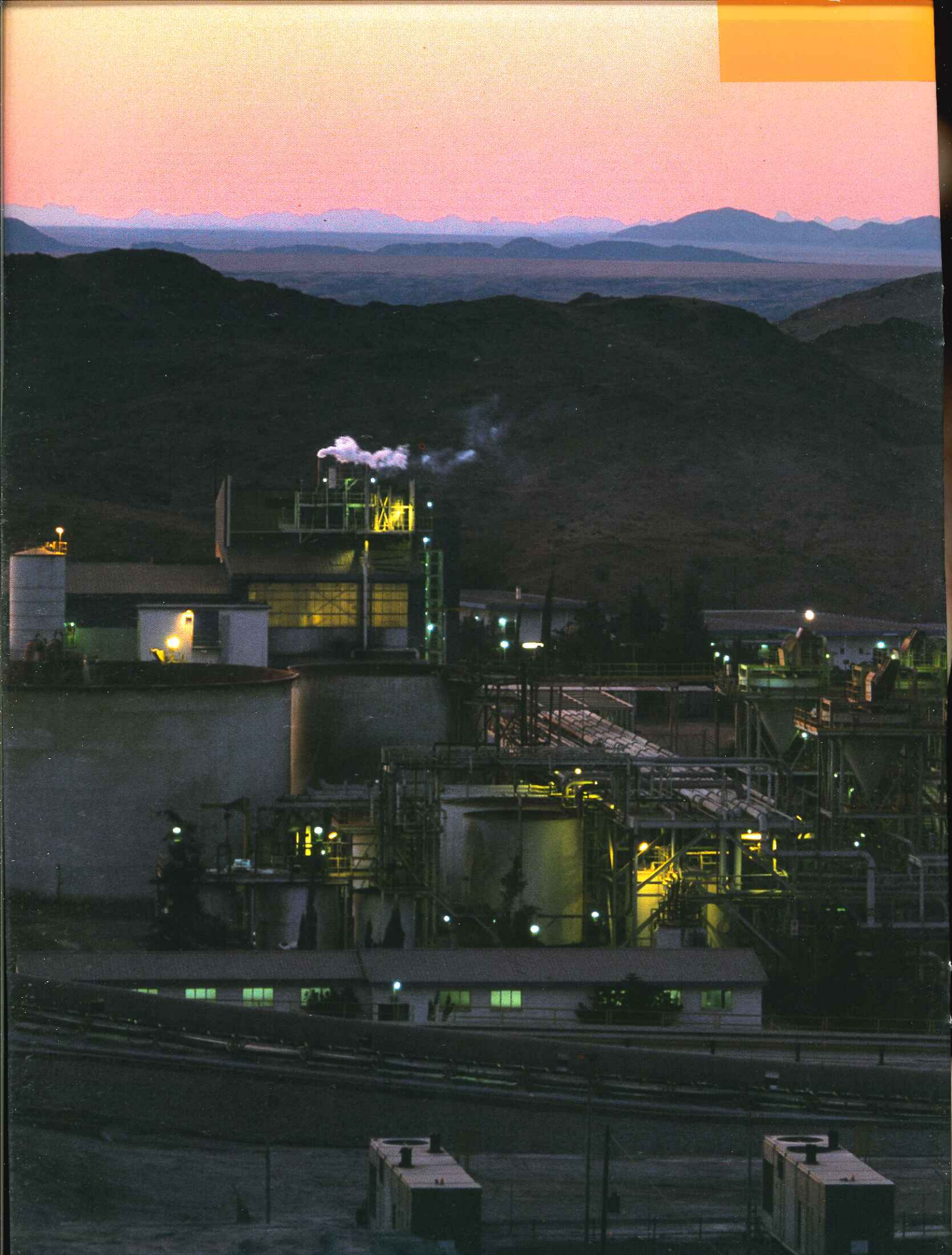
REVIEWING

Rössing

1995



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Rössing

Commiphora Saxicola – indigenous plant at mine site

INTRODUCTION

1995 has been a year of significant progress for Rössing. In particular, the extensive refurbishment of the metallurgical plant, which began in 1992, was completed during the year at a total cost of N$35 million and an investment in six new haultrucks was also approved.

A further 5% increase in annual production was achieved bringing the total increase since 1993 to 20%. Capital investment and efficiency programmes have resulted in further cost efficient improvements and productivity again reached record levels.

The year also saw the best safety performance since 1986. The successful implementation of the elected Safety Representatives System undoubtedly contributed to this performance and has been held up by Government as a model for industry in general in Namibia. The long-term consistent application of the NOSA system enabled Rössing to achieve its 10th successive NOSCAR Award for excellence in health, safety and environmental management.

Namibia celebrated its fifth year of independence. Following the first ever national elections organised by Namibians, a new, restructured cabinet and parliament was sworn in. The Government continued to demonstrate its commitment to democratic principles and the policies of a free market economy. This ensured a sense of security and increased confidence in future prospects for the country.

Rössing generated approximately 7% of total Namibian exports. During the year local businesses were awarded contracts valued at about N$22 million and over N$2 million was donated to the Rössing

RÖSSING'S CONTRIBUTION TO TOTAL NAMIBIAN MINERAL EXPORTS
(% at current prices)

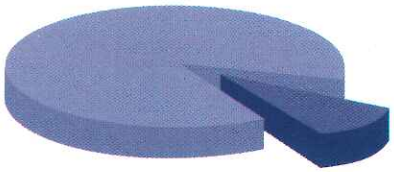
*provisional

Foundation, assisting its important work of social upliftment. The Foundation also administered N$11.7 million on behalf of other non-Rössing institutions who recognised the value of the organisation.

1995 saw one further change in the Directorate of the Company. Ross Letten, formerly Financial Director, transferred to Palabora, another mine in the RTZ-CRA Group. He was succeeded by Alan De'ath, formerly Sales Manager of SOMINCOR and Commercial Director of Rio Minas in Portugal, also part of the RTZ-CRA Group. Early in 1996 it was announced that Sean James, Managing Director, would move to a new position with RTZ-CRA in London. Sean James joined Rössing in 1980, became General Manager in 1991 and Managing Director in 1994. The Company would like to take this opportunity to thank him for his contribution to the success of the Company over 15 years and, in particular, for his leadership during the recent difficult years. He will be succeeded as Managing Director in early April by Andrew Hope, who joined the Company in 1994 as General Manager.

CONTRIBUTION OF MINING TO GDP

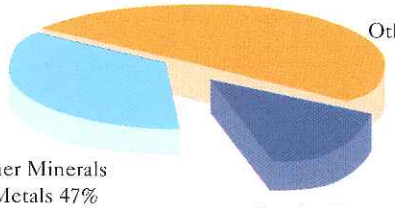
Source: Central Statistics Office



Mining 11.5%

CONTRIBUTION OF RÖSSING'S OUTPUT TO EXPORTS

Source: Central Statistics Office



1996 marks the 20th year of production at Rössing. As the Company approaches that milestone, with the support of employees, suppliers and customers, we confidently look forward to the future and to the challenges of responding to the long awaited improvements in market conditions. Rössing is confident that it is exceptionally well positioned to respond to that challenge.

Chairman, Charles Kauraisa

Managing Director, Sean James

Managing Director Designate, Andrew Hope

Financial Director, Alan De'ath

Managing Director, RTZ Mineral Services Ltd, Mike Travis

MARKET REVIEW

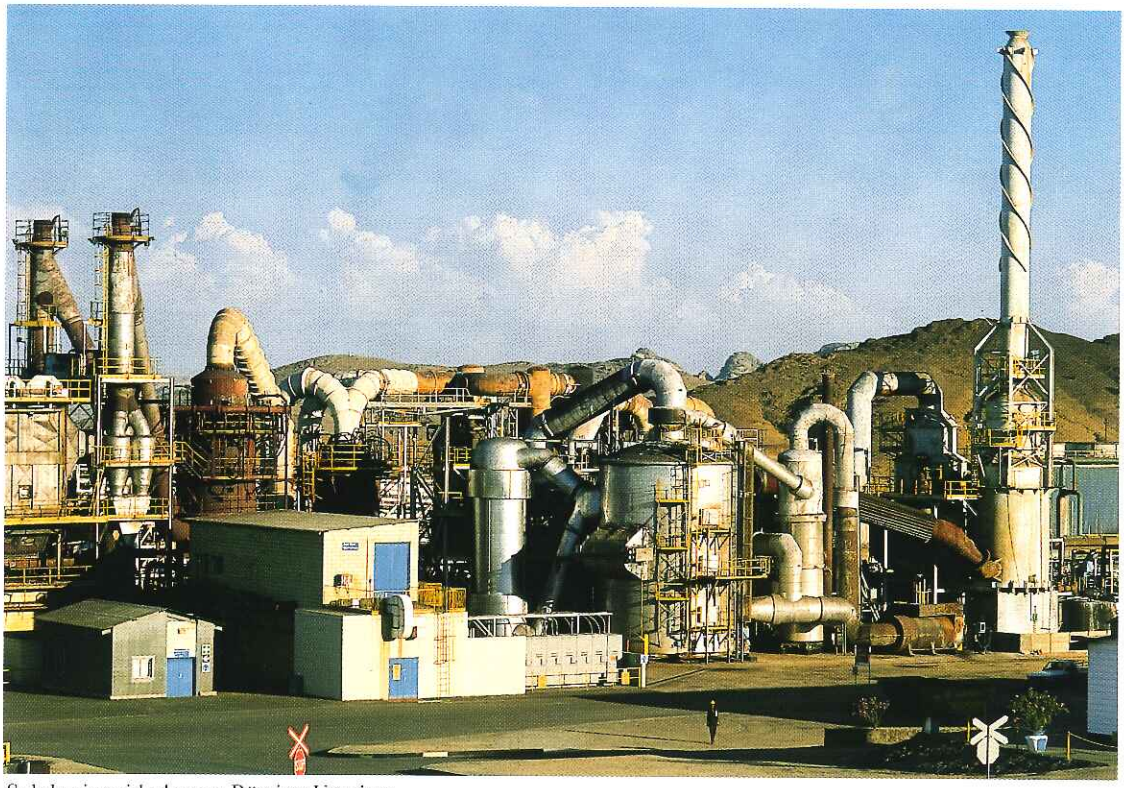
SALES

Since its establishment 20 years ago, Rössing has delivered uranium to all the western conversion facilities for customers in Europe, the Far East and North America.

As one of the world's major primary producers of uranium, with proven reserves capable of lasting well into the next century, Rössing has a policy of marketing its production through well established, long-term customer relationships.

Through its parent company and principal shareholder, RTZ-CRA, Rössing has access to the resources of the world's largest mining company. It is in an excellent position to provide a reliable, competitive and environmentally responsible supply of U_3O_8 to its customers. The political, economic and social stability of its home base in Namibia is vitally important and advantageous in today's unpredictable world.

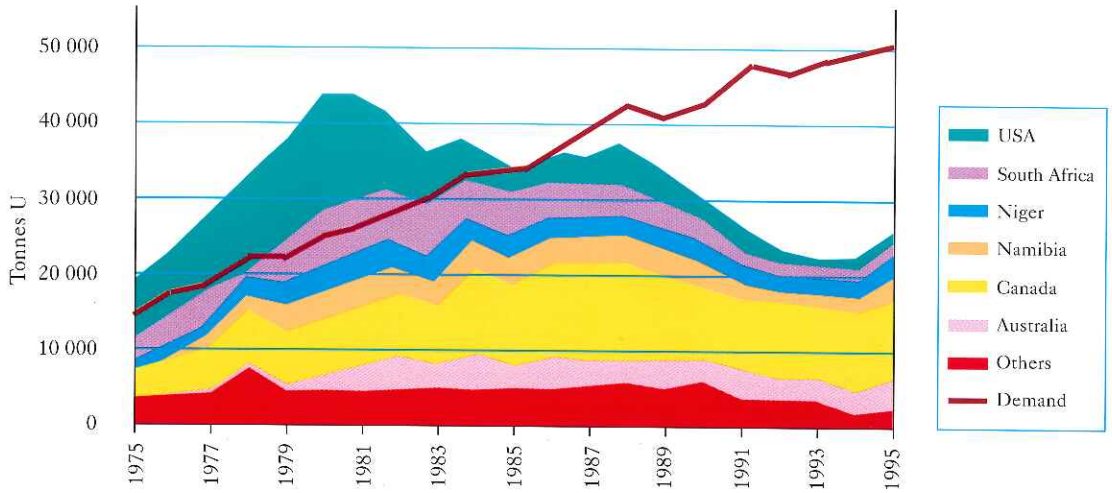
Rössing's output of 2 366 tonnes U_3O_8 in 1995 resulted in a market share of around 6% of world natural uranium production. Deliveries of U_3O_8 were up by 5% on the previous year and will rise again in 1996 in line with contractual obligations.



Sulphuric acid plant at Rössing Uranium

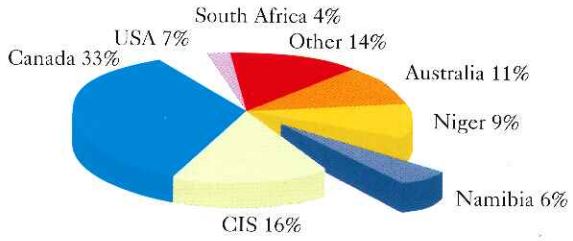
WESTERN WORLD HISTORIC URANIUM PRODUCTION AND DEMAND

Source: Uranium Institute



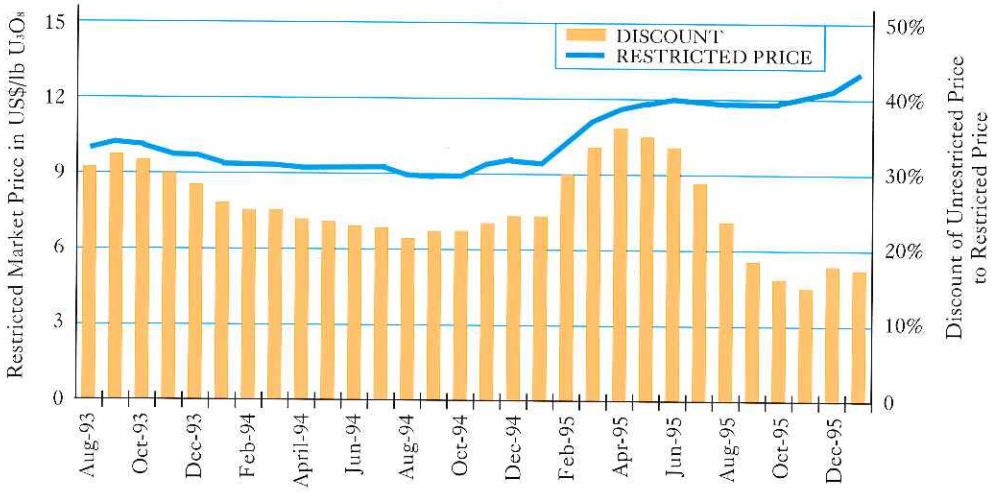
WORLD URANIUM PRODUCTION 1995

Source: Ux Weekly



SPOT MARKET PRICE MOVEMENT

Source: Trade Tech



MARKET REVIEW

THE MARKET

There was an encouraging improvement in the price trend of U_3O_8 on the spot market during 1995, with prices for both restricted* and unrestricted material substantially higher at the year end. The difference between the two prices also narrowed marginally.

	December 31st 1994	December 31st 1995	
	Spot price per lb of U_3O_8		
Restricted	$9.60	$12.20	+27.1%
Unrestricted	$7.20	$10.00	+38.9%
Difference	$2.40	$2.20	-8.3%

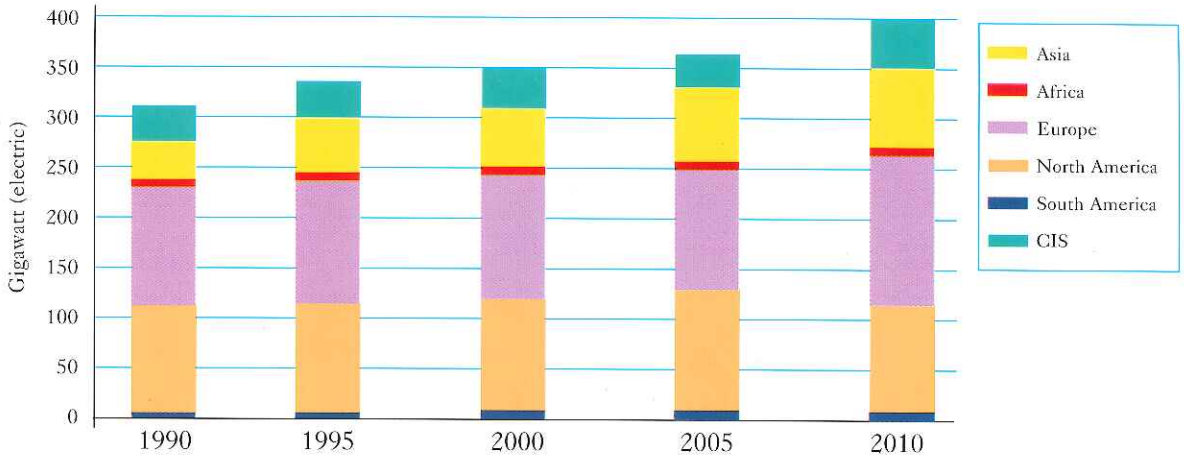
(Source: Tradetech Nuclear Market Review Exchange Values)

** restricted price applies to those transactions in which the buyer/seller is restricted by either the Euratom Supply Agency, the US Department of Commerce or contractually from receiving/delivering CIS origin products and services.*

Rope Shovel at work in the Open Pit

NUCLEAR REACTOR ELECTRICITY PRODUCTION

Source: Uranium Institute

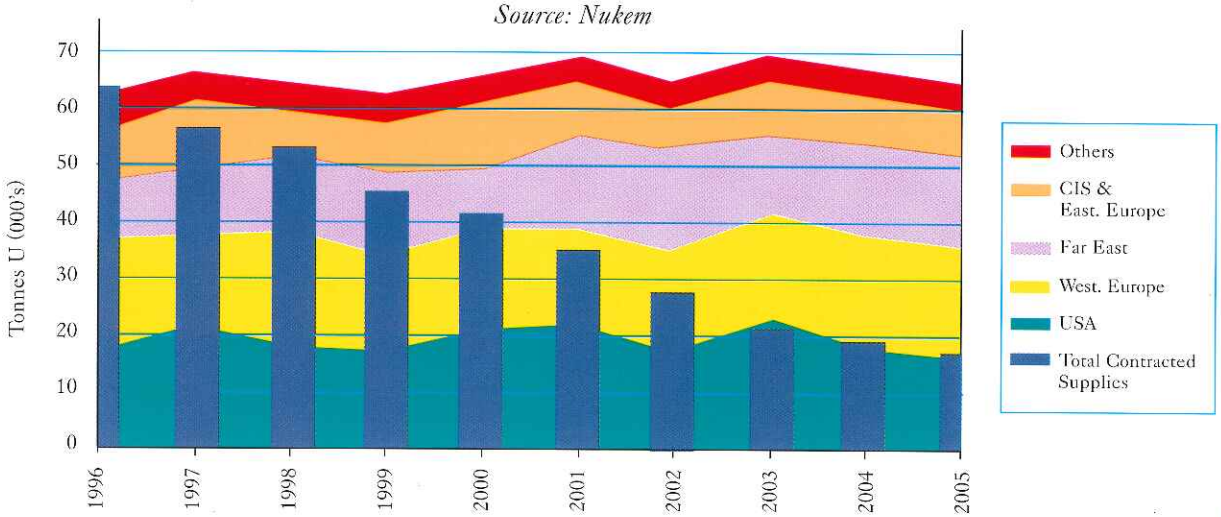


Spot market volumes at approximately 42 million pounds U_3O_8 equivalent were at record levels in 1995, particularly in the first quarter. There were a number of contributing factors:

- utilities took advantage of the very low prices available in expectation that the market, particularly for CIS material, would soon revive;
- the anticipated and final move by the Nuexco Group of Companies to seek protection under Chapter 11 of US bankruptcy laws, which caused some buyers facing delivery default to enter the market;
- US utilities' efforts to secure cheap CIS material ahead of the closure by the US Commerce Department of the enrichment by-pass loophole – the Kazakh agreement was amended in March and the Uzbek agreement in October. These efforts may be in vain as utilities are having to negotiate with the Commerce Department as to what percentage of contracts will be approved irrespective of the date of signature;
- the end of financial year rush to use up the quota of Russian material that is permitted to enter the US in the form of matched sales - if not used it would have been lost.

PROJECTED WORLD URANIUM DEMAND BY REGION

Source: Nukem



MARKET REVIEW

In the long-term segment of the market, volumes were also at record levels in 1995 with western world utilities committing to buy nearly 80 million lbs U_3O_8 equivalent – almost double the annual quantity at the start of the 1990s. US utilities were the most active in the market but they tended to sign contracts for smaller volumes over shorter periods than those in Europe and Asia.

Prospects appear to be good for a continued recovery of market prices for uranium in 1996. The fundamental imbalance between global supply and demand, combined with the on-going reduction of inventories, suggests a strengthening in price and a growing emphasis on long-term supply agreements.

It is predicted that world-wide installed nuclear generating capacity will increase from about 345 GWe (Gigawatt electric) at the end of 1995 to just below 400 GWe in 2005, a growth of 16% over the period. By contrast, currently contracted uranium supplies are forecast to fall from around 87% of demand in 1996 (138.1 m lbs U_3O_8) to 26% in 2005 (44.5 m lbs), resulting in substantial opportunities for competitive producers to secure new contracts in the years ahead.

Counter Current Decantation Thickeners

GEOLOGY OF THE RÖSSING DEPOSIT

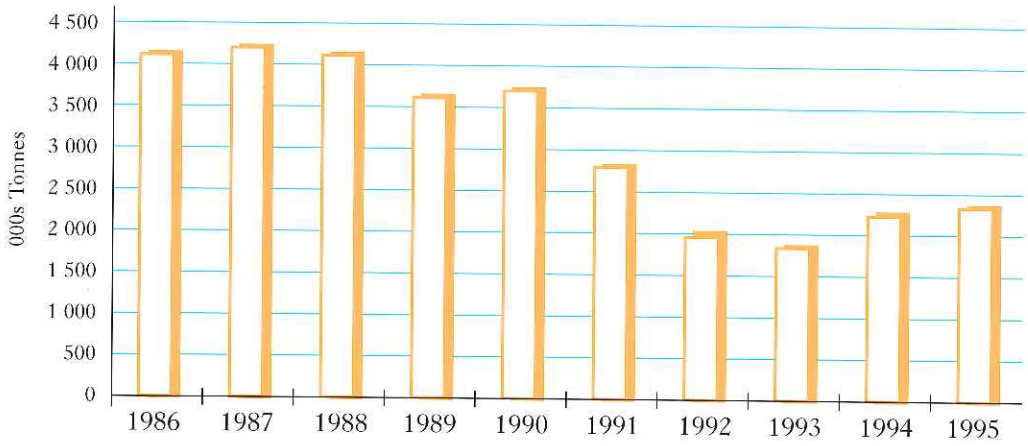
The Rössing deposit is unique in that it is the largest known deposit of uranium occurring in granite. It has a geological history dating back 1 000 million years to when the now bone-dry Namib Desert formed part of the sea. A layer of sedimentary rock was deposited in the shallow water and as the sea bed subsided, additional deposition caused a thick accumulation of sediments to sink deep into the earth's crust. At these depths extremely high pressures and temperatures caused complex folding of the sediments, forcing the underlying molten granite to move upwards and become embedded in the sedimentary rock. This granitic rock, known as alaskite, contains uranium minerals either as microscopically small crystals of uraninite or easily seen yellow crystals of beta-uranophane.

Rössing Dome

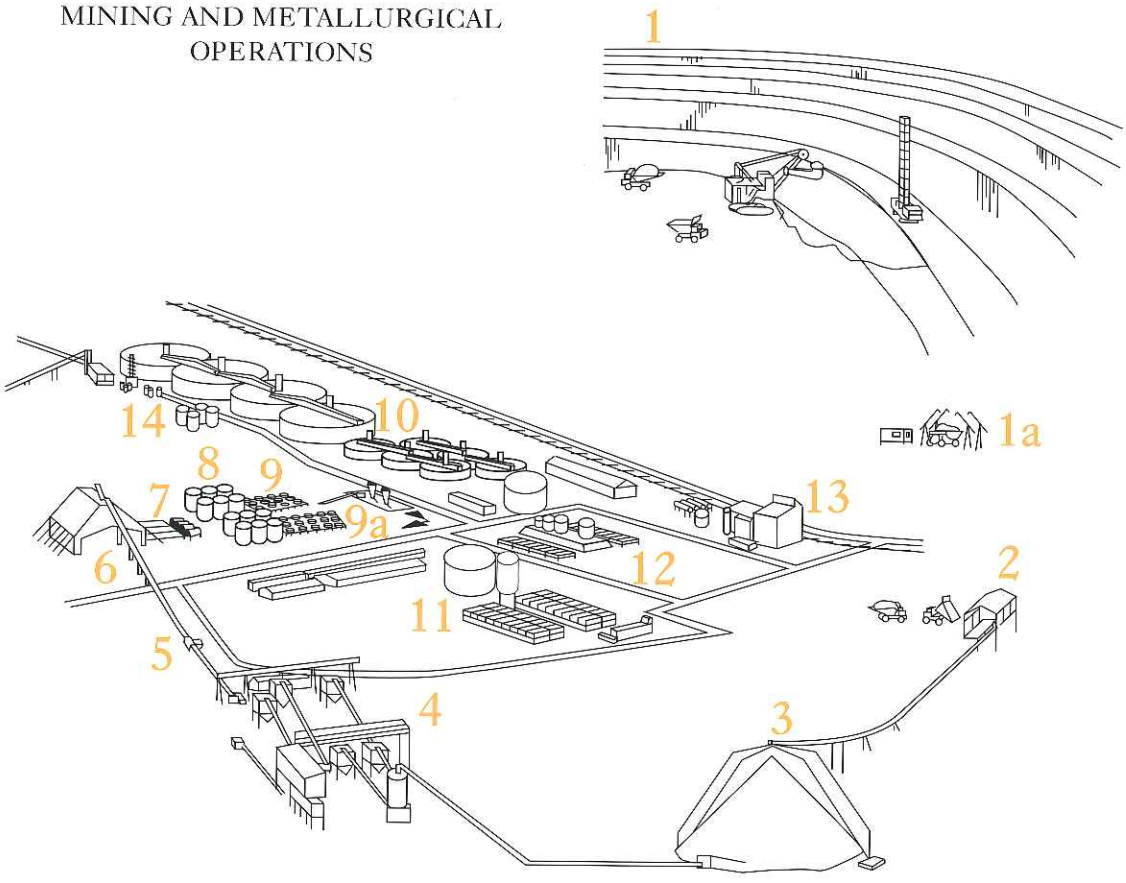
OPERATIONS

Rössing produced 2 366 tonnes of U_3O_8, 5% more than in 1994. Tonnes mined were 6% higher but tonnes milled were 7% less than in 1994. The ore grade during the year was the highest ever recorded, attributable to the higher proportion of high-grade material mined from the South side of the open pit.

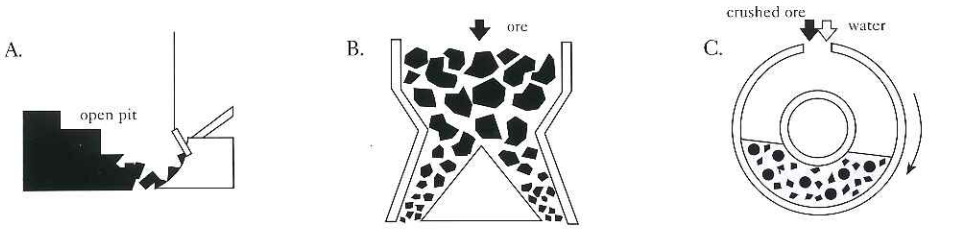
URANIUM OXIDE PRODUCTION AT RÖSSING
(metric tonnes per annum)



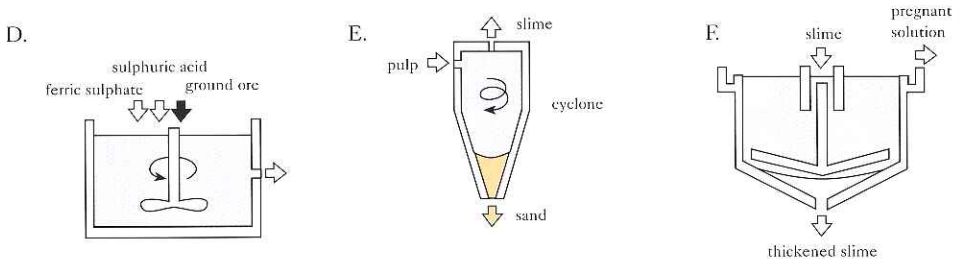
MINING AND METALLURGICAL OPERATIONS



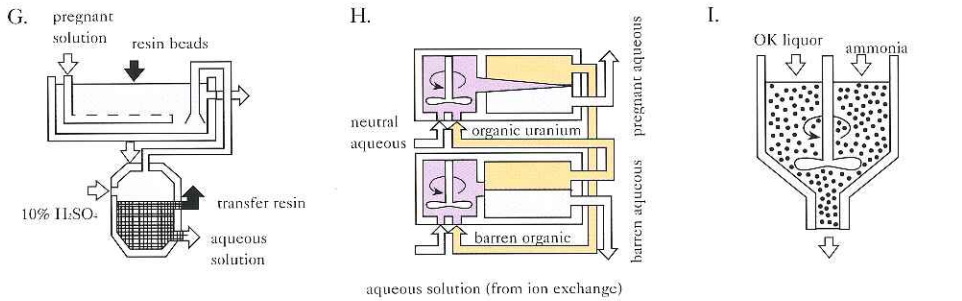
MINING AND METALLURGICAL OPERATIONS



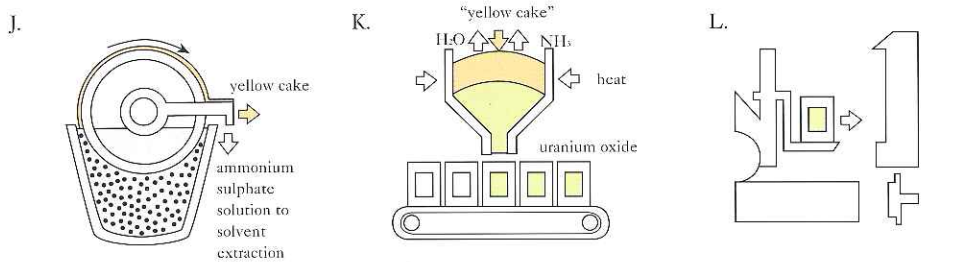
A. MINING: (1) The uranium ore at Rössing is recovered by drilling, blasting, loading and haulage. Due to erratic distribution of minerals in the ground, waste and ore are often mixed together. Radiometric scanners measure the radioactivity level of each truckload (1a). This determines whether the material is sent to the primary crushers (2) or to low-grade stockpile. Waste is transported to a separate dump.
B. CRUSHING: Ore is delivered to the primary crushers (2) by haultruck and then by conveyor to the coarse ore stockpile (3). It passes through a further series of crushers and screens (4) until the particles are smaller than 19mm. After weighing (5) this fine ore is stored on another stockpile (6).
C. GRINDING: Wet grinding of the crushed ore by means of steel rods reduces it further to a slurry with the consistency of mud. The four rodmills (7), which are 4.3m in diameter, are utilised as required by production levels and operate in parallel.



D. LEACHING: A combined leaching and oxidation process takes place in large mechanically agitated tanks (8). The uranium content of the pulped ore is oxidised by ferric sulphate and dissolved in a sulphuric acid solution. Sulphuric acid is produced through a pyrite-roasting process on site (14).
E. SAND/SLIME SEPARATION: The product of leaching is a pulp containing suspended sand and slime. Cyclones separate these components and, after washing in Rotoscoops (9) to remove traces of uranium-bearing solution, the sand is pumped through a pipe (9a) to a tailings disposal area.
F. THICKENING: Counter-current decantation thickeners (10) wash the slimes from previous stages. A clear uranium-bearing solution ('pregnant' solution) overflows from No. 1 thickener, while the washed slime is mixed with the sands and pumped to the tailings area (9a).



G. CONTINUOUS ION EXCHANGE: CIX(11) The clear pregnant solution now comes into contact with beads of specially-formulated resin. Uranium ions are absorbed onto the resin and are preferentially extracted from the solution. Beads are removed periodically to elution columns where a strong acid wash removes the uranium from the beads. The resulting eluate is a purified and more concentrated uranium solution.
H. SOLVENT EXTRACTION: SX(12) The acidic eluate from the ion exchange plant is mixed with an organic solvent which takes up the uranium bearing component. In a second stage, the organic solution is mixed with a neutral aqueous ammonium sulphate solution which takes up the uranium-rich 'OK liquor'. The acidic 'barren aqueous' solution is returned to the elution columns.
I. PRECIPITATION: (13) The addition of gaseous ammonia to the 'OK liqour' raises the solution pH, resulting in precipitation of ammonium diuranate, which is then thickened to a yellow slurry.



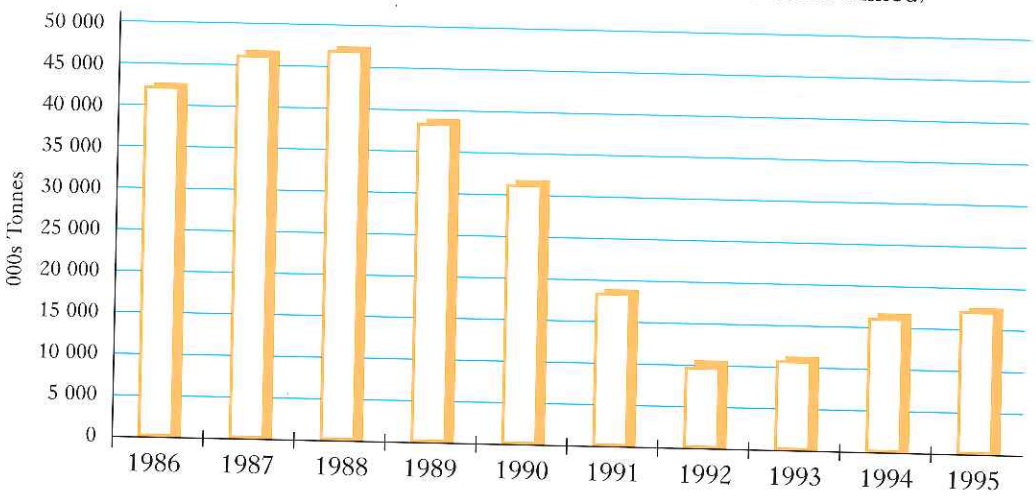
J. FILTRATION (13) The ammonium diuranate is recovered on rotating drum filters as yellow paste-'yellow cake'.
K. DRYING AND ROASTING (13) Final calcining drives off the ammonia, leaving uranium oxide. The product is then packed into metal drums. Neither ammonium diuranate nor uranium oxide are explosive substances.
L. LOADING AND DESPATCH (13) The drums of uranium oxide are loaded and exported to overseas customers for further processing. At full capacity, the plant can produce 5 000 short tons of uranium oxide each year.

PRODUCTION OVERVIEW

MINING

The Open Pit returned to a 24 hour a day operation, 5 days a week to accommodate higher production levels. Productivity as measured by tonnes mined per day was 25% higher than in 1994. The trial application of automatic truck despatch contributed to this achievement.

RÖSSING MINE PRODUCTION 1986 – 1995 (tonnes mined)

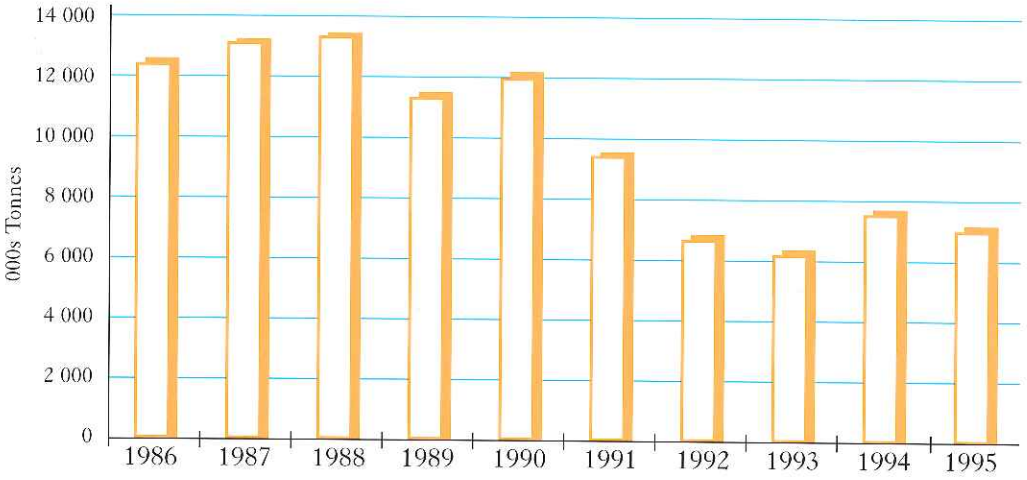


Haultruck on trolley assist

Electric trolley assist which was introduced in September 1986, because of the increasing difference in the cost of diesel fuel compared to the cost of electricity, remains a key component of cost effective mining at Rössing. Substantial savings in waste stripping have also been achieved by steepening the inclination of haulroads to a 10% gradient.

Continued high maintenance standards ensured good equipment availability. This in turn enabled high utilisation of the haultruck fleet. Maintenance projections however, indicated a future exposure and approval was received for the purchase of 6 new 190-ton trucks in 1996 to replace part of the existing truck fleet and to ensure that further increases in mining output can be efficiently achieved.

RÖSSING MILL THROUGHPUT 1986 – 1995 (total tonnes milled)



METALLURGY

Productivity improvement as measured by tonnes milled per day reached the highest level since 1990. Plant capacity was restored to design level following the completion of the three-year refurbishment project. Total cost of the refurbishment programme amounted to N$35 million.

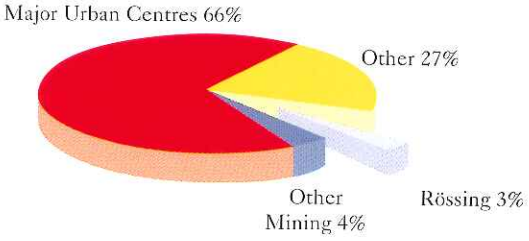
A number of developments were initiated to further enhance crushing and leaching efficiency. In particular, in order to attain improved extraction of uranium from the ore, the steam export capacity of the Acid Plant was increased, allowing for continuous injection of heat into the leach pulp.

With scarce water resources in Namibia, a principal objective has always been to ensure the optimal use of fresh water.

In co-operation with expert consultants the paddock deposition method used in the tailings dam was further refined. The surface water collected on the dam can now be recycled more effectively to the plant, thus reducing evaporative water losses. As a result fresh water requirements are reduced.

Total fresh water usage at Rössing in 1995 was 1.98 million cubic metres, the lowest annual consumption on record.

RÖSSING'S PROPORTION OF NATIONAL WATER DEMAND



Source: Ministry of Agriculture, Water and Rural Development, Rössing Water Management

PRODUCTION OVERVIEW

HUMAN RESOURCES

At present over 91% of Rössing's employees are Namibian citizens. 84% of employees in the bargaining unit are members of the Mineworkers Union of Namibia with whom a recognition agreement was signed in 1987.

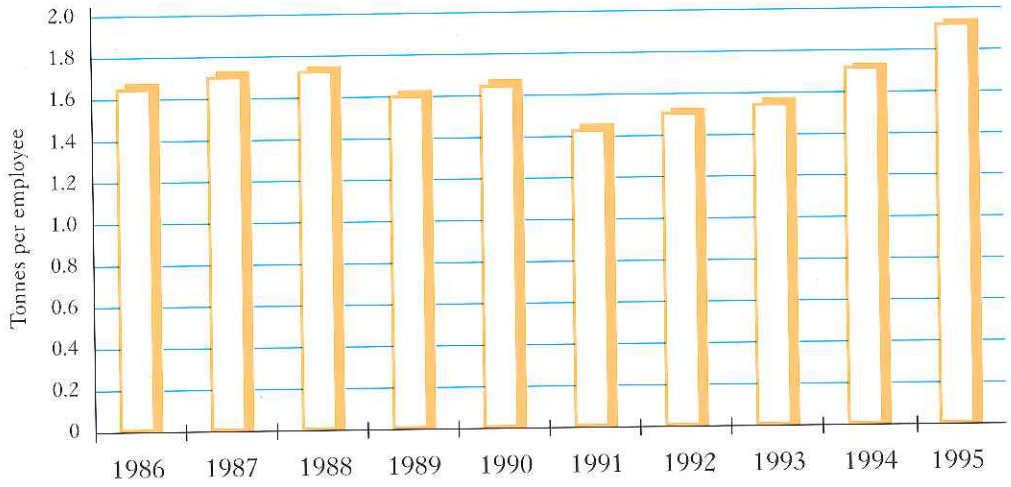
The relationship between the Mineworkers Union of Namibia and Rössing remained constructive, mature and businesslike. A joint job-grading system has been established, the first of its type in Namibia.

Rössing employed 1 239 people in 1995 compared to 1 287 in the previous year.

This reduction was largely the result of natural attrition and rationalisation of positions. Essential vacancies were filled through the application of an internal transfer system, thereby enhancing career opportunities. Annual productivity increased by 9% to the highest ever level of 1.91 tonnes uranium oxide per person as a result of the reduction in manning levels. Staff turnover remains very low and approximately half of the employees have been with the company 15 years or more.

A variety of communication programmes was initiated with the aim of increasing the awareness of employees to both external market conditions and internal aspects of the operation. The weekly in-house newspaper, Rössing News, featured a series of technical and safety related articles.

EMPLOYEE PRODUCTIVITY
(tonnes uranium oxide produced per employee-year)



Despite the need to minimise costs, Rössing continues to invest, through training programmes, in the development of employee skills. In-house training courses as well as employee and management development programmes are pursued on an ongoing basis. Total costs for training and development programmes incurred by the company in 1995 amounted to over N$4 million.

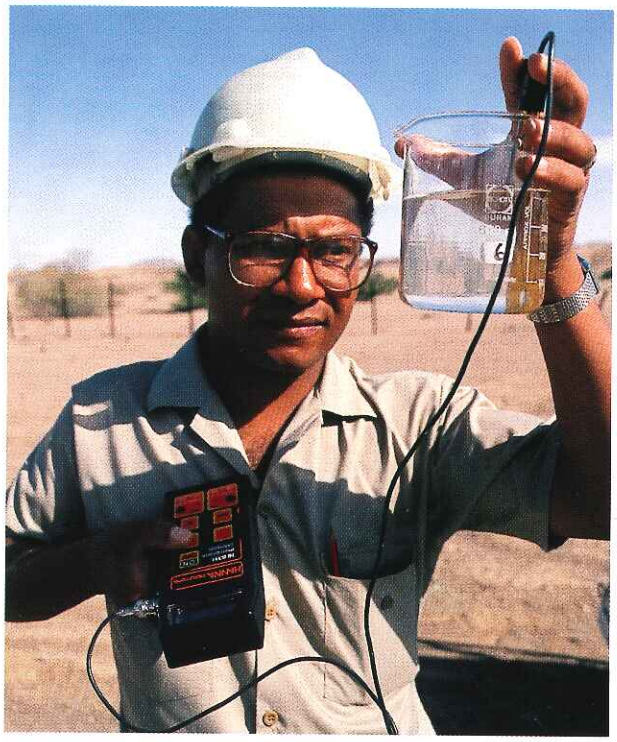
The Company offers a variety of internal and external training and development programmes to optimise the potential of all employees to the benefit of both parties. Special emphasis is placed on in-house supervisory development programmes at junior as well as senior levels. Rössing employees, as well as students from related industries in the country, receive apprenticeship training of the highest standard at the Namibian Institute of Mining and Technology in Arandis. The first group of qualified apprentices, who achieved the highest marks in Namibia, completed their training at the end of 1995 and are now employed by Rössing.

Namibian Institute of Mining and Technology (NIMT)

PRODUCTION OVERVIEW

HEALTH, SAFETY AND THE ENVIRONMENT

Rössing's safety performance in 1995 showed further improvements with reductions in both lost and non-lost time injuries.

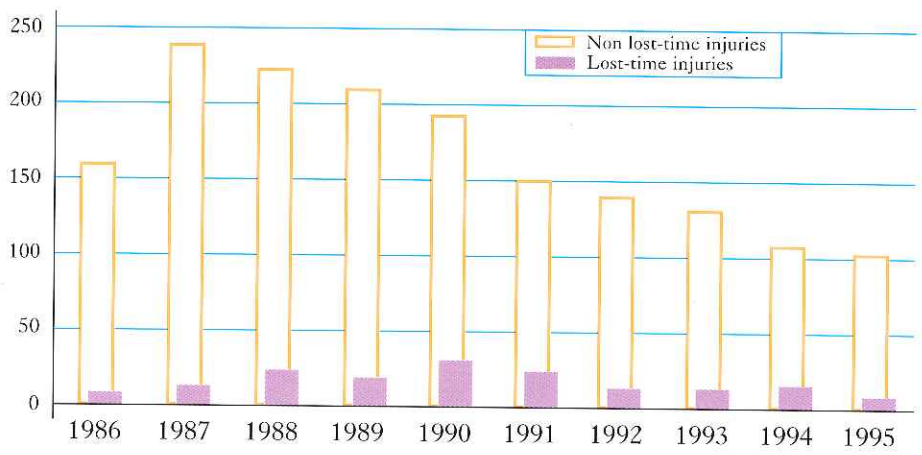


Testing of underground water sample

Full medical examinations, including physical examinations, blood tests, lung function tests and electro-cardiograms are routinely completed for all employees. Other tests performed are X-Rays (when required), urine and kidney examinations. An information system has been developed to capture all data generated by medical surveillance.

In pursuit of its health, safety and environmental policy, Rössing has developed systems and functions at the mine to ensure compliance with all health, safety and environmental standards and regulations, taking due note of the law of the land and the practices and requirements of the uranium industry world-wide.

HISTORY OF INJURY RATE AT RÖSSING
(Number of injuries per year, by type)

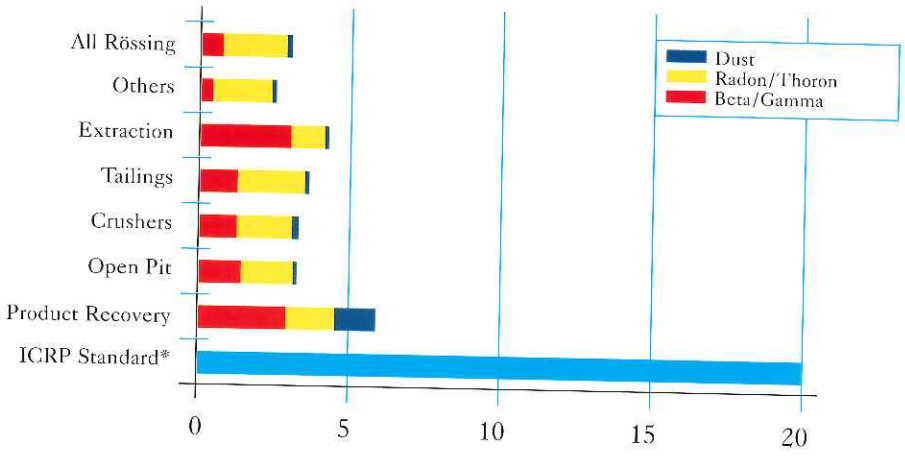


RÖSSING'S POLICY STATEMENT ON HEALTH, SAFETY AND THE ENVIRONMENT

Rössing has a comprehensive health, safety and environmental management programme in place. The Company is committed to:

- Striving to minimise its impact on the environment in the widest context, by adopting the principle of best contemporary practice during its operation and after decommissioning.
- Limiting Company exposure to environmental risk by identifying, controlling and monitoring environmental impacts on a regular, systematic basis.
- Upholding the right of every employee to work in safe conditions and ensuring that the general public, as well as employees, are protected from potential health hazards associated with the operations of the Company.
- A policy of responsible disclosure with regard to its environmental management and performance. The Company will not, without good reason, restrict the availability of relevant information either to employees or to the general public.
- Training all employees in safe, practical and efficient work methods that take cognisance of potential health hazards and potential adverse environmental impacts associated with the operation.
- Complying with appropriate health, safety and environmental legislation, taking due note of article 95 of the Namibian Constitution and adhering to the best contemporary practice and requirements of the uranium mining and processing industry elsewhere.

AVERAGE ANNUAL EXPOSURE LEVELS
(mSv per annum)



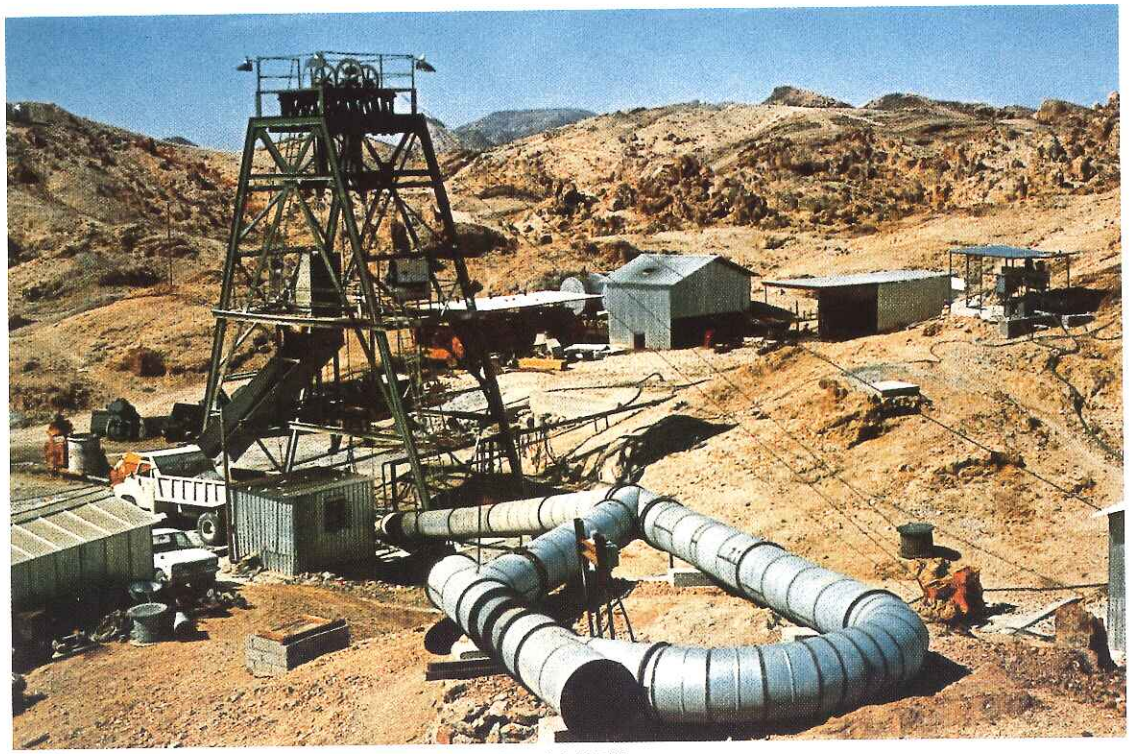
* *International Commission for Radiological Protection*

HISTORICAL INFORMATION

Rössing, one of the largest open pit uranium mines in the world, is situated in Namibia in South-Western Africa. It lies 65 kilometres inland from the coastal town of Swakopmund, in the Namib Desert, the oldest desert in the world. It is a region of vast, sandy wastes, rocky outcrops and gravel plains, where the average rainfall for the region is only 30 mm per year.

Radioactive pitchblende was discovered in the late 1920's by Captain Peter Louw, a mineral prospector working in the Namib Desert. It was only in 1966, however, that Rio Tinto South Africa Ltd - a subsidiary of the RTZ Corporation - negotiated an option on the 1 000 square kilometres concession. A team from RTZ then established an exploration camp in the Namib Desert. A long programme of geophysical and geological surveys, together with a feasibility study commenced. The ore body was found to be an enormous deposit of low-grade uranium embedded in tough, abrasive granite known as alaskite.

A decision to go ahead with the mining project was made in August 1973. The mine and plant - designed to produce 5 000 short tons of uranium oxide per year - began operating in March 1976 and reached full-scale production for the first time in 1979.



Headgear for the underground pilot operation in the mid-1970's.

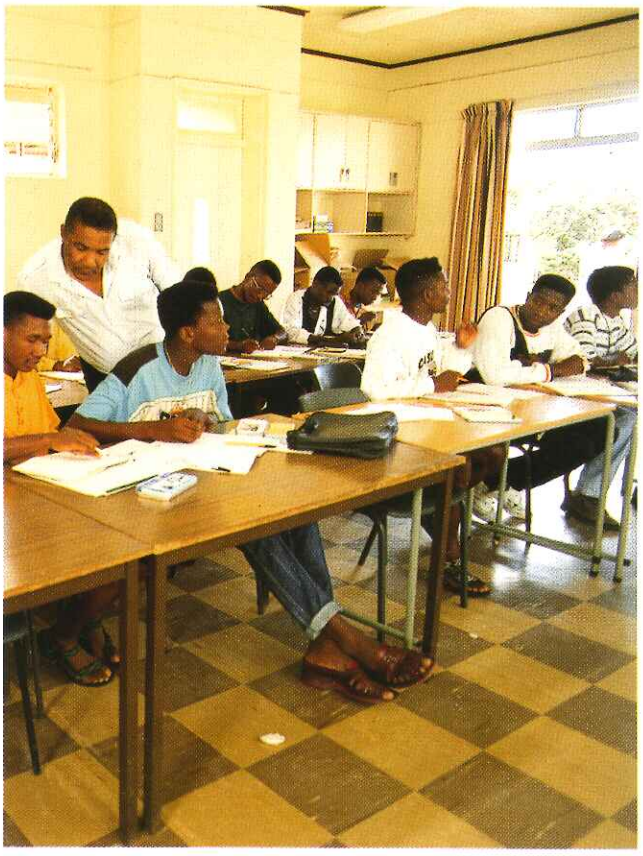
RÖSSING FOUNDATION

The Rössing Foundation was established in 1978 and is administered by a full time Executive Director who is responsible to an independent Board of Trustees. The organisation is funded by donations received from the profit of the Company as well as from NGO's and foreign aid institutions.

The Foundation continues to address the crucial needs of the Namibian community through its various centres in the country. It furthers the practical education of Namibians in order to achieve greater national productivity and to increase understanding between the inhabitants of Namibia.

During 1995 the Rössing Foundation moved into a number of new and different fields. It continues to gain recognition as a leader in the field of development both in Namibia and also overseas. The core structure of the Foundation is sound and well entrenched in the Namibian communities. Its role as an advisor to organisations outside Namibia grows continually and the Foundation managed an increased amount of donor and aid agency funding.

With the sale of the Okashana and Lüderitz centres to the Namibian Government, whilst retaining management responsibility, the Foundation remains committed to future training programmes as well as assisting the authorities to broaden education for the nation.



Rössing Foundation Literature Classes

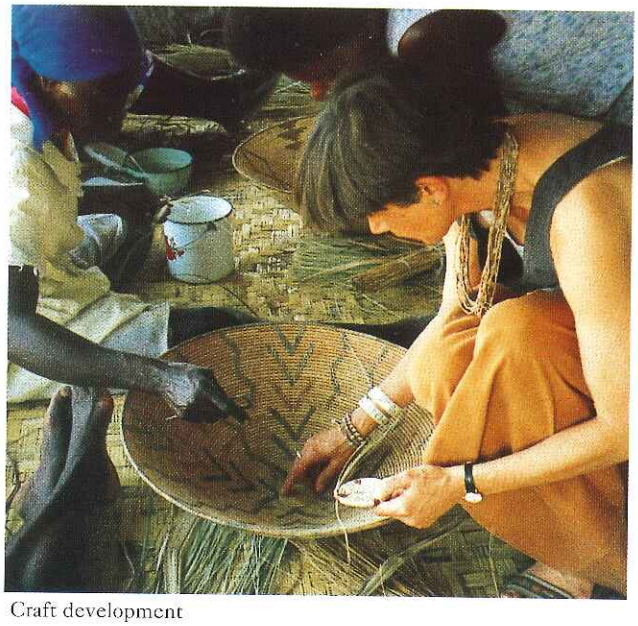
RÖSSING FOUNDATION

EDUCATIONAL PROGRAMMES

ADULT

In total, 2 319 students attended courses on offer at the various centres throughout Namibia. The community libraries had approximately 12 000 adult and children users in what is proving to be an invaluable service to the communities served by the Foundation.

Among a variety of courses offered, English courses still remain the most popular. The demand for these increases, as English, the official language, becomes more commonly used in Government and business. The Foundation offers English to many different sectors, from basic English skills to more specialist audiences like artisans, teachers, secretaries, nurses and hotel personnel.



Craft development

EARLY CHILDHOOD

The Foundation has recognised the need in both urban and rural communities to establish early learning facilities. Previously the responsibility of the education authorities, early learning has now become a community objective. Many communities have found themselves inadequately prepared to establish the required facilities and human resources to deliver the necessary programmes. The Foundation has assisted the communities to overcome these obstacles.

ENVIRONMENTAL

The Foundation played the leading role in the formation of the Namibian Environmental Education Network (NEEN), an umbrella body for all environmental education organisations and activities. This is a project which also offers scholarships to Namibians.

CRAFT DEVELOPMENT

The Rössing Foundation emphasises the development of most centres into self sustaining organisations. The award winning Gibeon Folk Art craft development has emerged as a useful prototype of community groups which produce quality products that can compete in both local and international markets.

OTHER FACTS AND FIGURES

Namibia's surface area is 824 000 square kilometres with a population of 1.5 million and a population growth rate estimated at 3%.

STATISTICAL DATA - RÖSSING & NAMIBIA

Source: Central Statistics Office and Rössing

NAMIBIA	UNITS	*	1995	1994
Gross Domestic Product (Current Prices)	N$millions	*	11 268	10 394
GDP per capita	N$	*	7 069	6 723
Total Exports	N$millions	*	4 966	4 747
Total Mineral Exports	N$millions	*	2 659	2 347
Current Account Surplus (Deficit)	N$millions		n/a	748
Total National Debt	N$millions		n/a	1 600
Total Government Revenue	N$millions	*	4 043	3 607
Total Mining Taxes	N$millions	*	296	309
Inflation Rate	%		10.06	10.74
Consumer Price Index	1992=100		127.93	116.29
Water Supplied by authorities	million cu.m		n/a	89.91
Electricity Consumed	billion kWh		1.81	1.63

* = *provisional for 1995*

RÖSSING URANIUM MINE	UNITS	*	1995	1994
Uranium Production	tonnes		2 366	2 252
Contribution to World Production	%	*	6	5.9
Rank Amongst Principal Producers			5	4
Contribution to Mineral Exports	%by value		17	17
Total Tonnes Mined	million t		16.49	15.90
Total Tonnes Milled	million t		6.98	7.52
Number of Employees			1 239	1 287
Productivity per Employee-year			1.91	1.75
Fresh Water Purchased	million cu. m		1.99	2.01
Electricity Purchased	million kWh		157.8	158.3

* = *provisional for 1995*