsibility and accountability until the product reaches its final destination. Uranium oxide is classified by the United Nations as a Class 7 hazardous material and thus has to comply with international standards for its packaging, load identification and transportation. The photos and poster below tell the story about the transportation of Rössing's uranium oxide.

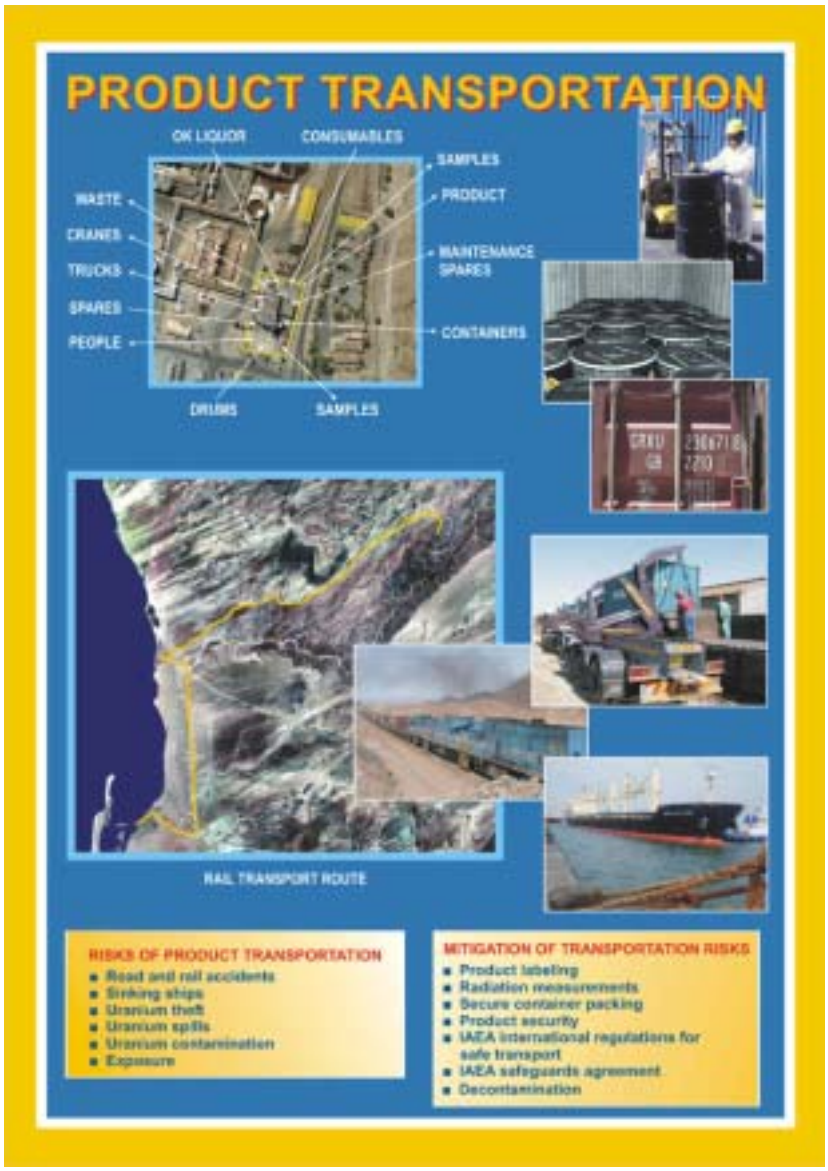
DRUMMING… Rössing's uranium oxide is packed in 210 litre drums, each weighing about 380kg to 400kg. Each drum is clearly marked with a hazardous material logo. Before being loaded into the containers each drum is thoroughly inspected to make sure it is not contaminated, has all the required information stencilled on it and is properly sealed.

PACKING… A total of 43 drums are packed in 6m containers with the drums lashed with a special strapping system called Cordstrap CC 105 to prevent any excess movement of the drums while in transport.

CONTAINERS ON THE WAY… The containers are transported by rail to Walvis Bay harbour, then transported by ship to either Cape Town or Durban and then shipped overseas to a converter of the customers' choice.

Rössing ensures that there is a system in place for every country where its product is transported through, (which includes the time when the consignment is on the high seas), for emergency response and clean up of a possible spill of uranium oxide.

This means that it is essential to have a clear understanding of the laws, policies and standards that govern these aspects in every country that the product is transported through. When Rössing can have a direct influence on emergency response and clean-up of its product like the harbours of Walvis Bay, Cape Town and Durban, the Company provides training and helps to set up emergency procedures for these agencies to ensure that a quick and efficient emergency response is made.



Recycling: A major cost saving intitiative

Made in Arandis!

A major cost saving initiative by Rössing's Tailings and Water Management team came to fruition recently, when holed system pipes from the slurry pumping circuit on the Tailings Dam, previously regarded as irreparable, can now be repaired and fitted with a high-density plastic lining for re-use at roughly one third of the landed cost of a new pipe section.

Arandis Pipe Lining is the company responsible for fitting the pipes and is situated in Arandis.

During August 2003, the first pipes fitted with a high-density plastic liner (HDPE-liner) were installed on the Tailings Dam as part of a test programme.

Traditionally, system pipes on the Dam were rubber-lined and this 6mm thick lining was very sensitive to changes in the slurry mixture and once the rubber was damaged, the steel pipes were holed in a matter of hours with the resulting spillage, erosion and potential to stop the Processing Plant. The test programme was successful and a way was found to repair and reline old system pipes at huge savings in transport and related costs.

Recycle to save costs

RECYCLING is one of the most important aspects of the ISO14001 system that encourages the sustainable usage of resources. Rössing received ISO14001 certification again in 2004, following an audit of its Environmental Management System (EMS).

One way of ensuring that we use our resources sparingly and dispose of them in a responsible way is through recycling.

Since 2001 Rössing has recycled paper, scrap metal and wood and if one looks at the figures for 2004 (see graph), it shows that employees and contractors are becoming aware of the need to recycle our waste material. However, according to John Clarke, the H&E Co-ordinator, there is still room for improvement.

"Many people are still not sure of the colour coding system with regard to recycling.

Looking back on Rössing's non-conformances reported in 2004, forty seven out of 232 non-conformances were directly related to improper waste separation practices."

THE technical aspects of the operation will address obvious questions such as *Why, what is so special about HDPE?* and *Rössing has been rubberlining pipes and metal surfaces for 27 years, what has changed?*

HDPE is an organic polymer (carbon-based) which, by definition, has the ability to withstand shock loads as well as torsion stresses. Its thermal conductivity makes it capable of being repeatedly softened and hardened through the application of heat or by cooling.

Depending on the grade of HDPE specified, the material has high impact strength, high resistance to corrosion and is highly resistant to abrasion (sandpaper effect of the slurry). This makes HDPE an ideal pipe liner.

In the past, problems were encountered when slightly oversized HDPE liners were "forced" into the steel host pipe. Such application left the liners weakened with subsequent failure when operational pressures were applied.

Modern technology has now allowed the liners to be fitted to the host pipe without overstressing. Once this has been done and curing has taken place, the protruding HDPE-ends are flared onto the steel flanges to create a perfect sealing surface.

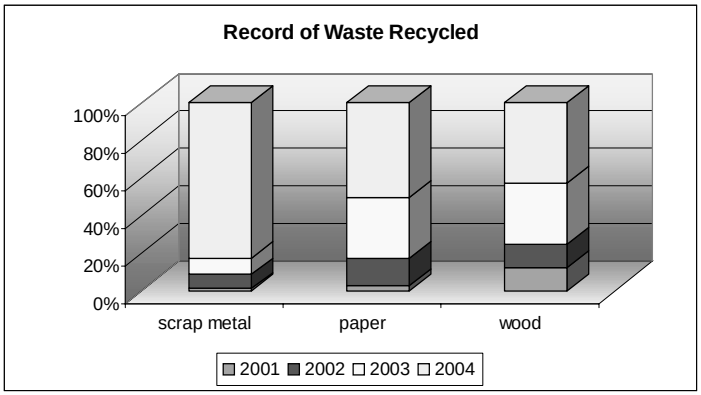
This flaring process needs to be carefully controlled. The liner ends are heated up with hot-air blowers to the correct melting point temperature of HDPE. A special tool is then inserted to flare the molten ends onto the steel flange and provide "gramophone-type" rough surface finish for better sealing.

Apart from all the other benefits mentioned, a HDPE-liner provides a smoother inner flow area of a pipe - even smoother than a rubber membrane would be.

This has the added benefit of less flow resistance in such a pipe and you need less pumping effort to push the same volume through the pipe line or alternatively, you can increase the volume by keeping the pumping effort unchanged. Either way you look at it, it is a win-win situation.

Although not fully proven yet, it is thought that an HDPE-liner will also hinder the formation of jerocide – the surfaces may simply be too smooth for jerocide to form. If this is proven Rössing will have an obvious added benefit in the entire Processing Plant.

HDPE... Members of the Pipe Maintenance team inspects a newly refurbished HDPE pipe.



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 NamWater.

The Coastal Bulk Water Users Forum was introduced in 1997 to deal with the imminent change to sea water desalination.

Forum members

Members of the forum are NamPort, Rössing and NamWater and the town councils of Walvis Bay, Swakopmund, Henties Bay and Arandis.

With time the focus has shifted from desalination to the sustainable management of the available ground water resources. Water demand projections are compiled so that NamWater can plan ahead, adjust the scheme's capacity to the increasing demand and avoid supply interruptions.

Another initiative involving local consumers in the management of their water resources is the establishment of a Basin Management Committees (BMC), as prescribed in the Namibian Water Bill.

Kuiseb River

The Kuiseb River basin was chosen as the country's first test case and the process of forming a BMC began in 2001. Rössing was involved in the stakeholders' forum, from which the 12 members of the Kuiseb Basin Management Committee (KBMC) were elected in 2004.

The KBMC objective is to ensure sufficient and equitable access to water and sustainable, integrated use of related resources in the Kuiseb River basin.

The members of the KBMC are Walvis Bay Town Council (also representing the Coastal Bulk Water Users Forum), Desert Research Foundation of Namibia, Department of Water Affairs, NamWater, Erongo Regional Council, Khomas Regional Council, communal farmers, commercial farmers, and the Coastal Environmental Trust of Namibia. Other BMCs will be established in due course and Rössing is looking forward to playing a role in the Omaruru/Swakop basin committee.

Swakop Smallholdings

Recognising the need for closer cooperation with water users in the Khan/Swakop River basin, Rössing launched an investigation of the ground water resources and water quality in the lower Swakop River in January 2004 with the support of the owners of smallholdings.

Water levels were measured and water samples collected. The results showed that the ground water has generally become more saline since the previous study in 1997, while the water levels have not changed much. Monitoring and data evaluation will continue during 2005.

Water strategy

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 awareness creation and communication with local communities and other water users. Similar importance is attached to water conservation and minimising water quality impacts.

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 cubic metres per day above the internal target, but remained well below the quota set by the Department of Water Affairs.

Pumping from production borehole 7 during January to June of 2004 caused water stress to one of the nine trees at a nearby monitoring site. Trees at other sites were not affected.

The water quality on the Mine and in the Khan River was monitored to detect potential contamination by process waste water. The contaminant of most interest is uranium, but natural ground water can also contain much uranium when it is in contact with smaller occurrences of ore.

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. The smaller one, called uranium 234, is more mobile in natural ground water than the bigger uranium 238. Waste water from the Mine on the other hand shows equal amounts of both atoms. The results of uranium fingerprinting in 2004 show that contamination only occurs in a limited area around Rössing's tailings facility.

Rössing Occupational Health, Safety and Environmental Policy
Rössing Water Strategy

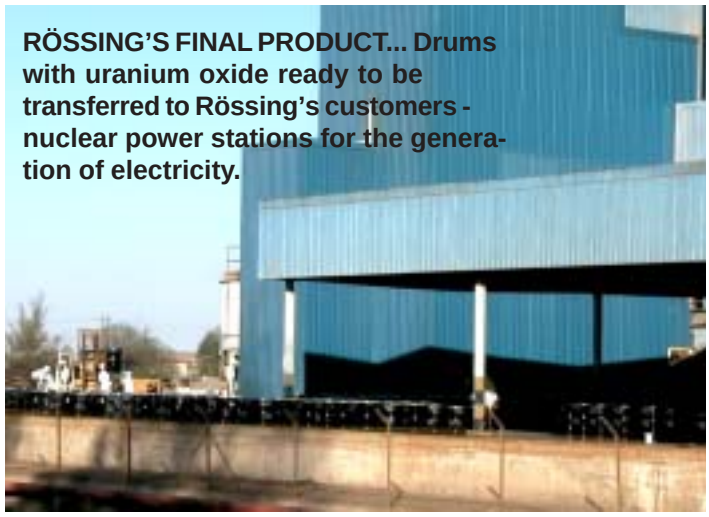
Water Position Statement

Water is a precious resource and essential to sustain life, development and the environment. Rössing is committed to managing water resources in a responsible manner that takes account of environmental, social, cultural and economic values.

Objectives

1. Optimised water use efficiency	2. Minimal adverse impact on water quality and quantity	3. Value of water considered in business decisions	4. Awareness of community expectations associated with water	5. Effective communication with internal & external water users
Programme/activities Water risk assessment Water standard implementation Action plan to achieve target Operational strategies Water management projects		**Programme/activities** Consider water as core business input Determine the true value of water	**Programme/activities** Identify and address community perceptions and expectations	**Programme/activities** Internal & external awareness creation Water management committees Share experience
Outcome Reduced operating costs Reduced environmental and social impact		**Outcome** Measures taken to assure long-term water supply	**Outcome** Sustainable development aspects of water incorporated into business decisions	**Outcome** Recognition as responsible water user Reliable access to affordable water

***Uranium Resurgent* is an article by Hugh Leggatt published in the Rio Tinto *Review* of December 2004. A couple of interesting points from his article on uranium are captured in this special *e*-Rössing Bulletin for the Rössing *Open House 2005*.**



RÖSSING'S FINAL PRODUCT... Drums with uranium oxide ready to be transferred to Rössing's customers - nuclear power stations for the generation of electricity.

IN 2004 nuclear power celebrated its 50th birthday.

After years in the doldrums following the Chernobyl disaster, nuclear power is set to gain ground as a cheap, low waste energy source.

Today nuclear power represents nearly 17% of world electricity production offering one of the most cost effective methods of near carbon dioxide free electricity.

"As worries about climate change reignite the debate on nuclear fuel power, its fuel, the mineral uranium, of which Rio Tinto is a large producer, is making a comeback after 20 years in the doldrums. Demand for mined uranium is rising and prices have doubled to US$20/lb in last nine months."

"Yet uranium and atomic power remain the most controversial of the world's primary energy sources.

"Lack of public understanding regarding the basics of radiation science, the nature of uranium mining and the characteristics of nuclear power lead to fear and unease.

"Another fear is about the accumulation of nuclear waste. Viable re-processing and storage solutions are in place involving confinement in blocks of hard impervious glass placed underground, but public scepticism will continue until the technology is fully demonstrated over time.

"The International Atomic Energy Agency (IAEA) is the United Nations watchdog on safe and peaceful use of nuclear energy.

"There are 442 nuclear plants currently in operation. Many industrialised nations generate a substantial portion of their power needs from nuclear fission, including France at 78 per cent (some of which it exports to the UK, which in spite of being nuclear averse, has 20 per cent of its electricity nuclear powered), Belgium at 55 per cent and Japan at 5 per cent. In the US it is 20 per cent and in Russia, 17 percent.

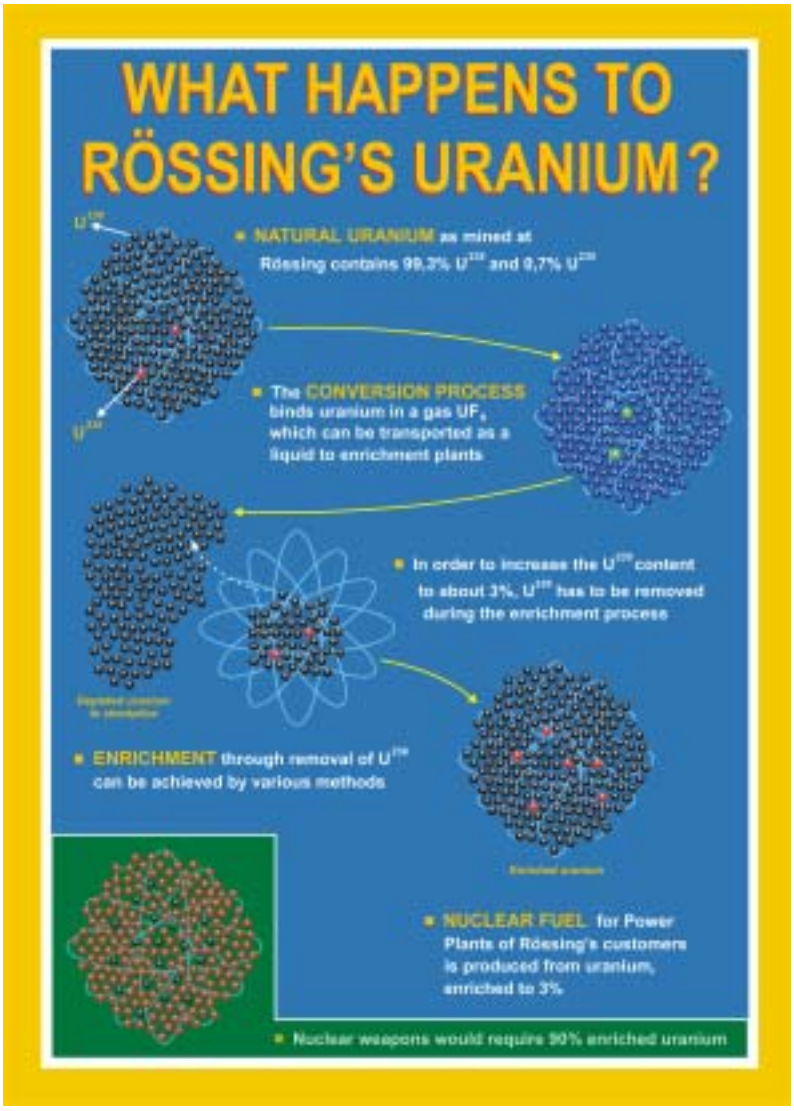
"By contrast, Australia has no nuclear power, and large power hungry developing nations like Brazil, India and China have percentages that are only 3.7, 3.3 and 2.2. These countries will determine the future oath of nuclear power.

"Mike Travis, director of Rio Tinto Marketing Services, agrees there has been a shift in the uranium market for the better.

"He says the brightest spot in the outlook is demand from China. They expect to build two nuclear reactors each year from 2005 for a total of 30 power stations.

"The Chinese nuclear agency has been in discussions with Rössing for some time about supply. In October 2003 the first shipment from Rössing to China was made. Rössing is regarded by the Chinese as a source above reproach because of its backing by the Namibian Government which has signed up to IAEA regulations. China is also a signatory of the nuclear weapons non-proliferation treaty. In keeping with Rössing's sales to other countries, independent audits are conducted on sales to China regarding safety, security and use.

"From mine to reactor is a long and complex supply chain lasting up to 18 months, so utilities look for long term contracts. Due to the high fixed costs involved, nuclear power stations can't stop running and they have to have reliable fuel supply.



Realising Rössing's human potential

RÖSSING awards bursaries in areas where it experiences a shortage of skills, which is mainly for technical specialists in fields such as Engineering, Metallurgy, Surveying and Geology. The bursary scheme would, however, not be successful without people first being made aware of what Rössing has to offer. Career guidance sessions for schools proved to be an excellent opportunity to provide prospective students with an insight of the company and the last two years saw Rössing also incorporating the Northern part of Namibia in these sessions. At these career guidance sessions the focus is mainly on career possibilities at Rössing, the subjects required to enter those fields and which study careers the company is most likely to sponsor.

The recruitment policy of Rössing is quite simple. Rössing is an equal opportunity employer. The main aim is to source amongst the best for the Company. In acknowledging the potential of its employees, vacancies are mostly advertised internally first in search of suitable candidates. The desired outcome is to have the right people at the right time doing the right work to take Rössing into the future.

In terms of Affirmative Action the company set targets according to the current Affirmative Action Plan. The numerical goal portion of that target was met, but it should also be taken in consideration that Affirmative Action is much more than just numbers. At this stage a clear weakness is the need for more prominent and documented progress in the development of understudies. That should remain an ongoing focus as Affirmative Action is an essential part of capacity building which every business needs to secure long term sustainability.

"WE would like to talk with and listen to you about our objective to develop and expand our capacity to deliver value to shareholders and stakeholders for the long term."

THIS is the driving motivation for the Rössing *Open House 2005* which was hosted on the Mine site for the Company's 800 employees from 21 February to 25 February. Various specialists talked with the employees on topics such as Life-of-Mine, HR, Economics, Water Management and the Rössing Foundation.

Employees showed much interest and had many questions.

The same exhibition is hosted for two days in the Mine's neighbouring town, Arandis, and in Swakopmund to inform the general public about Rössing's current focus and challenges.

Creating leaders today for tomorrow

A Front-Line Leader Development Programme for employees was launched in January this year with the aim to prepare future front-line leaders to further improve the efficiency and productivity of the mine when they take up leadership positions. The skills and expertise of the mine's front-line leadership is of critical importance if the company wants to progress and grow.

A recently established Improvement and Training (I & T) Department with Brad Ross as I & T Manager and Bryan Stafford as I & T Superintendent will, among other focus areas, be responsible for the co-ordination of various training programmes according to need identification.

Other focus areas include Improvement Teams for safety and productivity, Development Positions for employees to broaden experience and Sharing of Best Practices among Rössing employees as well as with other Rio Tinto sites.

Brad said: "As the mine continues to grow and expand additional front-line leaders will be required while the expectations will change for the existing front-line leaders. The Front-Line Leadership Development Programme thus aims to prepare employees to become supervisors before they actually move into these key positions, while the programme will also improve and reinforce the skills of existing leaders."

Fifteen employees were selected to participate in the Front-Line Leader Development Programme and although not in leadership positions now, they need to have the potential to move into a leadership position some time in the future.

In future it will become a prerequisite that the successful completion of the Front-Leader Development Programme, or equivalent training, will become a requirement for becoming a supervisor at the Mine.

Training Modules

The programme will consist of about 20 modules, such as the Geology of Rössing; Map Reading & Mine Planning; Understanding the Plant Process and Understanding Maintenance Plans. Other modules will focus on Production Drives; Costs and Budgets as well as Problem Solving and Decision Making. Safety, First Aid and Emergency Response will also be covered.

The courses start in February and it will take 12 to 15 months to complete all the modules. Each module will take between three hours and two days to complete.

Training will be scheduled to minimise impact on production and course participants will also be required to attend classes outside normal work hours.

First Namibian MD

HISTORY was made with the appointment of Mike Leech as the first Namibian national to become the Managing Director of Rössing in August 2004. David Salisbury was the previous MD, hailing from the USA.

A Billion Tonnes Later...

IN June 2003 a key milestone in the history of the Mine was reached when one billion tonnes of rock was moved from the Open Pit since operations commenced in 1976.

This is no small achievement, since about 11 044 Rössing employees have worked hard during the past 27 years to reach this significant milestone.

For example, if the 1 000 000 000 tonnes is represented in terms of time and converted to seconds, it would cover a period of 32 years. It took about 6 million haultruck loads to move the one billion tonnes of rock.

Since production started, the 42 haultrucks travelled about 40 million kilometres which is the equivalent of 1 000 times around the earth. Some 3 000 haultruck tyres were used which would cost about N$300 million at today's prices.

During this period the haultrucks used about 200 million litres of diesel – enough fuel for a light vehicle to travel two billion kilometres at a consumption of 10 km per litre. Rössing is presently operating its twelfth shovel since operations started in 1976.

Two million hours...

IN 2004 Rössing made history by reaching not only the 2 000 000 man-hours target without a Lost Time Injury (LTI), but also completed a 365 day cycle without a single LTI, a first in the 27 year history of the Mine.

These achievements showed that it is possible for all Rössing employees and contractors to work safely.

By way of a Safe Production Reward incentive scheme, employees are encouraged to reach the targeted number of tonnes per day as well as practice and uphold safety standards at all times. Rössing aims for zero incidents.

Safety is Rössing's priority

The Rössing Foundation

Arandis Rössing Foundation

Spearheading change and development

"For Arandis to be self-sustaining, economic, social and environmental programmes were introduced to prepare the community to determine their own destiny..." *Job Tjiho, Arandis Regional Director*

SINCE the Rössing Foundation opened its office some two years ago in Arandis, a lot of 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 and empowering the town's inhabitants through capacity building.

With this in mind the Foundation has launched many training and development programmes in partnership with the community and various organisations.

These programmes focus on the economic, social and environmental development of the town and its inhabitants, such as schools improvement, tourism opportunities, business development, local government and infrastructure, promotion of recreation and culture and also agricultural activities.

With this in mind, the Foundation works hand-in-hand with the town council and many community groups to assist them to achieve their goals.

Schools

The aim is to improve 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 programmes are the "spring school" which prepare students for their exams, early childhood education and a community hostel that hosts 30 students , which has been established with the help of the Arechanab Community Trust. Partners in this programme are the Mathematics Institute, Institute for Education and Careers Development as well as 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 effective governance of town affairs.

One of the main projects of this programme is the renovation of the old 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 Rössing Foundation.

The following projects are run at the Centre:

- Library run by the Rössing Foundation
- Computer Training Centre in partnership with Realworld Education presenting the Arandis Leadership Academy
- Teacher Resource Centre
- Place for community meetings related to the projects and workshops
- A fully equipped kitchen managed by the "Old Ladies Restaurant".
- A town council chamber with public space is to be established soon.

Tourism Initiatives

The Rössing Foundation gives support and training to all tourism undertakings in Arandis and the Erongo Region. The Arandis Conservancy has been established and is busy with the formal registration process.

The Foundation also assisted other conservancies in the Erongo Region namely the Otjimboyo Conservancy (north east of Uis), the Ohunju Conservancy (in the Omatjette area), the #Gaingu Conservancy at Spitzkoppe and the Henties Bay Cultural and Tourism Project run by the town's community.

Business Development

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

This includes, for example, the training and support for Small-Medium Enterprises (SME) such as the small miners from Uis and Spitzkoppe; assisting local business with business proposal writing. Petra Ondigo is the Foundation's programme co-ordinator and the programme is run in partnership with SME Compete, which is a US Aid funded initiative with support of about N$400 000.

Recreation and Culture

Recreation and Culture aims to strengthen the spirit of the Arandis community. This is done through sport development such as soccer, volleyball, tennis, athletics and school sport activities which is run by the Rössing Foundation and community volunteers and assisted by SCORE.

Cultural activities are undertaken in partnership with the Goanikontes Youth Group and various local specialists.

Agricultural Promotion

The Rössing Foundation facilitates the promotion and marketing of agricultural products. Currently three gardening projects are supported of which the Pensioners' Garden Project is well established; already selling fresh vegetables to shops in Swakopmund. The training is run in partnership with Agrifutura. Programme co-ordinator, Gerson Eichab, oversees the Recreation and Culture and the Agricultural Promotion projects.

As from this year a training project will be established for the Topnaar Community south of Walvis Bay which will include auctioning of livestock and stock management.

On the way to full production

RÖSSING'S production target for 2005 is 3 800 tonnes of U_3O_8, which is more than the 2004 target and more than committed sales for 2005.

Production increase

Why are we then pushing production to higher levels?

Since the value of the US$ compared to the N$ fell below N$5.50 in 2003 the Mine, as many other businesses in southern Africa, increasingly felt its dependence on the exchange rate.

Exchange rate

Uranium is sold in US$ on the world market and once Rössing's customers have paid the price, money is transferred to the Mine's bank in Namibia and exchanged to N$.

A "weak" US$ having a lower value than before resulted in the Mine receiving less and less N$. This hurt Rössing in 2003 and 2004 when a loss of N$140 million and N$75 million was made respectively.

Fortunately, there was still enough money kept or "retained" in the business from prior years' profits to continue the operation.

Therefore, in both years, employees could be paid and they again paid their personal taxes in Namibia.

All suppliers and contractors, locally, in the rest of Namibia and abroad were paid for goods and services. Even the contributions of the Mine towards the Rössing Foundation assisting the Arandis Town Council in developing Arandis were increased substantially.

However, once Rössing made a loss, it was exempted from paying company tax to the Namibian Receiver of Revenue and no dividends were paid to Rössing's shareholders.

What will happen in 2005?

In contrast to the falling value of the US$, uranium oxide is achieving much higher prices on the uranium spot market than two years ago. Currently the price is US$21.10 per pound compared to US$7 per pound in 2000.

Unfortunately, the price the Mine is getting from the sales of uranium to most of its customers is fixed in long term contracts and Rössing is not benefiting from the spot market price increases yet.

However, should we be able to produce more than is required to satisfy the contractual obligations, then we will be able to sell these extra tonnes at the current high prices. This would help to generate more cash.

Target 11 tonnes per day!

Rössing's Assets and Financial Departments prepare the Mine plans each year. The financial modeling carried out for 2005 showed that the production of at least 11 tonnes per day is necessary to generate enough cash, including cash from extra sales on the spot market, to pay employees, contractors and suppliers.

This situation, in which the Mine would not make either a profit or a loss, is referred to as "break even".

Any extra tonnes produced will help the Mine to stay above the break even line and therefore help to stay in business and to contribute more to the economy of the Erongo Region and the country.

This was taken into account when the production target for 2005 was set to 3 800 tonnes. The target for the monthly production reward for 2005 was adjusted accordingly from 10 tonnes per day to 11 tonnes per day.

Eleven tonnes per day will keep the Mine alive! However, every extra tonne produced will allow the mine to again invest in the future.

This in turn will allow payments of dividends to shareholders, contribute to the wellbeing of the people in the Erongo Region and to the wellbeing of Namibia as a whole.