



## **Life of Mine Extension (LoME)**

**Questions and Answers**

## **What is LoME?**

- LoME stands for “Life of Mine Extension” beyond the currently approved Life of Mine that ends in 2026.
- The LoME Project is a Feasibility Study that was undertaken by a dedicated Project Team made up of Rössing employees seconded to the Project since June 2021;
- The cost of the study was about N\$100 million;
- The Study is based on a North-East expansion of the Pit called the “Phase 4 pushback” which will provide sufficient ore to process for another 8 to 10 years;
- This has implications for all aspects of the operation that are covered by 7 work-streams;

*The Study was completed and approved by the Rössing Board of Directors on the 22 February 2023.*

## **Detailed Q&A on the Definition of LoME:**

### **1. What does LoME stand for?**

*LoME is an acronym for Life of Mine Extension. It refers to studies that are underway to investigate options for extending the economically viable life of the mine beyond 2026.*

### **2. What does the LoME project entail?**

*The LoME project is considering the mining of a further section of the current pit, the so-called Phase 4 mining pushback, and the implications it has for the Process Plant, Tailings Storage Facility (TSF) and Support Services should the life of mine potentially be extended by approximately 8 to 10 years.*

### **3. By when will the study recommendations be implemented?**

*We anticipate the recommendations will commence in 2024 to be fully implemented by 2026.*

### **4. Why is cost a concern to CNUC if we were informed that CNUC is not affected by Uranium spot price like Rio Tinto?**

*CNUC has taken a long-term view on the supply and demand of uranium to feed their nuclear power plants and obtained a majority shareholding in Rössing to secure supply through vertical integration of its business. While profits from Rössing may not be a primary driver, it will not be sustainable to operate the mine on a loss-making basis.*

### **Which jobs are affected by the LoME decision?**

- Employment opportunities will continue to exist at Rössing beyond 2026;
- The approval of LoME does not guarantee the continuation of all current jobs and Terms of Employment beyond 2026 as the operating model and workforce structure required for LoME is different;
- A transition plan will be put in place to achieve the desired workforce structure and terms of employment by 2026 in consultation with all stakeholders.
- The Transition plan for LoME will follow the current employment agreements and policies and no actions will be taken without consultation;
- Retrenchment will remain the last resort for any positions that become redundant and will only take place once other options for redeployment have been exhausted;
- The first option will be voluntary separation from 2023-2026.
- To meet the desired targets we will consider Space creation packages to avoid forced retrenchments.

### **5. *Will the current agreements with MUN remain in effect post the year 2026?***

- *Collective agreements will remain in place unless renegotiated or terminated in terms of the provisions of those agreements.*

### **What approach will be taken with Suppliers and Contractors under LoME?**

- The LoME Project investigated all options to find a way of sustaining operations beyond 2026;
- Some options will change to the Operating Model that will impact the current Workforce structure.
- Other options may require a change in the selection of traditional suppliers and contractor companies;
- Changes will be accompanied by a Management of Change and Implementation Plan that details how the transition will be achieved within the constraints of existing policies and agreements.

### **Detailed Q&A on Suppliers & Contractors:**

**6. Will approval of LoME result in significant operational changes and potential job losses?**

*Yes, changes will be made to the Operating Model that will impact the Organizational Structure and Workforce Plan for LoME.*

**7. Why did the Board not approve an option of insourcing?**

*The decision to either insource or outsource is primarily be driven by cost of capital investment of more than N\$1 billion required for the extension of LoM.*

**8. What guarantee is there with activities that are outsourced that the quality of service will meet RUL Standards?**

*Normal procurement practices will be followed to select the best contractor with performance metrics and penalties built into the contracts.*

**9. If Chinese and other non-Namibian companies are considered for outsourcing some activities, how will Rössing ensure such companies do not exploit their employees?** Consideration was only given to Namibian registered companies. *Procurement Policies will be followed as per current practice and Rössing will monitor regulatory compliance of all its contractors whether Namibian or International.*

**10. Will RUL maintain contracts with local suppliers beyond 2026?**

*Rössing will continue to adhere to the existing Procurement Policy in all its procurement activities. Contracts with existing suppliers are guided by the terms and conditions included in those respective contracts.*

### **Detailed Q&A on Closure:**

**11. With LoME approval, when will retrenchment negotiations commence with the MUN for the affected parties?**

*Consultation with affected employees and the union will take place during this transition period.*

### **What processes were followed in the LoME Decision?**

- The final decision on LoME was taken by the Board that represents all shareholders;

- CNUC are the majority shareholder (69%) and have shown their commitment by supporting RUL to achieve their current LoM Plan (2026) and by funding the LoME Project to find a way of extending the LoM to 2036;
- The Government of Namibia (GoN) is a minority shareholder (3%) with a 51% voting right that prevents decisions being taken that are not in the interests of the Country;
- The LoME Project will work within the limits agreed in 2019 (NACC conditions relating the majority CNUC shareholding) and 2021 (Mine License extension to 2036) as well internal HSEC standards and Labour policies.

**Detailed Q&A on the LoME decision making Process:**

**12. What are the main factors that Shareholders considered when deciding on LoME?** *The biggest factor is the ability of RUL to manage the cost of production to a sustainable level given the uranium price and exchange rate projections.*

**13. CNUC promised employment security when they acquired the majority shareholding. Why are some areas now impacted?**

*One should remember that Under Rio Tinto, mine closure would have occurred in 2020. CNUC has always indicated their willingness to support the operation financially until the formal end of Life of Mine (being 2025 at the time of acquisition). Over the last two years, this financial support has come in form of premium pricing over the spot market prices, in order to ensure the business remains liquid and capable of paying its debts to all financial stakeholders in the ordinary course of business. In addition, the Life of Mine has been formally extended to 2026 under the CNUC majority ownership. CNUC has always indicated that any mine life extension would depend on whether this would be economically viable.*

**14. Can we expect Chinese equipment under the new operating model for LoME?**

*The operating model that has been approved allows for the contractor to source their own equipment which will fit our operating requirements.*

**15. What will the Mineworkers Union role be in the LoME Project implementation?**

*The Union is a key stakeholder in the Company's Stakeholder Engagement plan and, together with employees, will be regularly consulted and updated on progress of the implementation plan and action.*

**16. Will more employees from CNUC be assigned to Rössing now that LoME is approved?** *The number of non-Namibian RUL employees that may be appointed is regulated by both the Mining License conditions as well as the Conditions imposed by the Namibian Competition Commission (NACC). The Company will abide by these conditions.*

**17. How do we know that the Rössing Board of Directors had the interest of Namibian employees at heart in deciding whether to approve or reject LoME?**

*While the Rössing Board is ultimately appointed by the shareholders of the company, they have a fiduciary duty to balance the various stakeholder interests, which include those of shareholders, employees, creditors and Government. In performing such duties, the Board has adopted the NamCode, and bases its corporate governance on international best practices and the King Code of Governance.*

**18. What impact does LoME have on the Rössing Foundation?**

*The Rössing Foundation was established to execute the RUL Company's Social Responsibility Programme. Annual financial support will continue while the mine is operating. If not, annual financial support to the Foundation will cease from 2026. A strategy is being developed to ensure sustainability of Rössing Foundation beyond RUL existence.*

**19. Why is there Voluntary Separation and Retrenchment? Are there any differences in severance packages?**

*There is no difference between the severance package that an employee will get when he/she goes on Voluntary Separation or Retrenchment. The only reason why RUL opted for Voluntary Separation from the start is to mitigate the negative effects that are associated with Compulsory Separation and to provide opportunities for impacted employees to be redeployed. Voluntary separation provides flexibility to some employees who might want to explore other opportunities earlier than compulsory separation is required.*

**20. Is the Company and the Union engaged in renegotiating the Severance Package?**

*RUL will be consulting with the union during the restructuring process and will comply on aspects as required by the Labour Act.*

**21. Will all options be exhausted in terms of placement for accommodating impacted individuals?**

*Yes, all options will be considered.*