Rio Tinto

Rössing Uranium Limited

Working for Namibia

2013 Summary Report to Stakeholders

Looking ahead

The purpose of the Summary Report to Stakeholders
This Summary Report aims to give readers an overview of the activities of Rössing Uranium Limited (Rössing) from January to December 2013, and our interaction with society, the economy and the environment. The full report can be accessed on our website: www.rossing.com.

Message from the Managing Director

Welcome to Rössing Uranium's *Summary Report to Stakeholders*, which explains our business and our approach to what we do. The report also serves to outline how our business performed in 2013 against the key indicators by means of which we, the neighbouring communities and external stakeholders, measure the company's performance, particularly in respect of the Namibian economy, the environment, our people and the surrounding communities.

In the history of the mine, 2013 will undoubtedly be remembered as a challenging year, but it secured our future.

Our industry is currently experiencing challenging times – mainly because of global influences. It was a tough year because the uranium price continued to decline globally, putting substantial pressure on our business.

Consequently, we had to embark on severe cost-cutting initiatives to ensure that we stay operational. Unfortunately, these included having to retrench 276 of our fellow employees – a very difficult decision to make, and even more difficult to execute. Nonetheless, it allowed us to improve our productivity and efficiency despite the challenges, although we still have much to do to be truly internationally competitive.

Fortunately, the spending restrictions in various fields did not severely impact our ability to function. Continuously looking at our costs meant that we could achieve good results in ways we had perhaps not considered before. One of these was to conclude an acid supply agreement with the Namibian-based Dundee Precious Metals, ensuring an attractive market-related product price.

It was also a tough year because we recorded one of our poorest safety performances in ten years. Safety will always remain our key priority, and permeates through all our activities as a business and as a team. Our goal is to create an injury- and illness-free workplace, where everyone is healthy and goes home safely each day.

We tasted success when all our tough decisions started to bear dividends. We managed to cut almost N$400 million in costs from our business. Had it not been for this saving, it would probably have been impossible for the mine to continue to operate normally.

Towards the end of the year we started to show an improvement in production, but we experienced disappointment when one of our leach tanks failed on 3 December, forcing us to temporarily shut down our milling operations.

However, 2013 has secured our future. We have plans to further improve our safety performance and build on all the hard work already done in 2013, which will allow us to enhance our production and financial performance in 2014 and beyond. Indeed, Rössing's current mine life extends to 2024 and work is continuing around options to extend that.

Thank you to all Rössing employees and contractors for ensuring our favourable audit outcome, both for the International Organization for Standardization (ISO) 14001 recertification, as well as the Rio Tinto Business Conformance Audit. Some excellent practices were identified by the auditors – a fine feather in our company's cap, since we excelled in those practices during a period of uncertainty brought about by our restructuring exercise.

Despite the challenges, we are particularly proud that our workforce has shown resilience, commitment and creativity in respect of overcoming these issues. Looking at Rössing's history, we have made it through tough times in the past only because our people accept and rise to the challenge.

Our work on transforming the business continues to deliver a rich stream of ideas that are being implemented with urgency and passion. This is vital, because we need to position ourselves to benefit from growth in the uranium market, as uranium will remain an important part of the global energy mix.

Whilst the long-term future for uranium remains strong due to demand, mainly from Asia, markets remain mixed at best and margins are tight. The general consensus is that the industry will only start recovering towards the end of 2015. Until such recovery, we need to work in a very constrained environment.

It is also crucial that we do not lose valuable human capital and support, because when the uranium price becomes more favourable from a business perspective, we need to capitalise on it with a suitably qualified workforce.

The best response to the current trying circumstances is to harness the wisdom, creativity and experience of all our employees in order to find ways of doing things not only faster and better, but also smarter and always more safely.

Werner Duvenhage
Managing Director
30 April 2014

2013 at a glance

The year under review was a challenging one, but it secured our future. Many positive changes were made to set up the business for growth and an even longer life-of-mine. To build our future, we will continue to focus on our strengths: our people, our reputation and heritage, our resources and infrastructure, our growth options and the support of Rio Tinto.

Market conditions

Market conditions remain challenging due to global pressures which resulted in the uranium price continuing to decline. The long-term future for uranium as a source of fuel for nuclear power plants remains strong nonetheless.

Financial performance:

We reported a net profit of N$32 million after tax from normal operations, after a net loss of N$194 million (restated) in 2012.

Safety

All-injury Frequency Rate (AIFR) for 2013: 0.96 against 0.48 target – one of the poorest performances recorded in the past ten years. Plans are in place to improve our safety performance.

Production

Due to lower throughput in the Processing Plant, a total of 2,409 tonnes of uranium oxide were produced, compared with 2,699 tonnes in 2012.

Exploration

The Z20 uranium occurrence, being explored by Rio Tinto Exploration on behalf of Rössing since 2010, turned out to be a significant resource. A follow-up drilling programme was completed in 2013. We decided not to proceed to the final assessment, however, given that work on detailing the arrangements for possible mining of Z20 is still continuing.

Human resources

Employee relations continued to be an important focus area for our business during 2013. A spirit of mutual cooperation characterised negotiations, with everyone involved sharing a common understanding of the challenges facing the business. Rössing and the Rössing branch of the Mineworkers Union of Namibia signed a retrenchment package agreement stipulating the packages for 276 employees affected by the restructuring exercise in March 2013.

Processing Plant

On 3 December 2013, one of the 12 leach tanks on site experienced a failure. This resulted in the Processing Plant shutting down for the remainder of December and the first half of January 2014 to facilitate the recovery of the plant and to complete the necessary repairs. We completed the recovery and repair exercise safely and without incident.

Education and skills

A total of 123 people were supported in training and skills development programmes, representing an investment of N$5.56 million. Two new bursaries were granted, while 23 existing bursary holders continued to be supported.

Procurement

We spent N$1.9 billion on purchasing goods and services. Of this amount, N$1.2 billion (64 per cent) was with Namibian-registered suppliers. This ratio is expected to increase once deliveries of sulphuric acid commence in terms of a recently signed contract with the Namibian subsidiary of Canada-based Dundee Precious Metals.

Productivity

Our productivity improved significantly: saved more than N$300 million in a wide range of cost-reduction activities across the mine.

Business improvement

The year 2013 continued its pressure on the company by way of uranium commodity price declines, volatile exchange rates, shareholder pressures and cost challenges.

The challenges were taken up by the Business Improvement (BI) function, which entrenched the structured improvement methodologies and influenced the mindsets of Rössing leaders and team members. The results were immediately discernible in the heightened sense of continuous improvement throughout the company.

BI continued on its journey towards Continuous Improvement maturity by deploying the next phases of the Rössing's Improvement Framework.

During 2013, a significant highlight for the BI team was the completion of two waves of Change Leader capability-building sessions. This brings the total number of Change Leaders who have successfully completed the Rössing Change Leader/Green Belt capability-building programme to 27.

Marketing our product

The uranium market suffered further price declines in 2013 in the wake of large inventories, increases in secondary supplies, and increased uranium production globally. This was despite the fact that the entire fleet of 50 reactors in Japan remained offline for the balance of the year, while Germany proceeded with its exit from nuclear power. Expectations of a few restarts in Japan by the end of 2013 failed to materialise, as new regulatory inspections and safety upgrades took more time than expected. It is now anticipated that between four and ten units will be allowed to restart sometime in 2014. If this occurs, it will provide an important boost to market sentiment.

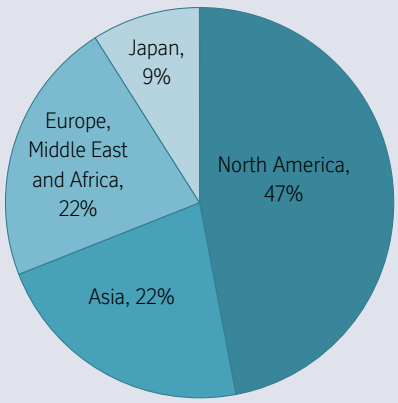
The spot price for uranium began the year at US$44 per pound, but by mid-year dropped below the $40 level for the first time since early 2006. This happened because mine production and secondary supplies in all forms continued to flood a market in which fundamental utility demand had fallen sharply. Stocks in the hands of US utilities, for example, rose to 20-year highs, so most were reluctant to purchase any more near-term material. By the end of 2013, with the added pessimism of further delays to Japan's recovery, the spot price reached US$35 per pound.

Fortunately, Rössing's sales contract portfolio is not very exposed to the spot price, so this decline had little effect on the company's revenues in 2013. However, the portfolio is exposed to the long-term price index, which declined by more than 10 per cent over the course of the year. The long-term indicator began the year at US$56 per pound, but by year-end the price was US$50. While somewhat offset by beneficial movements in exchange rates, as the Namibia dollar fell against the US dollar, this drop in the long-term index negatively affected the company's revenues.

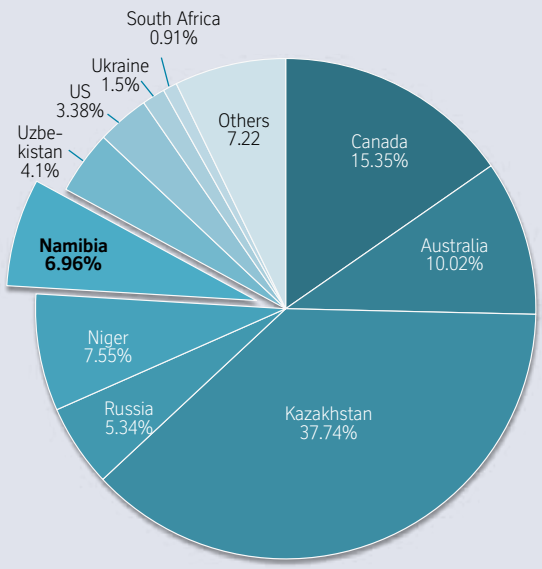
"The uranium market was further challenged in 2013, as nuclear plants in Japan remained off-line for most of the year. Other problems resulted from the impact of very low-cost natural gas supplies in the US, which indirectly led to five older US nuclear units being shut down permanently during the year. So the demand side of the market continues to struggle while supply has increased over the three years since the Fukushima incident in Japan. This is a recipe for continued weak prices in the near term.

Fortunately, though, China continues to build new reactors at a rapid pace, adding two units to the grid in 2013 and with a further 29 units under construction. China's programme will drive most of the demand growth for the next decade, and that demand will soon outstrip the volume of new production that will be economical at current price levels. Rössing is well-positioned as a reliable producer and China's longest foreign supplier, and this points to a brighter future for prices in the coming years." Clark Beyer, Managing Director, Rio Tinto Uranium

Rössing customers by region (%), 2013



World primary production of uranium oxide (%), 2013



Our operations

Rössing's operations consist of two distinct activities: mining of the uranium-bearing rock, and processing this ore to produce uranium oxide. The mine operates on a 24-hour, 365-day basis.

Exploration

The focus for 2013 was the completion of the third phase of drilling on the Z20 ore body. Z20 is situated on a portion of Rössing's mining licence area that overlaps the Namib-Naukluft Park, south of the Khan River. The area adjoins the Husab and Zhonghe Resources mining licence areas to the south and north, respectively. Drilling was completed in May 2013 for a total of 24,000m from 70 holes, and equates to a total of 48,000m (142 holes) since these operations began in 2010. Data from the drilling indicated a significant uranium resource in Z20.

Mining operations

Rössing mined a total of 36 million tonnes of rock from the open pit during 2013. Of this amount, 11 million tonnes was ore and 25 million tonnes waste rock. Only 10 million tonnes was processed, giving a ratio of 0.41 in respect of ore processed to waste rock removed. Mining was split between the Phase 2 pushback on the north side of the open pit and the Phase 3 pushback on the south side. The north side is the main source of ore, while the south is characterised by waste stripping to access the high-grade ore further down.

A key focus during the year was to optimise ore delivery from the pit through improved short-term planning to sustain the Processing Plant. We achieved this by lifting the ore cut-off grade, thereby raising the plant production. Other improvements included modifications to the waste dump designs to save hauling costs.

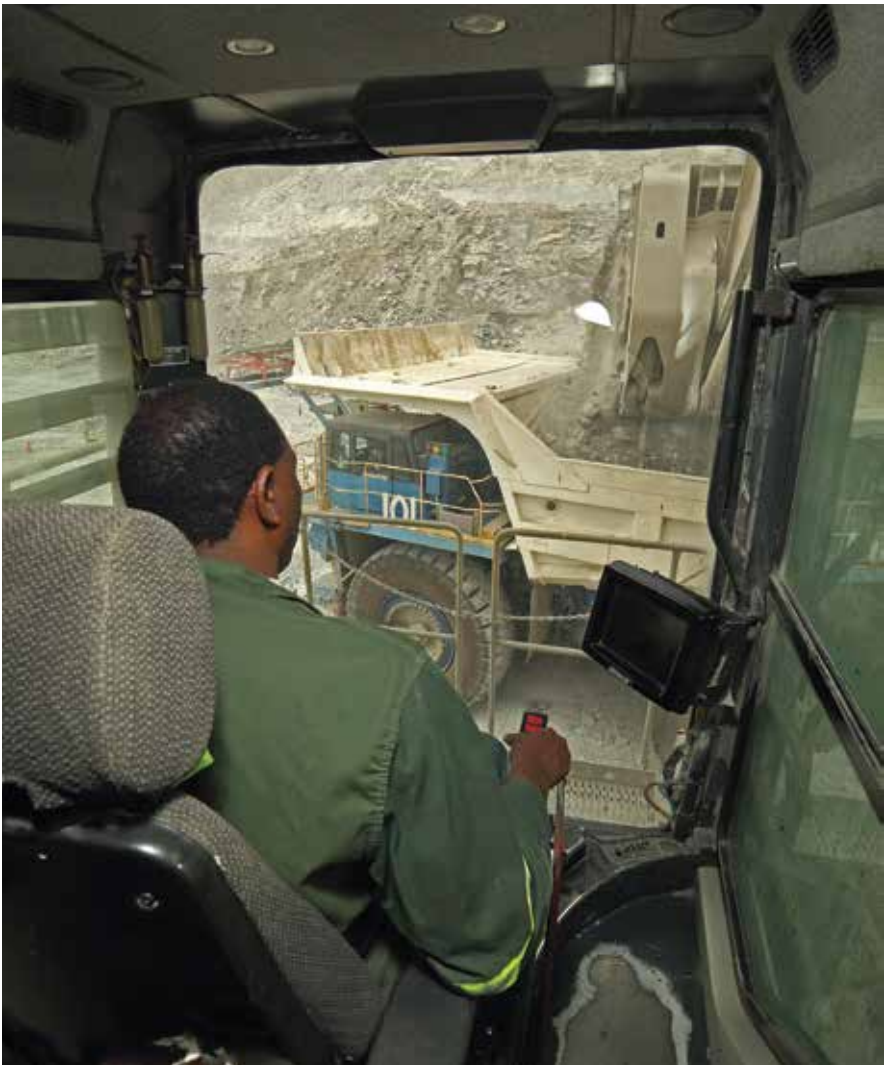
Processing

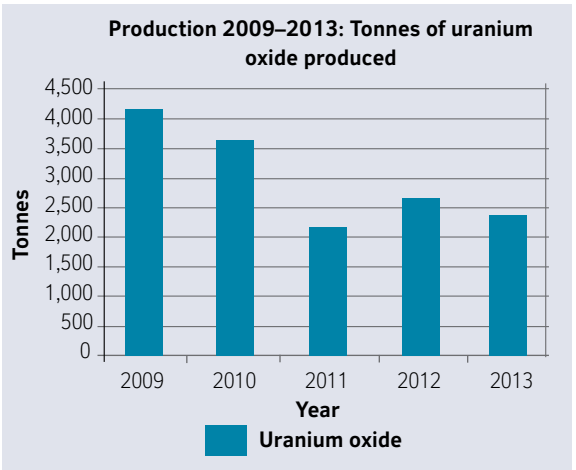
The reporting year was a challenging one for the Processing Department, compared with its promising performance in 2012. Lower throughput in the plant meant that 2,409 tonnes of drummed uranium oxide was produced in 2013, compared with the higher level of 2,699 tonnes in 2012.

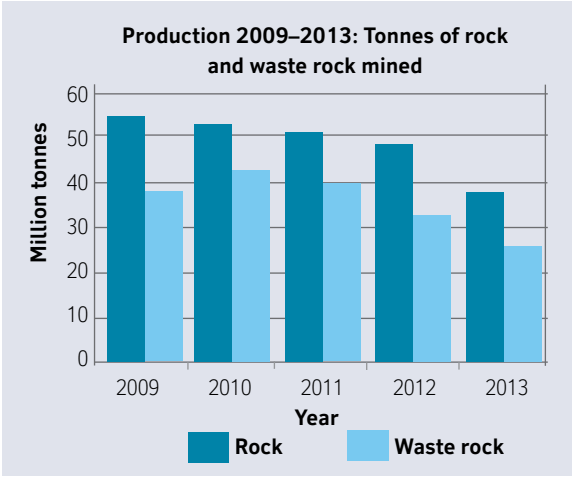
One of the key challenges encountered in the Processing Plant was the non-availability of major equipment, including conveyors and crushers. For this reason, one new secondary crusher will be installed during the first quarter of 2014.

On 3 December 2013, one of the 12 leach tanks on site experienced a failure. Although this did not impact on the environment in any way, the incident resulted in the plant shutting down for the remainder of December and the first half of January 2014 to facilitate its recovery and repair. The restoration exercise was completed safely and normal operations resumed.

Shovel Operator Ndinoiti Vatekeuleni inside the cabin of a PC 5500 shovel in the open pit, loading a haul truck.







Our people

In pursuit of our aspiration to be an employer of choice, Rössing provides stable, long-term and rewarding employment. In this way, we can contribute significantly to society and the economy.

By the end of 2013, our staff complement totalled 1,141 people. The average number of contractors at the mine for the reporting period was 596.

Employee relations continued to be an important focus area for our business during 2013. Rössing and the Rössing branch of the Mineworkers Union of Namibia signed a retrenchment package agreement that provided for the 276 employees affected by the restructuring exercise conducted during March 2013.

In May 2013, we also signed a classification structure for skills development with the Union that offers bargaining unit employees an opportunity to upgrade their skills within their grade, thus making them more capable and productive.

Rentia van Wyk, Open Pit Operator and Shovel Team Leader, in the open pit with a shovel and haul truck in the background, loading ore.

Statistical information on our workforce, 2013

Local and foreign employees:

- Namibians: 98.4 per cent (1,123)
- Non-Namibians: 1.6 per cent (18), including —
  - 0.5 per cent (6) work permit holders, and
  - 1.1 per cent (12) permanent residence permit holders
- Female representation: 14.7 per cent (168); new female employees recruited: 25 per cent
- Average age of new employees: 42
- Number of employees who left the mine's employment: 395
- Number of new employees recruited: 8

Costs and number of participants in training and development programmes, 2009–2013	December 2009	December 2010	December 2011	December 2012	December 2013
Trade bursaries	130	142	118	55	54
Trade job attachments	11	9	11	0	0
Apprentice employees	3	3	2	2	2
College/university bursaries	60	59	45	29	23
College/university job attachments outside company bursary scheme	2	2	12	1	0
Employees enrolled at a technical college (full-time studies)	8	6	4	0	0
Employees enrolled at college/university (full-time studies)	3	5	6	5	2
Employees involved in correspondence programmes	48	47	55	39	5
Employees enrolled in the Leadership Development Programme	25	29	50	26	0
Development positions	12	7	0	1	0
Rössing dependant scholarships awarded	122	99	118	85	35
Employees in limited-contact studies in various fields	16	9	5	3	2
Total number of participants	**440**	**417**	**426**	**246**	**123**
Training programme costs (N$)	**18,373,015**	**15,527,087**	**15,529,708**	**8,110,937**	**5,569,885**

Neighbouring communities

To ensure success in our engagement, Rössing applies a number of structured approaches that use formal techniques and tools to help identify, assess and manage our operational impacts on communities.

Over the years, we have invested substantially in the community around us. This has included offering opportunities for education and training, diversifying the local economy, developing enterprises, and managing the environment. Such contributions allow independent, self-sustaining communities to flourish through diversified and active local economies.

Rössing invested more than N$23 million in various community development initiatives during 2013, thereby contributing to wealth creation and improved living standards in surrounding communities. Most of our community investment resources are channelled through the Rössing Foundation, which was established in 1978 through a Deed of Trust to implement and facilitate our corporate social responsibility activities within Namibian communities. In addition, we support various community investment initiatives directly.

The Rössing Foundation

The Rössing Foundation undertakes a broad range of activities across a wide spectrum of community development areas. These activities are concentrated in the Erongo Region, where the Rössing mine is located, but they also fan out to the Omakehe and Oshana Regions to some extent. All programmes that the Rössing Foundation drives and supports involve collaboration with critical partners such as the Ministry of Mines and Energy, the Ministry of Education, the National Institute for Educational Development, the Erongo Regional Council and the Arandis Town Council.

To address the educational challenges facing Namibia, including the consistently poor examination results, the Rössing Foundation assists the Namibian Government, particularly the Ministry of Education, by offering opportunities to learners and teachers to acquire subject content knowledge and to improve their skills in the areas of Mathematics, English and the Sciences.

To meet this enormous undertaking, the Rössing Foundation has built and operates three Mathematics, English and Science centres in the towns of Arandis and Swakopmund, and in Ondangwa in northern Namibia. The Foundation, in partnership with the selected Regional Directorates of Education, also assists schools in the areas of school management and leadership.

The performance of learners registered and supported at the Rössing Foundation education centres in the Erongo Region, as measured through their end-of-year examination results, indicates that, overall, such learners obtained higher marks than their peers. This is especially true for the Grade 10s, except with regard to Life Science and Mathematics at Ordinary Level.

To ensure the Rössing Foundation's interventions in education remain sustainable, it supports teachers in various programmes. During 2013, support mainly took the form of enabling teachers – especially those from outside the Erongo Region – to visit the various centres.

The Rössing Foundation continue to support the Arandis Town Council in their effort to make Arandis sustainable beyond the life of the surrounding mines. In addition, the foundation supported Arandis-based entrepreneurs with skills development and expanding their businesses.

A group of learners of the Arandis Primary School.

Artisans performing an area risk assessment (Take Five) before starting a job.

Health, safety and environment

The use of a formalised, integrative Health, Safety and Environment (HSE) Management System is essential in allowing Rössing to optimise, coordinate and manage not only our operations, personnel, plant and equipment, but also our interactions, in a manner that demonstrates our consistent application of best practice in respect of HSE management.

Occupational health management

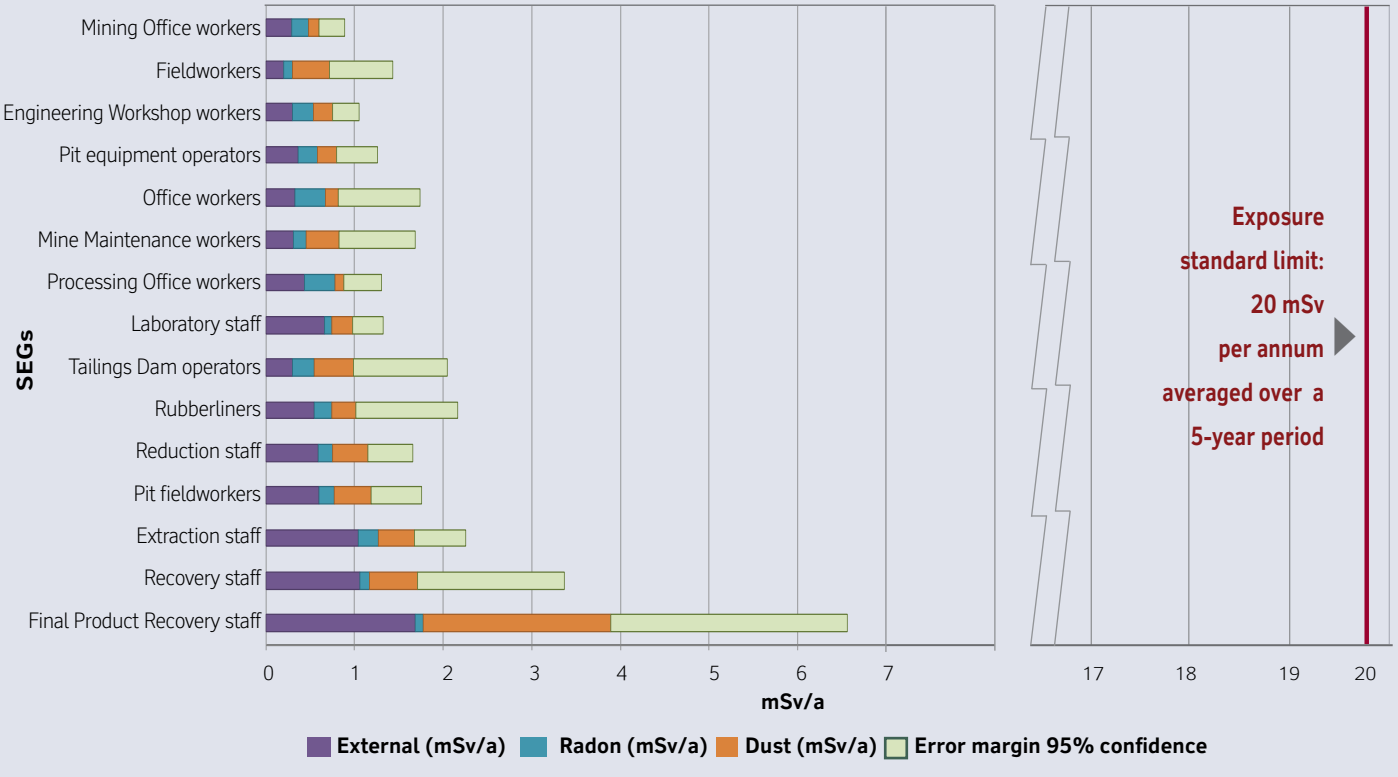
Workplace health is a basic right of employment. For Rössing, the health, safety and wellness of our employees remain a priority.

Radiation safety

Mine-wide staff reductions in 2013 necessitated the reorganisation and optimisation of the Radiation Section. Several procedures and control measures were put under the spotlight to identify possible areas of optimising the available human resources.

Employee dose monitoring at Rössing is performed regularly in order to obtain a statistically valid estimate of the radiation exposure for all workers. Each worker (contractors included) is assigned to one of 15 similar exposure groups (SEG). For each SEG, dose monitoring

Radiation monitoring results, dose per similar exposure group (SEG), 2013



covers three major exposure pathways: external exposure, internal exposure from the inhalation of long-lived radioactive dust and internal exposure from the inhalation of radon and its decay products.

Rössing collects at least 30 samples for each SEG and each major exposure pathway every year. We collect more samples if the statistical validity of the results demands we do so. An additional measure is to monitor all three shifts if exposures are found to differ significantly between them.

Because of the assignment of employees to SEGs, not every employee is sampled every year. However, from 2012 onwards, annual dose records were reported to the National Radiation Protection Authority for each worker, based on the SEG assignment and, where available, individual personal dose records. In addition, cumulative dose records for all workers terminating employment are issued. Such doses express total exposures incurred as a result of working at Rössing and, like annual dose records, are based on a combination of SEG and individual records for each worker.

Public exposure assessments are based on knowing how much radon and dust are emitted by mining activities, and whether there has been any groundwater contamination.

We perform radionuclide analyses of water samples from monitoring boreholes annually to confirm the absence of groundwater contamination by seepage from the tailings area. PM10 dust monitors at Arandis and on the south-western mine boundary are used to keep track of the air quality in the vicinity of the mine. Information about the radon concentrations on and near the mine site is obtained from regular radon surveys.

The National Radiation Protection Authority (NRPA) approved Rössing's Radiation Management Plan in 2010. Since the approval we have continuously reviewed and updated the plan in consultation with the NRPA, and audits conducted by the Authority against the Radiation Management Plan in 2011, 2012 and 2013 found Rössing to be in full compliance with the national regulations.

More than 1,500 personal radiation exposure monitoring samples were collected in 2013. All measured exposure doses are extrapolated to the conventional 2,000-hour working year to yield a representative and comparable exposure dose value for the different SEGs.

For 2013 – and, thus, the third year running – production of uranium concentrate was low. This had a measurable effect on the overall exposure doses determined during 2013, and resulted in the weighted average mine-wide exposure dose being even lower than the previous two years, namely 0.99 mSv per year per worker (including background radiation). The 95 per cent confidence level for the weighted average dose was found to be 2 mSv per year.

Urine samples are taken on a monthly basis from all workers classified as radiation workers. Urine samples are analysed at the Trace Element Analysis laboratory in Swakopmund for traces of uranium. This measure ensures that, if it should occur, any potential ingestion of traces of uranium can be detected and addressed.

A total of 1,023 urine samples were collected during the reporting year. As in 2012, no sample exceeded the warning level of 20µg/ℓ, which attests to the effectiveness of the preventive measures taken across the mine to minimise possible ingestion of uranium contaminants.

Regular monitoring takes place as regards surface contamination in the Final Product Recovery area. Contamination is actively minimised by way of specific controls, which also limit the spread of contamination to other areas.

The target set for 2013 was to keep the average contamination levels below 1.40 Bq/cm^2 , a reduction of the 2012 target of 1.60 Bq/cm^2. In 2013, the average contamination measured was 1.27 Bq/cm^2, under the target limit set for the reporting year.

The reduction of the surface contamination target is part of the continuous improvement programme that is implemented to reduce exposure doses and contamination, and to ensure that exposures are kept as low as reasonably achievable (ALARA).

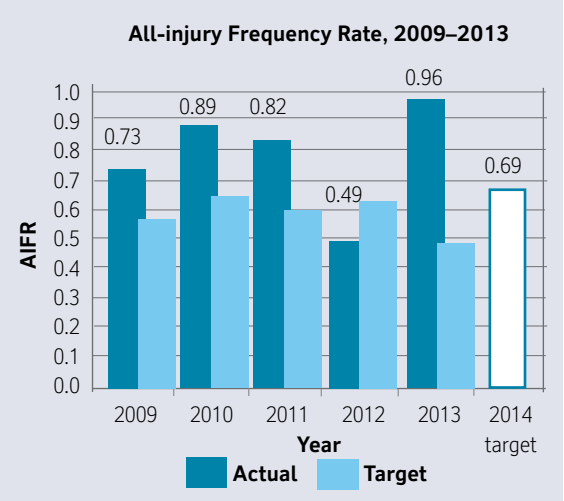
Radiation awareness training at Rössing continued in 2013. We offered three separate radiation awareness modules. The requirement is for every Rössing employee to attend at least one of these modules a year. In 2013, more than 800 workers attended radiation training. Workforce compliance with the radiation training requirement now stands at 82 per cent.

Safety

A safe workplace is a fundamental employment right, and safety is the foundation on which we build our business and our surrounding community. We believe all incidents, injuries and occupational illnesses are preventable and, thus, our goal is zero harm.

Following a successful 2012, when we recorded 0.49 – a 0.32 improvement on the previous year's AIFR – we are disappointed to report a decline in our 2013 safety performance.

The mine recorded an AIFR of 0.96 for 2013, which is a significant increase against the 2012 figures. Our AIFR target for 2013 was set at 0.48, but it was not met due to an increased number of significant incidents.



Environmental management

Water management

Water recycling and reuse is the foundation of the mine's Water Savings Programme. All spillages in the Processing Plant are captured and channelled to a large recycle sump for reuse. Effluents from the workshops are treated to remove oils, and sewage is treated in the on-site Sewage Plant. These effluents are used in the open pit for dust control purposes.

Most of the mine's water management takes place at the Tailings Storage Facility. Surface water from pools forming at tailings deposition areas is recycled and reused on a continuous basis in the plant, minimising evaporation and infiltration into the tailings pile. Remaining water that has infiltrated is recovered by pumping boreholes and open trenches installed on the facility itself to reduce the volume of underground water within the tailings pile.

Seepage control systems are also employed outside the Tailings Storage Facility. They include a surface seepage collection dam to capture water from the engineered tailings toe drains, cut-off trenches in sand-filled river channels, dewatering boreholes situated on geological faults and fracture systems on the downstream western side of the facility. All systems lower the water table to such an extent that flow towards the Khan River is interrupted. The recovered water is reused in the Processing Plant.

A cornerstone of the mine's water and seepage management is a comprehensive monitoring programme. This starts at the Tailings Storage Facility to ensure sufficient capacity at deposition areas, to ensure low water levels in the tailings pools and to ensure the proper functioning of all seepage control systems. On the reuse side in the plant, frequent flow meter readings are taken at many areas to maintain an overview of the water balance at any time.

To ensure that all systems are functional and zero discharge to the Khan River is maintained, water level measurements are taken on a network of more than 100 monitoring points. A number of these points are also sampled to determine the quality of the groundwater, including the concentration of uranium and other radionuclides. As a condition of the permit issued by the Department of Water Affairs and Forestry, monitoring results are submitted to the Department at regular intervals for review.

In 2013, water recovery from all systems was higher than anticipated in 2012.

Freshwater use

The total use of fresh water was 2.914 million m^3 for the year under review, compared with an operating plan target of 3.194 million m^3.

As in the previous year, the water performance for the 2013 reporting period was worse than anticipated, due to the reduction in total tonnes of ore milled in the plant. Lower tonnages at fixed water usage result in a higher unit consumption. Although we more than ably met our total consumption target, a number of challenges relating to the sustainable management of fresh water remain. These include the periodic supply interruptions from the bulk water supplier, the functioning of pumping systems, and a lack of adequate storage capacity for water in circulation.

In view of the above, various campaigns were implemented during the year to heighten awareness about reducing demand and using supply sustainably. We

Rössing's freshwater pipeline with the acid storage tanks in the background.

therefore continued our internal "Waterbucket" awareness campaign published in the mine's in-house newsletter, the *e-Rössing Bulletin*, to flag important issues to Rössing water users.

Other activities, such as the reed elimination project, came into effect in an effort to reduce water loss through evapotranspiration by reeds.

Unfortunately, we were prompted to look into other water conservation alternatives when promising water reduction test work carried out at the tailings pumping system was unsuccessful. These other alternatives included the Tailings Dam Dewatering Project and the Tailings Dam Extraction Project, which aim at maximising the recovery of groundwater from the Tailings Storage Facility. Both these projects, which we plan to implement in 2014, will yield much-needed low-quality water. This, in turn, will result in a significant replacement of freshwater consumption in the Processing Plant.

Khan River water use and quality

Rössing resumed its abstraction of saline groundwater from the Khan aquifer in August 2011 to suppress dust in the open pit. Such abstraction will continue until at least June 2014, when our permit expires. We will discuss internally whether or not to apply for renewal of the permit before its expiry date.

The mine allows for a daily abstraction of up to 800m^3/day, which is less than the permitted 2,383m^3/day, as well as less than the sustainable yield. We continue to monitor the vegetation and water levels in the Khan and Swakop Rivers to prevent over-abstraction.

Air-quality management

The Particular Matter (PM10) monitoring point established at the south-west boundary of the mine in February 2012 was functional until the end of September 2013. Unfortunately, components of this station were stolen; only eight months of data could be recorded.

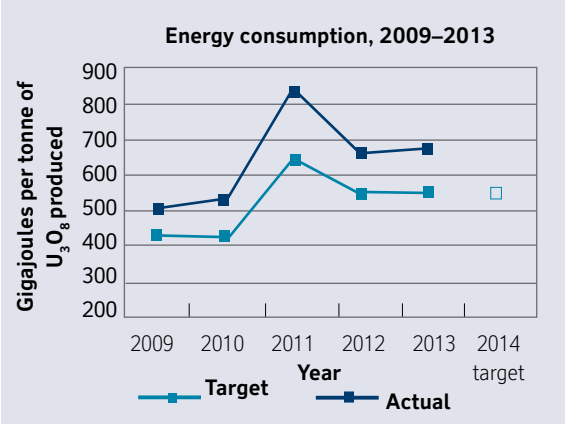
The station will therefore be re-established elsewhere on the mining licence area in 2014. Despite several East Wind events, dust concentrations recorded at this station remained below the Rio Tinto standard of 0.12mg/m^3 throughout January to September 2013.

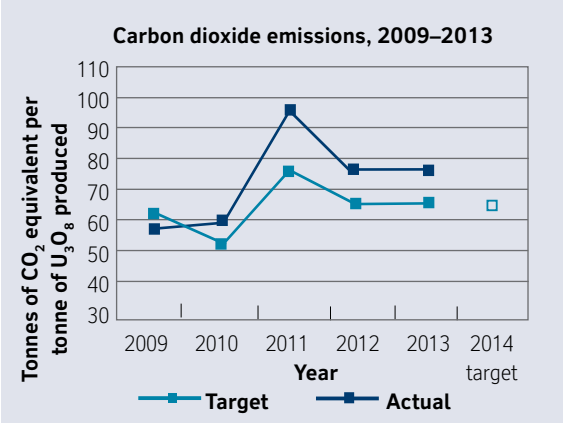
The low readings – at an average of 0.012mg/m^3 – indicate that PM10 dust dispersal from sources in the operations areas is limited in distance, and does not cross the boundary to the south-west of the mine's licence area.

We also continuously monitor PM10 dust levels at the nearby town of Arandis. Although the monitoring station malfunctioned during June, July and August and resulted in incorrect readings, the data recorded for all the other months showed that dust levels were much lower than the standard of 0.12mg/m^3.

Noise and vibration from blasting

We monitor environmental noise according to procedure and monthly reports to minimise it to threshold levels and to identify events when such levels are exceeded. The information gleaned is vital for assessing Rössing's compliance with various standards and for addressing concerns about excess noise or vibration. Our Geotechnical Section also utilises the feedback to investigate the impact of blast vibrations on the stability of the pit. During 2013, air blast levels were consistently below the limit of 134dB.





Energy efficiency and GHG emissions

In 2013, the total energy consumption of the mine was 1,007,659GJ. This converts to an annual energy consumption of 683.27GJ per tonne of uranium oxide produced, which is 22.68 per cent above the target of 556.95GJ/t.

Emissions of carbon dioxide (CO_2) per unit of production in 2013 amounted to 78.04t of CO_2 equivalent per tonne (CO_2-e/t) of uranium oxide (U_3O_8), which is 17 per cent above the target of 66.85t CO_2-e/t of U_3O_8 for the year. In December 2013, the emissions intensity amounted to 107.42t CO_2-e/t of U_3O_8, which relates to the low production as a result of the leach tank failure.

Lower production resulted in Rössing's energy consumption and GHG emissions per unit of production to be higher than the targets set.

Waste management

In the absence of a clear legislative framework for waste management in Namibia, Rössing uses international standards such as ISO 14001:2004 as well as the Rio Tinto Environmental Performance Standards for conformance.

Non-mineral waste

Rössing identifies its non-mineral waste and keeps a related inventory and risk register for each work area. An over-arching Non-mineral Waste Management Plan is also in place to ensure there is proper control over such waste. The plan is reviewed at least once every four years. Although 2013 saw less steel being recycled than in 2012, the volumes of recycled wood and cardboard and paper increased significantly. Moreover, the total volume of non-mineral waste recorded for 2013 was significantly less than for previous years. For the reporting year, the target for the measurable reduction of non-mineral waste destined for disposal was 80 per cent, while actual reduction measured 88 per cent.

Mineral waste

Rössing's mineral wastes are waste rock and tailings. The intent of our Mineral Waste Management Plan is to ensure such waste is properly controlled by way of reducing waste generation at source, and ensuring the safe handling and disposal of waste that has been generated. Our Tailings Storage Facility undergoes an inspection at least once a year. Consultants from SLR Environmental Consulting (Pty) Ltd, SRK and Aquaterra

Relocation of seven Elephant's foot plants

Demonstrating Rössing's commitment to biodiversity conservation, seven *Adenia pechuelii* (Elephant's foot) plants, endemic to the Namib Desert, were relocated in 2013. The plants occurred in an area earmarked for a small expansion of the Tailings Dam. Five were relocated to a ridge adjacent to the Communication Management Centre where other plants of the same specie already grow. The other two were donated to the National Botanical Research Institute in Windhoek, which assisted the team with the relocation.

Right: Sequence of photos showing a paddy prior to rehabilitation, and in its rehabilitated state.

Far right: Sequence of photos showing a SX fire trench prior to disturbance, during the rehabilitation process and in its rehabilitated state.

do an annual inspection and make recommendations for improvement. In keeping with Rio Tinto requirements, SLR Environmental Consulting also conducts an inspection of the Tailings Dam as a major waste storage facility.

Chemical waste

A Hazardous Material and Contamination Control Management Plan is also in place at the mine. The plan requires the keeping of an inventory of hazardous substances and accompanying material safety data sheets. Management of these aspects of uranium mining also entails controls to prevent or minimise spillages during the handling of chemical substances, the conducting of routine inspections, monitoring procedures for leaks, integrity testing for the deterioration of storage tanks and pipelines, spill and leakage detection equipment and emergency response plans. These aspects are addressed through regular internal and external audits, inspections and monitoring.

Biodiversity management

From the biodiversity knowledge base built up over the three decades of the mine's life, it became clear that Rössing needed a better understanding of the bigger picture in which its mining operations were set, ie the entire landscape, particularly the connections, patterns and processes within it. Fauna and Flora International conducted a Landscape Level Assessment for the Central Namib and the findings made available at the completion of the study in 2012 provided essential input to the Biodiversity Action Plan for Rössing, which was drafted in 2013.

Closure planning

Mine closure is an integral part of Rössing's mine planning cycle, and we take into account changes in operational circumstances, environmental conditions, legislative and regulatory frameworks, and stakeholder expectations, as we have done for each plan update over the past 20 years. Current Life-of-Mine Plans foresee cessation of mining in 2024 and of processing in 2025.

To achieve objectives and targets, we have developed implementation plans for mitigatory measures and calculated the necessary closure costs. A major technical update of the plan takes place every five years, whereas we update closure cost calculations annually. The next full technical update will take place in 2016.

The establishment of the Rössing Environmental Rehabilitation Fund, which provides for the mine's closure expenditure, complies with the statutory obligations and stipulated requirements of both the Ministry of Mines and Energy and the Ministry of Environment and Tourism.

Land use and rehabilitation

Since the mid-2000s, in our search for new uranium ore, we have drilled a number of areas on the mining lease. As the exploration activities move to new areas, we rehabilitate the explored areas. Because exploration is ongoing, so is the rehabilitation of any disturbed area.

Over the years, 93ha has been rehabilitated. The most recent exercise occurred between 2010 and 2013, when we conducted a progressive rehabilitation programme that entailed several activities.

Summary of Rössing's value addition

At Rössing, we believe that our business can provide a strong base for economic growth in the communities around us, in the Erongo Region and in Namibia as a whole. Our economic contribution comprises the value we add by paying wages, employee benefits and Government taxes and royalties, as well as by making dividend and interest payments and by retaining capital to invest in the growth of the mine. In addition, we make significant payments to our suppliers of goods and services, both locally and nationally. The graphs on the next page highlight some of the key socio-economic contributions Rössing has made to Namibia over the past five years, ie from 2009 to 2013.

Our procurement spend

It is widely acknowledged that the mining industry has a significant procurement spend. This has the potential to boost local production, employment and enterprise development. Through our preferential procurement policy, Rössing will continue to contribute towards the promotion of new, Namibian-owned businesses, as well as towards enhancing entrepreneurship among previously disadvantaged Namibians.

During the year under review, Rössing's total spend on purchasing goods and services to run our operations amounted to N$1.9 billion. The Procurement Department focused mainly on ensuring we were operating as effectively and efficiently as possible in respect of the costs incurred, and that we were maximising our contribution to the local economy.

As in the previous reporting year, most of the procurement expenditure was with Namibian-registered suppliers. This portion amounted to N$1.2 billion, accounting for 64 per cent of the total procurement spend. Some N$332 million (17 per cent of the total spend) went to South African suppliers, while we allocated N$369 million (19 per cent) to international suppliers.

Rössing made a special effort to strengthen supplier relationships during the 2013 reporting period. In our drive to improve productivity, enhance cash flow and reduce cost, it become essential for us to ensure our suppliers were both informed and involved. To underscore this, we held a Supplier Day on 24 June 2013, where we emphasised how working strategically with our suppliers would ensure a better flow of service. This supplier–customer engagement, as a strategic partnership, is becoming increasingly important.

How Rössing adds value

Rössing gives rise to a significant 'multiplier effect' – the phenomenon where spending by one company creates income for and further spending by others. Rössing's activities in Namibia lead to a long chain of value addition throughout the economy.

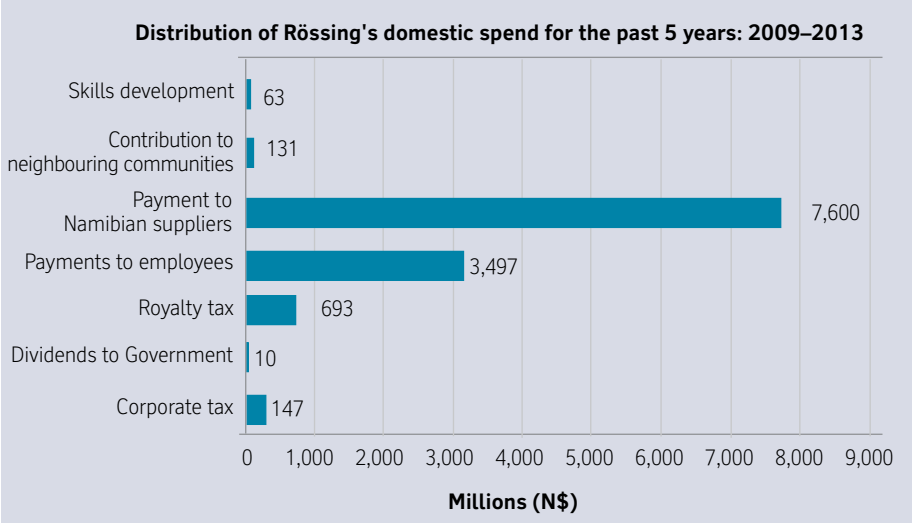
As mentioned previously, 2013 saw continued pressure on the uranium price. Even though we were able to save more than N$300 million in a wide range of cost-reduction activities across the mine, the uranium price – combined with the lower production of 2,409 t of uranium oxide in 2013 compared with 2,699 t in 2012 – resulted in Rössing's revenue being similar to that reported for the previous review period, namely N$2.97 billion (2013) vs N$2.88 billion (2012). However, from our normal operations we were still able to realise a net profit of N$32 million after tax, compared with a (restated) loss of N$194 million after tax in 2012.

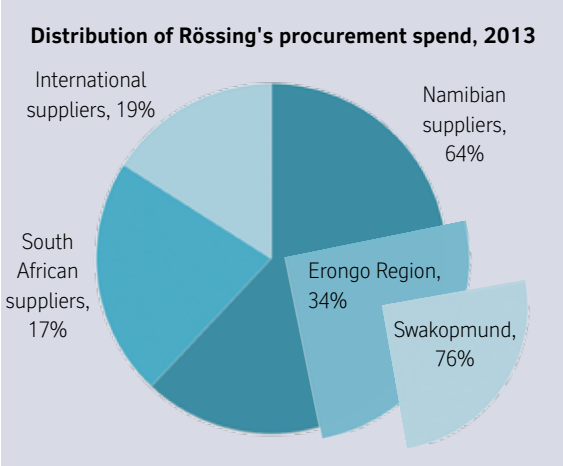
The review period also saw us continue to demonstrate our value to Namibia through contributions to the fiscal authorities. Rössing paid N$83 million in royalty tax and N$143 million in pay-as-you-earn tax to the Receiver of Revenue. Payments to state-owned enterprises, such as NamWater and NamPower, amounted to N$289 million.

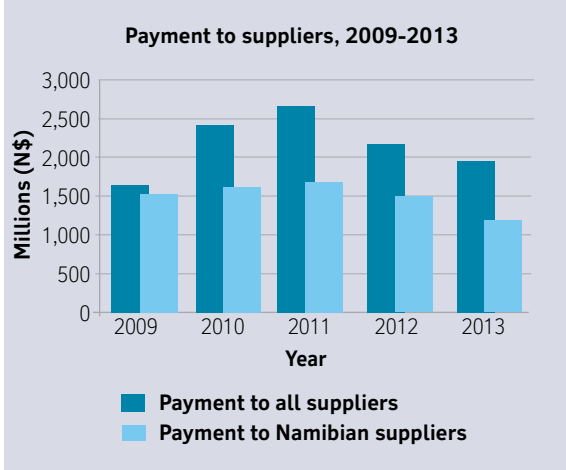
Employment creation stabilised in 2013 with a reduction in our workforce. Employment costs decreased accordingly, therefore, namely from N$817 million in 2012 to N$783 million in 2013. However, the figure for the reporting year is still more than double compared with 2007, when Rössing embarked on its life-of-mine expansion programme. While our expansion has created more employment opportunities in the Erongo Region, it continues to be an area of concern as it increases our salary bill. This, in turn, impacts on our cost competitiveness.

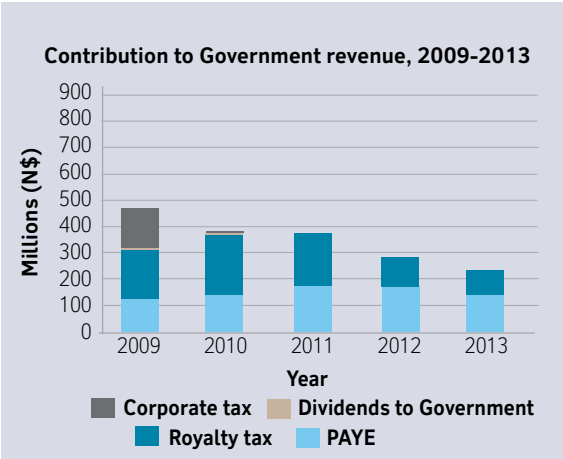
In 2014, the mining operation will continue to focus on various cash-generation initiatives as part of an aggressive cost-reduction campaign to gear the mine for the weak uranium market.

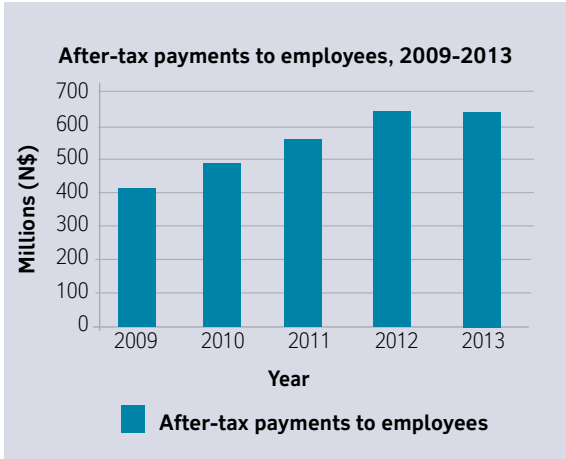
Cash flows to the various stakeholders are set out in our Value Added Statement on page 14. The graphs on page 13 summarise the highlights of various value additions Rössing has made during the reporting year and for the past five years.

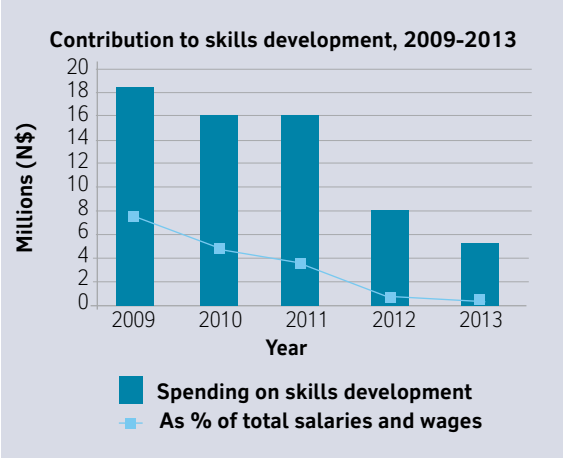

Distribution of Rössing's domestic spend for the past 5 years: 2009–2013
Skills development
63
Contribution to neighbouring communities
131
Payment to Namibian suppliers
7,600
Payments to employees
3,497
Royalty tax
693
Dividends to Government
10
Corporate tax
147
0
1,000
2,000
3,000
4,000
5,000
6,000
7,000
8,000
9,000
Millions (N$)

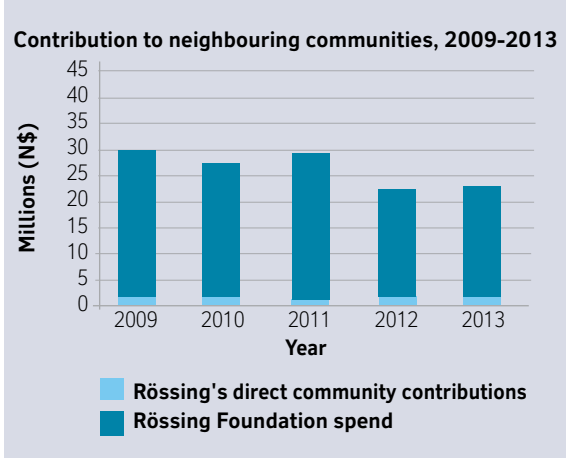

Distribution of Rössing's procurement spend, 2013
International suppliers, 19%
Namibian suppliers, 64%
South African suppliers, 17%
Erongo Region, 34%
Swakopmund, 76%


Payment to suppliers, 2009-2013
Millions (N$)
3,000
2,500
2,000
1,500
1,000
500
0
2009
2010
2011
2012
2013
Year
Payment to all suppliers
Payment to Namibian suppliers


Contribution to Government revenue, 2009-2013
Millions (N$)
900
800
700
600
500
400
300
200
100
0
2009
2010
2011
2012
2013
Year
Corporate tax
Dividends to Government
Royalty tax
PAYE


After-tax payments to employees, 2009-2013
Millions (N$)
700
600
500
400
300
200
100
0
2009
2010
2011
2012
2013
Year
After-tax payments to employees


Contribution to skills development, 2009-2013
Millions (N$)
20
18
16
14
12
10
8
6
4
2
0
2009
2010
2011
2012
2013
Year
Spending on skills development
As % of total salaries and wages


Contribution to neighbouring communities, 2009-2013
Millions (N$)
45
40
35
30
25
20
15
10
5
0
2009
2010
2011
2012
2013
Year
Rössing's direct community contributions
Rössing Foundation spend

Stakeholders' Value Added Statement [1]	Notes	N$'000	N$'000	N$'000	N$'000	N$'000
For the year ended		**2013**	**2012 (Restated)**	**2011 (Restated)**	**2010**	**2009**
Turnover		2,969,440	2,880,399	3,265,170	3,609,020	3,232,493
Less: Purchased material and services from non-stakeholders		1,915,475	2,171,879	2,679,865	2,416,434	1,634,751
Total value added		**1,053,965**	**708,520**	**585,305**	**1,192,586**	**1,597,742**
Investment income		22,733	17,098	30,935	6,214	5,196
Total wealth created		**1,076,698**	**725,618**	**616,240**	**1,198,800**	**1,602,938**
Employees	1	783,332	817,032	736,316	626,597	534,600
Providers of equity capital		-	-	-	127,215	177,603
Providers of loan capital		-	-	6,002	15,799	18,616
Government	2	373,594	385,224	427,035	414,056	514,506
The Rössing Foundation		-	-	-	-	11,586
Reinvested in the Group	3	(80,228)	(476,638)	(553,113)	15,133	346,027
Total wealth distributed		**1,076,698**	**725,618**	**616,240**	**1,198,800**	**1,602,938**

[1] ***Stakeholders*** **in this context: Shareholders, Government, lenders, employees and the Rössing Foundation**

Notes to the Stakeholders' Value Added Statement						
1. **Employees**		783,332	817,032	736,316	626,597	534,600
- Net salaries and wages		640,039	640,842	557,655	481,610	412,851
- Pay-as-you-earn (PAYE) taxes		143,293	176,190	178,661	144,987	121,749
2. **Government**		373,594	385,224	414,035	414,056	514,506
- Dividend		-	-	-	4,437	6,213
- Erongo Regional Electricity Distributor		2,599	2,630	2,481	Not reported separately	Not reported separately
- Mining royalty tax		82,540	110,183	196,046	213,619	173,269
- NamWater		59,716	39,488	37,948	25,577	25,566
- NamPost		-	25	7	Not reported separately	Not reported separately
- NamPort		1,658	1,897	2,688	Not reported separately	Not reported separately
- NamPower		214,639	189,428	137,570	125,508	118,383
- Rates, taxes and licences		1,948	2,408	1,670	1,404	1,639
- Receiver of Revenue: Current tax		-	-	-	1,299	146,006
- Road Fund Administration		1,084	1,123	1,204	Not reported separately	Not reported separately
- Telecom Namibia		4,671	5,777	7,153	7,517	7,165
- TransNamib		4,739	32,265	40,268	34,695	36,265
3. **Reinvested in the Group**		(80,228)	(476,638)	(553,113)	15,133	346,027
- Depreciation		228,627	243,860	202,669	224,159	226,348
- Retained earnings		31,586	(193,887)	(61,356)	(174,690)	105,626
- Deferred stripping capitalised		(355,305)	(455,603)	(645,720)	-	-
- Deferred tax		14,864	(71,008)	(48,706)	(34,336)	14,053

CONDENSED ANNUAL FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	**Audited 2013 N$'000**	Audited 2012 N$'000 (Restated)	Audited 2011 N$'000 (Restated)
ASSETS				
Non-current assets		**3,480,243**	3,257,623	6,044,760
Property, plant and equipment	5	**3,038,705**	2,845,559	2,479,493
Available-for-sale financial assets		**-**	-	3,371,590
Defined benefit pension asset		**108,099**	156,065	-
Rössing Environmental Rehabilitation Fund		**333,439**	255,999	193,677
Current assets		**4,018,604**	3,891,386	1,774,741
Inventories	7	**824,272**	942,332	825,146
Current income tax asset		**-**	-	46,941
Trade and other receivables		**590,556**	730,879	568,620
Rio Tinto Finance Ltd		**2,139,820**	2,078,708	-
Cash and cash equivalents		**408,634**	86,311	283,109
Restricted cash		**55,322**	53,156	50,925
Assets held for sale	6	**13,226**	-	-
Total assets		**7,512,073**	7,149,009	7,819,501
EQUITY AND LIABILITIES				
Capital and reserves		**5,544,641**	5,111,383	5,115,284
Share capital		**223,020**	223,020	223,020
Available-for-sale revaluation reserve		**-**	-	2,869,151
Retained earnings		**5,321,621**	4,888,363	2,023,113
Non-current liabilities		**1,367,213**	1,295,709	2,064,050
Interest-bearing borrowings	8	**12,739**	13,583	14,352
Rio Tinto International Holdings Australia (Pty) Ltd		**-**	-	752,787
Deferred tax liabilities		**362,163**	347,299	418,307
Provision for closure and restoration costs		**973,245**	931,087	874,864
Post-employment obligation		**19,066**	3,740	3,740
Current liabilities		**600,219**	741,917	640,167
Bank overdraft		**3,528**	104,367	60,503
Trade and other payables		**595,847**	635,731	577,926
Current portion of interest-bearing borrowings	8	**844**	1,819	1,738
Total equity and liabilities		**7,512,073**	7,149,009	7,819,501

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital N$'000	**Audited available-for-sale investment revaluation reserve N$'000**	**Retained earnings N$'000**	**Total N$'000**
Balance at 1 January 2013	**223,020**	**-**	**4,888,363**	**5,111,383**
Total comprehensive income and expenses	**-**	**-**	**433,258**	**433,258**
Balance at 31 December 2013	**223,020**	**-**	**5,321,621**	**5,544,641**
Balance at 1 January 2012 (Restated)	223,020	2,869,151	2,023,113	5,115,284
Total comprehensive income and expenses (restated)	-	(2,869,151)	2,865,250	(3,901)
Balance at 31 December 2011 (Restated)	**223,020**	-	4,888,363	5,111,383

CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**Audited 2013 N$'000**	Audited 2012 N$'000 (Restated)
Continuing operations			
Revenue		**2,969,440**	2,880,399
Other income		**10,903**	8,837
		2,980,343	2,889,236
Operating costs		**(2,626,528)**	(2,763,433)
Depreciation, amortisation and impairment charges		**(228,627)**	(243,860)
Other net gains		**506,315**	2,897,527
Royalties - mining		**(85,240)**	(110,183)
Operating profit		**546,263**	2,669,287
Finance income		**22,733**	17,098
Finance costs		**(67,267)**	(68,476)
Profit before income tax		**501,729**	2,617,909
Income tax	4	**(14,864)**	71,008
Profit for the year		**486,865**	2,688,917
Other comprehensive income for the year			
Revaluation on available-for-sale financial assets		**-**	(2,869,151)
Actuarial (losses)/gains on defined benefit pension asset		**(53,607)**	176,333
Total comprehensive income/(expenses) for the year attributable to equity holders of company		**433,258**	(3,901)
Reconciliation of total comprehensive income/(expenses) for the year to net loss after tax from normal operations			
Total comprehensive income/(expenses) for the year as above		**433,258**	(3,901)
- Actuarial losses/(gains) on defined benefit pension asset		**53,607**	(176,333)
- Forex gain on Kalahari and Extract funds		**(455,279)**	(13,653)
Net profit/(loss) after tax from normal operations		**31,586**	(193,887)

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**Audited 2013 N$'000**	Audited 2012 N$'000 (Restated)
Cash flows from operating activities			
Cash generated/(utilised) by operations		**627,953**	(639,370)
Finance income		**22,733**	17,098
Finance costs paid		**(5,439)**	(11,281)
Income tax received		**-**	46,941
Net cash generated/(utilised) from operating activities		**645,247**	(586,612)
Cash flows from investing activities			
Purchases of property, plant and equipment	6	**(99,364)**	(141,642)
Proceeds from sale of property, plant and equipment		**3,748**	-
Investment made at Rio Tinto Finance Ltd		**(61,112)**	(2,078,708)
Contributions made to Rössing Environmental Rehabilitation Fund		**(61,372)**	(49,584)
Net cash utilised by investing activities		**(218,100)**	(2,269,934)
Cash flows from financing activities			
Decrease in amount due to Rio Tinto International Holdings		**-**	(752,787)
Decrease in interest-bearing borrowings		**(1,819)**	(688)
Decrease in available-for-sale assets		**-**	3,371,590
Net cash (utilised)/generated from financing activities		**(1,819)**	2,618,115
Increase/(decrease) in cash and cash equivalents		**425,328**	(238,431)
Cash and cash equivalents at beginning of year		**35,100**	273,531
Cash and cash equivalents at end of year		**460,428**	35,100

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Reporting entity
Rössing Uranium Limited is a company domiciled in the Republic of Namibia. These are the condensed annual financial statements of the company as at and for the year ended 31 December 2013. The audited annual financial statements of the company as at and for the year ended 31 December 2013 are available on request from the company's registered office.

2. Statement of compliance
These condensed annual financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and disclosure requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting and the requirements of Namibia's Companies Act, 2004 (No. 28 of 2004). These condensed statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the company as at and for the year ended 31 December 2013.

3. Significant accounting policies
The accounting policies applied by the company in these condensed annual financial statements are the same as those applied by the company in its annual financial statements as at and for the year ended 31 December 2013. The accounting policies and methods of computation applied in the preparation of the condensed consolidated financial report are consistent with those applied for the period ended 31 December 2012, except as disclosed below:

3.1 IFRIC 20 – Stripping costs in the production phase of a surface mine (effective date: 1 January 2013)
The adoption of the IFRS required the company to componentise its mine into distinct ore bodies to which the stripping activities being undertaken within that component could be allocated. All excess waste stripping costs incurred for each component are, therefore, capitalised and depreciated over the units of production method for that specific component. This is a change from the accounting policy previously applied, which required all excess waste stripping costs to be expensed. The transitional provisions of IFRIC 20 require an entity to apply this IFRIC to production stripping costs incurred on or after the beginning of the earliest period presented.

A summary of the impact of the change in accounting policy on the results is set out below:

The effect of this is as follows:	**Audited 2013 N$'000**	Audited 2012 N$'000 (Restated)
Statement of financial position		
Increase/(decrease)		
Deferred stripping asset	**1,470,281**	1,114,976
Deferred tax liability	**(551,355)**	(418,116)
Retained earnings	**918,926**	696,860
Statement of comprehensive income		
Increase/(decrease) in total comprehensive income for the year		
Cost of sales	355,305	469,256
Taxation - deferred tax	(133,239)	(175,971)

3.2 IAS 19 – Employee benefits (effective date: 1 January 2013)
The company applied the revised IAS 19, which significantly changes the recognition and measurement of defined benefit pension expenses and disclosures. The transitional provisions of IAS 19 require an entity to apply the new measurement criteria to the defined benefit obligation to the earliest period presented.

The effect of this is as follows:	Audited 2012 N$'000 (Restated)
Statement of financial position	
Increase/(decrease)	
Defined benefit pension asset	5,908
Retained earnings	5,908
Statement of comprehensive income	
Increase/(decrease) in total comprehensive income for the year	
Other comprehensive income	5,908

	Audited 2013 N$'000	Audited 2012 N$'000 (Restated)
4. Taxation		
Namibia - current taxation	**-**	-
Namibia - deferred taxation	**14,864**	(71,008)
	14,864	(71,008)
5. Property, plant and equipment		
Net book value at beginning of the year	**2,845,559**	2,479,493
Additions	**99,364**	141,642
Deferred stripping capitalised	**355,305**	469,256
Disposals	**-**	-
Assets classified as held for sale	**(13,226)**	-
Depreciation and impairment	**(228,627)**	(243,860)
Decrease in closure provision	**(19,670)**	(972)
Net book value at end of the year	**3,038,705**	2,845,559
6. Assets held for sale		
Developed land	**13,226**	-

During 2013 the company decided to develop and service a block of residential erven situated in Ocean View, Swakopmund, with the intention to sell the properties in the open market. After completion of the civil works to service the erven, all plots were made available for sale to the public. At year end, the entire block of 54 erven had been sold, but transfer of ownership had not yet occurred. It is expected that transfer will occur during the first part of the 2014 financial year. No material liabilities associated with the assets held for sale existed at the end of the financial year.

7. Inventory		
Inventory is stated after		
- Providing for obsolescence		
- Raw materials	**26,320**	21,582
8. Interest-bearing borrowings		
Non-current liabilities		
Capitalised finance lease agreements	**844**	1,819
Current liabilities		
Capitalised finance lease agreements	**12,739**	13,583
	13,583	15,402
9. Capital commitments		
Capital expenditure contracted but not yet incurred as at 31 December 2013	**16,861**	14,539

10. Unconditional purchase obligations

The company has entered into minimum off-take agreements with the suppliers of sulphuric acid for the next five years. The total undiscounted amount at year end amounted to N$1,047,506,345 (2012: N$246,797,686).

11. Guarantees

During the year the company entered into an interim desalinated water off-take agreement with NamWater. The agreement includes the provision of a bank guarantee of N$16,321,547 (2012: N$ NIL). The interim off-take agreement is valid until 30 April 2014.

12. Related parties

The company is controlled by Skeleton Coast Diamonds Limited which owns 68,58 per cent of the company's issued shares. The remaining 31,42 per cent of the shares are widely held. The ultimate holding company is Rio Tinto plc, a company registered in the United Kingdom.

Summary of related party transactions		
Purchase of services	**463,202**	416,725
Receivables from related parties	**196,180**	203,451
Payables to related parties	**49,130**	10,278

COMPANY OPERATIONAL AND FINANCIAL REVIEW

Financial performance
Revenue increased by 3 per cent compared with the previous year. Due to the successful reduction of operational costs the company incurred a net profit after tax of N$32 million (2012: net loss of N$194 million) from normal operations. Further details of the company's financial performance are set out in the condensed statement of comprehensive income.

Operations
Production of uranium oxide for the year was 2,409 tonnes compared with 2,699 tonnes in 2012. On 3 December 2013, a catastrophic leach tank failure occurred on module 1 of the Processing Plant's leach tank circuit. This adversely impacted the uranium oxide production and the ore milled for 2013. After the completion of a full investigation in line with local statutory requirements and Rio Tinto's guidelines, operations were gradually restarted during the first quarter of 2014.

Dividend declaration
No dividends were declared for the year.

Subsequent events
No material events or circumstances have occurred between the year-end date and the date of this report.

Auditor's review opinion
The condensed results for the year ended 31 December 2013 have been reviewed by PricewaterhouseCoopers. The auditor's unqualified review opinion is available for inspection at the company's registered office.

Directors
RR Hoveka (Chairman), W Duvenhage* (Managing), ASI Angula, EHT Angula, RJ Fagen*** (alternate M-C Mwelu Kaninda**), F Fredericks, JS Louw* (alternate HP Louw*), VB Moll*, EI Shivolo (alternate CWH Nghaamwa), SC Wensley*** (alternate SJ Ellinor***).

*South African **Congolese ***Australian

Company Secretary
GD Labuschagne
PO Box 22391
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Auditor
PricewaterhouseCoopers
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Performance data table	2013	2012	2011	2010	2009
Employees					
Number of employees	1,141	1,528	1,637	1,592	1,415
Production					
Uranium oxide produced (tonnes)	2,409	2,699	2,148	3,628	4,150
Ore processed ('000 tonnes)	10,076	12,127	10,729	11,598	12,633
Waste rock removed ('000 tonnes)	24,448	31,737	39,913	41,955	38,755
Ratio of ore processed to waste rock removed	0.41	0.38	0.27	0.28	0.33
Health, safety and environment					
New cases of pneumoconiosis	0	0	0	0	0
New cases of dermatitis	2	3	0	1	0
New cases of hearing loss	0	0	0	0	0
New cases of chronic bronchitis	0	0	0	0	0
All-injury Frequency Rate (AIFR)	0.96	0.49	0.81	0.89	0.73
Number of lost-time injuries	13	4	11	14	6
Source dust levels at Fine Crushing Plant (mg/m^3)	2.95	2.35	2.55	4.02	2.33
Freshwater consumption ('000 m^3)	2,914	3,103	3,060	2,870	3,131
Fresh water per tonne of ore processed (m^3/t)	0.29	0.26	0.29	0.25	0.25
Ratio of fresh water:total water	0.41	0.38	0.39	0.31	0.33
Seepage water collected ('000 m^3)	2,060	2,387	2,349	2,680	2,879
Energy use on site (GJ x 1,000)	1,007	1,852	1,897	1,996	2,168
Energy use per tonne of ore processed (MJ/t)	174.79	153.03	182.90	172.1	174.3
CO_2 total emission (kt CO_2 equivalent)	187.82	211.6	208.08	221.0	243.2
CO_2 equivalent emission per tonne of production (e/t uranium oxide)	78.04	78.41	97.37	60.70	58.60
Product and customers					
Uranium spot market price (US$/lb) (average)	38.17	48.70	56.75	46	46

Rössing's production of uranium oxide and the nuclear fuel cycle

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, ie uranium oxide (U_3O_8). Uranium oxide has to be processed before it can be used as a fuel for a nuclear reactor, that is, where electricity is generated to produce heat and steam in order to drive a turbine connected to a generator.

Rössing Uranium's operations

1. 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. Radiometric scanners measure the radioactivity level of each truckload, determining whether the material is sent to the primary crushers or to the low-grade stockpile. Waste is transported to a separate storage area.

2. Crushing
Ore is delivered to the Primary Crushers by haul truck and then by conveyor to the Coarse Ore stockpile. It passes through a further series of crushers and screens until the particles are smaller than 19mm. After weighing, the fine ore is stored on another stockpile.

3. 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 4.3m in diameter, are utilised as required by production levels and operate in parallel.

4. 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.

5. Slime separation
The product of leaching is a pulp containing suspended sand and slime. Cyclones separate these components and, after washing in Rotoscoops to remove traces of uranium-bearing solution, the sand is transported via a sand conveyor to a tailings disposal area.

6. 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.

7. 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. There the acid wash removes the uranium from the beads. The resulting eluate is a purified and more concentrated uranium solution.

8. Solvent extraction (SX)
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.

9. 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.

10. Filtration
The ammonium diuranate is recovered on rotating drum filters as yellow paste — known as 'yellow cake'.

11. 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.

12. Loading and despatch
The drums of uranium oxide are loaded and exported to overseas converters for further processing. At full capacity, the Processing Plant can produce 4,500 tonnes of uranium oxide each year. **This step completes the Rössing production process.**

Our customers' operations

13. Conversion
The uranium oxide is converted to uranium hexafluoride crystals. Conversion plants operate commercially in Canada, China, France, the UK, and the USA. *

14. Enrichment
This step increases the concentration of the isotope uranium-235 (^{235}U) from its naturally occurring level of 0.7 per cent to higher levels required for nuclear reactors — about 3 per cent. *

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

16. Power generation
Fuel assemblies are loaded into nuclear reactors where the ^{235}U fissions, producing heat and steam used to generate electricity.
(*Photos: www.areva.com)

Please contact us for any feedback, comments, concerns or suggestions about this report. You can either use the inserted feedback card, complete a short questionnaire on our website, send us a text message to +264 81 616 3038 or e-mail to yourcontact@rossing.com.na.

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