THE PURPOSE OF THIS REPORT

This report aims to provide feedback to Rössing Uranium’s stakeholders on the company’s performance for the period January to December 2007. This feedback focuses on the company’s interaction with society, the economy and the environment.

The stakeholders of Rössing Uranium are not only the shareholders who have invested their money in the business, but consist of all the people and institutions that influence the company and on whom the mine has an influence.

Stakeholders, therefore, include the mine’s employees; the communities of Arandis, Swakopmund and Walvis Bay; government institutions; service providers; the mine’s customers; and the shareholders.

Rössing Uranium within the Rio Tinto Group

Rio Tinto is a leading international mining group headquartered in the United Kingdom, combining Rio Tinto plc – a London- and NYSE-listed company, and Rio Tinto Ltd – listed on the Australian Securities Exchange.

Rio Tinto’s business is finding, mining, and processing mineral resources. Major products are aluminium, copper, diamonds, energy (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc) and iron ore. Activities span the world but are strongly represented in Australia and North America, with significant businesses in South America, Asia, Europe and southern Africa.

Rio Tinto owns the majority of shares (69%) in Rössing Uranium Limited.

Rössing Uranium is one of two uranium mines within the Group – Energy Resources of Australia (ERA) being its sister company.
Rössing’s business at a glance – 2007

Rössing Uranium’s vision is to be a safe, significant and growing long-term supplier of uranium to the world nuclear power industry.

Its global customers are the nuclear power utilities around the world, converting and enriching the uranium oxide produced at the mine as nuclear fuel in the generation of electricity.

Current Namibian output makes up about 7% of the world production of primary-produced uranium. In 2007, Rössing produced 3,046 tonnes of uranium oxide, which was 571 tonnes less than that produced in 2006, mainly because of limiting mining factors due to a narrower open pit.

The uranium was produced from mining 21.4 million tonnes of rock, with 12.6 million tonnes of ore processed. The ore from 500-million-year-old granitic rock is mined from an open pit currently about 3 km long, 1.2 km wide, and about 345 m deep.

The mine’s extension plans refer to projects that are currently being implemented, while the expansion plans refer to projects evaluated for implementation. Since Rössing’s extension plans were announced towards the end of 2005, significant changes have taken place to chart the future of the mine. Most significant is that the life-of-mine was extended from planned closure in 2009, then to 2016, and now to 2021.

The motivation for the mine’s extension and expansion plans was the continuing high spot market price for uranium oxide, which reached US$136/lb during 2007, up from US$72/lb in 2006.

The spot market price surge created a wide interest in uranium exploration and mining opportunities in Namibia, specifically in the Erongo Region, with the outlook of increased employment and economic growth for the Region.

In 2007, as part of the mine’s expansion programme and with ongoing stakeholder consultation, the mine embarked on a Social and Environmental Impact Assessment (SEIA) plan for new projects that have been identified. These projects include an ore-sorting plant, a sulphuric acid production plant, and the mining of a small satellite open pit referred to as SK4. Other projects that will undergo the SEIA process are heap leaching, and bulk sulphur storage and handling at the Port of Walvis Bay. The mine’s stakeholders were involved in the SEIA process.

Catering for the expansion of the mine’s operations, the number of employees increased by 236 during 2007, and is envisaged to increase by another 125 employees in 2008. In line with the growth of the operation, educational funding and support increased to about N$4.3 million for the review period, with the aim of filling future vacancies through the mine’s own development programmes.

Rössing Uranium’s Strategic Goals

Rössing is a safe, significant and growing long-term supplier of uranium to the world nuclear power industry.

Financials and shareowners
- Top quartile margins
- Continuous NPV growth
- Sweat assets
- Major contributor to Namibian GDP

Internal business process
- Extensive proven reserves
- Proactive collaboration
- Recognised as leading practice company
- Unlock additional value from reserves and resources
- Leverage technology

Customers and stakeholders
- Long-term contracts underpinning life-of-mine extension
- Preferred supplier because of high standards of operations
- Contribute to policy debate
- Stakeholder engagement
- Transparent and proactive communication

People
- A major contributor to Namibian education and training initiatives
- Leading practice in health, safety and environment
- To have creative, productive and innovative employees

To be the best corporate citizen in Namibia.
Rössing’s vision is to be a world leader in the mining of uranium, and it is determined to be the best corporate citizen in Namibia. At its foundation is a business approach that resolves to integrate sustainable development into every aspect of the business in order to support sound environmental practices, economic and social development and corporate governance, as depicted in its Strategic Goals diagram on the previous page.

**Location**

The mine site is located about 70 km north-east of Swakopmund, and encompasses a licence area of about 180 km², of which 20 km² are used for mining, waste disposal and processing. Mining is done by blasting, loading, and hauling from an open pit that measures 3 km by 1.2 km, and is 345 m deep.

**Rössing’s shareholders**

Rio Tinto owns the majority of shares (69%) in Rössing Uranium Limited. The Namibian Government has a 3% shareholding, but it has the majority (51%) when it comes to voting rights. The Government of Iran owns 15%, a stake that was acquired during the set-up of the company in the early 1970s. The Industrial Development Corporation (IDC) of South Africa owns 10%, while local individual shareholders own a combined 3%. The shareholders have no uranium product off-take rights.
RÖSSING’S MANAGEMENT TEAM: 2007

Rehabeam Hoveka  
Chairman of Rössing Board  
as from 1 April 2008  
Previously General Manager:  
Corporate Services

Michael Leech  
Managing Director

Willem van Rooyen  
General Manager:  
Operations

Peter Carlson  
Chief Financial Officer

André Genis  
General Manager: Projects

Glynis Labuschagne  
Manager: Compliance

Maryke Krohne  
Manager: Human Resources

Chris Murangi  
Manager: Training and Organisational Development

Jerome Mutumba  
Manager: External Affairs

Job Tjiho  
Director: The Rössing Foundation

Werner Ewald  
Manager: Mining Operations

Bernard Morwe  
Manager: Processing

Shambveka Cikwililwa  
Manager: Engineering

Frances Anderson  
Manager: Sustainable Development

Tim Fox  
Manager: Health and Safety; Long-term planning

Jaco Barnard  
Manager: Finance

Jimmy Gwisai  
Manager: Business Controls

Dave Garrard  
Manager: Value Planning

Noel Mouton  
Manager: Business Administration

Stoffel Swartz  
Manager: Business Improvement

Mark Pickett  
Manager: Procurement

Brian Gerrell  
Manager: Innovation

Clark Beyer  
Managing Director: Rio Tinto Uranium
I have the pleasure in presenting to you our 2007 Report to Stakeholders.

In 2007, the economic fundamentals were in Rössing’s favour, in terms of both price and exchange rate. These factors resulted in an economically positive year for the company, although the overall performance could have been even better.

One of the limiting factors was that the bottom of the open pit became narrower. As a result, shovel access was limited – which, in turn, had a negative impact on our ability to blend ore for a steady plant feed with optimum grade and calcium carbonate (calc) characteristics. Early in the year, we also revised our ambitious production target from 4,049 tonnes of uranium oxide for the year to 3,000 tonnes, eventually achieving 3,046 tonnes.

Although our uranium production target was reduced, we either met or exceeded virtually every one of our other production targets, and in many cases matched original designed throughput rates and beat old records. These were all significant achievements and are a credit to the teams in all areas.

Our current life-of-mine extension plans, coming as they do during this surge in uranium prices, have provided us with the ideal base on which to create and build on further growth and expansion opportunities. Accordingly, we have developed an extensive list of efficiency and expansion projects in which we have progressed to an order of magnitude stage, to enable us to select those to pursue in the next two years. These plans have been taken forward in two phases of public engagement as part of the Social and Environmental Impact Assessment (SEIA) plan.

The first group of projects, which aim at commencement in 2008, were introduced for public input in mid-2007. The second phase of generally larger and more complex projects was introduced to the public in January 2008. The public’s response to the first phase of projects has been supportive.

Meanwhile, skills availability has been a problem area at Rössing for some years now, and the growth of mining in Erongo has exacerbated it through increased competition. In order to break the cycle of recruiting and poaching that develops under these conditions, a number of years ago Rössing set out to significantly increase its training and education activities. Our objective is to reach a point where 90% of vacancies are filled from our own development programmes. Funding and educational support have been increased for apprentices, graduates, employees, and employees’ children, while The Rössing Foundation also embarked on a programme of school and teacher support.

The company’s long-serving and highly respected Chairman, Charles Kauraisa, retired towards the end of 2007. He served the company for over 25 years, 12 of which were as Chairman. Rehabeam Hoveka took over the role from 1 April 2008.

Subsequently, the Uranium Stewardship Committee – with a number of Technical Advisory Working Groups – was established to address the key issues relevant to the uranium mining industry in the Erongo Region. The Committee has gone from strength to strength, and now represents over 90% of the potential new mines and uranium exploration companies in Erongo. Amongst many other objectives, the Committee is also currently focused on developing and agreeing to minimum standards in health, safety and environment issues, and on assisting with the SEIA.

The continuing high price of uranium is driving tremendous interest in the uranium potential of the Erongo Region in particular, and in Namibia as a whole. This brings with it significant opportunities for the Region in terms of employment, taxes, and general earnings growth, but at the same time places strain on most resources and services. In order to support this growth, the Chamber of Mines created a regional branch, an initiative which was jointly funded by Rössing and Langer Heinrich Uranium in 2007.

Sadly, 2007 saw the loss of another valuable long-serving member of the Board, John Kirkpatrick, who passed away. He served on the Rössing Board for nearly 30 years.

The year 2007 brought us many opportunities, the majority of which we managed to capture for the benefit of our stakeholders. There are even more opportunities ahead in 2008, but we need to keep in mind that the health and safety of employees receive priority to production.
While Rössing has earned a reputation as a responsible company, our goal is to be regarded by all Namibians as the best corporate citizen in the country.

To achieve this goal, Rössing has committed itself to contributing towards sustainable development. This commitment is evident in our current business approach, which aims at making sustainable development an integral component of every aspect of the business.

Rössing’s sustainable development approach is informed by the sustainable development strategy and policy laid down by Rio Tinto. Its conceptual framework is based on the need for integration and balance of economic, environmental and social aspects in the mainstream business.

The following six central themes are currently in place at Rössing to support the integration of sustainable development into the business:

1. **People** – The aim of this theme is to ensure Rössing creates an enabling working environment (i.e. a safe, healthy environment which is geared for development of its employees) in order to attract and retain its employees.

2. **Communities** – By understanding the diversity of the communities within which the company operates, through continuous interactions with these communities, Rössing is able to respond to their concerns and needs to ensure the realisation of one of its strategic goals of being the best corporate citizen in Namibia.

3. **Product stewardship** – This theme helps to inform Rössing’s understanding on the impact of its product on society by working with relevant customers, suppliers and policy makers.

4. **Economic viability** – In order to provide the best returns on investment for the shareholders, Rössing should understand the long-term demand for its product as well as its associated cost, proactively identify resource availability, and understand the value creation therein.

5. **Environmental and resource stewardship** – Ultimately, Rössing aims to be the leader in environmental stewardship. This can be realised when the company correctly understands, appreciates and utilises natural resources, both biotic and abiotic, in a sustainable manner.

6. **Corporate governance** – Rössing strives to be transparent and proactive in its business operations. Thus, the company has business systems in place which are auditable and these systems form the backbone of good corporate governance.

Rössing cannot successfully implement the above-mentioned themes without the participation of all relevant stakeholders. Therefore, cooperation and consultation with stakeholders have been, and will continue to be, pivotal to Rössing’s activities.

Progress made on the implementation of the six themes is discussed in this 2007 Report to Stakeholders.

“If, towards the end of 2008, the concept of sustainable development is no longer seen as something foreign, but is fully embedded in our everyday operations, then I will know we have made a gigantic step in the right direction.”

FRANCES ANDERSON
Manager: Sustainable Development
The year 2007 was one of tremendous challenges for the Human Resources Department. It embarked on a number of initiatives to ensure that the growth targets set by Management could become a reality.

One such initiative was an extensive recruitment drive, resulting in a staff increase of about 300 employees for the year. Although this effort did not fully eliminate the skills shortage in the company, it contributed greatly towards reaching the growth targets.

Annual salary negotiations with the Mineworkers’ Union of Namibia (MUN) ended on a positive note, and the outcome of these discussions helped to implement the company’s retention strategy and efforts to act as a market leader at all levels. The company and union maintained good relations during 2007 and managed to reach many solutions together.

During September 2007, Rössing and the MUN’s Rössing Branch entered into discussions to develop a plan to eradicate the use of labour hire. At the end of the year the company ceased the use of labour hire and absorbed some of the personnel involved into the mainstream workforce.

No labour disputes were raised during the year 2007.

Rössing strives to be an equal opportunity employer and has made good progress towards achieving that goal.

The workforce at a glance

At the end of 2007, the employee complement totalled 1,175 permanent employees, 97.3% of whom were Namibians. The male:female ratio was 8:1, which was the same in 2006.

Although the age profile continues to indicate an ageing work force, there is an improvement due to the younger age of new employees: the average age in 2007 was 40.9 years, compared with 43.1 in 2006.

The youngest employee who joined the mine in 2007 was 20 years old, and in the same year 7 employees reached the age of 65. The ages of the 287 new recruits in 2007 were as follows:

- 163 were between 21 and 30
- 85 were between 31 and 40, and
- 39 were older than 40.

The workforce’s average length of service in 2007 was 11.9 years, compared with 14.8 in 2006 and 15.9 in 2005. The percentage of female newcomers was 11.1%, while 88.9% were male, compared with 17% female and 83% male in 2006.

A total of 43 employees left the company’s employment for various reasons during 2007, with a large number joining the new uranium mine close to Rössing and other uranium exploration operations.

In addition to the mine’s permanent employees, an average of 870 contractors were on site every day during 2007.
Affirmative Action

The mine was certified for the eighth consecutive year in 2007 as having complied with the stipulations of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998). The mine’s AA Action Plan in 2007 focused on increasing the number of employees in designated groups, as follows:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target (%)</th>
<th>Status in 2006 (%)</th>
<th>Status in 2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase designated group representation in Senior Management</td>
<td>33</td>
<td>28</td>
<td>52.9</td>
</tr>
<tr>
<td>Increase female representation in Middle Management</td>
<td>17</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Increase Namibian understudies and citizens in Specialised/Skilled/Senior Supervisory categories</td>
<td>60</td>
<td>79</td>
<td>95.6</td>
</tr>
<tr>
<td>Increase female representation in Skilled, Semi-skilled and Unskilled categories</td>
<td>7</td>
<td>20*</td>
<td>8.5</td>
</tr>
</tbody>
</table>

* Shows an increased number of female development positions and equipment operators.

The profile of the workforce is as follows:

<table>
<thead>
<tr>
<th>Workforce profile</th>
<th>2005 (%)</th>
<th>2006 (%)</th>
<th>2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historically disadvantaged Namibian men</td>
<td>77.9</td>
<td>78.0</td>
<td>79.8</td>
</tr>
<tr>
<td>Historically disadvantaged Namibian women</td>
<td>8.5</td>
<td>8.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Previously advantaged women</td>
<td>1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Previously advantaged men</td>
<td>8.3</td>
<td>8.1</td>
<td>6.2</td>
</tr>
<tr>
<td>Non-Namibian men</td>
<td>3.5</td>
<td>3.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Non-Namibian women</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Persons with disabilities – men</td>
<td>0.5</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Persons with disabilities – women</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Employee relations

During 2007, Rössing and the Rössing Branch of the MUN reached the following agreements for 2008:

**Basic salaries**
Basic salaries of employees in the bargaining unit (Grades 1 to 11) were increased by 10% from 1 January 2008.

**Salary scales**
The minimum and maximum of the salary scales in the bargaining unit (Grades 1 to 11) were adjusted by 10%.

**Housing allowance**
For Grades 1 to 11, the housing allowance was increased by N$298.00 from 2008 onwards.

Several long-service certificates were handed to employees during 2007, attesting to a loyal workforce.

“I studied Chemical Engineering at the Cape Peninsula University of Technology, and Rössing sponsored me in my final year. The bursary that I received from the mine made a big difference. Not only did the financial support make my life much easier, but the fact that I’m now working back my bursary created an enormous work opportunity for me. I can learn so much from Rössing. In fact, I specifically chose Rössing as the company that I wanted to work for. Their processes and the way they work are very interesting – it’s of a high standard. The bursary was an important mechanism for me to get into the company and I’m enjoying it a great deal. I’m currently working on one of Rössing’s new projects, which is part of their expansion, and it offers me valuable exposure and experience.”

ROMILDA GAMATHAM
Metallurgist, Rössing Uranium
Training and organisational development

Development programmes

In 2006, the newly established Training and Organisational Development Department positioned itself to further improve its services, and in 2007, this was achieved with a fully fledged service function to increase the capacity and potential of current and new employees in line with the mine’s development goals.

Some of the significant activities during the period under review include the following:
- Establishment of standard instructions regarding training and organisational development
- Bursary allocations
- Replacing the in-house Front-line Leadership Development Programme (FLDP) with the more suitable and focused Rio Tinto FLDP.

Technical training

Apprentice training

Technically qualified employees have become a priority for Namibia if the country is to achieve the goals set for Vision 2030, by which time it wishes to reach the status of a developed nation.

With the extended life of the mine, the company reaffirmed its position to further invest in its human capital. This resulted in an increased number of bursaries being made available. The number of new bursaries awarded increased significantly, from about five a year for the past two years to 22 new bursaries in 2007 and 31 in 2008. Rössing awards bursaries in areas where it experiences a shortage of skills so that important posts can be filled in order to run the mine efficiently.

In 2007, the company awarded 22 bursaries for a combined value of about N$1.7 million for university and college courses. The year also saw 124 bursaries valued at a combined N$2.6 million being awarded for apprenticeship training.

Mining equipment training

Rössing uses haul truck and shovel simulators to train both old and new mining operators to ensure safe and efficient mining operations at its open pit. The mine is now in the process of appointing a dedicated Simulator Trainer to ensure optimum utilisation of all the relevant training equipment.

Processing training

A training strategy currently being developed for the Processing Department is expected to be finalised in early 2008.

The tables below show Rössing’s contribution to technical training for 2007:
Health and safety management

Rössing Uranium’s Health, Safety and Environmental (HSE) Policy stipulates that excellence in HSE management is one of the foundations of the mine’s vision to be a safe, long-term supplier of uranium oxide. To accomplish this, in line with the Policy, a number of actions have been taken to guide all HSE actions.

Health management

The Health Management Section focused on two main areas: Occupational health and Wellness.

Occupational health

Radiation

Radiation is the emission or transfer of radiant energy as particles and electromagnetic waves. Some examples of radiation are light, heat, radio waves, and X-rays. Radiation can be detected in different ways: light can be seen, heat can be felt, while radio waves and X-rays can only be detected by instrumentation. The measurement of radiation at Rössing is done by instrumentation.

As a result of the ore mined and processed at Rössing having a uranium content of around 0.03%, most areas of the mine have a radiation level between 0.0002 to 0.0003 millisieverts (mSv) per hour, which is a little above the background level measured in Swakopmund or Arandis. Higher radiation levels are present in areas of the Processing Plant, where the uranium is concentrated.

Effective controls are in place at the Plant to ensure that radiation exposures to employees are kept well below the Rössing standard for occupational radiation exposure. This standard is the effective dose of 20 mSv per year averaged over a defined period of five years, and is the same as the international standard set by the International Atomic Energy Agency (IAEA).

Radiation exposure in 2007 continued to be monitored by way of a randomly selected sample of employees from all similar exposure groups, and representing all employees. The average annual radiation doses received by employees were between 1.2 mSv for those working in offices, to 4.7 mSv for workers in Final Product Recovery, where the uranium oxide is finally produced and prepared for transport. For 2007, the occupational exposure limit of 20 mSv per year was not exceeded by any Rössing worker.

Noise

Noise is an integral part of an industry such as mining, where large equipment and machines are constantly in operation. For Rössing, the management of noise is important in the protection of all workers. Noise reduction has been achieved through engineering means; where noise levels remain above the noise standard of 85 dB(A), personal hearing protection is provided.

Throughout the years, various types of hearing protection have been supplied. In further improving hearing protection at Rössing, a personal hearing protector called the Noise Clipper was successfully introduced.
PEOPLE

The Noise Clipper is a set of custom-made earplugs with filtering devices. It attenuates all frequencies in the hearing spectrum and is more active in high tones. This unique ability enables the user to have communication in a noisy environment while being protected against hearing damage.

During the fourth quarter of 2006, some 100 Noise Clippers were fitted to a test group from different workshops and disciplines. Because the feedback from this group was very positive, a decision was made to extend the use of the Noise Clipper to employees working in other noisy areas. In 2007, a further 368 Noise Clippers were supplied to employees. This means that 468 out of the identified 611 employees who have to work (even for one day) in areas where noise levels are above the 85 dB(A) standard now have personalised hearing protection. The intention is to supply these aids to all the identified employees.

Dust

The processes of mining, transporting, crushing and milling of uranium ore prior to extraction result in dust generation, mainly at the crushers. For control purposes, dust levels are measured at certain dust-generation points.

As reported in the 2005 and 2006 Reports to Stakeholders, the dust extraction system at the Fine Crushing Plant is old and in need of replacement. Planning and preparation for the renovation and replacement of this system was carried out in 2007, with approval being obtained for implementation in 2008. The average dust level at generation points at the Fine Crushing Plant for 2007 was 0.92 mg/m$^3$, which is slightly above the target of 0.9 mg/m$^3$, although it shows a reversal in the upward trend of recent years.

Wellness

The Rössing Peer Educator Programme, which was started in 1996, once again received a noteworthy award in 2007 from the Namibian Chamber of Mines Occupational Health Education and Assistance Programme (OHEAP). Rössing was chosen for having the best peer educator programme within OHEAP.

A number of new peer educators joined the programme in 2007. All peer educators attended various training sessions during 2007, including basic and advanced training, basic and advanced counselling training, and HIV counselling training.

The peer educators arranged a very successful Breast Examination and Pap Smear Clinic in collaboration with the Cancer Association of Namibia. This was held at the mine and in Arandis during October 2007 in support of Breast Cancer Awareness Month. Donations were collected and handed over to the Cancer Association.

The HIV Voluntary Counselling and Testing (VCT) Programme also showed a significant improvement during 2007, with contractors being included at no cost. Education and awareness resulted in a 20% increase in participation by Rössing employees in the VCT Programme, compared with the previous year.

Safety management

Two of the highlights for the Safety Section were the completion of a semi-quantitative risk assessment (SQRA), and the development and implementation of the Safety Skills Mastery Workshop.

ANNIE KEIB
Chairperson, Peer Educators
Rössing Uranium
To further enhance safe work practices, current initiatives were continued and strengthened, while some new safety initiatives were introduced in 2007.

The SQRA identified high-voltage electricity as the primary hazard on the mine, with vehicles and driving in second place. Over 100 action items were developed to manage these hazards. Once these actions are in place, the likelihood of a fatal accident occurring is reduced by 66%.

The All Injury Frequency Rate (AIFR) is the rate of occurrence of all injuries across the mine per 200,000 hours worked. The AIFR is the amount of all injuries multiplied by 200,000 and divided by the hours of exposure (work) by all employees and contractors.

The AIFR for 2007 was 0.71, slightly above the target of 0.58 set for the year. The target of 0.58 was extremely aggressive and has only been achieved once in Rössing’s 30-year history. As the mine is in a strong growth mode, many new contractors have been employed that have yet to fully embed the Rössing safety culture. A disproportionate number of incidents occurred among these new contractors. Rössing has since managed this issue, and the incident rate among contractors has plunged.

The number of injuries reported in 2007 was made up as follows:
- Lost-time injuries: 9
- Cases requiring medical treatment: 7
- Cases requiring first aid treatment: 27

The target for 2008 remains at 0.58. The focus for safety in 2008 will be on the following aspects:
- Improving compliance with the safety standards
- Improving driver safety through supervision, continuing the Safety Skills Mastery Workshops
- Improving HSE-related skills amongst the HSE representatives via safety improvement and housekeeping competitions, and
- Specific emphasis on contractor performance through improved quality safety interactions and audits.

At Rössing, we believe that a management team demonstrating their commitment to safety and a workforce committed to safe work practices will lead to meeting production targets in an injury-free workplace. The Safety Skills Mastery Workshop was aimed at improving the safety skills of Rössing’s front-line management.

The Rio Tinto Africa Regional Health, Safety and Environmental (HSE) Workshop was hosted by Rössing in Swakopmund, the aim of which was to strengthen collaboration between Rio Tinto mines and HSE experts from England and Australia.

The All Injury Frequency Rate (AIFR)
COMMUNITIES

External affairs

"Every organisation that thrives on broad-er stakeholder support for successful busi-
ness requires public consent as a social licence to operate, and public consent is 
an outcome of deliberate communication interventions."

JEROME MUTUMBA
Manager: External Affairs

It is with the appreciation and understanding of the need for public consent that Rössing deemed it necessary to establish an External Affairs department to be the custodian of its corporate image, and to establish and manage mutual understanding between the company and its stakeholders.

The principal challenge of the newly established department was to put systems in place to ensure smooth operations and due recognition of its revamped function within the company.

Overall, Rössing continued to enjoy positive coverage in the media, while the community continued to commend its proactive community relations efforts in Arandis and other areas within which the company operates. Donations and sponsorships were instrumental in forging a positive image.

Donations and sponsorships

Rössing’s direct donations in 2007 amounted to N$5.8 million, which was less than the N$8.7 million in 2006 when the mine celebrated 30 years of production. Additional donations and sponsorships were made in Arandis. The main purpose of this programme in 2007 was to assist community groups in Arandis, Swakopmund and Walvis Bay as well as in the rest of the Erongo Region with community activities that would promote community development.

Community consultation: Arandis

For 2006/7, the focus of community actions was the sustainability of the town of Arandis beyond the life of the mine. As of 2008, the scope of the mine’s community activities will broaden, with the focus shifting to other communities on whom the mine has an impact. The town’s governing body has been prepared for this eventuality, with agreements working at skills transfer and establishing support structures owned and managed by the Arandis Town Council.

In 2005, Rössing started a process with The Rössing Foundation and the Arandis Town Council whereby the sustainability of the town beyond the life of the mine was assessed. A baseline study carried out as a precursor to the activity highlighted the town’s dependency on the mine and its related activities, such as –
• mine employees who lived at the town
• semi-skilled residents involved with contracted companies on the mine site, and
• a perception among some residents that upon mine closure they would have to leave Arandis and go back to their communal lands or move to another town.

From this process, the Arandis Sustainable Development Project (ASDP) was born.

The year under review saw a definitive shift in involvement and management of the ASDP, the first aspect of which being that the Arandis Town Council was to contract all consultants for the projects that would be commissioned. These focused on the Water Management Project, management of the sewage plant, and the development of human resources.

With input from the mine in terms of strategic and engineering knowledge, the Water Management Project has now progressed to a stage where the grey water supply pipelines have been replaced, and work on the sewage plant has progressed to the extent that the Council will be able to cope with the possible projected increase in population numbers as a result of the related increase in mining activities in the area.

A position for a Liaison Officer was created within the Town Council, initially on a contract basis only, in order to take responsibility for local economic development and the

Rössing donated a vehicle and computer equipment to the Namibian Police at Arandis to assist them in the execution of their tasks. The mine’s Manager of External Affairs, Jerome Mutumba, handed over the donation to the Arandis Police Station Commander, Warrant Officer Erich Nyhaamwe, (left) and Chief Inspector of the Swakopmund Police, Giselle Kashupula (right).

A ground-breaking ceremony, attended by the Founding President and Father of the Nation, Dr Sam Nujoma, was held at the Uiba-Oas Small Miners Cooperative at the T-junction between the Henties Bay and Swakopmund roads. The community, consisting of about 43 adults, has resided at the T-junction for the past ten years and faces severe challenges. Several stakeholders joined hands to assist the community with their first gemstone display area.

The Erongo Small-scale Miners’ Association received a vehicle donated by the mine. Petra Ondingo of The Rössing Foundation handed the keys to Chris Timbo, chairman of the Association. Transport is a major challenge for the small-scale miners who live and work in rural areas, mainly around the Spitzkoppe.
“New mines in the surroundings of Arandis are posing very challenging times but with enormous opportunities for the town. These opportunities, however, should not be seen as creating a dependency, but rather as boosting the economy of Arandis.

The Council has prepared itself well to accommodate the new mines. A new township establishment is in the pipeline that will cater for residential and commercial development. With regard to the Arandis Sustainable Development Project (ASDP) set up in 2005 after a baseline study, we are continuing with vigour to make Arandis a sustainable town. We recently launched a very exciting part of the project, namely the Local Economic Development Strategy. During this process we invited various stakeholders, of which the mines were probably the key group, for their input. This whole process was aimed at fostering a relationship between the Council and the mines: not asking what the mines could do for the town, but how, jointly, we can support economic activities to ultimately ensure that Arandis can become sustainable. I’m also of the opinion that this strategy we are busy adopting – which does not exclude the community, I must emphasise – will enable us to create an identity for the town and ensure the implementation of our vision to make Arandis a town of choice.

It is important to say that, with all the mining activity happening around Arandis, there is such an abundance of opportunities available. As the Town Council, we really want to join hands with all the mines to ensure that these opportunities are utilised to the benefit of the residents and all parties. We don’t want to establish or promote a dependency on the existing or new mines. It is vital for us not to approach any opportunity that the increased mining activities in the area might offer with a sense of dependency.

Council also recognises the community as very important stakeholders and we are doing everything in our power to involve them in all the processes pertaining to the development of the town. The Council is also preparing itself internally for the challenges ahead. This we are doing by way of capacity-building programmes. We have already started with leadership development, and are currently busy with succession planning; so we are really strengthening the internal capacity to cater for the demands that are coming.

One can definitely feel the change amongst the residents: there’s a new vibe, especially in terms of employment. I think if people are unemployed, they become very desperate and resort to all sorts of negative things. But one can already see there is a positive attitude. When the community consultation took place with regard to the Local Economic Development Strategy, the community’s attitude was very positive: they want to see things happening. And things are going to happen!

In the past, the banks have never really supported Arandis. But Bank Windhoek has now committed itself to opening a permanent branch, targeting July this year [2008]. That is already an indication of the commitment that other stakeholders have made to really come and settle in the town. So, overall, the future of Arandis looks bright.”

FLORIDA CLOETE
Chief Executive Officer, Arandis Town Council

As part of its commitment towards training and development, Rössing hosted a tour for The Rössing Foundation staff.
The Rössing Foundation

For The Rössing Foundation, a number of milestones were reached in 2007 in various projects at Arandis, namely the Whole School Development Programme, the Arandis Sustainability Development Project, and community development projects covering agriculture, small- and medium-scale enterprises (SMEs), youth development initiatives, and community consultation.

Other highlights in 2007 were the capacity-building provided to the Arandis Town Council, and infrastructure assistance in terms of the water reticulation system, sewerage system, and town planning.

Overall, The Rössing Foundation aligned its educational strategies to the Namibian Government’s Education and Training Sector Improvement Programme (ETSIP) requirements. Throughout the year, The Rössing Foundation was visited by numerous partners and stakeholders in education to study the Foundation’s approach towards improving education provision in the Erongo Region. The work done so far and the present level of success experienced have attracted other partners such as the Scorpion Zinc Mine to introduce the implementation of a similar approach with their partner in education in the Karas Region.

As part of the Whole School Development Programme, 11 tutors were contracted to assist partner schools in Arandis and Swakopmund. These tutors are attached to schools during the morning to coach and mentor teachers and learners at the same time. Through these processes, capacity amongst teachers will be improved.

In order to successfully implement this programme, a Memorandum of Understanding (MoU) was signed between The Rössing Foundation and the Erongo Regional Education Office in Swakopmund in June 2007. The MoU outlines the roles and responsibilities of both institutions in terms of programme implementation and the use of resources and interventions. The MoU is strengthened by a Project Steering Group that meets monthly to monitor and assess programme progress and possible shortfalls.

Moreover, all the stakeholders in Arandis have formed an Education Subcommittee as part of the Arandis Sustainability Development Project, with the aim of making Arandis a centre of education excellence and a town of choice.

In 2007, 190 Grade 10 learners attended The Rössing Foundation’s 2007 Spring School in Ondangwa, which covered Biology, Physical Science and Mathematics. In Arandis and Swakopmund, 100 Grade 12 learners participated in English and Mathematics. In addition, 734 Grade 7 learners attended the Spring School at Arandis and Swakopmund, and covered subjects such as English, Physical Science and Mathematics.

A total of 150 Lower Primary learners from Arandis and Swakopmund were involved in holiday educational activities to improve their reading competency.

Other highlights during the year under review include the temporary installation of the Master Math Programme at the Arandis Community Development Centre. The programme was tested in the last quarter of 2007, and is ready to be fully implemented during 2008. A suitable Master Math Coordinator was also employed and trained during 2007. Two Mathematics experts were trained as additional support to the Master Math trainer. The Master Math Programme was developed with the South African syllabus in mind, so it had to be adapted to be in line with the Namibian syllabus. So far, 80% of the syllabus has been taken into account in the programme, and it should be fully incorporated by the first quarter of 2008.

The building plans for the Mathematics and Science Centres at Arandis, Ondangwa and Swakopmund were handed over to the builder in October 2007. Construction is expected to be completed by June 2008.

Hopes Promise, a safe haven for vulnerable children in Arandis, was the first beneficiary of Rössing’s Employees Contribution Fund.
Environmental stakeholder engagement

Interaction with interested and affected parties has shown that the public wants to be better informed about health and environmental impacts arising from uranium mining. Suggestions for subjects to be covered are welcome and can be addressed to the contact persons listed at the end of this report.

Biodiversity Action Plan

With assistance from experts within Rio Tinto, a Biodiversity Action Plan (BAP) was initiated at Rössing. A guidance template consisting of 15 steps has been provided to assist Rio Tinto businesses with implementing a BAP.

During 2007, Rössing completed the first ten steps. The plan for 2008 is to complete the last five, and to have the BAP ready for implementation towards the end of 2008.

Polytechnic students take part in Rössing Uranium’s Biodiversity Project

As part of the mine’s expansion plans, which may include mining the SK and SH areas to the east and west of the open pit, an EIA on various issues is currently being carried out. Aspects being researched include biodiversity (plants and animals), air quality, and geohydrology – to name but a few. This will ensure that the environmental impacts of the expansion plans are well understood, and that measures are put in place to prevent or mitigate any negative impacts.

A group of five final-year Nature Conservation students at the Polytechnic of Namibia and three researchers from the Desert Research Foundation of Namibia (DRFN) and Gobabeb Training and Research Centre conducted a nine-day biodiversity assessment at Rössing. Their focus was to collect samples of invertebrates (e.g. scorpions, spiders and insects), reptiles, birds, and mammals in the eastern edge of the SK area, the western edge of the SH area, and the northern part of the Rössing Dome.

The methods employed to capture these animals included the following:

- Pit traps were used, i.e. sinking a bucket into the ground to trap ground-moving animals such as beetles and lizards
- Walking transects and looking out for animal signs such as spiderwebs and lizard tracks
- Hunting with a ‘black light’ or ultraviolet light at night (scorpions have a fluorescent glow in the dark), and
- Mist nets for trapping bats.

After nine days of camping in the area and walking out in the hills, the group managed to collect and photograph a number of species of lizards, snakes, spiders and scorpions, many of which remain unidentified. This is because taxonomic and distribution information for many of these animals is incomplete. Samples have been sent to the Gobabeb Centre and to specialists in Windhoek for proper identification.

“Amongst the spiders we found is the six-eyed crab spider, which is known to be highly toxic, but is in fact a very docile creature which rarely bites,” says John Pallett, a researcher with the DRFN.

According to him, if it happens that a species of animal is found here at the mine site and not anywhere else in the world, the mine will have to make plans to protect the species.

“Our task is to advise Rössing on the animal diversity so we can minimise the impact that mining activity might have on the animals. Let’s take the Husab sand lizard, for example. This animal is endemic to this area. As far as we know, it is found only in the Rössing area and in the Husab Mountains on the other side of the Khan River. Our task is to understand how the world population of this species will be affected by expansion of the mine. If it would be greatly endangered by these activities, we would have to recommend strong measures to protect it.”

The students completed a six-month practical course at Gobabeb as part of their Polytechnic training. The group comprised David Aiyambo, Kaarina Eelu, Richard Kavari, Vatekuleni Nghitombo and Johanna Shikangala, assisted and guided by John Guittar, John Pallett and Veronica Siteketa.

The team of Polytech students involved in the Biodiversity Project under the leadership of the Desert Research Foundation of Namibia.

The Husab sand lizard is endemic to the Rössing area and the Husab Mountains.
One of the ten steps taken was to hold an external specialist/stakeholder workshop. The workshop aimed to gain stakeholder input into the BAP by offering them the opportunity to review biodiversity features around the Rössing site, impacts caused by Rössing operations, and the risk assessment process applied. The workshop was well attended and very informative, and will assist in progress towards completion of the BAP.

Various stakeholders complimented Rössing on the way it involved them.

As part of the Environmental Impact Assessments (EIAs) for planned projects, studies by the Desert Research Foundation of Namibia (DRFN) were carried out on invertebrates found in the proposed areas for expansion, namely the SH and SK areas and Dome Gorge. The results of the survey, together with those from an ecological survey done in 1984, show a total of 244 species with special conservation status, according to World Conservation Union categories.

Chamber of Mines of Namibia Branch Office

A concern often raised at public meetings held by new mining companies was the cumulative effect of numerous uranium mines in the coastal region. In response, the Namibian Chamber of Mines office at Swakopmund established a Technical Advisory Committee (TAC) to coordinate HSE matters related to uranium mining in the Erongo Region. Existing and prospective mines are represented, and have agreed to abide by internationally accepted sustainable development principles. The TAC has delegated specific topics to various sub-committees.

Coastal Bulk Water Users’ Forum

The Coastal Bulk Water Users’ Forum was established in 1997 to jointly manage the water resources of the Central Namib area. The following organisations were members of the forum in 2007: Arandis Town Council; Henties Bay Town Council; Langer Heinrich Uranium; Ministry of Agriculture, Water and Forestry; Namibia Airports Company; Namibia Ports Authority (Namport); Namibia Water Corporation (NamWater); Rössing Uranium; the Swakopmund Municipality; UraMin Namibia; Valencia Uranium; and the Walvis Bay Municipality. The key topics discussed during the year were water demand predictions, NamWater infrastructure maintenance, and the assurance and increase of water supply to the mines by seawater desalination.

River basin management

The Water Resources Management Acts 2004 (No. 24 of 2004) makes provision for the establishment of basin management committees so that people living in a river catchment or groundwater basin may have a say in the use and conservation of its water resources. The Ministry of Agriculture, Water and Forestry has started a basin management project for the Omaruru River basin, including areas along the coast that are supplied from the Omdel wellfield, i.e. Arandis, Swakopmund, and the Rössing and Langer Heinrich mines. Stakeholder consultation meetings were held at Omaruru in December 2006 and July 2007, at Henties Bay in September 2007, and at Karibib in December 2007. Donor funding has been provided and the Namibia Nature Foundation will carry out the project up to the establishment of a Basin Management Committee by the end of 2008.

In terms of biodiversity and the environment generally, [Rössing] are actually showing the way for the other mines to follow. Now that we have this information about the Rössing area, we would like to know what is in the surrounding areas. Those surrounding areas now have other mines, like Valencia and Goanikontes. So Rössing is showing what level of research and monitoring should be done, and which those other mines are picking up on now. I think it’s to everyone’s benefit to build up a bigger picture of what is in the area, and to understand the biodiversity of the whole area – not only of each of the smaller areas where the actual mines are or will be.”

JOHN PALLET
Environmental Consultant
Desert Research Foundation of Namibia

Rauna Hiskia, a resident of Arandis, started a small pottery business several years ago – not only selling her pottery to the local market, but also assisting in teaching several other residents in the art of pottery. She is one of several local entrepreneurs who gained from business training offered by SME Compete as part of The Rössing Foundation’s programme to assist SMEs in the town.
Closure consultation

During 2007, instead of having public consultation on the terms of closing the mine, Rössing focused on the Life-of-Mine Extension framework. The spotlight mainly fell on ensuring adequate resources will be available if the mine needs to close, and that the closure plan submitted in 2005 remains valid.

Environmental concerns

During 2007, the following environment-related concerns were raised by the public:

• Farmers’ concerns regarding noise and vibration
• Manganese handling, and
• Water quality and quantity.

Farmers’ noise and vibration concerns

Early in 2007, concerns were raised by people owning farms on the opposite side of the Khan River, about the effects of the mine’s rock blasting. Blasting in the pioneering area of the extension of the open pit was taking place at higher ground levels and the resulting air blasts had the potential to cause vibration away from the mine.

Initial inspections at the farms were followed by a meeting at the end of the year at which it was agreed to set up monitoring instruments at individual farms. The effects of blasting noise and vibration will be further investigated in cooperation with the farmers during 2008.

Handling manganese

The bulk handler from which Rössing leases land to store manganese at the Port of Walvis Bay raised concern with regard to dust being generated during the offloading of the manganese from the vessel to the bulk storage area. A number of meetings took place between Rössing and the various stakeholders in order to address the issue. In February 2008, Rio Tinto Procurement negotiated with the manganese supplier to provide the manganese in bags. This process will eliminate the supply of bulk manganese.

Water

Actions are in progress to address the two principal community concerns related to water, namely a sustainable and affordable supply of water to coastal consumers, and the impact Rössing has on groundwater quality and quantity.

Interested members of the public who attended Rössing’s public meetings during 2007, e.g. a workshop held in connection with the mine’s Biodiversity Action Plan, were still very concerned about water contamination in the area around the mine. This issue requires more comprehensive and widespread communication about the actual situation.

Information will be supplied in the SEIA for mine expansion projects, and as part of the regional Strategic Environmental Management Plan (SEMP) to be prepared for the Chamber of Mines Uranium Stewardship Committee.

Work on the radiation dose assessment for the lower Swakop River farms was finalised in 2006, and monitoring of water quality and levels continued in 2007.

A major social event in 2007 was the mine’s interdepartmental sport tournament with many Rössing and contractor teams participating in fun-filled soccer matches, as well as in bowls, darts, pool, volleyball and golf competitions.
Environmental education

The Shine Project

The Shine Project was launched on 5 June 2007, when 12 non-profit organisations were appointed to participate in the cleaning of the road reserve between Arandis and Swakopmund. The cleaning project took place over six months, which resulted in a clean roadside. Each group-assigned area was evaluated monthly, and based on their performance, the three best teams received a monetary bonus. This was a joint project arranged by Rössing Uranium, Namibia Breweries, and the Swakopmund Municipality.

The Shine Project, a clean-up project launched on World Environment Day in June 2007, had a positive effect on the awareness of littering along the Swakopmund-Arandis road. Rössing, together with the Swakopmund Municipality and Namibia Breweries, supported the project, which involved 12 local non-profit organisations and local schools.

Two of the mine’s contractors, Basil Read and Namibia Engineering Consultancy, joined hands in renovating the Asser Kapere Pre-primary School at Arandis. The local Town Council donated a four-bedroomed house to the school, which accommodates about 40 children at pre-primary level. The house was in need of repair, so the two contractors offered a helping hand to the school, as well as planting several trees on the property.

Three Mathematics and Science Centres – one each to be built in Arandis, Ondangwa and Swakopmund - will be erected under The Rössing Foundation’s auspices as part of their programme to assist learners in bettering their Mathematics and Science results. Construction is expected to be completed by June 2008.
Birdwatching event

Rössing’s annual birdwatching event was held on 7 September 2007. The event was a huge success, with eight of the local schools participating and being assisted by six bird specialists.

Since its inception six years ago, approximately 240 learners have participated in this event. The aim of the birdwatching event is to direct public awareness towards sustainable development with a strong focus on the importance of birds in the ecosystem.

The event also received positive media coverage and over the years has contributed to the scholars’ bird species awareness.

Eight local schools participated in the annual birdwatching event, held this year at the Swakopmund River mouth. Six bird specialists assisted the scholars in identifying bird species.

The annual Rössing marathon forms part of an active recreational programme facilitated by the mine and supported by its employees and the Erongo communities.
MESSAGE FROM VESTON MALANGO
GENERAL MANAGER, CHAMBER OF MINES OF NAMIBIA

"Rössing Uranium is the pioneer and flagship of the Namibian uranium mining industry and a founding member of the Chamber of Mines of Namibia. It is very appropriate, therefore, that Rössing, together with the newly established Langer Heinrich mine, championed the need for the Chamber of Mines to develop minimum occupational health and environmental standards for uranium exploration and mining activities in Namibia. This will ensure adherence to an industry-developed framework, and will be in line with international best practice.

This concept mooted by Rössing resulted in the establishment of a Chamber of Mines office in Swakopmund, and the recruitment of a Principal Advisor to spearhead the process, in consultation with all local stakeholders, the International Atomic Energy Agency (IAEA), and the World Nuclear Association (WNA). The Chamber of Mines has subsequently applied for membership of the WNA.

With the resurgence of interest in uranium, mainly due to the depletion of world stocks of nuclear fuel material, the rising cost of fossil fuels, and fear surrounding the impact of the latter fuels on global warming, the spot price of uranium soared to an all-time high of US$136 per pound in 2007.

In 2006, Namibia’s second uranium mine was commissioned. In total, 40 other companies have been granted exclusive licences to prospect for uranium, while yet others are conducting feasibility studies and EIAs. The country is set to see the opening of Areva’s new Trekkopje uranium mine in early 2009, to be followed by the Valencia mine in late 2009.

In the absence of comprehensive legislation on nuclear fuel minerals, the initiative of the Chamber of Mines will ensure that the image of Namibia is upheld as a major world producer of uranium in accordance with international best practice.

Rössing Uranium was also instrumental in spearheading the transformation of the Chamber initiative in Swakopmund into a Uranium Stewardship Committee (USC) so that all uranium exploration and mining companies can take collective responsibility for leading practices in the stewardship of uranium product. This is in line with the WNA’s stewardship principles, which advocate for collective responsibility and commitment by all players to the safe and responsible management of the uranium product. The USC will also assist the Government in formulating a legal framework for monitoring the country’s uranium mining industry, and possibly assist with the development of an appropriate infrastructure to enable Namibia to embark on its own nuclear power programme in the future, as per recent Government pronouncements.

The Chamber of Mines is embarking on the development of a Strategic Environmental Assessment during 2008 to ensure that the cumulative impacts of uranium exploration and mining activities in the Erongo Region are understood. A Strategic Environmental Management Plan (SEMP) will be developed in conjunction with the Desert Research Foundation of Namibia and others. The SEMP will act as an implementation plan to ensure the cumulative impacts identified in the strategic assessment will be addressed. This will enable a harmonious social and economic environment for exploration and mining developments to proceed.

In response to the power situation in Namibia, the Chamber of Mines has engaged NamPower at the highest level since 2007 to get clarity on the future supply of uninterrupted power to the mining industry. In this regard, the Chamber of Mines established a Chamber Power Supply Committee. Once again, Rössing has shown leadership, as this Committee is headed by its Managing Director, Michael Leech.

After 30 years of production, Rössing is once again looking up – with expansion programmes in response to the current uranium boom. These are indeed exciting times, but they come with their own challenges.

I can only wish Rössing Uranium continued success as the company gears itself towards contributing even more than before to the national economy."
Marketing

The Rio Tinto Uranium team focuses on the marketing of the uranium produced by Rio Tinto’s uranium mines.

The strong upward momentum in prices that has characterised uranium prices over the past three years continued for the first half of 2007, with much of the later price increase driven by speculators. However, spot prices declined sharply in the middle of the year as utility fuel buyers opted to stay out of the market. Despite this, overall levels of buying activity remained high, slightly lower than the record levels of 2005 and 2006.

According to Ux Consulting, the spot price for uranium increased from US$72 at the end of 2006 to a record high of US$136 in June 2007, before correcting downwards and ending the year at US$90 – an increase of 25% on December 2006. The long-term uranium price reached US$95 in May 2007 and remained stable for the remainder of the year.

The volatility of the spot price and the magnitude of recent price rises contributed to the decline in sales volumes. Many utilities, particularly in Europe, deferred buying opportunities in 2007, citing an overheated market as the reason. However, the reduced sales volumes are also a reflection of a decline in uncovered fuel requirements as many utilities have now procured sufficient fuel for the next few years. Sufficient near-term sales opportunities still exist, but market conditions are expected to become more difficult over the next year or two.

In 2007, the majority of the industry’s new long-term contracts were negotiated using market-related terms, which is the price valid at the time of delivery as opposed to the price at the time of the agreement. Very few deals were contracted using fixed prices. Market-related pricing has the advantage of capturing any future price increases, while future earnings are protected through the introduction of price protection in the form of a minimum, or floor, price. It remained very much a seller’s market through 2007, although floor prices came under increased downward pressure as the year progressed.

Estimates for future nuclear fuel demand vary considerably, but it became clear over the last few years that a nuclear renaissance is under way. Concerns about climate change issues and greenhouse gas emissions, security of energy supplies, and the increasing cost of fossil fuels are all factors prompting a change in attitude towards nuclear energy as a base load electricity source. Many countries are now re-evaluating their energy policies, and nuclear energy is finally being recognised as a clean, efficient, large-scale energy source that produces no greenhouse gases.

CLARK BEYER
Managing Director: Rio Tinto Uranium

“During 2007, Rössing had another strong year for uranium sales. Some of this success can be attributed to the prevailing market conditions, but equally important were the strong relationships that Rössing has with its long-standing customers. The strength of these relationships, some of which now stretch back over 30 years, ensured that Rössing was well-placed to optimally meet its customers’ requirements.”

CLARK BEYER
Managing Director: Rio Tinto Uranium

uranium prices, 2005-2007
(Source: Ux Consulting Ltd)
The highest rates of nuclear growth are expected in China and Russia, with India potentially following suit. In Europe, political opinion has shifted considerably in a very short time and countries such as Germany, Sweden and the United Kingdom, which had originally planned to phase out nuclear power, are now seriously re-evaluating its role. The United States of America is looking at more than 20 new reactors that are already in the planning, licensing and development stage.

Lower than today. Over the next few years these contracts will expire, and the average sales price will increase considerably to reflect the higher market prices.

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Through its marketing arm, Rio Tinto Uranium, Rössing is committed to seeking new long-term contracts that maintain exposure to future market prices, but also have sufficient downside protection to underpin the long-term investments extending the life of the mine. The company remains committed to maintaining a diverse international customer base that provides the greatest total return, while minimising risk and complying strictly with all international safeguard regimes. Rössing prides itself on the longevity of its relationships with the premier nuclear power utilities around the world.

Several years into this price recovery, the market outlook for uranium – and, therefore, for Rössing – remains positive. Indeed, existing mined supply continues to lag behind demand, and expectations for new reactor needs are higher now than at any other time. Additional primary supply from new mines and expansions to existing operations are also starting to emerge, but will take time to reach the market. In the meantime, the nuclear renaissance is under way, and large, experienced suppliers like Rössing are in the best position to benefit.

Although uranium prices increased significantly in 2007, the average sales price realised for Rössing was somewhat lower – for two reasons. Firstly, uranium is typically priced and sold in US Dollars, which can leave Rössing exposed to exchange-rate fluctuations. Secondly, like most of the other major producers, Rössing still has some lower-priced legacy contracts on its books: term contracts that were negotiated when the price of uranium was much lower than today.
Procurement

The demand for some major consumables stands out as a challenge during the year because they threatened the growth of the operation.

Sulphuric acid, in particular, was a problem in terms of availability and the resultant increase in costs to Rössing: costs increased by up to ten times between the beginning and end of the year, and supply to other southern African operations (outside Rio Tinto) was cut due to a shortage in the market. This issue was overcome by strong relationships with key suppliers and aggressive purchasing to secure 2008 supply.

Within Namibia, rail had been a bottleneck in the supply chain over a number of years; pleasingly, this also improved with additional rail trucks being made available during 2007.

Of particular note in the Procurement function is the fact that a Preferential Procurement Policy has been drafted and will be implemented during the early part of 2008 to ensure Rössing takes maximum advantage of opportunities to buy locally and from businesses that benefit historically disadvantaged Namibians.

Work focusing on critical supply risks to the business will continue, as will ensuring the mine has sustainable solutions in place for all critical items.

In line with The way we buy – the Rio Tinto statement on procurement practices, Rössing has again significantly made purchases with Namibian suppliers. In 2007, nearly N$1.6 billion was spent in Namibia.

"I would like to state that Namibia is not an island somewhere; it’s a country that is part of the international community, specifically in relation to the mining sector. We are not a small fish – we are almost a giant. Uranium mining has been here for quite a long time, mostly by Rössing Uranium, being joined by Langer Heinrich in 2005. But the interest in uranium is going to be a boost to Namibia. Firstly, as a uranium producer, there will be an increased market for our product. Namibia will be able to contribute towards resolving the global energy shortage. I understand that the environmentalists of the 1970s and 1980s are today increasingly willing to subscribe to the idea of utilising uranium for energy. The demand for uranium in the world is really going to keep our industry moving. Then Rössing Uranium will have additional counterparts in the business, and that may make it possible for Namibia to secure the No. 3 or 4 position in the world as a uranium-producing country."

JOSEPH IITA
Permanent Secretary
Ministry of Mines and Energy

"The strong global demand for industrial items and parts impacted Rössing and, as a result, more effort went into assessments of critical risk items and putting sustainable strategies in place to ensure continuity of supply. Local supplier development is a critical part of supply strategies and will remain a focus."

MARK PICKETT
Manager: Procurement
Financial reporting

“2007 was a challenging year for Business Controls, as a majority of the team were new to Rössing. Consequently, the year was about obtaining knowledge of the business so that business controls could be allowed to contribute significantly towards maximising financial performance by creating long-term value through the identification, evaluation and persuasive promotion of efficiency and cost-reduction opportunities.”

JIMMY GWISAI
Manager: Business Controls

The Business Controls Department was re-established in 2007. The company is in a growth phase and, as a result, there is a need to ensure that its financial controls are strong. This function involves following up on any financial control weaknesses identified internally.

Rössing is operating in a competitive environment and, as such, the focus on cost optimisation is imperative. One of the challenges being faced is raising the level of cost consciousness in the organisation. Reporting of actual performance compared against the planned output is one of the ways that this awareness is achieved.

After four years in which the company made little or no profit, 2006 and 2007 saw increased profits – with a resultant increase in company tax paid.

Value planning

Value Planning is a new department that was instituted at Rössing in early 2007 to provide ongoing assistance in identifying and achieving the best long-term production plan.

Since approval of the Life-of-Mine Extension Project in December 2005, Rössing has been working towards getting production back to the originally designed capacity, and has been investigating a host of expansion options. This requires a rigorous process for quantifying the value of various initiatives in order to prioritise projects and justify capital expenditure.

“A key challenge for Rössing in 2008 and going forward is the risk of an insufficient supply of critical inputs to the U3O8 process that could impact production. Immediate concerns are shortages of power and acid, with water an additional concern for expansion. Value Planning are completing the feasibility study for a new Acid Plant that will lower supply risk and cost of both acid and power through the utilisation of excess heat to drive a steam turbine. In addition, the Department is intimately involved with other initiatives geared towards ensuring power and water risks are mitigated.”

DAVE GARRARD
Manager: Value Planning

The development of such a process and evaluation tools was a core focus for Value Planning during 2007, together with ongoing assistance to all departments in the evaluation and approval of their projects.

The main challenges faced by Value Planning during 2007 were both the overwhelming number of initiatives or projects that required investigation, and the lack of a clear process, tools and skills at the company for prioritising and evaluating these.

The challenge was addressed by two key initiatives:

• Upgrading project evaluation procedures and skills on site to Rio Tinto best practice levels,

• Launching a strategic production planning process to set the direction for expansion.

Planning and technical services: Long-term planning

“The main focus in 2008 for Long-term Planning is to continue to upgrade the planning model so as to provide more accurate plans.”

TIM FOX
Manager: Long-term Planning

In 2007, infill drilling in the SK (exploration area) and SJ (existing open pit) deposits took place at an increased pace. Unfortunately, this activity was marred by poor safety performance by the drilling contractor. Several steps were taken to correct this and improved performance is expected.

The feasibility study for the SK4 project is nearly completed, and mining in the area is expected to commence there in mid-2008. Drilling will move ahead at a rapid pace in both the SK and SJ areas in 2008, with added emphasis on safety in this operation. The drilling techniques will be improved to decrease the turnaround time for uranium analysis, thus improving the planning process.
Environmental resource stewardship

The International Organisation for Standardisation (ISO) 14001:2004 specifies requirements for an environmental management system to enable organisations to develop and implement their environmental policy and to manage their interaction with the environment. Adoption of this standard implies a constant commitment on the part of Rössing to improve its environmental monitoring and environmental performance efficiency.

Environmental auditors Bureau Veritas conducted an external ISO 14001:2004 re-certification audit during the year under review. The certification body was satisfied that Rössing complies with all the ISO 14001:2004 requirements, which resulted in Rössing being certified as ISO 14001:2004 compliant for the period 2007 to 2010.

Climate change

With the growing concern globally about climate change, Rio Tinto has made a firm commitment to the reduction of energy usage and greenhouse gas emissions. This commitment has been passed on to all businesses within the Rio Tinto Group and Rio Tinto has made resources available to assist its businesses in achieving set energy and greenhouse gas reduction targets.

In 2006 Rössing submitted its Climate Change Action Plan for 2007–2009 to the Rio Tinto Climate Change Leadership Panel. From this plan a number of activities were implemented:

- Climate change modelling was done by a group of experts from the University of Oklahoma
- A number of projects were identified in various areas, which will aid in the reduction of energy usage and greenhouse gas emissions, and
- The concept of climate change and its associated issues were introduced to the workforce through various awareness campaigns, including articles in the in-house newsletter (the e-Rössing Bulletin), using energy-saving bulbs, watching the DVD, An inconvenient truth, and holding a tree-planting ceremony.

Energy usage and greenhouse gas emissions

Total energy usage at Rössing covers the consumption of both electricity and fuels. Consumption is expressed in Megajoules per tonne (MJ/t) of ore processed, to give a measure of energy efficiency for mining and production at Rössing.

In 2003, Rio Tinto set a target for all its businesses of 5% reduction in total energy used per tonne of product by 2008. Although Rössing performed well in achieving its goals for 2004 and 2005 in terms of energy usage, it was unable to sustain this performance. With the approval of the Life-of-Mine Extension, it was recognised that Rössing would not be able to achieve the target set for 2008.

In 2007, energy usage was 121.6 MJ/t of ore processed. This was well above the annual target of 108 MJ/t of processed ore set by the mine to conform to the Rio Tinto targets.

The greenhouse gas emission for 2007 was 64.7 tonne CO₂ equivalents per tonne of uranium oxide produced, with the target being 47.6 tonnes CO₂ equivalents per tonne of uranium oxide produced.

Therefore, during the year under review, Rössing failed to meet both the targets in terms of limiting greenhouse gas emissions and energy usage. This was because the following factors were not included in the target-setting in 2003, as the plan was to close down the Rössing operation by 2009:

- An increase in mining equipment, such as shovels, drills, and haul trucks
- An increase in the ratio of ore processed to waste rock removed to expose ore in the Phase 2 area, as per the new approved Life-of-Mine Extension (pioneering mining), and
- The lower ore grade, resulting in less final product produced per tonne of ore.

Recognising its future growth plans, Rössing re-evaluated the targets for 2008.

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**Energy consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>Megajoules per tonne ore processed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>60</td>
</tr>
<tr>
<td>2004</td>
<td>90</td>
</tr>
<tr>
<td>2005</td>
<td>120</td>
</tr>
<tr>
<td>2006</td>
<td>150</td>
</tr>
<tr>
<td>2007</td>
<td>Actual: 121.6, Target: 108</td>
</tr>
<tr>
<td>2008</td>
<td>Actual: 147.6, Target: 108</td>
</tr>
</tbody>
</table>

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**Carbon dioxide emissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnes of CO₂ equivalents per tonne of uranium oxide produced</th>
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</thead>
<tbody>
<tr>
<td>2003</td>
<td>Actual: 47.6, Target: 39.6</td>
</tr>
<tr>
<td>2004</td>
<td>Actual: 64.7, Target: 47.6</td>
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<tr>
<td>2005</td>
<td>Actual: 47.6, Target: 39.6</td>
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<tr>
<td>2006</td>
<td>Actual: 64.7, Target: 47.6</td>
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<tr>
<td>2007</td>
<td>Actual: 64.7, Target: 47.6</td>
</tr>
<tr>
<td>2008</td>
<td>Actual: 64.7, Target: 47.6</td>
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</tbody>
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ENVIRONMENTAL AND ASSET USE
RESOURCE STEWARDSHIP

Land use and rehabilitation

During 2007, Rössing embarked on the implementation of the Rio Tinto Land Use Management Standard.

For this, all documentation relating to the land used for the mine’s operations was entered into a database, and a geographical information system was established to produce the required maps and allow for forward planning. Included in the database are all important natural features within Rössing’s mining licence and accessory works areas.

Data compilation was informed by a number of archaeological, ecological and groundwater studies carried out in 2006 and 2007. Rössing’s licence area will be divided into specific land use zones in 2008 to ensure that the effect of disturbance of new ground will be minimised as far as possible.

Because most previously disturbed ground away from Rössing’s operational area had already been rehabilitated, no further rehabilitation work was carried out during 2007.

Sand mining in a river bed close to the open pit and the related ground disturbance was halted during the year. In the past, ordinary sand was used to cover the mine roads, but this is now being replaced by tailings sand.

Mining and waste disposal activities affected 10 ha of new land during 2007, and the total ‘footprint’ of the mine now stands at 2,395 ha – an increase of 0.4% on 2006. Unauthorised removal of gravel from an area close to the tailings facility resulted in the damage of some plants of conservation value. Specific disposal procedures will, therefore, be included in the land use management plan to prevent any unauthorised land use in future. The land use strategies and management plans will be completed and implemented in 2008, and will guide operations as well as planning for the new mine expansion areas.

Water use

The mine’s use of fresh water in 2007 amounted to 3,299,980 m³, or 9,041 m³ a day, while the operating plan made provision for 3,303,250 m³, or 9,050 m³ a day. The water consumption rate per tonne of ore milled was also on target, at 0.26 m³ per tonne.

The Processing Plant and the associated tailings disposal operations are the biggest consumers of water at the mine. Tailings, which are the remaining crushed and milled ore rock from which uranium is extracted, are pumped at the tailings facility as a mixture of sand, fines and water. The free water forms a pond on the tailings facility as a mixture of sand, fines and water. The water solution soaks into the tailings material and remains there.

“With more uranium mines springing up at the coast as a result of high uranium prices, NamWater has to respond to the challenge of supplying water to these mines in a desert environment. The underground water sources in the Kuiseb and the Omdel are not sufficient to cater for all the existing and upcoming mines. The Ministry of Agriculture, Water and Forestry has decided, therefore, that all NamWater’s mining clients, both old and new, must be supplied with desalinated water in future. Thus, while the mines will use desalinated water, the local authorities will still make use of the water from the Kuiseb and Omdel aquifers. NamWater has embarked on the process of establishing a desalination plant, which aims to supply water to the mines at the coast by the beginning of 2010. This process is on track and progressing well.”

DR VAINO SHIVUTE
Chief Executive Officer, NamWater

Cubic metres of water used per month and per tonne of ore milled

Target = 0.26 m³/t
The predicted freshwater demand for 2008 is 3.5 million m$^3$ at the planned production and current consumption rates. The demand can, however, be reduced to 3.2 million m$^3$ with the implementation of water-saving projects.

Various projects were evaluated during 2007, taking into account uncertainties related to new potential processing methods and mine extension options. The two most promising initiatives are to cut the freshwater demand by 0.7 million m$^3$ per year. The projects are installation of mechanical gland-seals on certain slurry pumps, which will save gland-seal water, and paddy double-deposition, which will reduce evaporation losses on the dam. The mine will, however, require additional dust suppression water for the extended mining areas, which will decrease the savings to 0.3 million m$^3$ per year.

**Efficient freshwater use and supply**

The consumption of fresh water by bulk users and the status of the aquifers are monitored by the Namibia Water Corporation Ltd (NamWater) and the Ministry of Agriculture, Water and Forestry’s Department of Water Affairs (DWAF).

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**Amount of water consumed per tonne of uranium oxide produced, 1981-2007**

This diagram shows the concept of water recycling at Rössing. The figures are for 2007, in units of cubic metres per day. Fresh water is added at the Processing Plant, where it is used to produce uranium. The waste water, together with a much larger volume of recycled water, is then used to pump the tailings to the Tailings Dam. Some water is lost from the Tailings Dam due to evaporation and storage within the tailings material. However, over 60% of the waste water pumped to the dam is recovered and returned to the Processing Plant. The volume of fresh water added is determined by the water losses due to evaporation and adsorption. Some water that was stored in the Tailings Dam in previous years was recovered in 2007, resulting in a reduced storage amount. No waste water is discharged into the environment.
ENVIRONMENTAL AND ASSET USE RESOURCE STEWARDSHIP

Pertinent results are currently provided to bulk users, and will in future be supplied to Basin Management Committees. The aim is to conserve groundwater resources by sharing information and promoting water demand management and/or sea water desalination.

Saline water use and quality

Mines located close to the Khan and Swakop Rivers are either already extracting saline groundwater for industrial purposes or are planning to do so. Excessive pumping might reduce the availability of water to the farming area along the lower Swakop River. A Water Management Committee, in cooperation with the DWAF, is planning to set up a regional monitoring network to measure water levels in these two rivers on a regular basis.

A public concern related to uranium mining is the impact of process effluents on the water quality of neighbouring areas, especially the rivers. The DWAF and the Ministry of Mines and Energy’s Geological Survey Directorate are arranging an independent sampling exercise to establish the baseline water quality.

The survey will cover monitoring boreholes close to and in the river courses. Each mine has or will have its own water quality monitoring programme and will report its analysis results to the DWAF, whose task it is to protect people and the environment from contamination caused by mining activities.

Life-of-Mine Options Analysis – Expansion

A Social and Environmental Impact Assessment (SEIA) has been commissioned for the proposed Life-of-Mine Extension Project. The SEIA requires stakeholders to be consulted and public meetings to be held.

Rössing’s Planning Department focused on the mine’s expansion plans, which foresee the following:

- Mining the open pit until 2026
- Opening a new open pit (SK) close to the east of the current pit
- Potentially establishing new waste rock and tailings disposal facilities
- Establishing a heap leach facility and
- Building a new sulphuric acid production plant.

Besides an emphasis on optimising design and maximising the value that the new projects will add to Rössing’s business, substantial work was completed during 2007 to assess the social and environmental impacts these projects are likely to have.

To this end a number of public meetings were held throughout the year to inform the public and stakeholders about Rössing’s expansion projects, so that informed comments and concerns could be brought to the attention of the project managers. Aspects identified through this process were researched to develop measures that would allow for the avoidance or minimisation of negative impacts.

The main issues that were raised by the stakeholders relate to the cumulative impacts of potential new mines opening in the Erongo Region, following intensive mineral exploration after an upturn in the world uranium market. Specifically, the supply of water and electricity and the positive and negative aspects, in general, of many new people coming to the Region were highlighted. Since Rössing cannot address these cumulative issues on its own, the work of the Chamber of Mines of Namibia was substantially supported in order that an office could be established in Swakopmund, and for a Principal Advisor on Radiation Safety to be employed.

During 2008, the Chamber of Mines will facilitate the development of a regional management plan to address the cumulative aspects of the current mining boom. This plan will be informed by a Strategic Environmental Assessment (SEA), which is being initiated with financial and technical support from all uranium mines and exploration companies currently in the Region.

Rössing held several successful public meetings in Arandis, Swakopmund and Walvis Bay as part of its SEIA to inform interested and affected parties about the mine’s expansion projects. The meetings were well attended. Werner Kübel explains how the Ore Sorter works.
External incidents reported

During the offloading of a Rössing shipment at the Port of Montreal, a container was dropped. It hit another container and pierced the vessel below the water line. Water entered the ship while the seven Rössing containers were still on the vessel.

A team from Rössing was sent to Montreal to carry out an inspection in order to ensure the integrity of the packing for the onward journey to the Honeywell converter in the USA. On inspection it was found that, in all the containers, the water level had not risen above the product drum lids, and very little water remained in the containers. The drums in the container that had fallen had indeed been damaged, but all the drums were still securely sealed and no product had been spilled. The drums were removed from the damaged container and repacked in another.

All strapping of the other six containers was intact, with no drum disturbance. On these containers the damp areas were dried and packets of desiccant placed inside to assist in the removal of any further moisture. All containers were sealed for the onward journey and arrived safely at their destination.

This incident gave a good indication of the quality of the packing applied at Rössing.

Closure planning

After the major update of the closure plan in 2005 in order to prepare for closure in 2009, the mine is now planning for expansion beyond 2026. Hence, in 2007, only a financial update of the previous plan was done. The total closure cost projected for the mine in 2007 terms stands at just over N$800 million. This includes retrenchment and training costs, demolition and tailings rehabilitation, and long-term seepage control and monitoring costs. The provision for closure in the Rössing Environmental Rehabilitation Trust Fund stood at N$591 million at the end of 2007, and will be increased during the coming years to provide fully for mine closure when the time comes.

Asset use and resource stewardship

Mining

The year 2007 was an exciting one for Mining. New employees were successfully introduced in order to ramp up from 19 million tonnes mined in 2006 to 31 million tonnes mined in 2007, and to prepare for a further ramp-up to 48 million tonnes.

A number of new equipment items were commissioned in 2007, including two Komatsu PC3500 shovels, a Caterpillar 994 front-end loader, eight 730E Komatsu haul trucks, a Pit Viper production drill, and two D10T track dozers, while one GD120 production drill and a Marion 201M shovel underwent a major overhaul.

Although the business focused on expansion and growth, Rössing’s foundation is to ensure continued uranium production in order to satisfy long-term uranium supply contracts with global customers. Thus, while waste stripping was continued, ore mining concentrated in the eastern sections of the pit. The waste rock removed increased from 16.8 million tonnes in 2006 to 21.4 million tonnes in 2007, while 12.6 million tonnes of ore were processed. In 2007, 571 tonnes less uranium oxide were produced, compared with the 2006 production year. This was mainly attributed to a 21% drop in ore grade.

In the mining area, a number of challenges had to be overcome. As the pit has significantly deepened and narrowed in the last few years, it took longer to get from pit bottom to ground level. Maneuvering haul trucks with large turning circles becomes more difficult the narrower the pit bottom gets. Also, more water than before was found in blast holes at the lowest mining bench, making blasting increasingly difficult. Consequently, less material was produced in similar time spans.

© Codelco 2007
Several pieces of mining equipment were delivered during 2007 to cater for the expansion projects at Rössing. The CAT994F wheel loader (right) arrived at the mine after a three-day drive through the desert from Walvis Bay, using existing back roads. The media was invited to report on this event. The loader travelled at about 10 km per hour for a distance of 10 km and then rested for an hour to enable the team to monitor and record tyre and machine performance.

**ENVIRONMENTAL AND ASSET USE RESOURCE STEWARDSHIP**

“As a local supplier, Rössing’s extension has also meant an extension of our working activities – thus, a continuity of work. We could retain our skills in our workforce, because it’s normally very difficult to retain skills if one operates on a short-term contract basis. Rössing sets a very high standard; you can’t bring anyone in on your workforce and put them straight to work. It takes a lot of time, training and coaching to get people to the right standard, and once people are in your team, you want to retain them. For us, that has been the most important impact: to retain our workforce and develop them by offering a longer work period. The new mines in the Region have also impacted on us – negatively, on the one hand, since we have lost some of our workforce to other operations; but, on the other hand, it also brings more people to the Region, into the area of skills, and I think with all of us doing the development and training, it’s good for the industry and the regional workforce. It also diversifies the focus. In the past everyone was focused only on Rössing. Now, people are also focusing on Langer Heinrich, Trekkopje and Valencia. Rössing can now share suppliers, share resources, and as an industry one can get better service from your suppliers because there is more to go around for everyone. We have a memorandum of understanding with Valencia that, when they do start mining, we will be their mining partner. However, Rio Tinto is a preferred client of ours – we’ve done several projects for them, in South Africa and Madagascar as well. Rio Tinto and Rössing subscribe to world best practices and that’s what we aspire to as well – that’s why we enjoy working with Rössing. We have set our standards to meet the standards of Rössing. Thus, if and when we do work with other mines in the area and in Namibia, this is the standard that we take with us, lifting the industry standard as a whole.”

GARETH BOOTH
Area Manager, Basil Read Mining Namibia

**Processing**

The Processing Department is responsible for extracting the uranium from the mined rock, producing uranium oxide, and securely packing and shipping the product to converters overseas for further processing. In the Processing Plant, for example, the Life-of-Mine Extension Project includes upgrading the outdated electrical systems over the next four to five years, upgrading the systems that prevent expensive resins going to waste, and upgrading the dust extraction systems to reduce air emissions of silica-bearing and radioactive dust. Planning, studies and preparation for these projects continued during 2007.

In 2007, work also continued in respect of testing the feasibility of an ore-sorting pilot plant. The plant aims to make the sorting of waste rock from uranium-bearing rock more efficient by using radiation-scanning techniques. The Metallurgical Laboratory was refurbished and upgraded to the required standard in 2007. Independent auditor, customer and consultant reports highlighted the improved performance in the laboratory.

![Uranium oxide produced (tonnes)](image)

“Considerable progress has been made in 2007 in recruiting graduate metallurgists, foremen and operators to deal with the many challenges in the Processing Department. The overall objective of the Department is to excel in various fields, mainly the processing of ore, consistently achieving targets and producing more than 4,000 tonnes of uranium oxide annually, undertaken without compromising our occupational health, safety and environmental standards.”

BERNARD MORWE
Manager: Processing

**Engineering**

The introduction and implementation of the Asset Management Improvement (AMI) Project throughout the mine was the year’s principal challenge. This project first assessed the mine’s status quo, and then analysed the gap between the status quo and the mine’s estimated future position. A road map was then developed to chart the course ahead.

Both Processing Plant and Mining Operations personnel will focus on fully implementing the
‘Operating for Reliability’ lessons learnt as part of the AMI Project. This will improve the way we manage our assets, and will, in turn, increase productivity and equipment life.

The Maintenance teams also focused on improving defect elimination and the reliability engineering aspects of asset management. The aim is to eliminate repeat failures and look at ways of improving and optimising asset management so that equipment availability and the reliability continue to improve. This will ultimately assist in meeting production targets, and the AMI Project will be instrumental in achieving this goal.

**Engineering projects**

In respect of programmes and finances — with consolidation of the Life-of-Mine Extension Project — 2007 was a busy year. The total amount approved for this project is N$772 million, excluding the funds required for the Aligning Business Systems (ABS) upgrade, and of this amount, 78% had been committed by the end of 2007 in completing 55 of the 85 sub-projects. Of the remaining project funds, approximately 76% will be utilised in 2008, 18% in 2009, and 6% in 2010 in order to complete the electrical upgrading of the mine.

A study was done in 2007 on optimising and upgrading the Fine Crushing Circuit. The expenditure of funds was approved and the project awarded. This project will be implemented in 2008 and the challenge will be to attain the planned production, as the construction phase is estimated to take several months.

One of the projects identified previously — and an important part of the Life-of-Mine Extension Project — is the building of an Acid Plant to provide the sulphuric acid required to extract the uranium from the ore. The relevant feasibility study has been completed and a contractor to build the plant will be selected. The EIA is also in its final stages of review.

The project is to be submitted to the Group Investment Committee in 2008 for approval of funding. Work still outstanding is the handling of raw materials, such as sulphur, at the Port of Walvis Bay.

In the recently completed Strategic Production Planning exercise, the need to further expand the mine’s production capacity was identified. The method being investigated for this expansion is heap leaching.

In 2008, the Department will focus on building capacity to handle critical projects, and align the processes with the changes brought about by the Aligning Business Systems.
CORPORATE GOVERNANCE AND COMPLIANCE

Aligning business systems and business improvement

The Aligning Business Systems (ABS) Programme is a business improvement initiative within Rio Tinto to establish leading global business processes and a single business system for Rio Tinto’s businesses. It is one of the initiatives that make up Rio Tinto’s Improving Performance Together (IPT) Programme for its businesses and is a key enabler for it.

The ABS Programme is about building common ways of working and having a single business system across Rio Tinto. The combined business processes and the SAP (Systems Applications and Products in data processing) business system are known as the Rio Tinto Business Solution.

The Business Solution has already been implemented at a number of Rio Tinto businesses, and currently has close on 20,000 users worldwide. Rössing Uranium is one of the business units that started using the Business Solution from March 2008 onwards.

“The process of mobilising and involving all employees is still a major challenge for the company. This year, the Business Improvement Department will focus on introducing ways to embed the process of participation and empowerment. A major programme focusing on continuous improvement will be embedded, and all employees will be encouraged to become creative and innovative in their work, and live up to Rössing’s values.”

STOFFEL SWARTZ
Manager: Business Improvement

The Business Improvement Department was established in 2007 with the task of focusing on key business challenges regarding strategy execution and continuous improvement. The first step was to align company strategic goals with the Operational Plan. Doing so meant revising the Rössing Strategy concept, and setting new strategic goals for the company (see page 1 for the Rössing Strategic Goals diagram).

These strategic goals are the value-drivers of the company, and Management have decided to introduce the Balanced Scorecard concept to execute them.

The Balanced Scorecard is a performance measurement system. Strategic objectives and initiatives were identified and assigned to various champions. The focus was on strategic investments and post-investment reviews, together with continuous cause analysis of all operational processes.

Business administration

“The biggest challenge during 2007 was to re-establish Business Administration as one of the supporting functions in the company.”

NOËL MOUTON
Manager: Business Administration

The main objective of this department is to manage and provide administrative supporting services to internal customers to ensure that the company optimises its capacity and production.

The services provided by Business Administration include:

- security services for the mine site and offices elsewhere, including emergency and access control
- contractor management, which is a one-stop service for on-site contractors, and
- records management and archiving services of important documents for all departments.

Internal controls

Rössing subscribes fully to principles of good corporate governance, as espoused by Rio Tinto’s corporate governance policies and procedures.

Oversight compliance is reinforced by an independent Board of Directors who meet four times per year to ensure that the company conducts itself in a responsible manner and remains accountable to its stakeholders.

The Board has established sub-committees consisting of Board members that are tasked to enforce fundamental functions in line with good corporate governance. These include the Board Audit Committee, the Sales Committee, the Nominations Committee, and a Rössing Environmental Rehabilitation Committee dealing with closure and social and environmental accountability.

The Board members are collectively responsible for the effective and efficient operation of the company to maximise shareholder value. In 2007 the Board consisted of 17 members, of whom four are Executive Directors, eight are shareholder representatives and three are Non-executive Directors.

In May 2007, the Rio Tinto Compliance Training Centre embarked on an upgrade by introducing new administrative functionality with two major changes in the process, being automated module assignment and improved reporting.

Automated module assignment allows campaigns with pre-selected training modules to be assigned to different groups, i.e. Managers, Superintendents, etc. All training modules are to be completed once every two years and notices will be sent when it is time for users to repeat completed modules.

Improved reporting allows reports to be customised and scheduled for regular e-mail delivery. Reports are based on three sets of data, namely users, assigned campaign completions, and module completions.
Campaigns are designed to be business-unit-specific, with four mandatory modules to be completed by all users. The growth phase in which Rössing currently finds itself requires the assignment of a wide spectrum of modules to all the campaigns in order to ensure the promotion of principled behaviour and to address key risk areas.

Non-executive Directors were also required to complete the training, and they were provided with CDs to enable them do so. The completion target as required in the 2007 Internal Control Questionnaire was 85% within the last two years. During the course of 2008, campaigns will be developed to include all employees at Rössing.

“The key challenge for 2008 is to draw up a compliance risk register to ensure that Rössing meets not only all Rio Tinto’s standards and requirements, but also takes into consideration all relevant legislation of the Republic of Namibia such as the Companies Act, the Mining Act, and the Labour Act, to name but a few. A documented plan will then be put into place to train employees in those areas of legal risk relevant to their duties.”

GLYNIS LABUSCHAGNE
Manager: Compliance
Drilling and blasting
Through drilling, blasting, loading and haulage, the uranium ore at Rössing is mined. Due to the erratic distribution of minerals in the ground, waste and ore are often mixed together. Radiometric scanners measure the radioactivity level of each truckload. This determines whether the material is sent to the primary crushers or to the low-grade stockpile. Waste is transported to a separate storage area. The size of the open pit is 3 km long, 1.2 km wide and about 345 m deep.

Grinding
Wet grinding of the crushed ore by means of steel rods reduces it further to slurry with the consistency of mud. The four rod mills, which are 4.3 m in diameter, are utilized as required by production levels and operate in parallel.

Leaching
A combined leaching and oxidation process takes place in large mechanically agitated tanks. The uranium content of the pulped ore is oxidised by ferric sulphate and dissolved in a sulphuric acid solution.

Thickening
Counter-current decantation thickeners wash the slimes from previous stages. A clear uranium-bearing solution (‘pregnant’ solution) overflows from the thickeners, while the washed slime is mixed with the sands and pumped to the tailings area.

Continuous ion exchange (CIX)
The clear pregnant solution now comes into contact with beads of specially formulated resin. Uranium ions are adsorbed onto the resin and are preferentially extracted from the solution. Beads are removed periodically to elution columns where an acid wash removes the uranium from the beads. The resulting eluate is a purified and more concentrated uranium solution.

Filtration
The ammonium diuranate is recovered on rotating drum filters as yellow paste - ‘yellow cake’.

Drying and roasting
Final roasting drives off the ammonia, leaving uranium oxide. The product is then packed into metal drums. Neither ammonium diuranate nor uranium oxide are explosive substances.

Power generation
Fuel assemblies are loaded into nuclear reactors where the U^{235} fissions, producing heat and steam used to generate electricity.

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

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%.

Conversion (Uranium hexafluoride crystals)
The uranium oxide is converted to uranium hexafluoride. Conversion plants operate commercially in Canada, France and the USA.

Loading and dispatch
The drums of uranium oxide are loaded and exported to overseas converters for further processing. At full capacity, the plant can produce 4,500 tonnes of uranium oxide each year.

Precipitation
The addition of gaseous ammonia to the ‘OK liquor’ raises the solution pH, resulting in precipitation of ammonium diuranate, which is then thickened to a yellow slurry.

Uranium is a relatively common element that is found in the earth all over the world, mined in many countries and processed into yellow cake or uranium oxide (U\(_3\)O\(_8\)). It must be processed further before it can be used as a fuel for a nuclear reactor where electricity is generated to produce steam and drive a turbine connected to a generator.
## The employees of Rössing Uranium

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<tbody>
<tr>
<td>Number of employees</td>
<td>820</td>
<td>833</td>
<td>860</td>
<td>939</td>
<td>1,175</td>
<td>1,089</td>
<td>1,300</td>
</tr>
<tr>
<td>Payments benefitting employees (N$'000)</td>
<td>115,910</td>
<td>173,672</td>
<td>204,800</td>
<td>245,593</td>
<td>302,563</td>
<td>309,908</td>
<td>332,820</td>
</tr>
</tbody>
</table>

## Production

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Uranium oxide produced (tonnes)</td>
<td>2,374</td>
<td>3,582</td>
<td>3,711</td>
<td>3,617</td>
<td>3,046</td>
<td>4,049</td>
<td>4,004</td>
</tr>
<tr>
<td>Ore processed ('000 tonnes)</td>
<td>8,347</td>
<td>10,972</td>
<td>12,027</td>
<td>12,008</td>
<td>12,613</td>
<td>12,756</td>
<td>13,133</td>
</tr>
<tr>
<td>Waste rock removed ('000 tonnes)</td>
<td>10,434</td>
<td>8,139</td>
<td>7,483</td>
<td>16,835</td>
<td>21,396</td>
<td>18,206</td>
<td>33,654</td>
</tr>
<tr>
<td>Ratio of ore processed to waste rock removed</td>
<td>0.8</td>
<td>1.35</td>
<td>1.61</td>
<td>0.71</td>
<td>0.59</td>
<td>0.70</td>
<td>0.39</td>
</tr>
</tbody>
</table>

## Health, safety and environment

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>No. of cases of personal annual radiation exposure above 20 mSv</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New cases of pneumoconiosis</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New cases of dermatitis</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New cases of hearing loss</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New cases of chronic bronchitis</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost-time injury incident rate (LTIIR)</td>
<td>0.3</td>
<td>0.08</td>
<td>0.89</td>
<td>0.35</td>
<td>0.71</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No. of lost-time injuries</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>6</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Freshwater consumption ('000 m$^3$)</td>
<td>2,486</td>
<td>3,003</td>
<td>3,170</td>
<td>3,315</td>
<td>3,300</td>
<td>3,303</td>
<td>3,509</td>
</tr>
<tr>
<td>Fresh water per tonne of ore processed (m$^3$/t)</td>
<td>0.30</td>
<td>0.27</td>
<td>0.27</td>
<td>0.28</td>
<td>0.26</td>
<td>0.26</td>
<td>0.26</td>
</tr>
<tr>
<td>Ratio of fresh water to total water</td>
<td>0.35</td>
<td>0.33</td>
<td>0.37</td>
<td>0.35</td>
<td>0.32</td>
<td>0.33</td>
<td>0.32</td>
</tr>
<tr>
<td>Seepage water collected ('000 m$^3$)</td>
<td>1,963</td>
<td>2,381</td>
<td>2,018</td>
<td>2,736</td>
<td>3,050</td>
<td>2,935</td>
<td>3,194</td>
</tr>
<tr>
<td>Energy use on site (GJ x 1,000)</td>
<td>915</td>
<td>1,096</td>
<td>1,152</td>
<td>1,366</td>
<td>1,534</td>
<td>1,378</td>
<td>1,537</td>
</tr>
<tr>
<td>Energy use per tonne of ore processed (MJ/t)</td>
<td>109</td>
<td>100</td>
<td>95.8</td>
<td>113.7</td>
<td>121.6</td>
<td>108.0</td>
<td>117.0</td>
</tr>
<tr>
<td>CO$_2$ emission (kt CO$_2$ equivalent)</td>
<td>127.5</td>
<td>155.7</td>
<td>161.0</td>
<td>181.2</td>
<td>197.0</td>
<td>192.7</td>
<td>206.6</td>
</tr>
<tr>
<td>CO$_2$ emission per unit of production (t/t U)</td>
<td>53.7</td>
<td>43.4</td>
<td>43.4</td>
<td>50.1</td>
<td>64.7</td>
<td>47.6</td>
<td>51.6</td>
</tr>
<tr>
<td>Source dust levels at Fine Crushing Plant (mg/m$^3$)</td>
<td>0.38</td>
<td>1.03</td>
<td>1.12</td>
<td>1.49</td>
<td>0.93</td>
<td>1.0</td>
<td>0.9</td>
</tr>
</tbody>
</table>

## Rössing the business

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Capital acquisitions (N$'000)</td>
<td>35,264</td>
<td>10,346</td>
<td>25,874</td>
<td>272,667</td>
<td>405,339</td>
<td>959,091</td>
<td>1,105,179</td>
</tr>
<tr>
<td>Profit after tax (N$ million)</td>
<td>-140</td>
<td>-75</td>
<td>34</td>
<td>304</td>
<td>979</td>
<td>479</td>
<td>1,333</td>
</tr>
<tr>
<td>Companies tax paid (N$ million)</td>
<td>3.5</td>
<td>-20.6</td>
<td>0</td>
<td>158</td>
<td>502</td>
<td>184</td>
<td>625</td>
</tr>
<tr>
<td>Payments to Erongo Region suppliers (N$'000)</td>
<td>77,640</td>
<td>100,000</td>
<td>278,000</td>
<td>489,900</td>
<td>543,150</td>
<td>No target</td>
<td>No target</td>
</tr>
<tr>
<td>Payments to Namibian suppliers except Erongo Region (N$'000)</td>
<td>261,417</td>
<td>310,000</td>
<td>329,700</td>
<td>458,900</td>
<td>1,056,604</td>
<td>No target</td>
<td>No target</td>
</tr>
<tr>
<td>Value of charitable gifts/community investments/commercial initiatives (N$'000)</td>
<td>5,699</td>
<td>4,145</td>
<td>4,821</td>
<td>8,771</td>
<td>5,821</td>
<td>No target</td>
<td>No target</td>
</tr>
<tr>
<td>Donation to The Rössing Foundation (N$'000)</td>
<td>0</td>
<td>0</td>
<td>1,827</td>
<td>15,103</td>
<td>48,787</td>
<td>24,200</td>
<td>65,900</td>
</tr>
<tr>
<td>Uranium spot market price (US$/lb) - average</td>
<td>11.55</td>
<td>18.35</td>
<td>28.52</td>
<td>49.42</td>
<td>98.50</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
VERIFICATION OF 2007 REPORT TO STAKEHOLDERS

Rössing Uranium’s vision is to undertake its business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant laws and regulations and international standards, as well as in line with various guidelines on best business practices, such as The way we work.

Various verification processes are conducted throughout the year on much of the mine’s work. In this sense, for example, the company’s financial figures are checked by its auditors which mean that financial figures quoted in this report are audited figures. In the same manner, environmental figures are audited annually by an external environmental auditing company.

Auditing companies, Government bodies and other institutions that checked the company’s practices and figures in 2007, were as follows:

- Pricewaterhouse Coopers (external audits)
- Ernst & Young (internal audits)
- Bureau Veritas (ISO 14001 certification)
- International Atomic Energy Agency (IAEA)
- Metago Environmental Engineers; Aquaterra Consulting; and Steffen, Robertson & Kirsten (SRK)
  (annual review of tailings and associated environmental aspects)
- Environmental Resources Management Ltd (Rio Tinto operational and business unit assessment)
- Ministry of Health and Social Services
- Ministry of Agriculture, Water and Forestry (effluent management)
- Ministry of Mines and Energy, and
- Ministry of Finance.

LIST OF REFERENCES

The way we work  Our statement of business practice
The way we buy  Our statement of procurement practice
Human rights guidance  Guidance for managers on implementing the human rights policy in The way we work
Compliance guidance  Programme guidance and guidelines for Group managers on implementing Group policies, including those contained in The way we work
Business integrity guidance  Guidance to Group managers implementing the policies on business integrity and political involvement set out in The way we work
Corporate governance guidance  Guidance to Group managers on Rio Tinto’s corporate governance policies and procedures
Antitrust policy and guidance
Our key relationships
Sustainable development
Corporate standards – Safety
Corporate standards – Occupational health
Corporate standards – Environment
Corporate standards – Communities
Corporate standards – Closure

These reference documents are all available electronically from the Rio Tinto website – www.riotinto.com – or in hard copy by writing to Rio Tinto, 5 Aldermanbury Square, London, EC2V 7HR, United Kingdom.
In the spirit of developing a common vision for a sustainable future, please approach Rössing Uranium or The Rössing Foundation with your comments or opinions. Contact details are provided on this page.

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HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Excellence in HSE management is one of the foundations of Rössing’s vision to be a safe, long-term supplier of U₃O₈ to the nuclear power industry around the world. This is in line with our commitment to corporate citizenship, social responsibility and sustainability.

To accomplish this, Rössing will –

- recognise that nothing is more important than the protection of the health and safety of our stakeholders, specifically our employees, contractors, host communities, clients and shareholders
- commit to operate our business with respect and care for both the local and global environment in order to prevent and mitigate residual pollution
- be in full compliance with all applicable legislation, standards and requirements
- seek continual improvement in HSE performance and adopt leading practice where applicable and feasible
- provide adequate training and resources to employees, contractors and visitors
- identify and assess hazards arising from our activities and manage associated risks to the lowest practical level
- enhance biodiversity protection by assessing and considering ecological values and land-use aspects in investment, operational and closure activities
- continue in our efforts to raise awareness of HSE issues in our host communities
- regularly review our performance and publicly report our progress, and
- communicate our commitment to this HSE Policy to all our stakeholders and ensure that the Policy is readily available to all our stakeholders.

In implementing this Policy we will engage in constructive dialogue with our employees, contractors, host communities and all other stakeholders in sharing relevant information and responsibilities for meeting our requirements.

This Policy is complemented by the HSE Strategy, which is also readily available to all our stakeholders.

MIKE LEECH
Managing Director - August 2006