



# RÖSSING WORKING FOR NAMIBIA

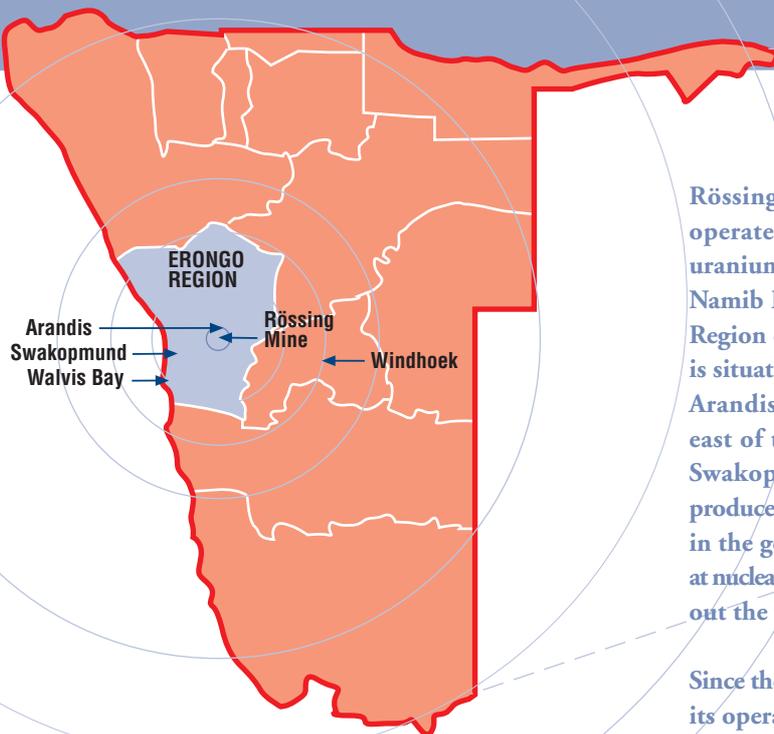
## 2003 REPORT TO STAKEHOLDERS



**ECONOMIC** **SOCIAL**  
**ENVIRONMENTAL**



# RÖSSING MINE IN NAMIBIA



**Rössing Uranium Limited operates a large open pit uranium mine located in the Namib Desert in the Erongo Region of Namibia. The mine is situated close to the town of Arandis, 65 kilometres north east of the coastal town of Swakopmund. The mine produces uranium oxide for use in the generation of electricity at nuclear power stations throughout the world.**

**Since the mine opened in 1976, its operation has had a strong influence on the economy of Namibia, on the inhabitants of the nearby towns of Arandis and Swakopmund and on the natural environment of the Erongo Region.**

**In this annual review for our local stakeholders, we take a close look at Rössing-related events during 2003 and assess the scope of their influence, ranging from the individual mine employee to the world wide consumer of electricity generated by uranium produced by Rössing.**

**At the heart of Rössing mine** are its 817 employees, 96% of whom are Namibian citizens. This virtually all-Namibian workforce has been built up over many years by a firm commitment to human resource training and development at local level. During 2003 this workforce ran the mine and processed 19 million tonnes of rock to produce 2 401 tonnes of uranium oxide. Looking after its employees by providing good

salaries and maintaining excellent levels of health and safety at the mine, continues to be a key priority for Rössing.

**Business-wise,** Rössing has to provide good financial returns to its shareholders, without neglecting the needs and interests of its other stakeholders. The company's business plan is driven by requirements such as finding markets for the product, meeting production targets, managing production technology and maintaining a good financial policy. It is the responsibility of the Board of Directors at Rössing Uranium Limited to ensure that these objectives are met.

**The towns of Arandis and Swakopmund** are home to almost all employees who have worked at the mine for an average of 17 years.

However, while mine employees living in Swakopmund constitute only a small proportion of the town's 24 000 residents, virtually all 4 000 residents of Arandis remain economically dependent on the mine. During 2003 the Erongo Regional Office of the Rössing Foundation (which implements the mine's corporate social responsibility programme) worked alongside the Arandis Town Council to create a more stable and diverse economic basis for the town.

**In 2003 more than 4 000 people throughout the Erongo region** were directly supported by salaries paid to mine employees (amounting



## MESSAGE FROM DAVID SALISBURY, MANAGING DIRECTOR

to some N\$153 million). The mine spent N\$78 million for goods and services from local business partners.

During the same year, the mine utilized 8 million tonnes of ore, 2.5 million cubic metres of fresh water, two hectares of land covered with waste rock and other regional resources. Recognising its impact on natural resources, Rössing supported several conservation efforts throughout the Erongo Region and elsewhere in Namibia.

**At national level** Rössing has contributed up to 10% of the country's GDP and up to 26% of Namibia's export earnings annually throughout its 27 years of operation. However, in 2003 the weak US Dollar and strong South African Rand to which the Namibian Dollar is linked, meant that Rössing operated at a loss and did not pay company tax. Nevertheless, the Rössing Foundation continued to support significant national development programmes mainly in the central northern areas of Namibia.

**A range of customers** purchase uranium from Rössing, which currently produces 6% of the world's uranium. This uranium is used for the generation of electricity in nuclear power stations by countries in central Europe, North America and South East Asia. The mine works together with these customers to better understand the impacts of uranium throughout the nuclear fuel cycle.



Dear Reader

Welcome to the 2003 annual review report for our Namibian stakeholders. This is the fourth report of its kind and I hope that you will find answers to aspects of Rössing, which are in your interest.

The year 2003 was an extremely challenging one for Rössing with the mine's potential expansion being the key issue early in the year and then economic survival claiming focus as it closed.

Through all the highs and lows of last year, we believe one of the most significant events was the holding of the "Open House" forums. The interaction between employees and visitors (many of whom were also employees) at the displays in the open houses helped foster a sense of accomplishment in how Rössing conducts its business. We are proud of our role as a citizen and as a highly professional company. The open house process was transparent and honest and whilst it was hard work, it was also rewarding.

I hope that you see an extension of that spirit of openness and pride in this year's review of our activities as reflected here.

We came through a hard year in 2003 with our skills honed by experience and renewed determination to survive.

The best contribution Rössing can make to development in Namibia is to stay in business. In a developing country we want to ensure that our contribution to economic and social development has a lasting effect, way beyond the eventual closure of the mine.

David Salisbury  
Managing Director  
Rössing Uranium Limited

# THE EMPLOYEES OF RÖSSING

The 96% Namibian workforce at Rössing is the heart and soul of the mine.



Tekla Kavari worked at a fuel station after completing school and joined Rössing mine in 2001 as an Equipment Operator. She now prides herself on being Namibia's first woman Blaster.

PHOTO BY SARAH TAYLOR/THE BIG ISSUE NAMIBIA

One hundred and sixty people work in the open pit, 186 work in the plant, 267 work in engineering and 204 work in administrative areas. The mine employs 8% women, most of whom work in administration, though a substantial number are employed in operational areas as haul truck drivers or members of the blasting team. The overall number of employees increased slightly from 771 in 2002 to 817 in 2003.

## TRAINING AND DEVELOPMENT

In today's challenging global economy, no organisation can afford to fall behind the vanguard of continuous staff training and development.

Efficiently performed work of a high standard requires dedicated teams guided by effective leaders. At Rössing this was again acknowledged in a 2001 decision to provide leadership training to all management employees and to provide teamwork training to team members at all levels. During 2003 this programme was continued, resulting in the training of 45 employees on management level and 309 team members.

In addition, 32 employees enrolled for tertiary training programmes set to commence in 2004. This training is aligned to the requirements of various jobs at the mine and will, through certification by recognised institutions in the SADC region, better equip employees to find jobs in the future.



Rössing employee Johannes Nekongo was selected for the Rio Tinto – Earthwatch Partnership programme in 2003 working on the "Saving the Pantanal" project in Brazil.



New recruits who are trained in various fields, joined the mine as members of its Maintenance Improvement Team.

In order to contribute to Rössing's ongoing success and enhance their future opportunities, an artisan development initiative was launched to train and develop assistant mechanics to attain a recognized artisan trade diploma. This programme is aimed at employees who have worked at the mine for a number of years but have been unable to progress in grade. 98 employees have been identified for this programme which will commence in 2004.

For young people seeking to follow trades, Rössing provides 32 bursaries annually to the value of N\$1.5 million for a four year practical and theoretical training course held at the mine and at the Namibian Institute of Mining and Technology (NIMT). The mine also provides practical training opportunities for a further 10 NIMT students. Another five apprentices are fully employed throughout their training at the mine.

## INCOME

The company's financial difficulties in 2003 meant that it could not afford annual salary increases for 2004 and that opportunities for overtime work had to be reduced in order to avoid retrenchment.

In addition, an entire open pit shift panel was integrated into the mainstream workforce and no longer received shift allowances.

Obviously this change has had a significant financial impact on the workforce, which the company hopes to alleviate somewhat in 2004 with the introduction of a bonus linked to exceeding production targets.

At the same time, the financial difficulties experienced by some employees are also influenced by external factors. These include, for example, easy access to credit, high interest rates charged on "quick loans", and the attempt to maintain possibly unrealistic standards of living. To help employees learn how to manage their finances the company offers counselling services and training courses to encourage efficient utilization of income and appropriate provision for the needs of dependants. Some 131 employees attended a life skills and financial management training programme during 2003. The course was well received by participants and will be offered again to the whole workforce during 2004.

Many employees are faced with the financial burden of caring for relatives affected by AIDS, and in line with cultural expectations income earners support family members, contribute to funerals and assist bereaved relatives. For the foreseeable future, the mine will continue its HIV/AIDS awareness training to help fight the pandemic and reduce its immense impact.

**"80% of our apprentices find jobs after training and many parents are inquiring about bursaries for their children."**

Bernd Moeller, Development Officer





Rössing donated N\$25 000 to the Coastal Career Guidance Committee as sponsorship to transport learners from various schools in the Erongo Region to attend a career exhibition in Swakopmund.



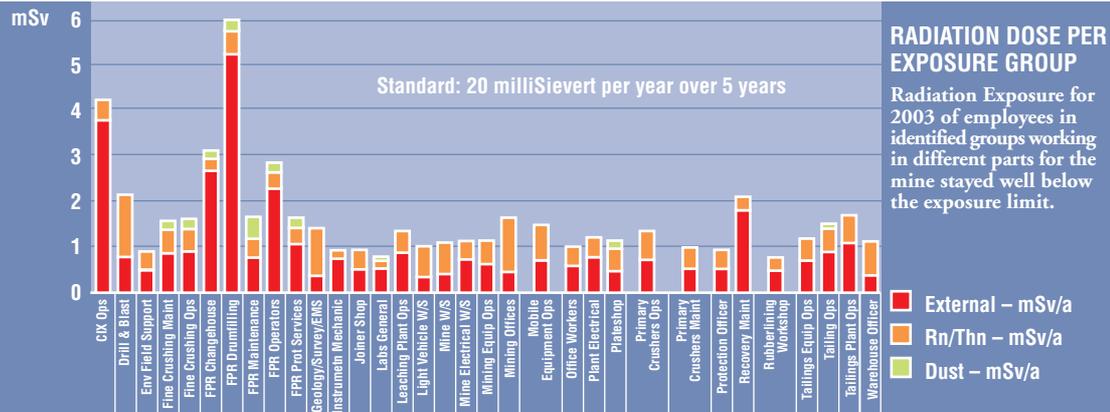
Employees attending a Project Management Workshop to acquire skills to successfully define, plan and implement projects.



Current and new peer educators from the mine attended an intensive training session on health matters presented by the Chamber of Mines of Namibia.



Employees made use of the opportunity to each provide a saliva sample to determine the HIV prevalence rate at Rössing.



## OCCUPATIONAL HEALTH

While Rössing has a good occupational health programme to monitor employees' work environments and their personal health, employees remain concerned about occupational diseases and other medical issues.

These concerns are raised by the Rössing branch of the Mineworkers Union of Namibia and are addressed by the company.

Exposure to radiation has always been a concern of employees. However, in 2003 no employee was exposed to higher than half the international standard of 20 millisieverts of radiation per year. Another concern raised by employees is dust in the fine crushing plant where exposure levels have been reduced and further work in this regard will continue in 2004.

In 1981, Professor James Joubert from Stellenbosch University was commissioned by the mine to conduct a general study to research the long-term lung function of employees in a typical mining environment. Professor Joubert presented the summarised findings of his 20-year research

project to Rössing's Management and the Rössing Branch Executive Committee of the Mineworkers Union of Namibia at the end of 2003. An unexpected outcome of Professor Joubert's research – which certainly requires further investigation – was that Rössing employees above a certain age presented an alarming health risk profile for illnesses such as high blood pressure, heart disease and diabetes. The research – which investigated illnesses related to lifestyle as well as specified occupational diseases – revealed that many Rössing employees were vulnerable to the effects of an unhealthy lifestyle as they approached their early fifties. The research indicated that cancer cases at Rössing are no more prevalent than in other parts of Namibia. Professor Joubert's findings will be published in a scientific paper during 2004, though information drawn from the research is already being used to plan a Health and Wellness Programme to be introduced at the mine.

The impact of HIV/AIDS on people and the economy has become a major focus area at the mine. During April 2003 a voluntary and anonymous HIV prevalence survey was conducted among Rössing employees.

88% of all employees participated in the survey and results showed that 7.4% of Rössing staff members were HIV positive. Compared to estimated regional and national statistics of both 25% adults, this figure is very low and might be ascribed to the fact that most Rössing employees either own houses through the housing subsidy provided or stay in company houses which enable them to have their families staying with them. To some extent it may also be due to continuous efforts at Rössing to raise awareness and provide education about HIV/AIDS. A peer educator programme and other awareness raising projects are currently in operation, as well as voluntary counselling and testing.

Following the prevalence survey, counselling and testing were strongly promoted to encourage all employees to determine their HIV status, and this initiative will continue. People living with HIV/AIDS are supported medically and emotionally at the mine, and all employees – and registered dependants – are entitled to anti-retroviral medication through Rössing's contracted medical aid scheme. The HIV prevalence survey will be repeated in 2006.



Haultruck Driver Alfons Madisia came up with the bright idea that all workers in the open pit should wear a high-visibility reflective jacket for safety.



Talking about the mine's safety Management System during Open House events for the public.



Identification of a safety hazard. Employees take the responsibility to improve safety at their workplaces.



Haultruck 76 loaded the one billionth tonne of rock from the open pit on 9 October 2003.



#### LOST TIME INCIDENTS

The number of "lost time" safety incidents is declining and the goal of zero injuries remains.

## WORKPLACE SAFETY

Rössing's highest priority is to send employees home to their families safe and well at the end of the working day.

Only in this way can the company make a positive contribution to the future well being of the people associated with the mine and to the future of Rössing itself. Maintaining a safe working environment and creating a culture in which employees accept responsibility for protecting themselves and fellow workers remained a major objective in 2003.

Four accidents were recorded in 2003 in which the injuries sustained by employees on duty left them unable to work for more than one shift. This was two fewer incidents than the previous year. Overall, 35 injuries were sustained during 2003, ranging from minor scratches and bruises requiring first aid treatment, to injuries resulting in the loss of more than one day's work. In most cases, injuries were the result of formal work procedures not having been followed or of employees not having sufficiently understood the risks inherent in a particular job.

This is an indication that much more remains to be done before Rössing can achieve its goal of ZERO INJURIES. Starting each task in a safe manner should be the immediate priority of all employees in every job they undertake, and employees are being trained to think carefully about the potential dangers of the work they are about to execute. These risk assessments have been implemented to identify safety hazards and eventually eliminate all possible causes of injury.

The Rössing management team is driving the development of this strong safety culture by personally demonstrating its commitment. The Managing Director and all senior managers conduct frequent walkabouts in areas where employees perform physical work, to discuss potential hazards and useful safety precautions. Thirty-nine Safety Representatives (elected by the employees) and the employees themselves are encouraged to conduct these safety observations with their peers. Such observations are an integral part of the 'Personal Safety Improvement Plan' required by all employees in management

roles. Indeed the number and quality of these observations and the success of their personally devised safety plans are important measures against which managers are assessed.

# RÖSSING AS THE BUSINESS

Rössing's workforce produced 2 401 tonnes of uranium oxide in 2003.



Bags of oranges for the family to say thank you for supporting employees in moving the one billionth tonne of rock from the open pit since the mine started in 1976.



Construction work on the overland sand conveyor to the tailings dam was about 70% complete in early 2003.



An audit carried out in line with the mine's Environmental Management System (EMS) concluded that the company once again complied with the ISO 14001.

**In this year 8.3 million tonnes of ore was mined from the open pit to be crushed and milled, with 2 401 tonnes of uranium oxide extracted from the ore. This was 350 tonnes less than in 2002 due to the three month shut down of the mine to install an overland sand conveyor at the start of the year. On 9 October 2003 the mine celebrated the production of 100 000 short tons of uranium oxide since mining started in 1976, and the removal of one billion tonnes of rock from the open pit.**

Nevertheless, the future of Rössing is uncertain. Although the price of uranium oxide on the global market increased by 37% during 2003, this price was based on the US Dollar. And since the Namibian Dollar gained strongly against the US Dollar in 2003, an effective price decrease of 14% was recorded by the end of the year. A combination of factors, including the price drop, below target production (leading to high unit production costs) and rising prices for acid, water, electricity and other consumables, resulted in the company making a loss during 2003.

The current uranium spot price and US Dollar exchange rate forced the Board of Directors to adopt the Phase 1 life of mine plan at the end of 2003. This plan will see the mine operating until 2007. Studies are still ongoing to investigate the feasibility of Phase 2, which will extend the life of the mine until 2017. Phase 2 is capital intensive and various options need to be investigated

to ensure that the mine can be run profitably during this phase. The decision regarding Phase 2 will be taken during the latter part of 2004.

A significant technical development at the mine during the year 2003, aimed at reducing costs, was the construction of an overland sand conveyor. This allowed for the more reliable and less expensive transportation of tailings (the crushed and milled rock from which uranium has been extracted) to the tailings storage area.

Cost-cutting changes were also introduced in the field of human resources during October 2003 when all weekend and overtime

work was rescheduled to weekdays. In addition, the hiring of contract labour to assist with certain work at the mine was stopped, as was all contractor work which did not contribute directly to production. While the negative financial impact on the mine's employees and its contractors was unfortunate, these measures were necessary for Rössing to remain viable.

Furthermore, the operating plan for 2004 foresees a reduction from a seven-day week to a five-day week in the mining area. Surplus manpower will be absorbed into vacant positions in other parts of the mine in order to prevent retrenchments and to maintain job security for Rössing employees.



**“We see a good future for Rössing. Because although we cannot control the Rand/Dollar issue, there are some things that we can control. Things like the production and if we can meet the targets, at least we can have a good future for both of us, the workers and Rössing itself.”**

Ernst Xaweb, Arandis Community Leader and Mine Employee



**“Yes, we do suffer, but things will sort themselves out. If we all – worker and contractor – are productive, do our work, with discipline and cost effective and of course, the most important aspect, make sure that our people are safe.”**

Bully Thorburn, Manager, Arandis Services



**“But if they are planning for the company, please involve the contractors. We are in the same boat. I'm mostly worried about the workers. I can survive without Rössing, but the people that I employ, cannot.”**

Hendrik David, Manager, Erongo Contract Services

# RÖSSING IN THE COMMUNITY – FOCUS ARANDIS

About 300 members of Rössing's workforce and their families live in the neighbouring town of Arandis, which was established ten kilometres north west of the mine in 1976.



Aerial View of Arandis



Marilyn Eibes of the Rössing Foundation and Goanikontes Youth Group leader Reginald Sawab.



The Rössing Foundation in Arandis hosted various training courses in business management for local entrepreneurs.

## HISTORY OF ARANDIS

Initially, the town only housed mine employees and contractor company staff, and Rössing provided all services to Arandis including management, community development, education, water and electricity. However, when the uranium price dropped at the beginning of the 1990's Rössing was forced to take drastic new measures to stay in business.

In 1991 Arandis was officially handed over to the Government of Namibia and in April 1994 the first Arandis Town Council was elected. Ten years later the Council continues to manage the town supported by the Ministry of Regional and Local Government and Housing. However during this time, as the number of Rössing employees living in Arandis dropped and more and more businesses left the town, Arandis went into a steady process of decline. In order to stem this downward trend, the Rössing Foundation and Rössing mine made the decision to assist and support several new development initiatives.

In 2001 the town was recorded as having 4 000 inhabitants, and as many as two thirds of its residents are unrelated to Rössing's operation. Arandis residents have realised that they cannot depend on the mine as they did in the past and a fresh spirit of self-reliance is bringing new life to the town. In co-operation with the Rössing Foundation and supported by the mine, the Arandis Town Council is in the



**“The community of Arandis wants to stand on their own, but they are afraid of tomorrow - to go into tomorrow alone, without Rössing.”**

Thomas Kaimbi, Mayor of Arandis



**“It's a tough one, but Rössing has that moral responsibility towards Arandis.”**

Asser Kapere, Deputy Minister of Works, Transport and Communication and Arandis Constituency Regional Councillor

process of establishing a development programme for the community, council members and municipal staff.

This initiative began in earnest when the Rössing Foundation opened an office in Arandis in 2001. Two years later, in October 2003, a regional directorate was established, which had become fully operational and productive towards the end of the year. Seven staff members and nine volunteers work in six key areas: educational programmes, business development, support to local government, recreation, culture and agriculture.

## TEACHER TRAINING AT ARANDIS SCHOOLS

**In line with Namibia's focus on technical education, Rössing is working towards a vision in which future technical employees at the mine are trained in, and drawn from Arandis.**

The Rössing Foundation and the Institute of Education and Career Development (IECD) provide staff training for local schools to encourage better organisation and

management skills, and to improve teaching in specific subject areas such as mathematics and science.

The results have been encouraging. Classroom management has improved as teachers have begun making regular student assessments, prompting more appropriate levels of individual attention. Moreover, there was an overall improvement in examination results in grades 10 and 12 last year, and pass rates for these grades increased from 34% in 2002 to 48% in 2003.

## BUSINESS TRAINING FOR ARANDIS COMMUNITY

**Undoubtedly, Arandis needs to attract more small and medium sized businesses to become self-sustaining.**

In 2003 the Rössing Foundation provided much needed business training for 14 Arandis entrepreneurs to develop the necessary skills for successful businesses management. Topics included finance, planning and marketing.

PHOTO BY SARAH TAYLOR/THE BIG ISSUE NAMIBIA



Volunteer Gideon Sifupa conducting the Arandis Brass Band at a performance at the Arandis Community Centre.



The Khori Cleaning Services Team from Arandis at work in a Rössing bus.

## SUPPORT TO LOCAL GOVERNMENT

The Arandis Town Council is striving to improve the socio-economic situation of the town. It has signed an agreement with the Rössing Foundation to work towards this goal. This co-operation agreement guides the day-to-day relationship between the Foundation and the Council and facilitates a productive working environment. Active co-operation will continue in 2004.

## SUPPORT TO THE COMMUNITY

Together with community members, the Rössing Foundation has helped establish a number of

groups to spearhead development programmes for the town.

These groups are already active and include an Arandis conservancy programme, a project to clean up the town, gardening, culture and sports programmes and an enterprise development scheme. One group of church leaders has launched a project to beautify the town and an experimental project to grow lucern. A gardening project is co-ordinated by a group of elderly people who will receive training during 2004. A youth group has targeted the improvement of cultural activities in Arandis, including music, drama and video productions, and plans to present cultural performances in 2004.

A 20-strong committee of businesswomen will co-ordinate the work of other Arandis businesswomen, and will help to organise a trade fair early in 2004.

Seven volunteers from the Arandis community, one from Canada and one from Zambia are currently helping the Foundation re-introduce recreational activities to the town. During 2003, the volunteers established a tennis club and a running club, both of which were active on a daily basis throughout the year. Also providing after-school entertainment for close to 100 children, both clubs have performed well in national competitions. An Arandis sports council is due to be formed in 2004 to co-ordinate the town's participation in national sports events.



**“Khori Cleaning is a company Rössing helped get off the ground. It was the MD’s decision and we are four founding members that started with cleaning the buses. Recently we also got the contract to clean the changing rooms. Now we’re already twelve women that work for ourselves. All our finances are still run by Arandis Services, but from May onwards, we will become independent. And I’m very ready to take over. Bully [Manager Arandis Services] has helped us very, very much. We are still a baby and he is really looking after us well. From the third year we will be completely independent.”**

Angelika Thanises, Khori Cleaning Services



**“Arandis should become self-sustaining. To meet this vision, economic, social and environmental programmes should be introduced and implemented to prepare Arandis communities to independently determine their own destiny through attitude change, introduction of new and viable businesses and for the town to have a well equipped, visionary and capable town council.”**

Job Tjiho – Regional Director, The Rössing Foundation, Erongo Region



**“We first started with filming and now we’re also doing drama classes and cultural programmes. Up to last year, we had 25 young people in our group. This year, with the collaboration of the Rössing Foundation, we extended the cultural programmes to the primary school here in Arandis.”**

Reginald Sawab, Leader Goanikontes Youth Group

# RÖSSING IN THE ERONGO REGION



Working together with suppliers ensured that best practice standards were applied for safe-to-operate cable controlled cranes.

## BUSINESS PARTNERS IN THE REGION

Economically, 2003 was a difficult year for Rössing and its business partners.

Although the mine made a substantial loss, the operation of the open pit and processing plant continued so that uranium oxide could be produced and customer contracts could be honoured. Nationally, the mine's main business partners were NamPower (supplying the company with energy), Shell Namibia (supplying fuel) and Namibia Health Plan (supplying a medical benefit scheme to Rössing employees). These contractors were paid N\$40 million, N\$31 million and N\$23 million respectively during 2003.

Among regional business contractors, bigger companies – such as Arandis Services, Erongo Contract Services and Premier Construction – were supported by the mine, though anticipated contracts were reduced when previously out-sourced work was reallocated to mine employees. In other words, even the most established and long-term local contractor companies were

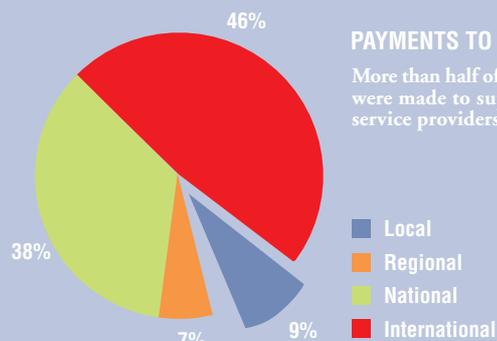
affected by the company's tight financial situation. Although the mine recognises the importance of supporting regional and local businesses to create jobs and reduce unemployment (currently running at 34% in the Erongo Region), Rössing was simply not in a position to offer this type of support as 2003 progressed.

Nevertheless, Rössing spent a total of N\$78 million in the Erongo Region in 2003 - mainly in Swakopmund and Walvis Bay - and N\$184 million throughout the rest of Namibia, which accounted for 54% of its spending on supplies. Supplies and services provided by other countries made up the remaining 46% of Rössing's purchases in 2003. The mine's largest purchase from abroad was its essential supply of sulphuric acid.

The strengthened Namibian Dollar should have meant effective price reductions on foreign-produced goods both for the Namibian companies importing the goods and for their customers such as Rössing. These reductions were not always evident, however, and Rössing recently initiated discussions with Namibian suppliers asking them

## PAYMENTS TO SUPPLIERS

More than half of all payments were made to suppliers and service providers in Namibia.



■ Local  
■ Regional  
■ National  
■ International

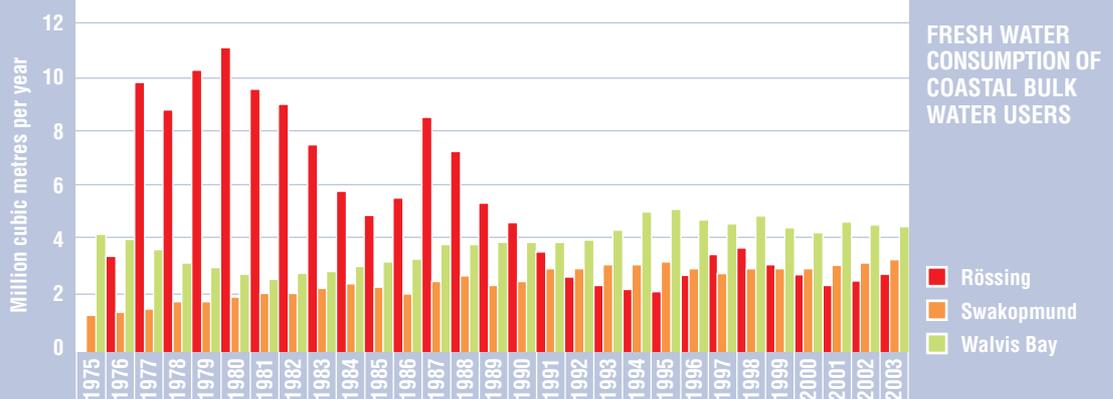
to see the company as a long-term customer entitled to certain price benefits. For the suppliers and for Rössing this would be a win-win situation: long-term business guarantees (for suppliers) with a reliably viable partner (the mine) paying less for its purchases.

Most suppliers have shown themselves willing to review their prices, or to propose alternative cost cutting measures. These companies regard Rössing as a long-standing and reliable customer, and are prepared to help maintain this relationship. However, not all suppliers share this view. In such instances Rössing is considering importing goods directly from abroad in 2004, particularly in view of the continued strength of the Namibian Dollar which makes this option increasingly attractive.

## WATER USE

One of the most valuable natural resources in the Erongo Region is the fresh ground water of the Kuiseb and Omaruru Rivers.

NamWater supplies Walvis Bay with water from the Kuiseb River and supplies Rössing Mine,



**“Rössing I believe sets the standard when it comes to water consumption, the responsible handling of water. I believe at the moment they recycle more than half of their water. You show me any other industry in this country that does that. They have reduced their water consumption by something unbelievable.”**

Eckart Demasius, Chief Executive Officer, Swakopmund Municipality

Arandis, Swakopmund and Henties Bay with water from the Omaruru River. Despite the 2000 flooding of the Kuiseb River, which refilled the aquifer to the levels of 1996, and despite the fact that sea water desalination is no longer regarded as an urgent necessity for the region, the conservation of water continues to be one of the mine’s highest priorities.

During 2003 water conservation efforts were guided by objectives set by a new Water Management Plan which was introduced at the mine in 2002. Also in 2003, the public raised a number of questions related to water use and supply. Residents of the coastal towns feared that regional water resources were inadequate in the long-term, especially given the Namibian Government’s decision to shelve plans for a sea water desalination plant. Rössing participated actively in this debate as part of the Coastal Bulk Water Users Forum, where all local towns

and NamWater co-operated to ensure adequate planning.

During Rössing’s open house meetings with the public, Arandis residents expressed concern that their drinking water might be contaminated by operations at the mine. Farmers living on the banks of the lower Swakop River were concerned about dropping ground water levels, increasing salt content and the assumed contamination of irrigation water. In response, mine personnel gave a presentation to the Goanikontes Youth Group about fresh water supplies to Arandis, which provided factual information for further discussion among residents. Continued active co-operation with all groups and interested parties will take place during 2004 to address the issues raised.

Due to operational constraints, fresh water consumption targets were exceeded at the mine by 623 000 cubic metres during

2003. New targets have been set using advanced water use models to manage consumption in 2004. The pumping of brackish water from the Khan River stayed within set limits and river vegetation was not affected.

## CARING FOR THE ENVIRONMENT

**The use of land during mining operations is unavoidable, though much can be done to limit its impact.**

An area of 23 square kilometres is used by Rössing to mine the open pit, dispose of rock waste, mill tailings, and to house the processing plant and company offices. This area can be compared to one third of the area Swakopmund is covering. During 2003 a two-hectare area north east of the open pit was covered with waste rock and a small area of land, well away from the Khan River, was used to mine sand.



Fifty scholars from coastal schools sighted 24 bird species at the Walvis Bay Lagoon during the 2003 annual Rössing Birdwatching event.



Members of the Ohungu Conservancy received tourism training during 2003.

For Rössing it is important that its stakeholders understand how mining affects the bio-diversity of the land surrounding the mine.

In 2003 the company invited two botanists from the National Botanical Research Institute of Namibia to conduct research on an area which would be utilized should the mine be extended. The objective was to determine the likely impact of the operation on plant life. Plants classified as vulnerable were identified and transplantation was recommended. Transplantation experiments should begin in 2004.

**Acknowledging its impact on the environment, Rössing supports several regional conservation efforts.**

A three-year project to protect the breeding areas of the Damara

Tern along the coast between Walvis Bay and Swakopmund was completed during 2003 by the Ministry of Environment and Tourism with financial support from the mine. Rössing also sponsored a programme to raise awareness among young people about bird life around Walvis Bay. Part of this was a series of three bird watching days hosted in co-operation with the Coastal Environmental Trust of Namibia. The bird watching days were attended by an average of 50 local school children at each of the events. The programme will continue in 2004 with plans to establish observation hides in areas identified by the school children.

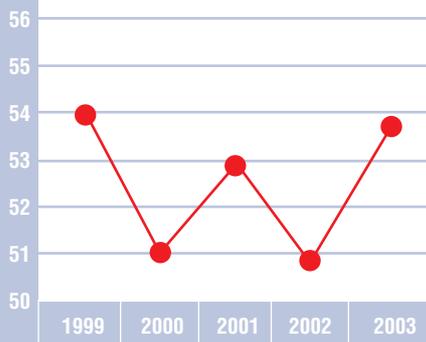
In order to raise rural environmental awareness among decision makers, stakeholders and employees, the mine organised a series of four outings to the

Brandberg and the Kuiseb River, which were attended by 32 invited participants. The mountain guides of the Tsiseb Conservancy at the Brandberg, personnel from the Desert Research Foundation of Namibia at Gobabeb and many members of the Uis and Topnaar communities provided participants with interesting insight into the local environments.

**THE RÖSSING FOUNDATION'S WORK IN THE ERONGO REGION**

Leaders of the Topnaar community and the Rössing Foundation agreed to co-operate on agricultural training programmes for this marginalised indigenous community living along the banks of the Kuiseb River. A familiarisation study assessed community needs in this area and two experts were identified as development partners to carry out the required training. Agreements are currently being drawn up so that training can commence during 2004.

The Rössing Foundation has also assisted the Ministry of Environment and Tourism and the Daures Community living near Uis to establish a conservancy. Training has been provided to ensure that appropriate skills are available to run and maintain the conservancy's committee.



**CARBON DIOXIDE EMISSIONS**  
Kilogram per tonne Uranium Oxide Produced

Over the last five years no substantial reduction in the emission of the green house gas carbon dioxide was achieved. The increase in emission rates in 2003 was due to constant energy usage coupled with reduced production. A 7% emission reduction is targeted until 2007.



**ENERGY CONSUMPTION**  
Megajoules per tonne ore processed

The energy consumption rate per unit of production has not changed substantially over the last five years. A reduction of the consumption rate of 7% is planned until 2007.

# RÖSSING IN NAMIBIA

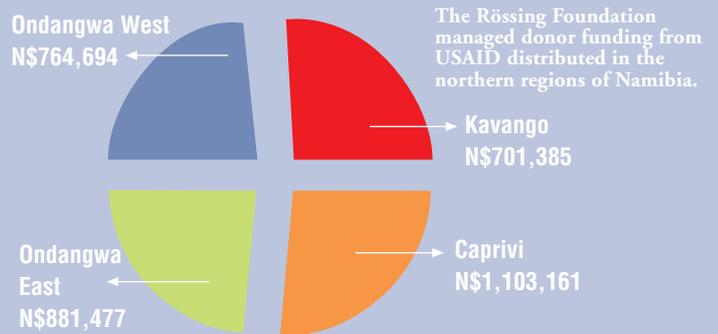
Rössing's corporate social responsibility programme continued throughout 2003 despite the company not having made a profit.

## 2003 CONTRIBUTION TO THE ECONOMY

Although the mine made a substantial loss during 2003 with no taxes being paid, no dividends distributed to shareholders and no money retained in the business, Rössing contributed indirectly to the economy of Namibia by paying employees and national suppliers.



## USAID SMALL GRAND FUND – GRANT AWARDS PER REGION



“You were the wind under our wings, so thank you for what you have done.”  
Participant of Brandberg Bio-diversity Edu-venture.



New craft shop at the Nyae Nyae Conservancy



The Rössing Foundation in partnership with Books for Africa distributed 50 000 books to rural schools and libraries.



Libraries are a source of knowledge for many youngsters in both urban and rural areas.

Since the mine made no profit during 2003, Rössing was not required to pay company tax to the Namibian Government. However, through the salaries paid to mine employees, the Receiver of Revenue received N\$48 million in Pay-As-You-Earn (PAYE) tax.

Rössing remained committed to its Corporate Social Responsibility Programme both in the Erongo Region and at national level. Through the Rössing Foundation funds were made available for several development programmes outside the Erongo Region. The Foundation also solicited funds for rural development projects from other donors – such as USAID and DfID (UK Department for International Development) – and helped manage these funds on the donors' behalf.

During 2003 support was provided to a number of development sectors, such as education, natural resource management and small enterprise development. In co-operation with the Ministry of Basic Education, Sport and Culture and USAID, the Rössing Foundation managed a total of 93 grants amounting to N\$3 450 000 to school communities in six regions of northern Namibia.

Further support was provided to community-based natural resource management programmes in the northern-central regions of Namibia. These programmes led to the development of 10 small business enterprises in the craft sector, and the establishment of four natural resource management areas, which, it is hoped, will ultimately generate income for the community. For example, as part of one project Kalahari melon seeds are being harvested

in the Oshikoto and Oshana Regions for export to the United Kingdom. Already, this has generated an income of more than N\$200 000 for some local entrepreneurs.

In the Otjozondjupa Region (former Bushmanland), the Rössing Foundation helped the community of the Nyae Nyae Conservancy to build a craft shop and set up a cultural exhibition. This project was also supported by the German church organization EED and by Raleigh International volunteers.

Through its network of six community libraries, the Rössing Foundation continues to provide much needed resources to selected communities. In partnership with Books for Africa, 50 000 books have been distributed to rural schools and school libraries. A further 450 000 books will be provided over the next three years.

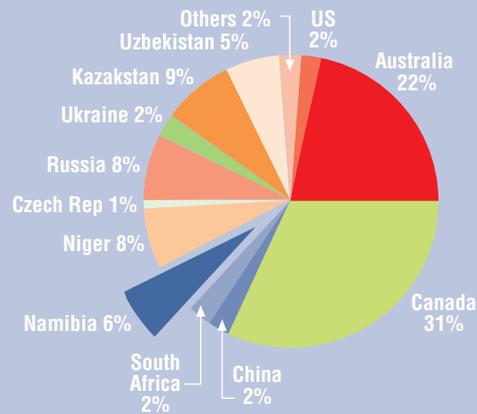


“They invited me on their conservation trail and I’ve seen how other mines have been left open. It was an eye-opener. When I came back, I really commended Rössing, telling them they are doing a great job, the way that they will go about closing the mine down, one day. They are not just doing what they should be doing – they are going that extra mile and that’s what makes them different from any other company or mine.”

Rosina Hoabes, Mayor of Swakopmund

# RÖSSING'S PRODUCT AND CUSTOMERS

The uranium oxide produced at Rössing is sold to customers for the generation of electricity at nuclear power stations around the world.



## WORLD PRODUCTION CONTRIBUTION

Since the middle 1990's Rössing contributed an average of 7% to the world primary uranium production.



## URANIUM SPOT MARKET PRICE

The demand for uranium during 2003 caused the spot uranium price to increase to almost double the price of the year 2000.

**“Based on documentation and presentations the audit team finds that the Rössing Uranium mine fulfils the criteria of Vattenfall Bränsle AB regarding regulations, management system, impact of the operation, control of emissions, working environmental/occupational health.”**

Vattenfall Bränsle AB

Namibia has signed the international Non-Proliferation Treaty, which prohibits the sale of uranium for the manufacturing of nuclear weapons. To ensure this, Rössing's uranium exports are monitored by the International Atomic Energy Agency (IAEA).

Before the uranium can be used in nuclear power plants, uranium oxide has to be converted to uranium hexafluoride, a gas that allows the enrichment of uranium isotopes so that fuel rods for the power stations can be produced. All these processes – except the initial mining of the uranium – are conducted outside Namibia by converters in Canada, America and France. Rössing's clients are power companies in Japan, South Korea, the United States and Sweden. Rössing supplied 6% of world demand for uranium in 2003.

While certain European countries do not support nuclear energy generation, nuclear power operators in the United States are currently upgrading power plants for extended life. This is also happening in Sweden. At the end of 2003, France reported that nuclear generated electricity was less expensive than gas or coal, and the booming Chinese economy prompted China to establish the largest nuclear power plant programme in the world. Given these developments, it is expected that the global uranium demand will soon exceed supply. By the end of 2003, prices had already started to rise. At the moment Rössing mine is still operating below full capacity, but should the price of uranium rise significantly on the world market due to consistently high demand, Rössing will be in a position to increase production accordingly.

## Rössing is working with its customers in many ways.

Rössing's customers have become aware of its difficult situation and are keen to see Rössing survive. Rössing's marketing arm is working closely with them to explore any area of possible support.

Rössing's Swedish client Vattenfall has introduced a number of initiatives to ensure environmentally responsible and safe management of uranium through its life cycle from mining to waste storage. Vattenfall checks that Rössing as a supplier conforms to strict international standards by carrying out environmental audits at the mine. Rössing and Vattenfall plan to extend this co-operation during 2004 to monitor biodiversity at the mine.

# RÖSSING AND SUSTAINABLE DEVELOPMENT



How can we ensure that :-

- the mining of one billion tonnes of rock
- the effort of people having worked 2.6 million man-hours since 1976
- the use of a volume of water comparable to one half of the Hardap dam's volume
- 200 million litres of fuel

has a lasting and positive impact on the development of the people of the Erongo Region, their children and their country?

Captain Peter Louw discovered uranium in the Namib Desert near Arandis in 1928, and three quarters of a century later, Rössing has been in operation for 27 years. The company is ready to extend the life of the mine until 2017, while being prepared for closure in 2007 should this become unavoidable.

But what will the Erongo region look like in 2028, a hundred years after that first discovery was made and after all the uranium has been mined?

**“The best contribution the mine can make to sustainable development in Namibia is to stay in business.”**

David Salisbury – Managing Director



**“I think that was the most positive thing that they did last year – these open talks whereby they invited all the stakeholders.”**

Johannes Kangandjera, Mineworkers Union of Namibia, Western Region Organiser

**“The open day that they had, was very good. It really involved the community, the school kids, it really worked. We made a video of the young people that were there, and we asked the young kids about what they've seen at the open day. I tell you, they really knew what was happening, they really took notice of all the information that was given. It was a very good thing that Rössing did.”**

Reginald Sawab, Leader Goanikontes Youth Group

During 2003 a feasibility study was completed to assess the chances of prolonging Rössing's life beyond 2007. The ultimate decision – whether to extend or close the mine – will be made during the second half of 2004. It will depend on the uranium market price, foreign exchange rates and the success of ongoing efforts to lower production costs. Should the decision go in favour of prolonging the life of the mine, long-term plans have already been prepared not only for the construction of new facilities at the mine, but also for regional development and environmental protection.

An important part of this planning process has been listening to the opinions and concerns of all the people whose lives are influenced by the mine. Their hopes and fears

for the future of the mine – and for their own futures – were discussed before these plans were developed.

During open house meetings held at the beginning of 2003, stakeholders and interested parties were informed about the mine's situation and listened to its alternate plans for closure or extension. Many valuable comments were gathered from these meetings for incorporation into the plans, and a strong request for more information emerged.

Rössing undertakes to keep stakeholders as informed and up-to-date as possible as future developments take shape. It appreciates the co-operation and support it has received throughout this long and often difficult process from its stakeholders and the public at large.

PERFORMANCE DATA TABLE

	1999	2000	2001	2002	2003	Target for 2003	Target for 2004
<b>The Employees of Rössing Mine</b>							
Number of Employees	1006	800	791	793	820	895	816
Payments benefiting Employees – N\$'000	14 9500	96883	120263	136761	169212	–	–
No. of personal annual radiation exposure above 20mSv	0	0	0	0	0	0	0
No. of lost time injuries	9	9	5	6	4	3	2
Lost time injury incident rate – LTIIR	0.49	0.85	0.45	0.80	0.30	0.25	0.15
New cases of pneumoconiosis	0	0	1	0	0	0	0
New cases of dermatitis	0	0	0	0	1	0	0
New cases of hearing loss	1	1	0	0	1	0	0
New cases of chronic bronchitis	1	0	0	0	0	0	0
<b>Rössing as the Business</b>							
Ore processed – '000 tonnes	10463	11039	9084	8769	8347	9315	10442
Waste rock removed – '000 tonnes	15 607	9787	12033	13015	10434	9759	950
Ratio ore processed : waste rock removed	0.67	1.13	0.75	0.67	0.80	0.95	11
U <sub>3</sub> O <sub>8</sub> produced – tonnes	3171	3201	2643	2751	2401	2701	3053
Source dust levels at Fine Crushing Plant – mg/m <sup>3</sup>	1.32	2.80	1.45	0.80	0.38	0.75	0.7
Reinvested in the business – N\$'000	106700	56400	237700	106200	0	no target	no target
<b>Rössing in the Erongo Region</b>							
Payments to regional <sup>1</sup> suppliers – N\$'000	n/d <sup>2</sup>	37485	n/d <sup>2</sup>	54422	77640	no target	no target
Fresh water consumption – 000m <sup>3</sup>	2779	2312	2053	2175	2486	1863	2238
Fresh water per tonne ore processed – m <sup>3</sup> /t	0.27	0.21	0.23	0.25	0.30	0.20	0.23
Ratio of fresh water : total water	0.27	0.22	0.22	0.25	0.35	0.21	0.38
Seepage water collected – 000m <sup>3</sup>	2102	2709	1609	2001	1963	2040	2836
Energy use on site – GJ x 1000	1248	1133	979	999	915	921	752
Energy use per tonne ore processed – Mj/t	119	103	109	114	109	99	72
CO <sub>2</sub> emission – Kt CO <sub>2</sub> equivalent	171.6	162.9	139.7	139.9	127.5	137	118.2
CO <sub>2</sub> emission per unit of production – t/t U	54.1	50.9	52.9	50.9	53.7	50.7	39
<b>Rössing in Namibia</b>							
Companies tax paid – N\$'000	54700	143485	243838	26878	0	no target	no target
Payments to Namibian supplier – N\$'000	n/d <sup>2</sup>	223559	n/d <sup>2</sup>	97892	261417	no target	no target
Value of charitable gifts – N\$'000	n/d <sup>2</sup>	169	138	107	61	no target	no target
Value of community investments – N\$'000	n/d <sup>2</sup>	148	109	322	5442	no target	no target
Value of commercial initiatives – N\$'000	n/d <sup>2</sup>	12	0	0	196	no target	no target
<b>Rössing's Product and Customers</b>							
Uranium spot market price – US\$/lb	10.21	8.15	8.84	9.88	11.56		

<sup>1</sup>Regional refers to the Erongo Region and includes payments to suppliers and service providers from Arandis, Swakopmund and Walvis Bay

<sup>2</sup>Not separately determined

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