



Moving forward
with confidence

Media Briefing
Monday 6 May 2019
16.00
Windhoek

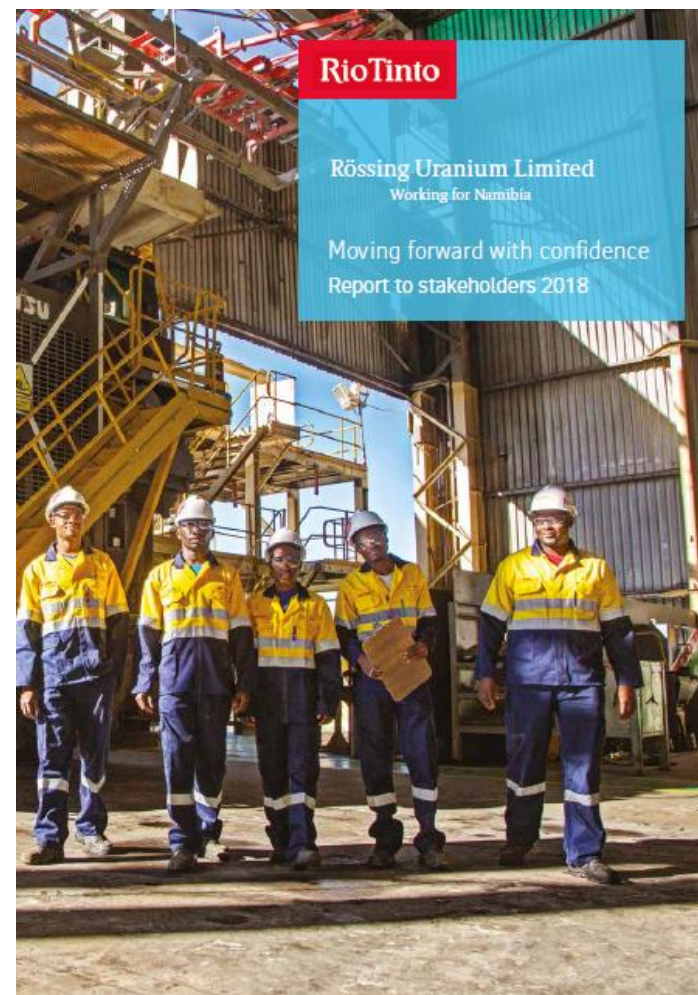
Discussion points

- ▶ Moving forward with confidence
- ▶ Uranium market
- ▶ Business prospects
- ▶ Building the local economy
- ▶ Creating jobs & training opportunities
- ▶ Keeping our workforce safe
- ▶ Protecting the environment
- ▶ Investing in the community



Moving forward with confidence

- ▶ In 2018, we experienced challenging operating conditions, even though we could capitalise on the higher ore grade we currently mine. In our ambition to be the best in the industry, we continuously focus on two areas that we must be best in – safety and productivity.”
- ▶ “In November 2018, Rio Tinto, Rössing’s majority shareholder, announced the signature of a binding agreement with China National Uranium Corporation Limited (CNUC) for its shares held in Rössing. It was the culmination of an extensive review of Rio Tinto’s strategic options in relation to Rössing as it continued to focus on its core assets. The transaction is subject to a number of conditions to be met and is expected to be completed in the first half of 2019.”



Moving forward with confidence

▶ “The announcement of the sales transaction of the majority shareholding is seen as very positive, giving certainty to the survival of the operation at least until 2025 and potentially extending the mine life beyond that. The deal will bring an aspect of vertical integration into the Chinese nuclear market, and in particular with the strongest player in that market.”

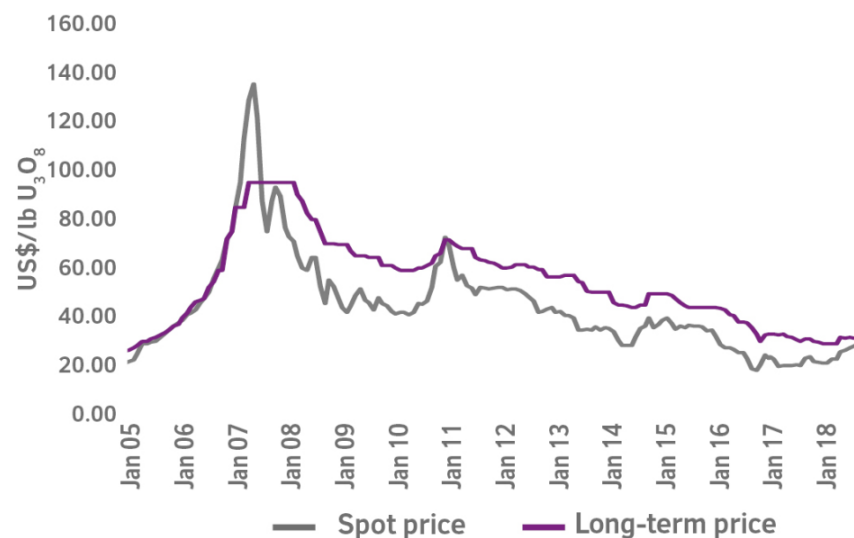
Richard Storrie
Managing director



Challenging uranium market

- ▶ A long-term price recovery is expected, but may take another five years.
- ▶ Most price forecasts continue to project a modest increase in price over the next three years from around U\$28 to U\$29 per pound, up to around U\$32 per pound in 2021. Moderate demand growth and subdued supply will drive this gradual price appreciation.
- ▶ Inventories are not expected to decline, but they are not expected to increase as strongly as over the past decade.

Uranium prices (US\$/lb U₃O₈), 2005 to 2018
(US dollar per pound of uranium oxide)



Source: UX Consulting/US CPI

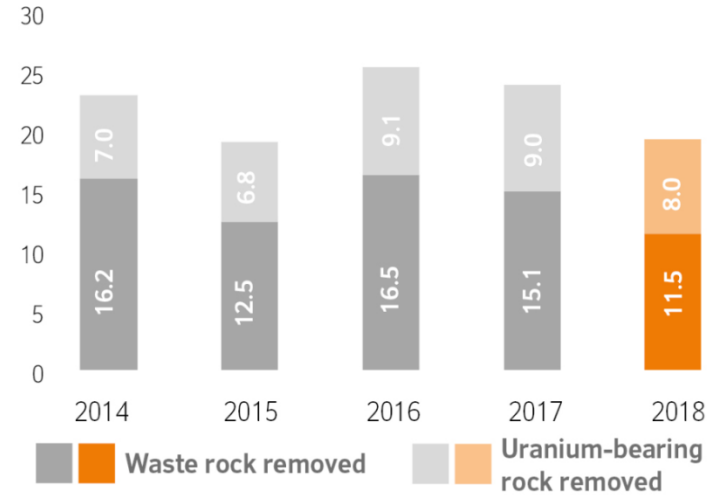
Our business prospects

- ▶ We increased uranium production by 17%
- ▶ Revenue increased by 5%
- ▶ Cost saving initiatives unlocked N\$310 million
- ▶ Combination of the above had a positive impact and resulted in a net profit after tax of N\$166.5 million from normal operations

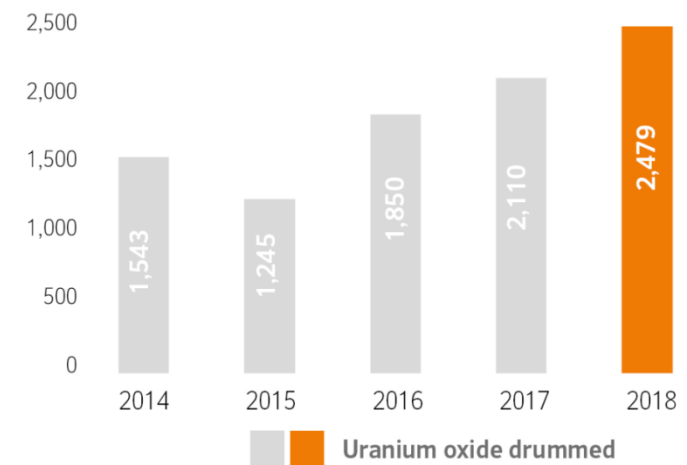
Despite making a profit, liquidity had to be funded from other sources

With uranium price outlook it is unlikely that positive cash flows will be generated from normal operations

Production, 2014-2018 (million tonnes)

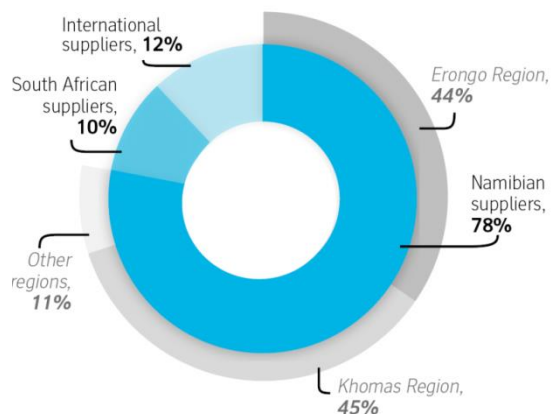


Uranium oxide drummed, 2014-2018 (tonnes)



Building the local economy

Distribution of Rössing Uranium's procurement expenditure, 2018 (percentage)

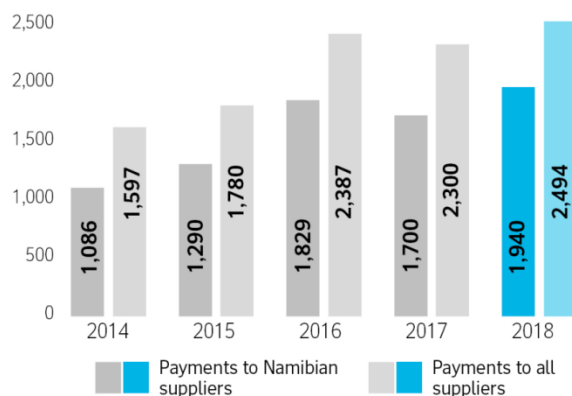


▶ N\$2.49 billion - Rössing's total expenditure for goods and services in 2018. Except for 22% (international & SA suppliers) all money stayed in Namibia

▶ No dividend declared to shareholders in 2017 & 2018

▶ 8.9% - increase from 2017 in payments to SOEs and taxes for services

Payment to suppliers, 2014-2018 (N\$ million)



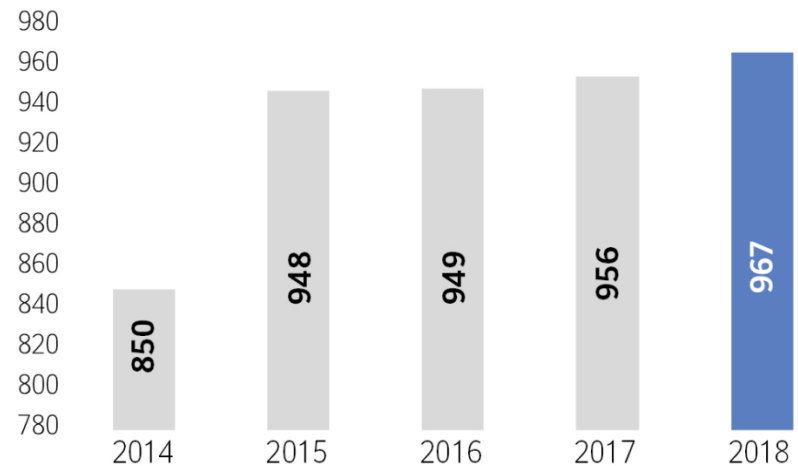
▶ 5.8% - increase in salary costs; Average cost to company N\$758,000 per employee; Our salary scales at all levels are very good

▶ 2.3% - increase in employees' average PAYE

Creating jobs & training opportunities

- ▶ 98.2% Namibians
- ▶ 17% female representation
- ▶ N\$729,372 - 8 bursary students supported
- ▶ 2 new bursaries awarded
- ▶ N\$550,000 - employee dependants educational assistance
- ▶ 30 trade apprentices job attachments
- ▶ N\$7 million - contributed for VET levy
- ▶ N\$6.9 million - 161 participants in training & development programmes

Number of employees, 2014-2018 (numbers)



Keeping our workforce safe

- ▶ We are committed to zero injuries and have put in place rigorous processes to ensure that every employee and contractor finishes his or her work day as safely and as healthy as they were when they reported for work. Every day we strive to eliminate fatalities while reducing the number and severity of injuries.
- ▶ Health study on the potential effects of low level occupational radiation exposures on mine workers started in 2015 in cooperation with the Centre for Occupational and Environmental Health at the University of Manchester in the UK. Completion date delayed, expected results mid-2019.



Fitness for work -
no alcohol or drugs

Protecting the environment

Rössing initiates leading best practices –

- ▶ 30 years of Khan River vegetation monitoring
- ▶ Waste management - The aim of managing waste at the mine is to ensure that the waste generated onsite is reused, recycled, recovered and disposed of in accordance with Rio Tinto standards, applicable laws, regulations and permit conditions
- ▶ Water management – our focus is on the sustainable and accountable use of this scarce and valuable resource
- ▶ Energy efficiency & greenhouse gas emissions – we strive to reduce greenhouse gas emissions and improve energy efficiencies
- ▶ Air-quality management – we undertake to help protect the environment from the effects of air pollution caused by our mining activities

Investing in the community

- ▶ We invested N\$13 million in Namibian communities during 2018, either directly or through the Rössing Foundation to worthy community initiatives
- ▶ The neighbouring town of Arandis remained a key focus area for our community activities, with a major partnership initiative implemented on the Arandis Roofing Project to the value of N\$28 million over a three year period for removing and replacing the hazardous asbestos roofing sheets of 823 and two primary and secondary schools
- ▶ This is over and above the direct and indirect economic benefits we created through local employment and the procurement of goods and services from local businesses



Closing message

Rössing remains a considerable contributor to the Namibian macro-economy.

As a low-grade uranium mine, it will remain at the higher end of the cost curve.

With the uranium market not expected to make a significant recovery in the short to medium term, the reducing contract portfolio will not provide sufficient mitigation for the high unit cost.

The vertical integration into CNNC through its subsidiary CNUC, opens many opportunities for both Rössing and its stakeholders, securing a bright future to which we can go forward with confidence.

I wish to reiterate that the proposed transaction under CNUC offers the best possible future for Rössing, building on its strong and proud history and further aims to continue securing employment for Rössing's employees in the near and long term beyond the original closure plan of 2025.

I thank you!

Learn more about Rössing Uranium:
Reports and Research at www.rossing.com

General queries

The manager
Partnerships, Communication and External
Affairs department
28 Hidipo Hamutenya Avenue, Swakopmund
Private Bag 5005, Swakopmund, Namibia
Tel. +264 64 520 9111 Fax +264 64 520 1506
RUL.communications@rossing.com.na

www.rossing.com.na
www.rossingfoundation.com.na

**Safety is not a ME thing
it's a We thing**



Commit to putting safety first