

RioTinto

Rössing Uranium Limited
Working for Namibia
2010 Report to Stakeholders
Enhancing our strength



The purpose of this report

This report aims to give readers an overview of the activities of Rössing Uranium Limited from January to December 2010, and our interaction with society, the economy and the environment.

Although the Rio Tinto Group is the majority shareholder of Rössing Uranium Limited, it is not the only stakeholder who has invested in the business. All individuals and institutions that influence and are affected by the company are stakeholders, including the mine's employees and contractors, the communities of Arandis, Swakopmund and Walvis Bay, Government institutions, service providers and the mine's customers.

Our history

Uranium was discovered in the Namib Desert in 1928, but it was not until intensive exploration in the late 1950s that much interest was shown in the area. After discovering numerous uranium occurrences, Rio Tinto secured the rights to the low-grade Rössing deposits in 1966. Ten years later Rössing Uranium, Namibia's first commercial uranium mine, began operating. Today, Namibia has two significant uranium mines and provides 8 per cent of world uranium oxide mining output, of which 5.3 per cent is produced by us. The mine has a nameplate capacity of 4,500 tonnes of uranium per year and, by the end of 2010, had supplied a total of 118,617 tonnes of uranium oxide to the world.

Our location

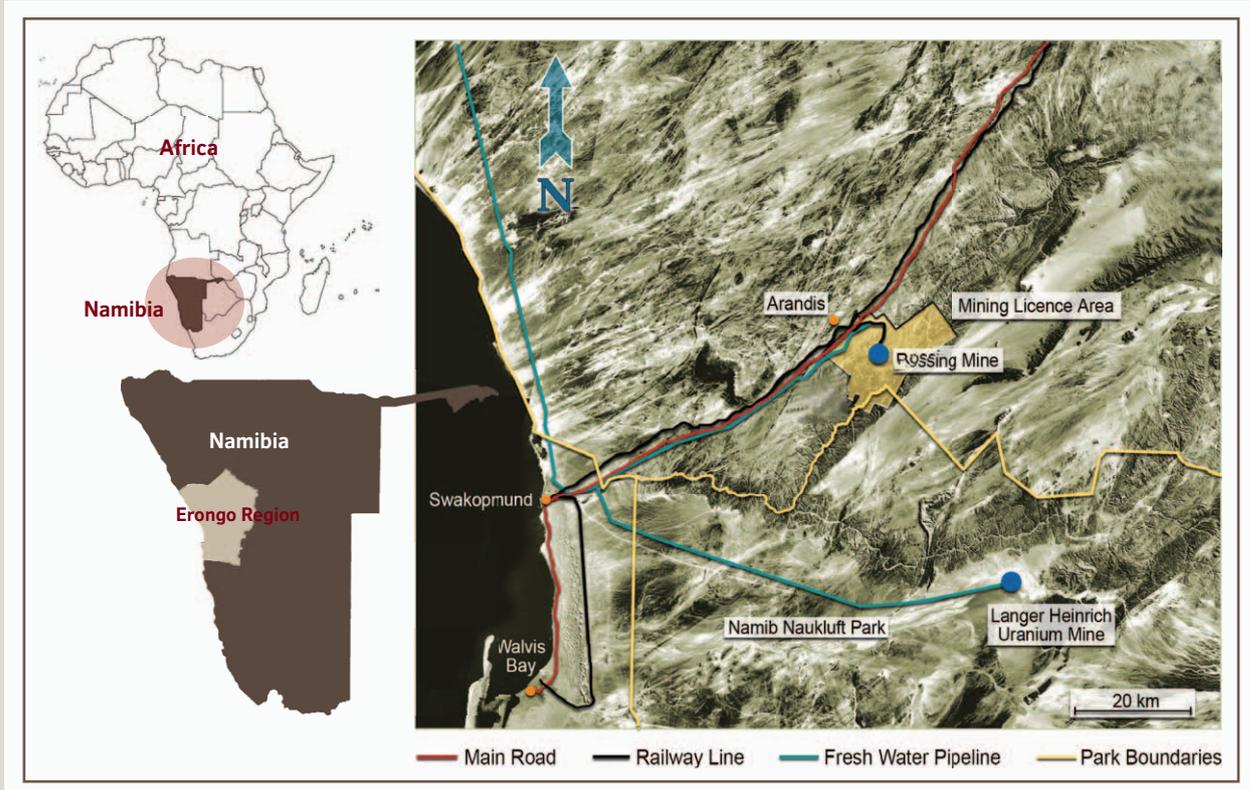
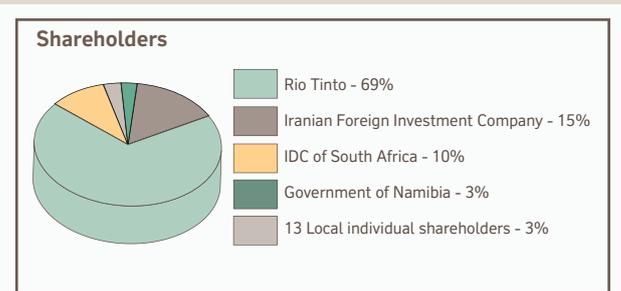
The mine is located close to the town of Arandis, 70km inland from the coastal town of Swakopmund in Namibia's Erongo Region. Walvis Bay, Namibia's only deepwater harbour, is located 30km south of Swakopmund.

The mine site encompasses a licence area of about 180km², of which 25km² are used for mining, waste disposal and processing. Mining is done by blasting, loading and hauling from the main open pit, referred to as the *SJ pit*, before the uranium-bearing rock is processed to produce uranium oxide. The open pit currently measures 3km by 1.5km, and is 390m deep.

Our shareholders

Rio Tinto is the majority shareholder of Rössing Uranium Limited, with 69 per cent of the shares. The Namibian Government has a 3 per cent shareholding, and the majority (51 per cent) voting power on issues of national interest. The Iranian Foreign Investment Company owns 15 per cent, a stake that was acquired during the set-up of the company in the early 1970s. The Industrial Development Corporation (IDC) of South Africa owns 10 per cent, while local individual shareholders own a combined 3 per cent shareholding. The shareholders do not have the right to any portion of production.

Outside cover photograph: Hileni Sheya, the second female Open Pit Production Foreman in our workforce, making notes in her safety diary after completing a Take Five risk assessment of the area where Haul Truck 89 is being loaded.



Contents

2	Message from the Managing Director
4	Executive summary
6	Rössing Uranium's <i>Strategy on a Page</i>
7	Our approach
8	Our product
10	Our operations
19	Our people
32	Our community
43	Our environment
51	Performance data table
52	Our value addition
56	Rössing Board of Directors and corporate governance
62	Assurance and references
63	Health, Safety and Environment policy
64	Abridged annual financial results
72	Management team
73	The nuclear fuel cycle
74	Contact details

Paving the way to our future

Making use of growth opportunities, Rössing has put a number of initiatives in place to chart a well-planned growth path to enhance our strength.

It is hard to believe that it is only seven years ago that we announced that the mine would have to close its operations due to the low uranium price and dismal outlook. Since then, the global nuclear outlook has changed, and we have been rebuilding our business through an extensive development programme, re-equipping it to meet today's supply targets and also tomorrow's. Making use of growth opportunities, Rössing has put a number of initiatives in place to chart a well-planned growth path to enhance our strength.

During the year under review, noteworthy progress was achieved, with a major resource upgrade announced. This resource upgrade means that we have 164 per cent more uranium that can be mined, compared to previous estimates. Our current Life of Mine plan sees the mine continuing operations until 2023. With these revised resources we are now working to further extend the mine's life – indeed good news for us and Namibia.

It is, however, not an easy task to rebuild a business. We are a low-grade mine with relatively high costs, facing a constant struggle against rising costs and the need to build today for tomorrow. Most of our competitors have resources with much higher grades than us, with resulting lower costs. In order to stay in the game we have to do more with less.

We have recognised that the new environment changes our challenge; we need to control costs – nothing new here – but we must grow at the same time. We are busy putting measures in place that pave the way for our future.

Profitability impacted by investment in our future

During 2010, our profitability was severely impacted by the amount of money that we had to spend on stripping away the waste in the open pit to have access to additional resources by 2013, together with the significant impact of the strong rand on our earnings. The net effect was a loss of N\$43 million after tax in 2010, down from N\$289 million

profit recorded in 2009. This pattern is expected to continue in 2011 and 2012, although the Rand:Dollar exchange rate could reduce the impact, if it were to weaken.

Our financial figures are provided in this year's report for the first time ever. This is in line with worldwide trends toward transparency and good corporate governance. The key point to keep in mind when looking at these figures and the next three years of operation, is that our ore-to-waste ratio has moved up from a long-term average of around 1 up to 5.28 and our uranium grade from a high of 0.040 per cent down to 0.028 per cent. These new key drivers will remain in these ranges until we re-access the southern side of the pit and the main ore body in 2014.

“Investing in our future” has been our theme for some years now. This is a very considerable act of faith on the part of our shareholders who are experiencing pain now (no profits and therefore no dividends), yet making very sizable capital investments. We are conscious of this commitment to our shareholders and have confidence that we will deliver the improved performances and returns planned.

This report clearly demonstrates the strong investments that were made in almost all areas of the business in 2010. In 2011, the following are already in place:

- Waste stripping on the southern wall represents more than N\$1 billion of expenditure per annum.
- The exploration of the Z20 anomaly in our mining licence area has been taken into a second phase of exploration with three drills being deployed.
- The Heap Leach trial pads produced 40 tonnes of uranium oxide in 2010. This year, the trial pads are being operated as a production unit to supplement the Tank Leach process and further develop our understanding of how different ore types need to be processed.



- Mining in SK4, the satellite mining area, began last year and will be completed by the end of the year, with ore stockpiled and blended into plant feed this year and next.
- We continue to invest heavily in training of future employees and current staff. This year we have:
 - more than 100 students at the Namibian Institute of Mining and Technology;
 - 41 students at universities;
 - more than 100 employees on correspondence and other development courses; and
 - we are supporting 109 children of employees at tertiary institutions.
- We spent N\$247 million on capital projects in 2010, and plan to spend N\$550 million on capital in 2011.

Safety and business improvement

Last year the mine introduced a business improvement programme. This multi-year programme is our journey to operational excellence and sustainable worldclass performance through focused changes in efficiency, production capacity and the cost base of the business into the future.

Rössing applies worldclass standards and practices in our daily health, safety and environmental operations. Our safety performance in 2010 was poorer than in previous years, largely due of a lack leadership focus and accountability. To address this, we implemented a safety acceleration programme in the last quarter of 2010 to place the mine's employees and contractors on a sound foundation to achieve Zero Harm. I firmly believe that we can really reach a state where we work without harm and injury. We have laid out a programme and actions to achieve a change in

mindset, which is the starting point. With this foundation and continued vigilance on the part of each of our employees, I have every confidence we will see outstanding safety performance in the years ahead, which will be the supporting base for excellence in operations.

Continued drive for nuclear energy

The tragedy which struck Japan on 11 March this year shocked the world. The impact on Fukushima has prompted much debate, and will surely continue to do so. A careful review of the events at Fukushima is needed in order to determine the impacts of the accident and to identify improvements in design and emergency response.

I do not believe that we will see any significant reduction in the global deployment of nuclear energy in the medium to long term. In my view, the global demand for energy will continue to grow strongly as the world needs energy diversification, as well as to reduce greenhouse gas emissions from energy use.

The most likely change to come is that the findings of the Fukushima review will be used to inform and improve the construction and operation of current and future nuclear plants.

As a significant and growing long-term supplier of uranium to the world's nuclear power industry, we are committed to working for Namibia.

Mike Leech, Managing Director
30 April 2011

Executive summary

The year 2010 saw our business focused on two streams of activities: one stream on immediate and short-term activities that keep the mine running on a daily basis, while the other focused on expanding and extending our business as far into the future as possible.

Our priority is, as always, the health and safety of our employees – the foundation on which everything that we do is built.

Although no serious or life-threatening accidents occurred in 2010, our safety performance declined significantly in the first half of 2010. We immediately reviewed the causes and how to address them. Subsequently, we embarked upon a high profile safety campaign to re-focus the mindset of all our employees and contractors, making everyone even more aware of our vision to create an injury-free workplace where everyone goes home safely.

The current emphasis is on safety, although health and the environment also form a part of our objectives. The programme of correction began in September, and to date more than 400 employees and contractors have received training. While there are areas of improvement, we are not yet seeing the full translation of personal Zero Harm value commitments into expected actions in the workplace. We continue to focus on assisting leaders to have a visible presence, to lead by example and ensure that we have the organisational discipline to always meet our world-class standards. We are also continuing the workshop programme and aim to train every person working at Rössing by the end of 2011.

Planning, organisation and commitment are the basic building blocks of all work, and through our Zero Harm initiative, we are laying the foundations for all future growth and development at Rössing. At the same time, we are building pride in our achievements, which will be palpable when entering the gate or meeting someone who works here – employee or contractor.

The past few years have seen a rapid increase in uranium exploration activities in Namibia, and mining activities will continue to make significant and increasing contributions to the economy. As the third-largest uranium producer in the world, we lead the way in the mining and processing of uranium in Namibia, as we have done for the past 34 years. This, however, does not mean that we are complacent. Looking back over 2010, our activities were guided by the necessity to enhance our strength and secure our future.

We have real opportunities for growth on the horizon. To be ready and able to seize these opportunities, our operating capability and efficiency must reach new levels and our unit cost must be reduced.

We thus embarked upon a performance programme, Sustainable Performance Acceleration at Rössing (SPAR), midway through 2010, which is twinned with our Zero Harm initiative. The programme team, which includes experts from Rössing, Rio Tinto Energy, Rio Tinto Technical and Innovation and a consultancy firm, completed the diagnostic phase in late December 2010. Building upon this understanding of our current situation, the programme team will develop a plan for sustainable performance improvement in 2011.

This is an ambitious programme, with the key goal of transforming Rössing into the most productive, efficient and best run uranium mine in the world. It is also our aim to attract, develop and retain the best talent in the industry.

Our activities during 2010 are provided in detail in this report. The main activities are summarised as follows:

- We mined 52 million tonnes of rock (2009: 55 million tonnes)
- We produced 3,628 tonnes of uranium oxide (2009: 4,150 tonnes).
- Several activities focused on expanding our operations to extend the life of the mine for as long as possible, such as:





Mining operations in the open pit.

- the Heap Leach project, which, once commissioned, will supplement the existing tank-leaching process to heighten the production levels;
 - extensive exploration and drilling activities, which will continue into 2011;
 - waste stripping, mainly in the open pit's north-western and southern areas, which will continue for the next three years, as well as in a satellite pit called SK4, situated about 3km from the current open pit.
- Expanding our business, we recruited the targeted number of employees; currently our staff complement totalled 1,592 permanent employees (2009: 1,415).
 - We spent N\$15.5 million on training and development programmes, benefiting 417 participants.
 - Local enterprise development remains a focus of our drive to create sustainable communities; we concluded an innovative consulting contract with the Polytechnic of Namibia to assist in the development of selected SMEs, enabling them to grow and become independent and competitive players in the local economy.
 - Another part of our commitment to the surrounding communities entailed spending N\$23 million on activities of the Rössing Foundation, whose main focus is education.
 - We spent a total of N\$2.4 billion on purchasing goods and services to run our operations – 67 per cent from local businesses in the Erongo Region.
 - As part of our community consultation and engagement commitment, the public participation process of the Social and Environmental Impact Assessment (SEIA) for our expansion project commenced in 2010.
 - Our Product Stewardship programme is based on the recognised need to ensure that our product is produced, used and managed throughout its life cycle in a socially and environmentally responsible manner, to support goals of sustainable development and commercial goals of sustainable markets.
- Our performance during 2010 will ensure that we deliver today, while securing a bright future tomorrow.

2011 Rössing Uranium's Strategy on a Page

Our 2011 Strategy on a Page summarises our strategic pillars and drivers, enabling us to stay focused.

Core purpose

Maximising the value delivered to our shareholders by being a significant and growing long-term supplier of uranium to the world nuclear power industry.

Strategy

Focusing on excellence in our operations; concentrating efforts on large-scale, long-life, cost competitive assets; keeping the emphasis on the quality of the opportunity and operating in a responsible and sustainable manner.

Strategic pillars	Health, safety and environment	Financial and operational excellence	Value adding growth, innovation and technology	People	Licence to operate	Customers and markets
Our inspiration	Zero Harm	Value adding operations	Value adding growth	Employer of choice	<ul style="list-style-type: none"> • Developer of choice • Number one corporate citizen in Namibia 	Supplier of choice
Key drivers	<ul style="list-style-type: none"> • Behavioural safety • Leadership • Accountability • Systems and procedures • Zero Harm training 	<ul style="list-style-type: none"> • Top quartile margins • Continuous net present value growth • Optimally using existing assets • A major contributor to Namibian Gross Domestic Product • Rigorous cost and financial management • Top performing heavy mining equipment and fixed plant in Rio Tinto by 2013 	<ul style="list-style-type: none"> • Extensive proven reserves • Proactive collaboration • Unlock additional value from reserves and resources • Leverage technology • Intellectual property and knowledge management • Improvement projects 	<ul style="list-style-type: none"> • A great working environment • Deployment of trained and returnee bursary holders • Creative and innovative employees • Effective communication • Performance management and rewards • Development of leaders 	<ul style="list-style-type: none"> • Strong government relations • Stakeholder engagement • Recognised for quality and commitment to sustainable development • Climate change and energy strategy • Transformation of Economic and Social Empowerment Framework (TESEF) • Rössing Foundation: valued corporate social responsibility delivery pathway • Play an active role in the Uranium Institute and the Strategic Environmental Management Plan (SEMP) 	<ul style="list-style-type: none"> • Long-term contracts underpinning life of mine • High standards of operation and reliability • Contribute to policy debate • World-class, fact-based marketing strategy and tactics

One Rio Tinto	Collaboration	Supporting a global brand	Integrated planning	Standardised and common processes	Continuous improvement
Values	Teamwork	Respect	Accountability	Integrity	

Sustainable development is the distinctive, significant and characteristic centre of our overall approach to business.

Everything that we do, we do in line with the generally accepted definition of *sustainable development* as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

This suggests that meeting the needs of future generations depends on how well we balance social, economic and environmental needs when making decisions today.

The aim of sustainable development is, therefore, to seek out win-win situations that can achieve environmental quality and increase economic wealth and social well-being – today and tomorrow.

Our vision remains to:

- Create long lasting positive effects for the people of the region and Namibia;
- Build capacity to ensure that it contributes to the future well-being of our employees;

- Minimise the negative impacts and optimise the positive impacts; and
- Maintain our reputation as responsible corporate citizen of Namibia.

When conducting our business we ensure that we maintain a balance in the way we:

- Utilise our assets (both our own resources and environmental resources);
- Contribute positively to our societal needs through the provision of support to our communities without creating dependency; and
- Generate economic wealth.

Driving the integration of sustainable development at Rössing Uranium are the following six themes:

People

Our workforce is central to our business. This means ensuring a safe and healthy workplace geared for human resource development, in order to attract and retain employees while maximising our contribution to their well-being.

Communities

By understanding the diversity of the communities within which we operate and through continuous interaction with them, we are able to respond to their concerns and needs. Moreover, the communities who host us should realise a net benefit and long-lasting positive effect from our activities.

Product stewardship

This theme focuses on expanding our understanding of the impact of our product on society by working with all interested and affected parties.

Economic viability

With the aim of providing the best returns on investment for our shareholders, we have to understand the long-term demand for our product, as well as the cost, resource availability and value creation associated with such demand. Economic viability also ensures that we continue to make significant contributions to the economy of the country and its people in various ways.

Environmental and asset resource stewardship

We aim to be the leader in environmental stewardship and to maintain our reputation as a responsible corporate citizen. This can be realised when we correctly understand and appreciate our natural resources, both biotic and abiotic, utilise them in a sustainable manner and create a net positive impact.

Corporate governance and compliance

We strive to be transparent and proactive in all our business operations. Thus, we have business systems in place which are auditable and these systems form the backbone of good corporate governance.

These six pillars not only form the backbone of our business, but are the axle which spins our business, taking it from strength to strength. The pillars are discussed in this report to stakeholders.

Rössing Uranium produces and exports uranium oxide from Namibia to nuclear power utilities around the world. Thus, our core purpose is to maximise the value delivered to shareholders by being a significant and growing long-term supplier of uranium oxide.

Our product contributes significantly to meeting Namibia's needs by creating wealth to support community infrastructure as well as health care and education programmes, and by delivering financial dividends for our shareholders. Our activities also provide the means and opportunity to develop new approaches to solving the world's environmental and human development challenges, such as climate change and poverty.

Uranium is a relatively common element that is found in the earth all over the world in various levels of grading. The metal is mined in many countries, and processed into uranium oxide (U_3O_8). Uranium oxide has to be further processed before it can be used as fuel for nuclear reactors that generate electricity.

Rössing's existing ore body consists mainly of low-grade ore, in contrast to countries such as Canada and Australia where the grade of uranium in the rock is relatively high. It is, therefore, much more challenging to mine and extract the uranium from the rock cost-effectively.

Marketing of our product

The Rio Tinto Uranium team is responsible for marketing the uranium produced by Rio Tinto's mines to our global customer base of nuclear power utilities. Rössing is the third-largest uranium producer in the world, and it supplies utility customers located in all three major markets: Asia, North America and Europe.

After a relatively quiet start to the year, uranium prices moved up strongly in the second half of 2010. Continued purchasing of large volumes by Chinese companies and producer buying, created an upsurge in spot prices as available supplies tightened.

In addition, financial speculators began to return to the market as buyers, adding to the price pressure and volatility. The spot price rose from a low of around US\$40 per pound (lb) in the first

half, breaking the US\$50/lb mark in late October, and ending the year at US\$62/lb.

As one of the market's premier long-term uranium suppliers, our production is not overly dependent on variations in the spot price, and most 2010 production was delivered into long-term contracts. The long-term price also rose in late 2010 as long-term procurement activity began to increase in Europe, the United States of America and China.

In the second half of the year the term price increased from US\$60 to US\$65/lb – ending the year with a smaller premium over the spot price compared to the previous three years, but still showing positive momentum. Rössing's average delivered price for 2010 continued to be among the highest in the industry, reflecting Rio Tinto's and our excellent reputations for stability and reliability.

A number of new mines are expected to enter production over the next few years. Should they become operational as scheduled, we may see some increased competition for new business. However, many of these projects have experienced difficulties due to the weak US dollar (which is the payment currency for uranium sales worldwide) and the lingering effects of the global economic crisis.

At the previous spot price levels in the low US\$40s, most of these new, higher-cost projects outside of Kazakhstan were unlikely to proceed. In today's market, they should have a better chance of success, and we can anticipate that at least some of this new production will come to market.

Kazakhstan remains the most important area to watch. The country is now the largest uranium-producing region in the world, having increased output an astonishing five-fold since 2005, including an increase of 10 million pounds of U_3O_8 in 2010 alone. Phrased differently, the production increase in Kazakhstan in 2010 alone exceeds the production increase in any other single country over the past decade. Their ability to exploit vast uranium reserves using (generally) low-cost in-situ leach technology has been an incredible success story. But at the same time, there are signs that continued expansion may not be in the country's best interest. Until October 2010, the spot price had been weak for several years, even as Chinese inventory purchases (most of which came from Kazakhstan) soared.

Much of this weakness was due to the expectation of continued Kazakh mine expansion. It is likely that Kazakh officials will have to balance the desire to produce ever-increasing volumes of uranium with the need to have a sustainable, long-term plan that seeks to maximise revenues over the long run, as well as support for these production centres and the communities that depend on them. Consequently, we expect that future Kazakh production increases may be more measured and may take into consideration the impact on market prices, more than was previously the case. It also highlights why Rössing remains an important source of supply diversification for customers in a market where a full one-third of all mine production now comes from Kazakhstan.

"The market outlook for uranium remains very positive in the long term, not only in China but around the world, as concerns over climate change and energy security impact global energy planning. Uranium mining will need to expand further to meet that demand, and Rössing's experience and reputation in the market make it well-positioned to respond."

Clark Beyer, Managing Director, Rio Tinto Uranium



The global outlook for reactor growth has improved as the world economy starts to recover from the financial crisis. The issues of climate change, energy security and increased primary energy demand, as a consequence of urbanisation and economic development, all encourage the further development of nuclear power. As the only large-scale source of clean, competitive electricity that produces no greenhouse gas emissions, nuclear power is viewed by most as a key component of the long-term energy solution in much of the world. The up-front capital costs of building nuclear plants remain high, however, so the process does not always move quickly.

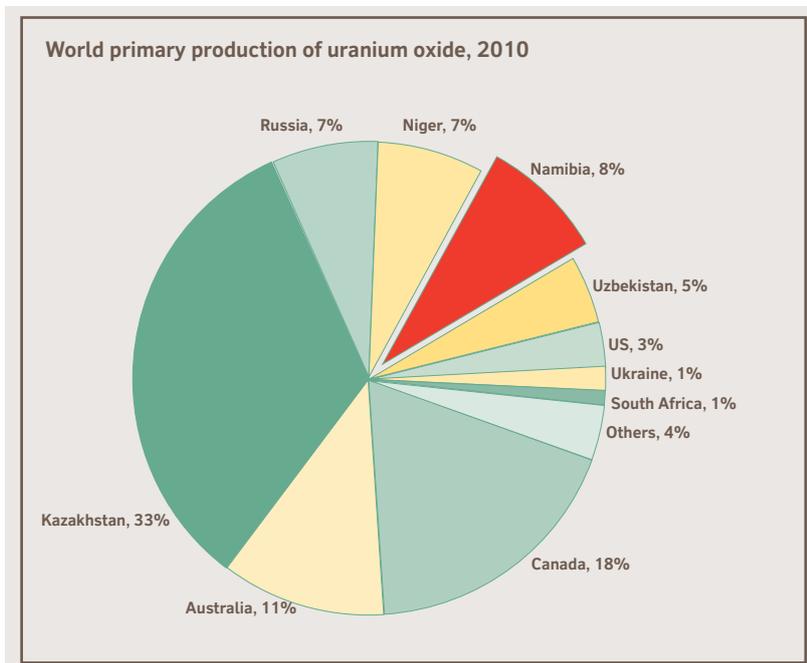
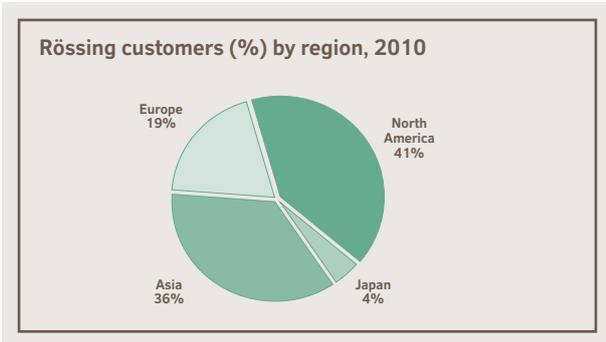
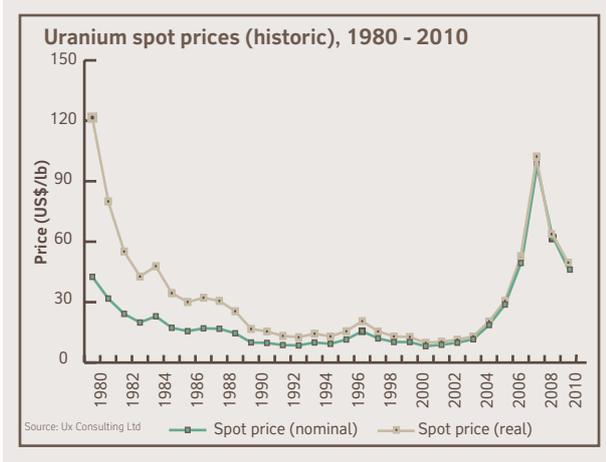
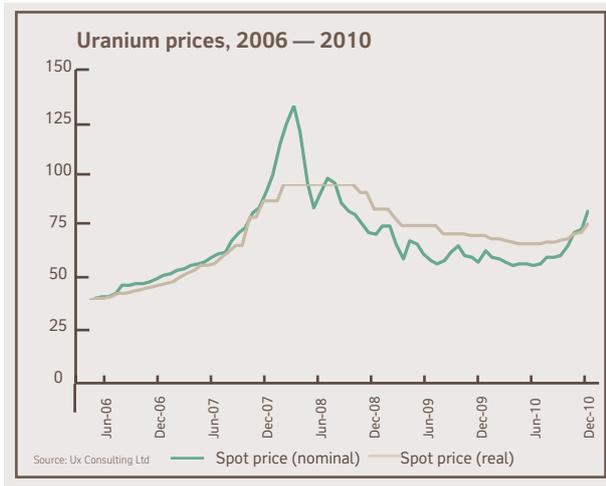
China continues to lead the world in new reactor construction as it pursues a strategy of at least 70 GWe of installed nuclear capacity by 2020 (and well over 100 GWe by 2030). There are currently 26 units under construction in China, and dozens more in the planning stage. This is the reason why China looks set to evolve from a growing presence in the uranium market to one of the major consumers by 2020, along with the US, France and Japan. Rössing was the first major international uranium supplier to China, and continues to develop that important market without losing sight of its long-time customers throughout the world.

The powerful earthquake and tsunami in Japan in March 2011 caused tremendous loss of life, and severely damaged the Fukushima nuclear plant. While this will undoubtedly cause nuclear utilities and governments around the world to re-assess their already substantial safety systems and apply the lessons learned, we do not believe it will have a significant negative effect on nuclear power as an important component of the global energy picture.

However, the incident is likely to slow the development of new nuclear construction in some countries, particularly Japan, as they seek to make nuclear power even safer in areas with strong seismic activity. Germany, a country which has long had a complicated view of nuclear power, may proceed with phasing out some of its 17 units, which will increase the country's already high reliance on coal. But in Asia, North America and elsewhere, nuclear power will remain an important and growing part of world energy due to its role in mitigating carbon emissions and the very low nuclear accident rate over the past 40 years.

By 2030, according to the World Nuclear Association, the number of operating units worldwide will have risen from 441 to more than 600. Within this decade, annual world uranium production will have to double from the current level if it is to fuel existing and new reactors for the next 50 years or longer.

Therefore, the long-term outlook for this industry continues to look very bright. As an established, experienced and reliable producer, Rössing remains in an excellent position to grow its business for many years to come for the benefit of its employees, customers, shareholders and Namibia.



Our operations consist of two distinct phases: mining of the uranium-bearing rock or ore, and processing of this ore to produce uranium oxide. The year under review also saw several key interventions that contributed towards our efforts to secure our future. These interventions are highlighted in the following sections.

Mining operations

Mining consists of three main activities: drilling and blasting to break the rock; loading the ore by shovels onto trucks; and hauling it from the pit, either to the Processing Plant if the uranium grade is high enough for efficient processing, or stockpiling the waste in dumps adjacent to the pit.

The uranium in Rössing's lease area is found in very hard and abrasive granitic rock called alaskite. To move the required amount of ore and waste, we have to conduct blasting operations at least once a week. Electric and diesel-powered shovels load the uranium bearing ore onto haul trucks, which then transport the ore to the primary crusher for the first crushing stage. From there, the crushed ore is conveyed to the Coarse Ore Stockpile, from where it is reclaimed and put through several more crushing stages before the processing stage of our operations begins.

Our mining activities in 2010 continued to focus on providing the targeted amount of ore to the plant to keep it running sustainably. Most of this ore came from the bottom of the existing open pit, called the SJ pit, until the end of the year when this mining was finally suspended due to the interaction between the pit-bottom mining and the two new mining areas on the rim of the open pit.

The 52 million tonnes of rock mined during 2010 are in line with the previous year's performance, during which 55 million tonnes were mined – the most mined from the open pit in the past 26 years. We plan to mine nearly 45 million tonnes in 2011.

As stated in last year's review, to ensure a mine life until 2023, an enormous amount of waste stripping must be done in the open pit's north-western and southern areas over the next three years. Waste stripping entails the removal of blasted rock that does not bear sufficient uranium and, therefore, is not economical to process. It is an essential investment in our long-term future, although it places an immense strain on our finances in the short to medium term, because it does not presently contribute towards delivering ore to the Processing Plant. We will continue with a high level of stripping for at least another year.

In addition to supplying the targeted amount of ore to the Processing Plant and stripping the required waste rock, we started mining a satellite pit called SK4, situated about 3km from the current open pit. SK4 will measure about 300m in diameter, which is relatively small in comparison to the existing open pit.

Because the stripping is only required for a relatively short period, the involvement of a contractor ensures cost-effectiveness. The contractor, Basil Read Mining Namibia, had about 300 contract workers in the pit every day during 2010, focusing on stripping waste rock from our SK4 satellite pit, as well as mining in the southern side of the main SJ pit. About 10 million tonnes of the total 52 million tonnes mined in 2010 were mined by the contractor. Most of the pioneering work at the SK4 pit was completed during the year, and therefore, we are set to start mining the ore for processing in 2011.

To ensure continued smooth operations in the face of our increased mining activities spread over different areas, we split the mining area where we have to do waste stripping into two working areas, called the Phase 2 and Phase 3 expansion areas.

We appointed supervisors for both these areas to allow effective supervision. In addition, we recruited and trained the right number of people to operate in the different mining areas, thus ensuring we have enough operators for all the mining equipment.



Haggai Weyulu, Production Controller (Supervisor), with drilling activities in the new SK4 satellite pit in the background.

Further improvement was achieved in the mining operation by utilising the Mine Monitoring and Control system during the year. This system, which was implemented in 2009, assists operational staff to mine more efficiently. We have seen an increase in the utilisation of the system as people have become more confident using it.

As the system provides us with real time data such as shovel performance, loading rates per hour, truck availability, truck utilisations and all equipment performance, it enables us to quickly identify problem areas and make relevant decisions to improve our overall efficiency. It also makes it possible for maintenance staff to monitor the state of equipment online, and thus to take proactive decisions. In 2010, this online system helped to prevent an estimated N\$1.6 million in equipment failure. We were, once again, ranked first among all the Rio Tinto mines with regard to haul truck availability.

Overall, 2010 was a good year in our mining operations. However, towards the end of the year Shovel 11 broke down, preventing us from achieving our target of the number of tonnes mined.

Nevertheless, we set a good foundation for 2011. Much of our mining activities during 2011 will be centred on waste stripping in the Phase 2 and Phase 3 areas of the open pit.

Similar to 2009, extensive management time was invested in recruiting and training new equipment operators during 2010. The new employees had to be oriented towards the mine's strong culture of safety performance and high productivity, and in 2011, we will continue our strong focus on the safety of our workers in line with our Zero Harm activities. As always, the safety of our employees remains our top priority, and continues to be at the very core of all our mining operations.



Processing

The Processing Department is responsible for the extraction of uranium from the ore via a number of stages to produce uranium oxide, which is securely packed and shipped to our customers for further enrichment. The objective of the Processing Plant is to produce planned quantities of uranium oxide in the most efficient and safe manner possible.

At the plant, the uranium-bearing ore undergoes the sequential processes of crushing, grinding, leaching, solid-liquid separation, uranium recovery, precipitation and calcination to produce a saleable uranium oxide product. The crushed and milled ore is leached with sulphuric acid under oxidising conditions to dissolve uranium. After solid-liquid separation, a clear leach solution contains U_3O_8 that is fed to the Continuous Ion-Exchange Plant. The concentrated uranium from this plant is further purified in the Solvent Extraction Plant before precipitation and calcination.

2010 was a challenging year for the Processing Department when compared to the exceptional performance achieved in 2008 and 2009. Due to lower throughput in the plant, a total of 3,628 tonnes of drummed uranium oxide were produced in 2010, compared to 4,150 tonnes in 2009.

One of the key challenges encountered in the processing plant was the availability of major conveyors. For the first time in our history, sequential failure of critical conveyors in the crushing plant was experienced. In light of this, we embarked on a programme to substantially reduce spillage in the crushing plant and improve the management of hydrocarbons to prevent premature failure of crushers. Two new secondary crushers are expected to be on site by the second quarter of 2011.

In addition, an external review of the Fine Crushing Plant's capability is planned for early 2011. The aim of these initiatives is to prepare the Fine Crushing Plant for achieving a sustainable plant throughput of greater than 14 million tonnes per annum by 2013.

One of our plant's most important economic drivers is uranium leach extraction, which is a measure of soluble uranium dissolved from the ore. In 2010, our targeted average daily extraction of 88 per cent was achieved.

The Processing Plant, capable of milling up to 50,000 tonnes per day, is one of the largest uranium treatment plants in the world.

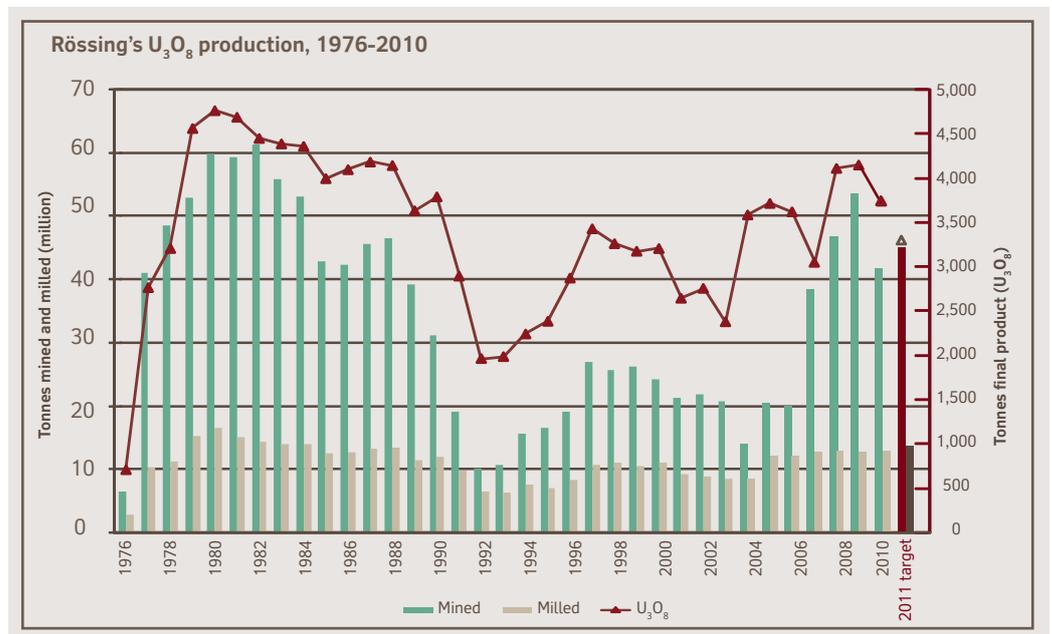
The Processing Department has embarked on an improvement drive with the aim of enhancing our process performance. This programme aims to provide the framework for process improvements, which will increase the throughput of ore milled and uranium extraction. We are making good progress on the supporting studies and evaluation activities required for developing a detailed implementation plan and corresponding capital investment plan.

Two years ago, we re-defined the role of our Process Control Centre and raised the profile of the section by introducing a superintendent role and controllers with the core function of steering the operations in the right direction, both operationally and technically. This initiative is bearing fruit after a phase of training and moulding the team to the requirements of the department. The level of reporting during the handover meetings and decision making during the backshifts has improved.

Improvements in the quality of the results issued by the laboratory have also been experienced. This was confirmed by feedback from auditors and internal clients. We will implement the upgrading of the laboratory into a fully automated laboratory, which will improve turnaround time and the quality of the results, during 2011.

The introduction of the heap-leaching solution into the existing tank-leaching process was also successfully managed with minimum adverse impact.

In early 2010, several interventions were implemented aimed at creating a more comprehensive understanding of what drives our costs in processing. The processing



management and finance teams held weekly meetings, which highlighted deviations, and actions identified to counter the differences. By the end of the year, the processing cost performance was within our budget parameters.

Key focus activities in 2011 will aim at improving our safety performance and people management. In addition, we will

concentrate on the improvement of equipment availability in the crushing plant.

We will also review the metallurgical parameters to counter the impact of low-grade ore and high calc index throughout the year.

Haifeni Nalusha (front), Equipment Operator, and Otto Niikowa, Drill Team Leader, inspecting a ramp construction area in Phase 3 of the open pit.





Malakia Povanh, Fitter, cleaning the mainframe bore area on one of the cone crushers of the tertiary crushing section at the Fine Crushing Plant.

Engineering

With the formation of the Reliability Engineering Sections during 2009, the focus area in the year under review was to ensure that these sections, one in Mining and the other in the Processing Plant, were resourced and equipped for value creation to the business. To this end, we recruited and trained the necessary personnel, completing the process by the end of 2010.

The application of defect elimination principles commenced during the year with hydrocarbon management as the predominant theme. *Hydrocarbon management* is the control of the usage and cleanliness of oils and greases with the prime objective of prolonging machinery life and protecting the environment.

In addition, the following activities were carried out as part of value creation to our business:

- We completed a project to ensure that clean fuel is dispensed to open pit equipment, such as haul trucks and dozers. This entailed the introduction of filtration systems for fuel delivered by road or rail to storage tanks. Fuel is filtered once more before being pumped to equipment. The overall objective of this clean diesel initiative is to prolong the life of components and to increase equipment reliability, since reliable equipment is better placed to achieve production targets. We finalised a similar project, involving the provision of clean lube oil to heavy mining equipment.
- We successfully applied the defect elimination processes in the Fine Crushing Plant with regards to the high oil consumption of crushers. Measures were taken to reduce incidents of water mixing with oil. This extended the life of lube oil in crushers, which in turn resulted in a reduction of oil consumption in this area.
- Kidney filtration of oil in crushers in the fine crushing and rod mill areas was also successfully piloted. We will apply the lessons and results from these trial run initiatives during 2011.
- As part of the overall initiative towards safe driving, we implemented the tracking of speeding events of vehicles in the open pit. As it was observed that the introduction of this monitoring exercise had a positive effect on driving habits, we decided that all vehicles will be fitted with satellite tracking. Fitment commenced in 2010 and we will completed the process during 2011.
- We continued monitoring the way operators use haul trucks. The objective was to improve operator skills and to ensure that haul trucks were operated correctly. Subsequent interaction between supervisors and operators to address performance shortcomings was maintained. These actions, coupled with the application of defect elimination, saw a rise in mean time between failures from almost 40 hours to 50 hours during the fourth quarter. This means that, on average, haul trucks were working without breakdown for 50 hours (over a two day period), instead of 40 hours, as was previously the case.

In 2011 we will continue to focus on the application and implementation of practices associated with the journey from reactive maintenance to reliability maintenance. This will in turn create value by ensuring that equipment will be able to meet production requirements with fewer breakdowns.

To facilitate this objective, the following will form the core areas of activity during 2011:

- Raise competency levels of Reliability Engineering personnel through workshops, training and coaching to enable them to concentrate on value creation projects.
- Address the low mean time between failures of open pit drills and shovels by applying defect elimination and reliability centred maintenance principles.
- During the gap analysis survey conducted in the fourth quarter under the Sustainable Performance Acceleration at Rössing (SPAR) project, the overall score of asset management in most maintenance sections/workshops varied between 0 and 2. With 5 being the highest best practice score, much effort and time will be spent on narrowing this gap.

Development projects

The Development Projects Department continued to evaluate strategic projects associated with expansion in support of the company's goal of meeting the increasing global demand for uranium.

Our main activities during 2010 were associated with the management of the Heap Leach project as the preferred expansion route, and the key objective for 2010 was to complete a pre-feasibility study to justify moving the project forward.

Together with the Engineering Projects and Innovation Departments, important milestones were achieved, including the commissioning of the pilot plant in early 2010. The plant has proven to be a huge success, both from the test-work and operational perspectives, as well as from the aspect of building support through enhanced awareness and understanding.

After reviewing the pre-feasibility study in September 2010, we decided not to proceed with the feasibility phase immediately, but rather to extend the pre-feasibility study to evaluate key issues identified as potentially having a significant impact on the scope of the project. These include a revised Resource Model, as well as the need for more certainty on the outcome of the Tank Leach Improvement Project, as well as on the outcome of ongoing negotiations to acquire additional resources outside the existing mine lease.

Our first priority during 2011 will be the conclusion of the extended pre-feasibility study for the Heap Leach project. Uncertainty associated with the Tank Leach Improvement project remains a challenge that requires close alignment with development initiatives in order to ensure the best outcome for our business.

If the project proceeds to the feasibility phase, the next challenge will be to meet the increased requirements demanded by a project of this magnitude and the formation of a properly resourced team.

Capital projects

In 2010, the Projects Department focused on the implementation of various capital as well as some operational improvement and refurbishment projects. We put major effort into expanding our engineers' set of skills and developing the department to meet our future operational needs. The majority of the projects were engineered in-house. Project management was also handled in-house, although we appointed contractors for the construction. The main projects are highlighted below.

New acid storage tanks

We identified the construction of a new sulphuric acid storage tank as necessary for mitigating one of the key risks to operations and for ensuring continuity of our sulphuric acid supply. The new tank will be the third storage tank on site with a storage capacity of 15,000 tonnes of acid. The steel tank itself will be 15m high and 28m in diameter. An in-house team of engineers performed all the design and engineering work. We decided to deviate from the conventional method of constructing a tank from the bottom up. The contractor proposed an alternative by using a jacking system that allows the construction of the tank from the top down. Thus the roof was built first and installed on a jacking system, which will lift the finished sections and enable new layers to be installed sequentially until the bottom layer is done. This method was chosen to ensure a higher level of safety and because it requires significantly less scaffolding. We awarded the project to two different contractors for civil and steel works and the anticipated completion date is March 2011.

Acid Plant demolition

We identified the demolition of the Acid Plant as one of our initiatives to continuously rehabilitate the site and remove redundant pieces of plant and equipment. The pyrite-burning Acid Plant was commissioned in 1976 to produce sulphuric acid for our operations. In 1996, the mine which supplied pyrite to us closed down and subsequently, the plant was converted to a sulphur-burning plant. During start-up following the annual plant shutdown in 1999, an explosion occurred in the B Roaster, damaging the roaster and the gas cooler. At about the same time, large quantities of acid became cheaply available on the market, leading to the decision to import acid via ship and rail instead of repairing the Acid Plant. As a result the plant was moth-balled in late 1999. Various methods of demolition were considered and a detailed risk assessment was made to decide which method to apply. Three demolition methods were considered; we chose a combination of manual demolition with a high level of human interface with plant and structures and mechanical demolition by using hydraulic shears, grab and hammer attachments. We successfully completed the project by the end of 2010. In total, in excess of 2,200 tonnes of metal were removed, in addition to 2,400 tonnes of building rubble which included concrete, asbestos and other materials.

Heap Leach pilot project

We initiated this project for the purpose of performing test work and studies to support the Heap Leach Expansion Project. The project entailed the construction of four 50m x 70m pads that could be stacked to a height of 6m, and five ponds for collection of the heap effluent. The infrastructure for the make-up, storage, drainage and hydraulic transport of leach solutions had to be constructed. Each heap can be supplied with a different concentrate of high acid or high ferric leach solution. On the dry end of the plant, we constructed an agglomeration facility with a nominal capacity of 160 tonnes per hour, with automated acid and water supply. We pieced together an overland conveyor from the old redundant ore sorting plant conveyors. Heap stacking was done using ten grasshoppers and one radial stacker. Pregnant leach solution is fed back to the tank leach circuit for stripping. We managed the implementation and commissioning internally, providing an excellent opportunity to expose our young engineers to all aspects of the project.

Nitrosamine Control Plant

We initiated and commissioned this project to reduce acid consumption in the uranium extraction process. Controlling acid content and mixing it, called for the construction of scrub and raffinate supply lines, an in-line mixing system and make-up tank with variable speed control feed pumps to the four elution lines. We designed and commissioned the system in-house, while local contractors performed the bulk of the construction. The project proved a cost benefit saving of 28 tonnes of sulphuric acid per day.

Senmin Flocculation Plant

We, with support from Rio Tinto Procurement, contracted a flocculant supplier for a period of five years for the supply and operation of a flocculation plant on the mine site. The Projects Department designed and managed the construction of the civil works for the plant. The works consisted of foundations for the bulk silo storage and the free standing staircase for access to the service platform on top of the 12m high silo.

Fine Crushing Plant upgrade

We initiated the Fine Crushing Plant upgrading project in 2008 with the main aim of reducing material spillage and dust levels in the plant. The majority of the project required changes to the existing feed systems, shutes and conveyor systems to contain spillage in the plant. We completed the design and ordering of equipment, although implementation of the project has been relatively slow as the plant needs to operate on a continuous basis in order to supply the existing operations. This project will continue in 2011, with the main challenge being to reduce downtime resulting from installation and alterations, while at the same time ensuring optimal availability to the operations.



Dust Collector upgrade

We initiated the Dust Collector upgrading project to rehabilitate all the dust control systems in the various crushing and stockpiling areas. The project entailed the replacement of old dust collectors and the installation of a new type of unit at the Primary Crushers, the Coarse Ore Stockpile, and the Pre-screening and Fine Crushing Plants. Five new dust extraction units were installed at the Fine Ore Stockpile. The dust collector situated at the 500 tonne bin and the wet dust scrubbers at the Pre-screening Plant only underwent minor refurbishments since the two units were recently commissioned. In total, ten new dust collectors were installed. Five new dust monitoring units were installed within the Processing Plant. The projects were implemented on an Engineer Procure Construct basis in conjunction with an in-house project management team, to ensure adequate coordination with existing operations.

Electrical upgrades

Since 2009, we have been in the process of replacing all critical and deteriorated switchgear throughout the plant. We made good progress since the project, which looks set to continue throughout 2011, commenced. The implementation of the project has been, and continues to be, challenging, as plant availability needs to be optimised and ensured at all times. This provides for limited downtime to install switchgear, which calls for very accurate resource and time planning to prevent delays during installation.

A view of the new Heap Leach pilot project, initiated for the purpose of test work and studies to support the mine's heap leach expansion plans.



Energy efficiency

The mine's annual power consumption is 23MW, making up 7 per cent of the country's total use. If we are to expand, our electricity usage will increase by an estimated 50 per cent. While this projected increase in electricity usage is unavoidable if our business is to grow, we cannot ignore the international drive to reduce energy consumption.

Therefore, in 2008, the Power Efficiency Department was established, dedicated to improve our energy efficiency. The department also sets benchmarks for energy consumption and monitors their implementation, while developing and applying strategies for improving energy efficiency to lower our production costs.

The department investigated various energy reduction projects, with the most significant ones explored in more depth. One of the reduction initiatives during 2010 was the implementation of further Trolley Assist systems in the mining area. We commissioned six new standby generators, successfully bringing our total standby capacity to 22MW. We investigated the possibility of synchronising the generators to the national supply grid in order to ensure smooth transfer between the grid and the standby machines. However, the idea was discarded for technical and financial reasons.

We also conducted detailed studies to determine the viability of using solar power at the mine site. Meteorological data sets were obtained, modelling 11 years of data gathered from satellite information, to determine the site-based conditions which best compare to our local measurements. The study focused on a 50MW parabolic trough system or Central Receiver system, as well as a 10MW photovoltaic system.

In addition to the price, we quantified the reduction in the mine's carbon footprint and took it into consideration, despite the fact that Namibia is not geared for carbon credits yet. The studies confirmed that, at present, concentrating solar technology is not competitive with grid power in terms of cost efficiency, but is expected to be in the long run.

A significant drop in the price of solar panels would increase the viability of the technology. NamPower managed to ensure a stable power supply which in turn resulted in limited unplanned interruptions. The risk of security of supply during the Soccer World Cup period was also well managed in the region, ensuring a secure and stable supply.

In 2011 we will focus on the further improvement, investigation and implementation of energy reduction initiatives to reduce the product intensity and greenhouse gas emissions. We will also conduct detailed studies to ensure security of supply and coordination of protection systems within our business.

Exploration and drilling

A first step in any of our mining activities – and an important one to take when investing in our future – is to understand the geology of our ore body. “What exactly is in the ground?”, “How much is there?” and “Where is it?” are the critical questions that need to be answered.

To ensure consistently high levels of production over the next decade, we continued with our drilling and development programmes, allowing us to be well positioned to expand and further extend the life of the mine.



Fiina Kuutondokwa, the only female Fitter in the Mining Department, changing an oil filter in one of our shovels operating in the open pit.

Our activities focused on the SJ ore body. Deep drilling commenced in 2009 and continued during 2010, giving us further knowledge of how the ore body extends below the current pit and towards the east. Our objective remains to improve geological and geotechnical knowledge beyond the current pit shells, which will impact the mine plan.

We continued working on the resource pre-feasibility study at the SK ore body, which is 3km east of the main ore body, SJ. All SK diamond drill core logging was completed during 2009. Based on this information, a three-dimensional geological model was created. Assaying of drill core to determine its uranium content, and ore characterisation studies to assess the processing behaviour of SK ore continued into 2010. Further studies were suggested and we started with a special ore characterisation drilling campaign at the end of 2010 to confirm earlier assumptions.

We completed the geological mapping and structural interpretation of the mine lease, which improved our understanding of the regional geological controls influencing the location of uranium mineralisation. The completion of the Mine Lease Mapping project will form the framework for all future geological and exploration work on our mine lease. It has already enabled us to target prospective areas not previously identified. To date, we have identified six priority target areas for further work. Drilling in the first of these areas commenced in late 2009 and continued into 2010.

During 2010 we added the second area to the drilling campaign which revealed significant mineralisation intersections, leading to an extension of the programme into 2011. New resources are generated by the continuous identification of value adding growth opportunities through the identification, assessment and evaluation of the ore body, as well as additional exploration targets and moving these inventories into higher confidence levels.

Technical infrastructure

We improved security on the plant IT network, which runs separately from the general office network. In addition to the implementation of a comprehensive virus checking system on both networks, we increased the speed on the wide-area network (WAN) by a factor of 10 with the aid of Telecom, Namibia's telecommunications operator. This also allowed us to increase the speed of our internet access by the same factor.

Every day 1 per cent of our workforce is selected for a full drug and alcohol test to ensure that we continue operating in a safe environment. To make the random selection process acceptable to our workforce, we developed an automated drug-and-alcohol selection system with no human interference.

We also improved our intranet structures to be fully compliant with the various internet application technologies and started with the rolling-out of the latest Microsoft systems, like Office 2007.

Our key focus in 2010 was on the modular mining system. In addition to upgrading the reporting system to all our users, we also made changes to the composite block used by the geologists. The Mine Care programme has also been improved in order to provide more complete reporting information.

We also started identifying all documentation which is stored at the mine and our corporate office in Swakopmund, including documents in our archives. The aim of this undertaking is to develop an electronic filing system with enhanced search functions. Working with more than 30 years worth of documentation that needs to be electronically accessible, we expect this mammoth task to be on-going for the next five years.

Our workforce will always be the foundation of our success and the backbone on which we build our sustainable business. This approach ensures a safe and healthy workplace geared for human resource development, allowing us to attract and retain employees. By raising awareness of our approach to our employees, we embed a culture of sustainable development that touches every part of our daily activities.

Workforce at a glance

At the end of 2010 the staff complement totalled 1,592 permanent employees, compared to 1,415 employees at the end of 2009, of which 98 per cent were Namibians, 1.3 per cent permanent residence permit holders and 0.7 per cent work permit holders.

Female representation among all our employees increased slightly from 11 per cent in 2009 to 14 per cent in 2010. Of our new employees recruited during 2010, 13 per cent were female and 87 per cent male compared to 16.4 per cent female and 83.6 per cent male in 2009.

Although the age profile continues to indicate an ageing workforce, there has been a change due to the younger age of new employees. The average age of the new employees was 29 years compared to 40 in 2009. The youngest employee to join the mine in 2010 was 19 years old, while in the same year three employees reached the age of 65, four employees turned 62 and two employees turned 60.

A total of 47 apprentices, who were previously affiliated with the mine, joined our permanent workforce during 2010.

After completing Grade 12, many learners enrol at tertiary institutions to learn technical skills needed for becoming an artisan, electrician, carpenter or engineering technician – all areas with a great skills shortage in Namibia. For many years we have been taking in apprentices to do their internship to enable them to complete their studies. As part of our recruitment drive, we recruited a large number of these apprentices.

A total of 69 employees left the company’s employment for various reasons. However, 246 new employees were recruited in 2010. In addition to the mine’s permanent employees, an average of nearly 1,800 contractors were on site every day during 2010.

Affirmative Action

For the eleventh consecutive year the company was certified as having complied with stipulations of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998). Hitherto, we put systems in place to ensure that existing employment barriers are eliminated and the creation of new barriers is prevented.

Carol Carolus, Open Pit Production Foreman, is the first female foreman at the mine. She was one of the first ten females employed to operate a haul truck and later a tyre dozer.



Notburga Amupolo, the only female Boilermaker at the mine. She learned her trade at the Namibian Institute of Mining and Technology (NIMT) in Arandis and plans to complete her N6 Mechanical Engineering in 2011, which will qualify her as an Engineering Technician.



Employee support activities

During 2010, to enhance the socio-economic conditions of employees, the Employee Support Advisor in collaboration with other stakeholders embarked on several activities such as the introduction of the Alcohol and Drug policy; an alcohol and drug campaign; pre-retirement training; one-on-one counselling sessions and family counselling sessions.

Employee relations

Rössing Uranium and the Rössing Branch of the Mineworkers' Union of Namibia (MUN) reached the following agreements for employees in the Bargaining Unit for 2010/2011:

- Basic salaries will be increased by 8 per cent from 1 January 2010.
- The minimum and maximum for salary scales were adjusted.
- The monthly housing allowance was increased.

Alcohol and drug policy

In line with Rio Tinto's overall strategy of zero tolerance towards alcohol and drug abuse, we introduced a stricter policy to guide management in terms of the handling of alcohol and drug cases in a consistent way following an increased trend in positive tests on the long-standing daily random selection procedure. The main focus of the policy remains reducing and ultimately eliminating the number of people developing addiction problems and posing a safety hazard to fellow workers.

Through applying consistent disciplinary consequences when a person is found to be positive for alcohol or other illegal substances when at work, and encouraging employees to seek assistance for addiction problems at the earliest opportunity, we hope to change this harmful behaviour and see a significant decline in persons testing positive for alcohol and/or other drugs. With this, we advocate for a sober and safe workforce.

In mid 2010, our Alcohol and Drug Awareness Campaign was successfully launched with the aim to inform employees of the requirements of the policy, including support offered for addiction; the signs and symptoms of abuse and changes required to live a life of sobriety. The campaign was rolled out to communities in Arandis, Swakopmund and Walvis Bay.

Training and organisational development

We are continuously striving to support and contribute to the development of Namibia as a whole, through sponsoring employee development and ensuring funding for the development of young people in Namibia. These contributions are pivotal to the progression and advancement of our workforce and the Namibian nation. As such, a multitude of processes and initiatives support us in our goal of empowering and developing our workforce and the nation. A total of N\$15.5 million benefiting 417 participants was spent on such programmes in 2010. The amount is slightly less than the N\$18.3 million spent in 2009 as fewer new bursaries than planned were awarded to a lower number of suitable applicants.

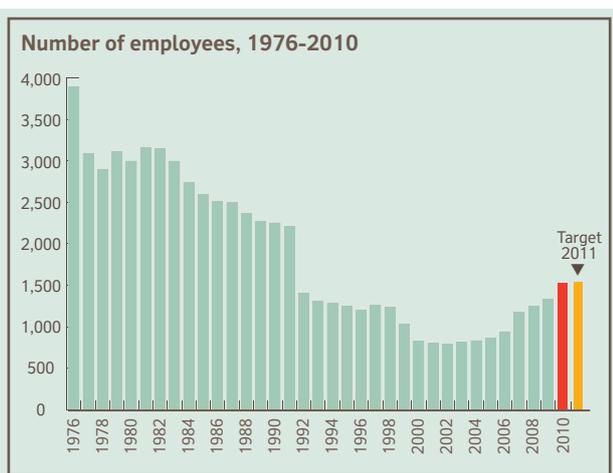
Frontline Leadership programme

The main aim of the Rio Tinto Global Frontline Leadership programme (FLP) is to align and synergise frontline leadership training and development across Rio Tinto, ensuring that all frontline leaders are on par with the requirements of their role as leaders in Rio Tinto. Our FLP started in the middle of 2010 with Module 1 and ended in November with Module 4. Two groups of frontline leaders and prospective future frontline leaders were nominated to be part of this new training initiative. The training stretched over a 6-month period with four classroom-based training sessions. The 23 participants made their final presentations to management. The FLP was a great success as participants were highly committed and dedicated. We will continue with six FLP groups of 16 participants each in 2011.

Graduate development programme

We are committed to the development of graduates within the business in order to increase our pool of professionals who are appropriately qualified and capable of filling leadership roles in the future. The Graduate Development programme (GDP) aims to provide graduates with skills and competencies, by reinforcing theory with practice. This will allow them to progress in leadership roles once they have completed the programme. The programme started off with 8 new graduates at the beginning of 2010 and to date we have 15 graduates on the programme. A total of 15 new graduates are expected in 2011. This programme stretches over a period of two years, during which time the graduates are expected to demonstrate the capability to undertake work of differing levels of complexity and to develop appropriate leadership skills and attributes.

Workforce profile	2006 (%)	2007 (%)	2008 (%)	2009 (%)	2010 (%)
Historically disadvantaged Namibian men	78.0	79.8	79.0	79.6	79.9
Historically disadvantaged Namibian women	8.6	9.8	11.3	12.4	13.6
Previously advantaged women	1.1	1.1	1.1	1.1	1.1
Previously advantaged men	8.1	6.2	5.9	6.8	4.6
Non-Namibian men	3.5	2.5	2.1	2.0	1.5
Non-Namibian women	0.2	0.3	0.2	0.1	0.2
Persons with disabilities: men	0.5	0.3	0.3	0.3	0.3
Persons with disabilities: women	0.0	0.0	0.0	0.0	0.0





Two female students sponsored by the Rössing Foundation, Windolina Uris (left) and Hertha Ithete (right), practicing gas welding as part of their training course at the Namibian Institute of Mining and Technology in Arandis.

Artisan bursary scheme

A total of 142 bursary apprentices were supported during 2010. In May 2010, 18 apprentices passed their Trade Test, and in November 2010 another 19 apprentices took their national Trade Test.

A total of 9 non-Rössing bursary holder apprentices did their practical job attachment at our site during 2010. In addition, we also sponsored top performing bursary apprentices and employees to pursue further technical studies in South Africa on a three month block release basis. A total of five employees and 16 bursary apprentices furthered their N4 – N6 studies in Electrical or Mechanical Engineering in South Africa.

University bursary scheme

A total of 59 students received bursaries from us in 2010. The selection process for bursaries in 2011 was completed

and 8 bursaries were awarded in the fields of study where we experience manpower shortages. An astounding 1,234 applications were received. One of our bursary students, Mark Volkmann, received approval to do his Masters Degree in 2011. This decision was based on merit, as he received distinctions for each subject during his four years of studies. He studied towards a BEng Electrical and Electronics with Computer Science. Another bursary student, Carmen Loots, attained her BComm majoring in Actuarial Science, achieving Cum Laude. Another new 2011 bursary recipient is Adriana Mutimili who has registered at UNAM to study Mining Engineering. She studied at Kolin Foundation in Arandis and obtained high symbols for all her subjects, including Mathematics and English, a testimony that the establishment of the Mathematics and Science Centres in Arandis is starting to bear fruit. 2010 was also the first year that subjects were taught at higher level in Arandis.

Costs and number of participants in training and development programmes, 2006–2010	December 2006	December 2007	December 2008	December 2009	December 2010
Trade bursaries	90	104	167	130	142
Trade job attachments	10	4	10	11	9
Apprentice employees	4	3	3	3	3
College/university bursaries	21	37	66	60	69
Employees enrolled at a technical college (full-time studies)	7	9	6	8	6
Employees enrolled at college/university (full-time studies)	6	7	5	3	5
Employees involved in correspondence programmes	42	22	49	48	47
Employees enrolled in the Leadership Development Programme	42	62	73	25	29
Development positions	12	14	0	12	7
Rössing dependant scholarships awarded	54	69	99	122	99
Employees in limited-contact studies in various fields	0	6	17	16	9
European scholarships awarded	0	0	2	2	2
Total number of participants	288	337	497	440	417
Training programme costs (N\$)	8,653,180	13,029,178	17,771,710	18,373,015	15,527,087

Organisational development

Employee engagement survey

Rio Tinto conducts regular Employee Engagement Surveys, as studies have shown that there is a correlation between employees' engagement levels and their productivity. We participated in the second Employee Engagement Survey in July 2010 with the objective of understanding how our employees perceive the company and to develop action plans to remedy any areas of concern. Employees from various levels within the organisation took part in the survey. Results were extensively communicated and action plans developed from the feedback received.

In 2011 we plan to implement succession planning to establish an effective talent pipeline to fill leadership, professional and critical roles. Strategic Workforce Planning will be an area of focus to ensure that we have the right people with the correct skills, in the right places, at the right time and cost, to execute our business strategy and improve our return on human capital investments.

Technical training

Open Pit training

A highlight during 2010 was the intake and recruitment of 67 equipment operators. Intensive training was conducted by the Open Pit training personnel and verified by a Komatsu trainer. The time spent with these trainees ranged from 48

to 65 days. Another highlight of the Open Pit training was a slight increase in shovel efficiency during 2010. One of the contributing factors was the fact that we continued visiting the shovel operators, coaching and assisting them with techniques on how to operate the shovel more efficiently.

Processing Plant training

The Processing Plant technical training section put considerable effort into training in the Processing Plant area. Various training events took place with plant operators, dispatchers from mining, maintainers, supervisors, shift controllers, central processing control technicians and graduates during the course of 2010. Significant areas of improvement included developing and implementing seven new plant refresher training courses and conducting training for process plant maintainers.

Continuous Improvement Programme (CIP)

A CIP suggestion refers to either a new idea, or a modification of an old idea, capable of benefitting us in the following categories: Health, Safety and Environment (HSE), cost saving and production efficiency. Cash incentives are offered to encourage employees to participate in the CIP. In 2010, the CIP suggestion scheme ended on a high note, with 161 suggestions received for the year. Of these suggestions, 68 were related to safety improvements and 93 to cost saving improvements. An amount of N\$143,009 was awarded during 2010, with a potential saving of N\$935,121.

New graduates receiving their induction training at Rössing after successfully completing their studies with support from the mine.





Left: Fulencia Burns, Senior Occupational Hygiene Advisor with our Health Management section, is Namibia's first Occupational Hygiene Technologist, after being successfully accredited by the Board of Registration of Occupational Hygiene, Safety and Associated Professionals (OHSAP).

Right: Employees on their way from the Continuous Ion Exchange Plant to the Fine Crushing Plant, making sure they wear the correct Personal Protective Equipment (PPE) before entering the area.

Health and safety management

Health, safety and environmental (HSE) issues remain a priority. During the last quarter of 2010, an integrated approach to the management of health, safety, environment and quality performance was implemented. Our Health, Safety and Environment (HSE) policy (see page 63) continues to guide us in all our activities.

Occupational hygiene management

Rössing has developed and implemented a risk-based occupational hygiene monitoring programme that is reviewed and updated annually based on prevailing and emerging identified health hazards and level of risk. The monitoring programme is currently applied to 16 Similar Exposure Groups (SEGs). These groups include all current Rössing workers and site contractors. Frequency of monitoring within each SEG is based on a 95% confidence level sample size result and level of existing risk. The data received from our monitoring programme is vital in guiding us to make informed decisions with regards to efficient and appropriate risk-based exposure control implementation. Typical hazards that are measured include, amongst others, noise, illumination, dust, hazardous substances, gases, vapours and fumes, Legionella (a waterborne bacterium that can cause Legionnaires disease) and radiation.

Occupational hygiene: Noise

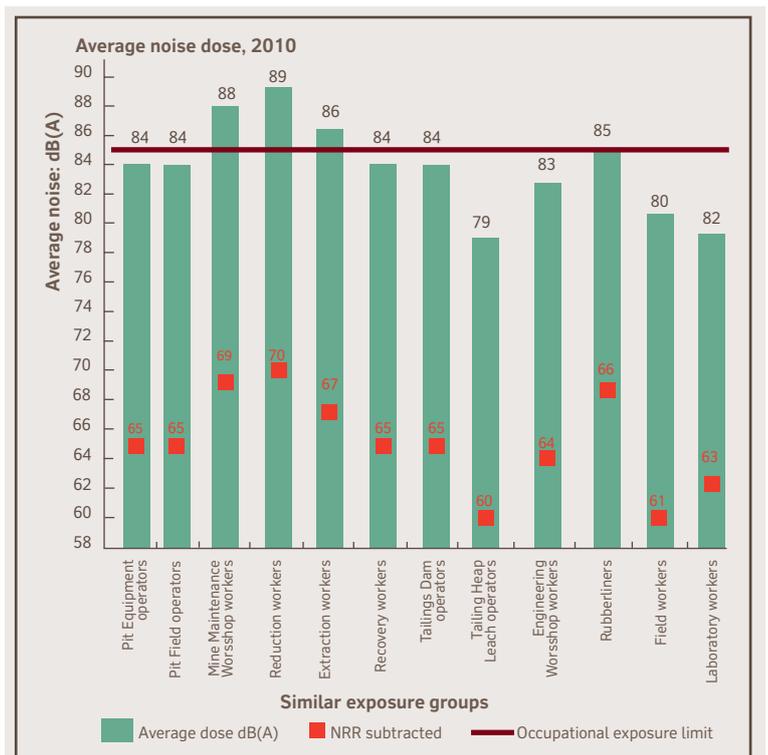
Noise is an integral part of an industry such as mining, where large pieces of equipment and machinery are constantly in operation. The human ear is most sensitive to sounds at or near the centre of its frequency range. To assess the impact of noise on people, a scale of frequency weighting is used where "A" indicates the basis point.

Noise reduction and control has been achieved at the mine by following the hierarchy of control principles, using substitution, engineering and administrative means, among others. Noise zones, together with the application of personalised custom-made hearing protection devices, called noise clippers, was also introduced in high risk areas where the nature of the tasks being performed resulted that engineering and administrative controls alone was not sufficed in protecting worker exposure to below the stipulated occupational exposure limit (OEL) of 85dB(A).

The graph below depicts the average annual noise dose measured for the different SEGs in 2010.

The measured doses (in the graph indicated with green bars) do not take into account the protection factor provided by personal and the custom made hearing protection devices when used correctly. Noise Reduction Rating (NRR) (in the graph indicated in red) is when the required noise protection is worn by a worker.

The filter of each noise clipper device is permanently calibrated to filter out all noise above 82dB(A), which is the action limit and the disposable ear plugs provides a noise reduction rating of 26. The noise exposure reduction achieved through additional use of hearing protection is sufficient to reduce actual exposure to below the allowed occupational exposure limit of 85 dB(A).





Occupational hygiene: Dust

The process of mining, transporting, crushing and milling of uranium bearing ore, result in dust generation. Of the 11 Similar Exposure Groups (SEG) measured at the mine, two SEGs exceeded the Occupational Exposure Limit (OEL) during the reported year as depicted in the graph below. An SEG is a group of workers working in the same environment.

The main cause of the increase in dust levels in these two areas has been identified as dust control systems that did not function optimally. This finding is of great concern and a number of measures have been introduced.

One of the measures to ensure that workers are adequately protected against dust exposure is the correct use of newly introduced dust masks with an increased protection factor, which give workers protection up to 20 times the OEL. In the two SEGs where individual worker results exceeded the OEL, the wearing of purpose-fit dust masks reduced their possible exposure to dust to as low as reasonably practical level.

In further addressing the recorded dust exposure levels, the area owners developed and implemented an action plan to reduce dust levels in the two work areas.

One of the engineering controls identified and to be implemented in 2011 includes the installation of a robotic system in the laboratory, totally eliminating the Laboratory workers' contact to dust in this area.

Mine-wide additional dust control measures were in place, and regularly checked for continued effectiveness through environmental and occupational health monitoring.

Some of these measures include wet drilling; clearing of workers from the open pit area during blasting; wetting of material before shovelling, loading and hauling; wetting of and/or application of dust suppression to dirt roads to reduce dust; capturing dust at source by means of wet scrubber and bag house systems; atomised water sprays at tipping points to prevent airborne dust and heavy mining equipment fitted with air conditioners and sealed cabins.

In 2011 increased focus will be placed on the dust control systems and a specific programme introduced to ensure the optimal functioning of these systems while the training of operators in the correct use of dust masks and other protective equipment is a priority.

Occupational hygiene: Radiation

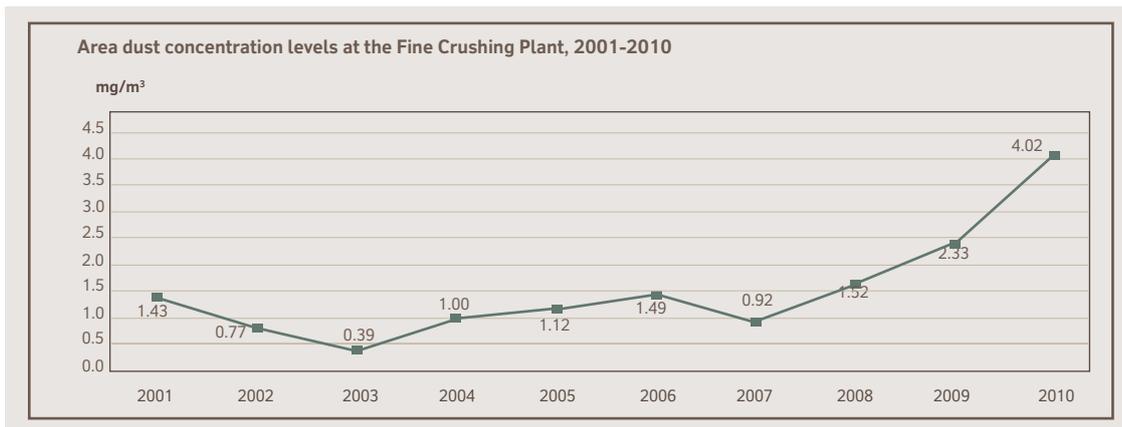
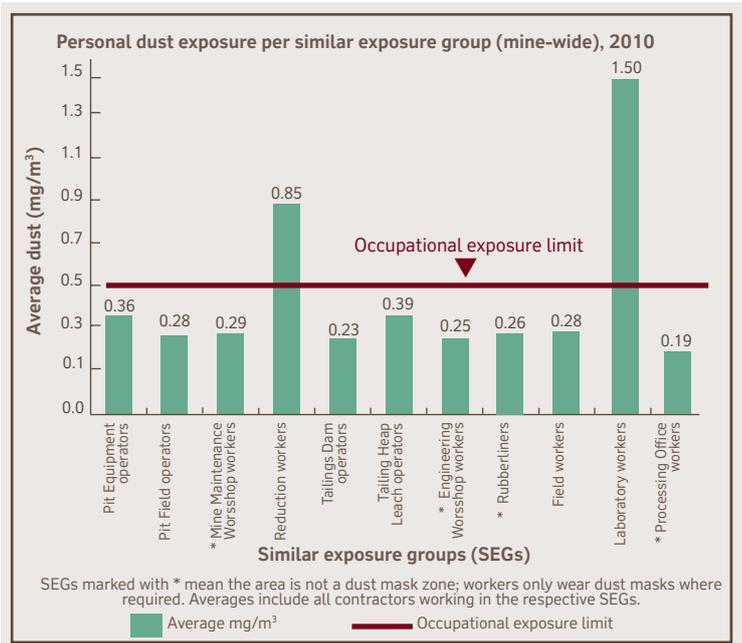
Uranium is a naturally occurring element with an average concentration of 2.8 parts per million in the earth's crust. Traces of it occur almost everywhere.

At the mine, the average ore grade mined is about 300 parts per million, or 0.03 per cent – which is a very low grade of uranium. The lowest grade uranium mined in the world is currently around 0.01 per cent, while the richest ores can contain average grades of 20 per cent uranium oxide or even more.

A disadvantage of our low ore grades is that large amounts of ore must be mined for profitability – but there is also a significant advantage: low ore grades imply low levels of external radiation, and therefore low occupational exposure to radiation in most areas of the mine.

Somewhat higher levels of exposure occur in those areas where uranium is concentrated into its final form. These areas, which require additional radiation control measures, are called controlled areas. Access to such areas is restricted, and employees working there are continuously monitored for their exposure to radiation.

An additional advantage of our ore deposit is its open pit: this ensures excellent natural ventilation of the exposed ore body. Therefore, the resulting exposure of workers to radon gas and its progeny is even below the world average natural background exposure to radon.





Juno Claasen, Radiation Safety Officer, in the Fine Crushing Plant, wearing a full set of monitoring instruments, i.e. a MyRIAM instrument (used for personal monitoring of radiation dose from the inhalation of dust), a DosemanPro instrument (used for personal monitoring of radiation dose from the inhalation of radon decay products), and a personal electronic dosimeter (used for monitoring personal exposure dose to external radiation).

The air quality in the Namib Desert is significantly influenced by occurrences of high winds, and the limited natural ground cover. This can result in high dust loads in the ambient air. Airborne dust often contains radionuclides, which can be inhaled. However, because of the low grades of the uranium-bearing ores, the concentration of radionuclides in ambient dust is low. When such dust is inhaled, it results in correspondingly low internal exposure to long-lived radionuclides, despite a work environment which is often dusty.

Workers from all areas are grouped into Similar Exposure Groups (SEGs) according to the type of work they do, and the specific location of their work area. Occupational radiation monitoring at the mine is based on the random sampling of all 13 SEGs, in which all four major exposure pathways are monitored, as indicated in the table on the next page.

The monitoring data collected enable our radiation safety staff to ensure that radiation exposure levels in all areas of the mine are kept below internationally accepted standards. In addition, ongoing monitoring ensures that the company complies with national and international radiation protection standards, and enables radiation safety staff to preempt, identify and prevent unsafe work practices which would result in avoidable radiation exposures.

During 2010, several important improvements were made to the monitoring programme:

- In the past, radon exposure monitoring was dependent on area monitoring of radon progeny, as only a single instrument was available. With the purchase of ten new

DosemanPro instruments, individual radon progeny sampling is now possible. The DosemanPro instrument samples radon decay products suspended in the air, by pumping the air through an internal filter. The instrument then analyses the radionuclide content of the filter and directly determines the resulting radiation dose.

- In the past, exposure to long-lived alpha radiation in dust was monitored by analysing the filters from personal dust sampling pumps. The instrument for reading out filters required long counting times for each filter, which restricted the number of samples that could be analysed in a given monitoring period. Inhaled dust is now sampled using ten new MyRIAM instruments, which use a small internal pump to suck air through a filter. After the sampling interval, which can vary from a few hours up to a week, the instrument analyses the filter and determines the resulting radiation dose. In this way, the lengthy processing of filters is eliminated and sampling can be performed daily.
- In addition, urine samples are now analysed locally in Swakopmund, by the newly established Trace Element Analysis (TEA) Laboratory located on the premises of the Uranium Institute. The reporting period for urine samples has been reduced to one day, which significantly improves the reaction time in case the uranium content in urine were to exceed the warning or action levels.

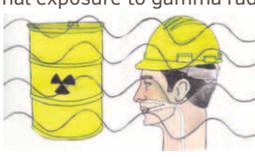
The results of our occupational radiation monitoring programme are summarised in the following figures: During 2010, a total of 1,830 random samples were taken, and the weighted average exposure mine-wide was found to be 1.74mSv per annum per person. It was found that no worker exceeded the annual dose limit of 20mSv. A total of 115 workers were registered as radiation workers, all of whom underwent continuous monitoring of external radiation exposure.

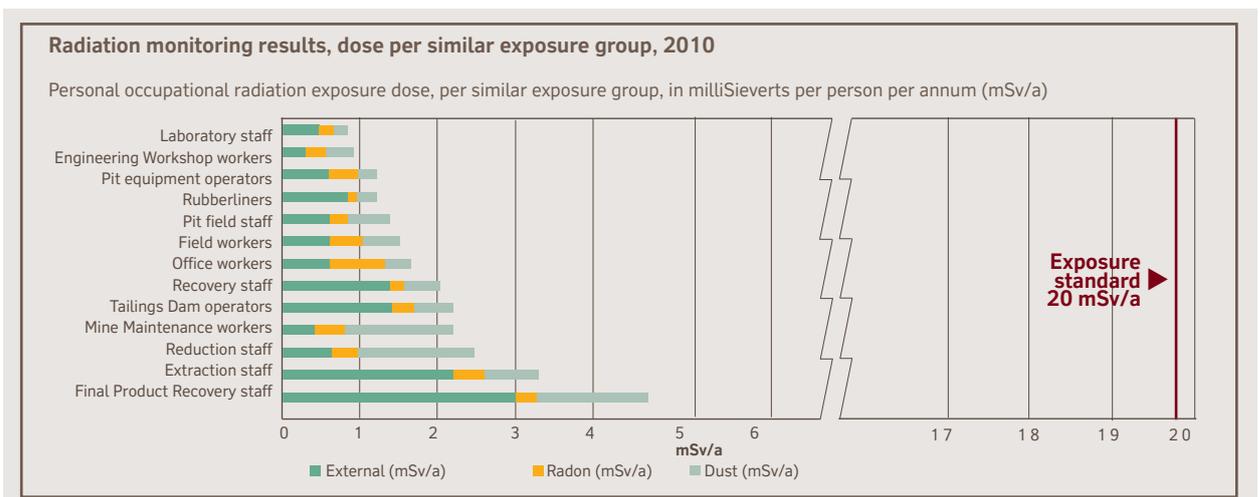
A total of 687 urine samples were taken, of which a single sample exceeded the warning level (20µg/litre) as well as the action level of 40µg/litre. Following a discussion with the affected person, and an assessment of the hygienic and work habits, a follow-up urine sample was analysed within the same week of occurrence. The second test revealed that the uranium concentration had fallen to levels below the laboratory's detection limit.

After in-depth consultations with the National Radiation Protection Authority (NRPA) of Namibia, Rössing's Radiation Management Plan (RMP) was submitted and approved in 2010.

The 116-page document is available on the Rössing HSE portal, and details the complete radiation management programme, including:

- Details of the operational processes, plant facilities and radiation sources;
- A summary of all pre-operational safety assessments, such as impact assessments, closure plans and public dose assessments;
- A detailed description of the occupational radiation protection programme;
- A description of the public exposure monitoring programme;
- A summary of our radioactive waste management programme;
- An overview of the emergency preparedness and response processes to incidents involving radioactive materials;

Monitoring of four major exposure pathways		
Exposure type	Exposure pathway	Monitoring method
 <p>Internal exposure to alpha radiation</p>	Inhalation of radon and the short-lived decay products of radon (radon is a gas and is a radioactive decay product arising from the natural radioactive decay of uranium)	Random personal sampling per SEG of radon progeny exposure, using the DosemanPro instrument and direct analysis
 <p>Internal exposure to alpha radiation</p>	Inhalation of the long-lived radionuclides occurring in uranium-bearing ore dust	Random personal sampling per SEG of exposure to long-lived alpha radiation in dust, using the MyRIAM instrument and direct analysis
 <p>External exposure to gamma radiation</p>	Direct exposure from ore outcrops, ore stockpiles and from extracted uranium oxide stored on site	Continuous monitoring of radiation workers with thermo-luminescent dosimeters; random personal sampling per SEG using electronic personal dosimeters
 <p>Internal exposure</p>	Ingestion of uranium	Urine sampling of affected workers and analysis of uranium content



- Our transport plan for radioactive substances, and
- An overview of the safety and security measures for the various radioactive sources at the mine.

The RMP replaces Rössing's Code of Practice for the Protection Against Ionising Radiation, and will be updated and reviewed annually. The NRPA inspected the mine on two occasions in 2010: once for the update of its licence for sealed sources, which are used for measuring flow quantities and densities in pipes, and again for the presentation of and discussion on the new RMP. On both occasions, NRPA inspectors were satisfied with the inspection and corrective or follow-up actions were not requested.

A continuous skills and knowledge update of radiation safety officers (RSO) active in the wider uranium exploration and mining industry was undertaken in 2010. As part of the activities of the Chamber of Mines' Uranium Institute based in Swakopmund, and in close collaboration with a local radiation specialist, Rössing's Superintendent Radiation Safety, Dr Gunhild von Oertzen, has organised and presented several comprehensive training courses for radiation safety officers.

A total of 36 radiation officers participated in the six-day training courses, which included hands-on training on radiation protection, radiation exposure measurements, RMP development, instrumentation and related topics. Further modules of the RSO training programme are planned for 2011, and participants from as far afield as Botswana and Zambia have already expressed an interest in the courses.

Radiation awareness at the mine and throughout the industry was further boosted by a number of awareness raising and training initiatives:

- A basic radiation training course in three modules is now regularly offered at the mine, and more than 1,000 of our employees attended the radiation safety course in 2010.
- A radiation awareness course for managers in uranium exploration and mining was developed under the banner of the Uranium Institute, and in collaboration with a local radiation specialist. A total of 73 people underwent training on this course, which was specifically designed to assist managers to appreciate the importance of radiation safety, and prepare them to deal with the complexities inherent in the radioactive properties of uranium.
- A one-day radiation training course for teachers of the Rössing Foundation was offered, again under the banner of the Uranium Institute and in collaboration with a local radiation specialist. The course saw the 16 participants introduced to the topic of radiation safety and its importance for members of the communities in close proximity to several uranium mines.
- A series of fact sheets about radiation was presented on our intranet. Fifty fact sheets are now available.

Occupational medical surveillance

All employees and contractors undergo pre-employment medical examinations to ensure fitness to work. This is followed by regular risk-based medical examinations during employment and an exit-medical examination when leaving the company. The medical surveillance programme provides relevant information to Rössing for the purpose of controlling the health risk and preventing, detecting and treating occupational diseases.

Wellness

Various activities were undertaken during 2010 to support our lifestyle awareness programmes.

Be Active Challenge: In 2010, we participated in the first Rio Tinto *Be Active Challenge*, which took place from 10 May to 17 July. The Be Active Challenge aims to raise awareness of the importance of exercise for health and wellbeing by encouraging participants to walk, run, swim or cycle the equivalent of 10,000 steps each day over a 10 week period. This involved teams of four "walking" a virtual route around the globe, visiting Rio Tinto sites and places of interest along the way. Pedometers were issued to all who registered. A total number of 223 of our employees participated in this event. Out of 1,746 Rio Tinto teams that registered, one of our teams, the Rössing Active Boilers, was ranked in the Top 10.

Peer Educator activities: The Rössing Peer Educator programme, which was launched in 1996, once again received a noteworthy award in 2010 from the Chamber of Mines' Occupational Health Education and Assistance Programme (OHEAP). One of our peer educators, Mary-Ann Zynda, was granted the OHEAP Best Peer Educator Award, and Marjorie Elago was named as the coordinator of the year. The on-site Blood Donation Clinics, an initiative of the peer educators, were continued during 2010. The Blood Transfusion Service of Namibia held three blood donation events on site, where 197 employees donated blood, compared to 163 employees the previous year. As part of the peer educators' outreach activities, they donated blankets and food to approximately 50 members of the Tulinawa community in Swakopmund who lost their belongings in a fire. They also took part in the Bank Windhoek Cancer Apple Project 2010.

National Bandana Day: The National Bandana Day, which benefits people suffering from leukaemia, was commemorated at the mine on 24 September 2010. Funds were raised by peer educators through the sale of bandanas and the spraying of participants' hair. A total amount of N\$14,000 was raised and donated to the Cancer Association of Namibia.

World Aids Day: World Aids Day was commemorated on 1 December 2010, under the slogan "Addressing stigma and discrimination to prevent new infections". All workers were urged to wear red ribbons, and motivational talks were given by management, the Mine Workers' Union and motivational speakers from the community. The peer educators donated non-perishable foods and N\$1,000 in cash, contributed by employees, to the Arandis Support Group.

HIV Voluntary Counselling & Testing (VCT): A total of 985 employees participated in the onsite VCT programme. This represents 62.7 per cent of the total workforce. In addition, 194 employees declared having themselves tested at other facilities during the year. This brings the total number of employees knowing their HIV status to 1,238, representing 78.8 per cent of the workforce. Contractors were also included in VCT during 2010. 659 contractors participated and 209 declared having themselves tested at other facilities. Employees have access to HIV treatment through the company medical aid, which enables them to continue with productive work whilst being on treatment.

Alcohol and Drug Awareness Campaign: An alcohol and drug awareness day was held on 24 June 2010, under the theme of "Think Health! Don't do alcohol and drugs". Steve Hamilton from South Africa, a well-known recovered addict and motivational speaker on this topic, was invited to give the key note address for this day. We sponsored three additional events with the same speaker in the communities of Swakopmund, Arandis and Walvis Bay, with the aim of raising awareness on the effects of alcohol and drugs.

Safety management

Safety remains a high priority in Rio Tinto and Rössing, and for this reason we ventured into the "Accelerating Safety Performance Improvement" (Zero Harm) project in order to foster a Zero Harm working environment in line with leading practices. The road to Zero Harm will be challenging for everyone, but we are convinced that by putting the right measures in place, we will achieve Zero Harm together. This initiative was positively received by all who attended the training.

Our safety aims are:

- We must develop a safety culture that touches every employee and contractor (about 3,000 people) working at the mine.
- We must not only set very high expectations for our own performance and the performance of others, but we must also create the right frameworks and structures and the right attitudes and behaviours to achieve these goals.

Achieving a Zero Harm culture is extremely important to us. From the launch of the campaign in September 2010 until the end of the year, 230 employees in leadership positions have undergone Zero Harm training. Several key messages highlighting the importance of creating a Zero Harm culture within our workplace were communicated to all employees. Zero Harm workshops will be resumed in 2011, and will continue until all employees and contractors at the mine have received this vital training.

To complement our efforts to achieve our goal of Zero Harm, we are bringing the message of Zero Harm to all employees and contractors via a 2011 HSE diary. The pocket-size 200 page diary can be carried around, ensuring that safety messages are continuously communicated. It contains a wide range of information on wellness, occupational health, safety, environment, the HSE management system standards and sustainable development.

A set of playing cards with safety messages was also distributed to every employee. As part of the Zero Harm initiative, computer desktops were identified as a useful tool for communicating the various messages of Zero Harm, and will, therefore, be standardised to a common background to reflect the Zero Harm messages, as well as selected HSE Alerts.

All Injury Frequency Rate (AIFR) is the rate of occurrence of All Injuries per 200,000 hours worked:

$$\frac{\text{Number of All Injuries} \times 200,000}{\text{Hours of exposure}}$$

Emilia Kaunawoye takes an alcohol test as part of our standard safety procedures. Every day 1 per cent of our workforce (about 150 workers) is selected randomly for a full drug and alcohol test in order to ensure that we continue operating in a safe environment.



The mine recorded an All Injury Frequency Rate (AIFR) of 0.89. No fatalities were reported. The following injuries and significant incident categories were reported:

- Lost-time Injuries: 14
- Incidents requiring medical treatment: 16
- Incidents requiring first aid treatment: 41
- Significant Potential Incidents: 21
- Significant Near-miss Incidents: 5
- Fire incidents: 1

The Significant Near-miss Incidents could have resulted in lost-time, serious physical harm or incidents where property could be damaged.

As part of our Zero Harm focus, we identified a strong need to become much more proactive and less reactive in all our safety management activities. We realised that much more emphasis must be placed on quality interactions. The fact that we are used to measuring safety performance by measuring injury rates, has resulted in a situation where we react to things that have already gone wrong. Therefore, in managing safety, we also need indicators to tell us where we are going, instead of only relying on indicators that tell us where we have been. One such leading indicator is the HSE Interaction Process.

HSE interactions are a key component for building our HSE culture; a culture in which people actively care for others' safety, their health and the environment, with a strong focus on behaviour. Engaging employees in meaningful HSE dialogue helps to build personal values and to develop appropriate leadership and interaction skills. Building our HSE culture also involves transforming management's attitude into one which is care-driven and firmly based on the conviction that injuries and incidents in the workplace can be prevented.

The successes achieved during 2010 were as follows:

- A rationalised HSE Interaction Data Sheet, which is compatible with the prospect system, was introduced for contractors;
- Having completed the required training and competency test, three Operations Safety Coordinators became certified Scaffold Safety Inspectors;

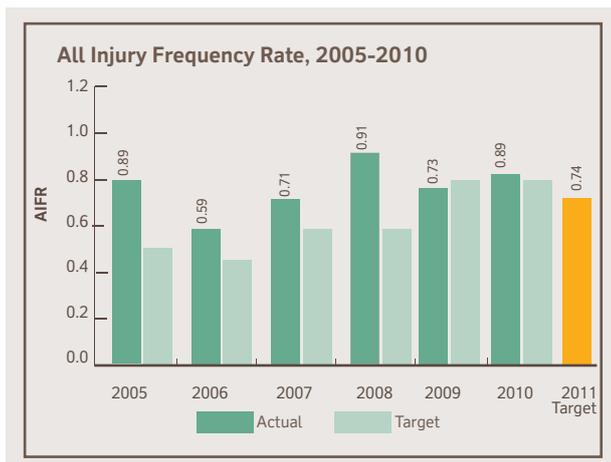
- We achieved 2,448,241.51 Lost-time Injury (LTI) free man hours, which translates into 5 months without any LTIs;
- The HSE Management System Audit was conducted;
- A new Significant Potential Incident (SPI) definition and guidance booklet was released and distributed to all employees;
- The Zero Harm training programme is progressing well;
- A new HSE Incident Management Process Matrix was developed for the mine;
- Reallocation of Safety Advisors to the relevant departments took place in order to avail a dedicated resource to the Acid Plant demolition project;
- A Root Cause Analysis of major audit findings or SPIs was obtained in the HSE Management System and ISO 14001 recertification audit;
- A new amber rotation light was added to the safety board at the main gate to be used in the event of medical and first aid treatment cases;
- SPIs were reported on Rio Tinto *Knowledge Share*, as well as *SEART*, a Rio Tinto information reporting tool for HSE which is used to communicate incidents, audit findings and HSE Business Unit Performance; and
- The Acid Plant demolition project was completed without any major incidents. An experienced safety team was dedicated to this project for a period of seven months.

Security management

2010 saw Rössing stepping up its security measures as a direct response to the reported uranium theft incident of September 2009. The case is now a criminal case and in the hands of the Namibian Police. Throughout the year, several improvements and enhancements to security were introduced. An amount of N\$12.5 million was approved to further upgrade our security equipment and structures to a state of the art best practice high-tech security solution. This was done with the assistance and advice from experts deployed from Rio Tinto Global Security, Control Risks, as well as from other mines, such as Navachab and Richards Bay Minerals.

We were instrumental in the establishment of the Erongo Joint Security Forum, a collaborative security forum consisting of Rössing, Areva, Langer Heinrich and Navachab. The forum eventually became an integral part of the Uranium Institute of Namibia.

One of our managers also attended the Global Security workshop in France during which different site challenges in terms of security were formally presented and shared with global security and other mine's security leaders.





Animals

Craft

My body

Text bo

Why?

Bible Stories

Pop-Up Fairy Tales
Jack and the Beanstalk
Illustrated by Emma Farr
Written by Sarah Stewart
From: Drawing by Sara Berth
This classic fairy tale of Jack and the Beanstalk comes to life with exciting, fun pop-ups and beautiful pictures—a delight for young children everywhere!



We depend on sustainable communities. Creating value – both for ourselves and for the society around us – is a key element of the sustainability of our mining operations long into the future. Therefore, we help to create sustainable communities by finding solutions to local needs, building capabilities and improving quality of life through programmes, partners and people.

We strive to always be an active community partner. For this reason, we have invested substantial resources in community involvement activities over the years. Most of these resources are channelled through the Rössing Foundation, in addition to various community development projects and initiatives we support directly. Since the Foundation's inception in 1978, N\$120 million has been spent in our corporate social responsibility programmes.

In 2010, a total amount of N\$23 million was spent on the Rössing Foundation's activities, focusing on education, enterprise development and the Arandis Sustainable Development Project.

The support was offered through an interrelated series of shared interventions to help Arandis become a town of choice for current and future inhabitants and investors. The aim is that, through smart partnerships, the town's economic dependency on Rössing and the surrounding mines will be reduced.

External communications provide another important platform for contributing towards sustainable communities. Our donations and sponsorships (cash and in-kind) to our surrounding communities totalled nearly N\$1.4 million in 2010.

However, our impact on the communities in which we operate stretches further than our financial contributions. Many people and businesses within the Erongo Region depend on us for their livelihoods. With our expanded mining operations, we have contributed directly and indirectly to employment creation in the region. The number of new businesses created in the region has steadily increased over the past few years, stimulated by our and other companies' exploration and mining activities.

As part of its commitment to support the communities in which we operate, the Rössing Foundation has established several libraries, such as the one at Arandis — a haven for young and old.

External communications and activities

Our external communications were refocused, with a visitors' programme bringing more visitors to the mine. Our Outreach Programme to secondary schools continued after it was launched in 2009. The Rio Tinto brand was further established in Namibia and media relations were strengthened, while Government relations were maintained, culminating in a visit from the Prime Minister of Namibia to the mine.

Government relations

We regard sound government relations as a business imperative. It is against this background that a Government Relations Plan was devised to ensure an ongoing engagement with the Government, with a view to harmonise relations between the company and the Government of the Republic of Namibia.

During the period under review, we heightened the level of government engagements because a new political administration was sworn in after the National Assembly and Presidential elections in 2009. A new minister and deputy minister were appointed in the Ministry of Mines and Energy, which called for a re-engagement strategy to forge links with the new political principals. A number of high level meetings, activities and events between various government officials and the company took place. Key issues that dominated discussions were, among others, company shares held by the Namibian Government and the Iran Foreign Investment Company, product security and the United

Nations sanctions against Iran, and the impact of these issues on our operations.

The Government continues to show commitment and support for our activities. After visiting the mine, the Prime Minister, Honourable Nahas Angula, and the Chief Executive Officer of Rio Tinto, Tom Albanese, together addressed members of the business community at a gala dinner held in Windhoek. The event was well-received and helped to showcase the company and its activities in the country.

In 2010 we hosted a record number of senior government officials and other stakeholders at the mine, signalling a heightened level of interest in the affairs and activities of the company. Such occasions presented opportunities for sharing best practices in mining operations.

Visitors' programme

The main aim of our visitors' programme is to show that the mine is transparent with regard to its operations, in particular with regard to our HSE standards and practices, and that we are a global leader in the production of uranium oxide for the world's nuclear power utilities.

The number of visitors received during 2010 attests to the success of our visitors' programme. In total, we hosted 183 groups (compared to 95 groups in 2009), with a total of 2,838 visitors, compared to 2,835 in 2009 and 2,600 in 2008. This is the highest number of visitor groups in the past years. The increased interest in the mine is attributed to international interest in uranium mining, and Rössing as a world-class mining operation. Engineering students at the University of Namibia and the Polytechnic of Namibia also visited the mine to gain more knowledge of our operations.

A highlight of the year was the Prime Minister of Namibia's visit to the mine. In addition, the mine hosted visits for various VIPs from all over the world. Tours to the mine for the general public are still very popular and fully booked most of the time. Two tours per month are hosted, first taking the visitors to the Uranium Institute Information Centre, and then driving to the mine.

Other external communication activities undertaken during 2010 are as follows:

Outreach programme

The outreach programme, which was launched in May 2009 to inform senior learners at schools about our operations, HSE practices, radiation, bursary opportunities, recruitment and possible career opportunities at the mine, was continued in 2010, with 661 senior secondary learners reached at various schools in the Erongo Region. This programme has been re-written as a radio programme and will be presented during various episodes in 2011.

Media relations

During the course of 2010, we enjoyed a significant amount of media coverage – locally, regionally and internationally. Although the coverage received cannot be quantified in terms of value created against the dollar invested, the long-term effects of a positive brand image far outweigh the investment. A successful media day to launch the 2009 Report to Stakeholders was hosted in early 2010, with most



Rössing hosted a gala dinner in honour of Rio Tinto's Chief Executive, Tom Albanese, who visited Namibia in July 2010. Namibia's Prime Minister, The Right Hon. Nahas Angula, was the evening's keynote speaker.



Our annual Rio Tinto Rössing Marathon Championship and Fun Walk has become a highlight on the coast's events calendar. Erich Goeieman won the 2010 championship for the third consecutive year.

of the Namibian media attending the event. The overall reporting was positive. The media activities were part of a media relations programme with the aim of fostering healthy, open and transparent relations with the local as well as international media.

Donations and sponsorships

As a corporate citizen in Namibia, the company remains committed to the upliftment of the socio-economic conditions of the communities within which it operates. This is manifested through a well-coordinated Corporate Social Responsibility scheme in the form of sponsorships, donations and community support initiatives. Due to the global financial crisis, we had to limit donations and sponsorships, focusing on continued support for the pre-committed sponsorships as well as truly needy requests. For example, a N\$100,000 donation was made to the Swakopmund Emergency Fund in aid of about 50 families in Swakopmund's Mondesa suburb who lost all their possessions and shelters in a fire. In 2010, most of our donations consisted of offering services and in-kind donations, rather than cash. One such in-kind donation was in the form of our computer donation project which supplied a total of 180 refurbished computers to nine schools in the region. Another was the donation of a crop shearing machine to the Namibian Institute of Mining and Technology (NIMT) at Arandis, with the aim of offering students opportunities for practical learning. The crop shearing machine will be used by apprentices at the NIMT's northern campus in Tsumeb. In 2010, donations and sponsorships totalled (cash and in-kind) N\$1,361,325 compared to N\$1,848,177 cash and in-kind donations during 2009.

Uranium Institute Information Centre

The Chamber of Mines of Namibia Uranium Institute and its Information Centre were opened earlier in the year, co-funded by Rössing as one of the two uranium producing mines in the country. We have a detailed exhibition in place.

First Mining Expo

We participated in the first ever Mining Expo in Namibia and found that it was an excellent platform to promote our company, especially among local businesses and also among secondary school learners who attended the careers presentations. Nearly 4,000 attendants, around 80 sponsors and exhibitors and industry representatives from nearly every county in Africa were gathered at the event. The event was an opportunity for the global mining industry, and especially the African mining industry, to network and share information.

Career fairs

We participated in four career fair exhibitions in Namibia during 2010, introducing many secondary school learners to careers in the mining industry.

Exhibition at Road Safety Indaba

We participated in the first ever Namibia Road Safety Indaba held in Walvis Bay with an exhibition. Rössing depicted its safe driving record and internal training programmes for its drivers.

Rössing website

The aim of our website is to provide information about the company through the worldwide web. It is a quick and efficient way for anyone to obtain public information about the company. During 2010, our website received 110,900 visitors compared to the 82,406 visitors in 2009. The average time that visitors spent on the site was 3 minutes and 15 seconds, which is on par with previous years. By far the majority of visitors came from the US (92 per cent), with 2 per cent respectively from Australia, South Africa, Namibia and European countries.

Rössing Marathon

The Rössing Marathon Championship – held for the 19th consecutive year and comprising of the 10km race, team event and fun walk for the Cancer Association of Namibia – attracted a good number of participants. The Men's Open and Ladies' Open winners won N\$10,000 each, with a total of N\$60,000 prize money in all categories.

BirdLife International

The Rio Tinto Rössing Birdwatching annual event was once again well attended, and continues to impart significant awareness about the environment to school learners.



The Prime Minister of Namibia, Hon. Nahas Angula, and the Deputy Prime Minister, Hon. Marco Hausiku, visited the mine to familiarise themselves with our mining operations. They were accompanied by the Deputy Minister of Foreign Affairs, Hon. Peya Mushelenga.



We told our story at Namibia's first Mining Expo held in May 2010. Photographed at our display were (from left) Board Member Maria Kapia, GM Corporate Services, Zebra Kasete, GM Chamber of Mines, Veston Malango, Ministry of Mines and Energy's Permanent Secretary, Joseph Iita, Rössing's MD, Mike Leech, GM Operations, Willem van Rooyen and Board Member Frank Fredericks.

Sports days

In May, our interdepartmental sports days were held in Swakopmund, and in July, an inter-mines tournament was held for mines in the Erongo Region. Both sports events were well attended by our employees, family members and employees from other mines. Sports codes hosted were soccer, darts, volleyball, netball and tug-of-war.

Report to Stakeholders

As our flagship communication tool, the annual Report to Stakeholders reflects on the mine's annual operations. Compiling the report is mandatory, and although Rio Tinto requires only an electronic copy, the report is printed to suit the needs of the main bulk of our local stakeholders. Copies were made available to targeted groups and general visitors to the mine.

Internal communications

Effective internal communication, aimed at promoting transparency and honest interactions, is an integral component of the company's culture. By encouraging open communication we are building trust in the organisation. The overall quality of internal communications increased, and in addition to this, the number of communications also increased slightly. This was mainly due to a message list that covered the various communication topics. Internal communications were distributed via a range of platforms, such as the weekly *e-Rössing Bulletin*, our intranet, business briefs, DVD productions, and numerous project specific news flashes, MD Briefs, dedicated emails and blogs. In total, about 503 internal communication messages were sent to various audiences during the year, which amounts to approximately 40 messages per month. This is a significant increase compared to the total of 240 internal messages in 2009.

Community consultation and engagement

We continue to expand our Corporate Social Responsibility programme through involvement in health care, environmental awareness and safety initiatives in our communities. The public participation process of the Social and Environmental Impact Assessment (SEIA) for our expansion project began in 2010. As part of this process, various focus groups visited the mine. Instead of having only public town hall meetings, several site visits, focus group meetings, road shows and a public meeting in Arandis were held.

The aim was to share information with a range of interested and affected parties about studies conducted on how to manage mitigation measures related to our expansion activities. These studies included comprehensive air quality and ground water modelling, public radiation dose assessment, social and economic impact, traffic, noise, blast vibration, visual impact, archaeological, as well as fauna and flora studies.

Recommendations from the specialist studies will be developed into mitigation and environmental management plans, to ensure that any possible adverse impacts can be out-weighed by the mine's increased contribution to the national, regional and local economy. Following completion

and submission of the final SEIA report, we will apply to the Ministry of Environment and Tourism's Directorate of Environmental Affairs for an environmental clearance for our expansion project.

During 2010, we engaged in the Swakopmund Recycling Project, launched by the Municipality of Swakopmund and its stakeholders. The recycling project is the result of an ongoing engagement process between the mine and the municipality that is aimed at making residents aware of the importance of reducing and recycling waste. The project kicked off with the placement of recycle depots in the vicinity of the town's major grocery stores.

Our employees residing in the town were encouraged to support this initiative by separating recyclable waste at home and depositing the waste items in the allocated bins.

Regular sports days, supported by the Rössing Foundation, are held at the Arandis sports grounds.



The Rössing Foundation

The Rössing Foundation was established in 1978 by Rössing Uranium Limited through a Deed of Trust to implement and facilitate its corporate social responsibility activities within the communities of Namibia.

It undertakes a number of activities across a broad spectrum of community development areas within the Erongo Region and, to a lesser extent, in the Khomas, Omaheke and Oshana Regions. This includes local authority support to the town of Arandis, as well as support in the fields of education, health, poverty alleviation, innovation, environment, and enterprise development.

Since 1978, the Foundation has spent more than N\$120 million on various programmes imparting practical skills to Namibians – skills that can create better economic opportunities, particularly in rural communities.

During this period, the Foundation has moved away from teaching basic skills such as reading, plumbing, seamanship, and needlework, to focus today on higher educational requirements such as the teaching of Mathematics, Science, English and Information and Communication Technology skills.

Our success has drawn international attention. The Foundation was once again globally hand-picked as a best practice Community Sustainable Development organisation with a visit from the Lembaga Pengembangan Masyarakat Amungme dan Kamoro (LPMAM) Foundation from Papua, Indonesia. Papua is the largest province of Indonesia, comprising of the most western half of the island of New Guinea. The delegation was comprised of LPMAM Foundation staff and community leaders. The purpose of the visit was to understand how the Foundation operates and to learn from programmes currently running, with the aim of identifying programmes that could be replicated in Indonesia. The visit paved the way for a continuous sharing of experiences between the two foundations.



In 2010, a total amount of N\$23,168,286 was spent on the Rössing Foundation's activities, focusing on education, enterprise development and the Arandis Sustainable Development Project. Goals were set to strengthen the Human Resources and Financial Reporting System of the Foundation.

Education programme

An amount of N\$11.7 million (50 per cent of the budget) was utilised for education purposes. The objective of the Foundation's educational activities is to allow all Grade 12 learners to enter higher education institutions.

Language, Mathematics and Science Centres

The combined impact that the Language Centres, Mathematics Centres and Science Centres, established during the past years, have had on learners cannot be underestimated. Targets set for the utilisation of the centres by learners were once again surpassed in 2010 – an average of 87 per cent capacity utilisation was obtained for the Language Centres, 107 per cent for the Mathematics Centres and 83 per cent for the Science Centres.

The targeted pass rate of 64 per cent in the English language for all registered/enrolled learners was also surpassed – 67 per cent per Language Centre was obtained. A 64 per cent pass rate (A-C) for all registered or enrolled learners in both the Mathematics Centres and the Science Centres was achieved, with 65 and 63 per cent respectively. In addition, we set a target that at least 60 per cent of parents of the children attending afternoon classes should support their children's participation. At the end of 2010, 75 per cent of the parents visited the Language Centres, while 80 per cent visited the

Mathematics and Science Centres. The prize giving events were also well attended by parents.

The Science Centres also contributed towards an increase of interest in science-related topics among Arandis learners, as demonstrated at the annual Arandis Science and Technology Fair which took place for the third consecutive year. Thirty of the projects presented at the fair qualified for the Erongo Regional Science and Technology Fair, where the learners won 4 gold, 16 silver and 10 bronze medals. Two gold medallists, Selma Silvanus and Adriana Mutimili, were nominated for the Global Science Conference to be held in New York in December 2010.

Outreach programmes

In the Omaheke Region, all seven school principals and all seven heads of departments or senior teachers received training in overall school management, subject management, classroom management and national standards by November 2010. After a series of training sessions in overall school management, the seven project schools were expected to develop a School Development Plan (SDP) and a Personal Assessment Plan of Action for Academic Improvement (PAAI) by the end of 2010. By the end of 2010, all of the seven project schools had successfully implemented the SDP and PAAI at their schools. The Mathematics, Science and Lower Primary teachers were trained in effective subject management, teaching and learning skills and how to maintain a classroom environment conducive to learning. The target of 10 per cent improvements in all project schools was surpassed, with an 11 per cent actual improvement recorded at the end of 2010. In the Erongo Region, baseline studies were successfully carried

Rudy Visser from a local company specialising in nature-based leadership development programmes, with a group of Arandis Grade 12 learners who participated in a weekend excursion, funded by the Foundation. They were accompanied by Michael Mojo (far right), one of the Master Maths teachers at the Mathematics Centre in Arandis.



out at ten partner schools. Training workshops on school management were conducted based on a recommendation from the baseline studies, and ten headmasters received training in performance management skills. This resulted in the development of vision and mission statements which were aligned with the values for each of the schools by the respective headmasters.

Arandis Sustainable Development project

A total amount of N\$2.6 million, representing 11 per cent of the total budget, was utilised for the Arandis Sustainable Development Project (ASDP). The aim of this programme is to support the town of Arandis in becoming a town of choice for current and future inhabitants and investors through smart partnerships. This will support the goal of self-sustainability of Arandis by 2016. Five areas were focused on for the year under review.

Agriculture development

The Foundation continued to promote desert agriculture methods in the town of Arandis. Community members were trained to grow vegetables using hydroponic systems. The suitability of the hydroponic system to conditions in Arandis prompted a local female entrepreneur, Ellie Nowases, to set up a flower and vegetable gardening project. She was among the small and medium entrepreneurs who participated in the 2010 Small and Medium Enterprise Exhibition held in Windhoek. With the on-site agricultural extension service and mentoring she received from the Foundation, Nowases has now turned the gardening project into Ellie's Flower and Vegetable Garden.

Ellie Nowases, a local entrepreneur from Arandis, set up a flower and vegetable garden using a hydroponic system, with support from the Rössing Foundation.



Capacity building support to Arandis Town Council

A target was set to train seven Arandis Town Council (ATC) members in leadership development and performance management systems. Eight staff members received leadership development training and to date, 12 ATC staff members have signed performance agreements. The revenue collection for the town of Arandis increased from 38 per cent in 2005 to 72 per cent in 2010 – a major achievement for the ATC and the Foundation.

Community education

A total of 404 community members received training in the areas of Finance Management and Life Skills. The training was conducted by the Free To Grow Peer Educators. Several youths and community members received training in bottle crafting, while the cooperation between the Foundation and the Community Youth Skills Development Foundation (COSDEF) continues. During 2010, 19 women from Arandis attended training in leatherwork, conducted by COSDEF. A total of 25 out-of-school young adults were supported by the Rössing Foundation in this programme, which offers training in engineering, diesel mechanics and hospitality. As a result of their participation in this programme, some of the participants are furthering their careers at the Namibian Institute of Mining and Technology and the Windhoek Vocational Training Centre.

Recreation and culture

A turn-around strategy was developed for recreation and culture during the year. This strategy will be implemented in 2011 by the ATC.

Support to Arandis local economic development

The construction of a long-awaited service station, which is a joint venture between the Arandis Town Council, the Foundation and BP, commenced in 2010. It is envisaged that the service station will play a major role in boosting future development projects and mining activities in the area. The project is expected to be completed in February 2011. The first construction phase of the Arandis Trade Centre was also inaugurated in 2010. The centre is part of the Arandis Constituency Development Committee initiatives, the aim being to afford local entrepreneurs the opportunity and space to exhibit and sell their products in order to generate an income.

Enterprise development programme

An amount of N\$3 million (13 per cent of the total budget) was utilised for the Enterprise Development programme. A target was set to strengthen the capacity of SME operators: 54 operators from the Erongo Development Foundation, 15 from Arandis, 30 from the Community Based Natural Resource Management programme and 10 small-scale miners. The objective of this programme is to improve the quality of life at the selected communities in the Erongo Region, as well as other regions in the northern and central parts of the country.

A group of entrepreneurs in front of the Arandis Trade Centre, part of the Arandis Constituency Development Committee initiatives to provide space for local entrepreneurs to exhibit and sell their products in order to generate an income.



Erongo Micro Credit initiative

Many micro businesses are unable to secure access to finance, such as loans from commercial banks and other financial institutions. The Erongo Micro Credit, a partnership between the Rössing Foundation, Erongo Development Foundation and Bank Windhoek, is a pro-poor financial service that targets micro business operators in the Erongo Region, particularly women. At the end of 2010, the Erongo Micro Credit scheme had provided loans to 38 micro businesses. The repayment rate on these loans is currently 90 per cent. Business development was assessed by way of field visits to the different businesses. It was found that a number of these businesses are not only growing, but already provide employment, whilst others provide financial support to families.

Encouraged by these positive achievements, the three partners are now working on modalities for accommodating more beneficiaries. An assessment will be conducted in 2011 to determine the impact and multiplier effect of the programme.

Topnaar agriculture project

The objective of this project was for 30 Topnaar community members to receive training in agriculture. This target was exceeded – a total of 54 community members was trained during 2010.



- Individual as well as group skills have been developed, while management committees have been able to grow their capacity to respond to new opportunities and challenges.
- Conservancies are expected to engage with traditional authorities, line ministries, regional government officials, land boards and private sector partners on a regular basis. Good engagement and interaction skills are thus needed. Skills development focused on conflict resolution, negotiation, advocacy skills, improved strategic planning and development skills.
- This new set of skills resulted in improved Government and non-governmental relations, which had a positive effect on working relations between the conservancy members and their partners.
- With improved participation in conservancy activities, as well as the realisation that more tangible benefits are reaching them, local communities have developed an increased appreciation for and awareness of the environment they live in. As a result, environmental management has improved.

Arandis youth skills development

Unemployment is one of the main challenges facing Namibia's young people. The out-of-school youngsters in the town of Arandis are not exempted from this problem. A lack of work skills and work experience has been highlighted as a major contributing factor to this problem. It is against this background that the Foundation designed a Youth Skills Development programme.

This programme, in place since January 2008, is built around mutual respect and active engagement with the community of Arandis, which enables us to understand what is important to the inhabitants of this town. Through this programme the Foundation strives to make a difference to the community of Arandis in a sustainable way without creating dependency. Beneficiaries receive financial support to enable them to study at various vocational training institutions. Upon completion of the programme, further assistance is provided with the preparation of a Curriculum Vitae and the practicing of interview skills. The Foundation works closely with reputable training institutions, such as the Katutura Youth and Enterprise Centre (KAYEC), the Community Skills Development Centre (COSDEC), the Namibia Maritime and Fishery Institute (NAMFI), The Haven, the Namibian Institute for Mining Technology (NIMT) and the Arandis Town Council.

To date, the Youth Skills Development Programme has empowered over 80 out-of-school youngsters with the necessary skills, equipping them to become competent and semi-skilled artisans. Areas of training and capacity building range from plumbing, welding, carpentry and electrical installation, to practical engineering and office administration. A total of 27 youths who participated in this programme have already been absorbed into the labour market, while six were motivated to complete their school careers. In addition, eight are currently enrolled at NIMT or the Windhoek Vocational Training Centre to complete or further their education, while others have become self-employed.

Community Based Natural Resource Management

A target was set to implement a capacity building programme for conservancies in the Erongo and north central regions. The Community Based Natural Resource Management (CBNRM) programme will lead to improved rural livelihoods through an increased flow of benefits and income to communities. Furthermore, the programme seeks to increase awareness in local communities of the benefits of sustainable local conservation, and to promote equity, participation, and transparency within conservancy operations. In the north central regions, a six day production course was held with both the Otjimboyo and Ohungu craft groups. Thirteen craft producers attended the training, which focused on product development: producing new products and improving the quality of some of the existing products. The 13 trained craft producers acquired the following business skills: customer care knowledge, craft production skills, value addition in terms of product quality improvement and drawing and design skills. Craft business plans were approved and the implementation of proper basic equipment and infrastructure has taken place.

The main impacts of the CBNRM programme during 2010 are as follows:

- Activities undertaken have directly and indirectly contributed to conservancy structures being better equipped with the necessary skills to ensure the efficient and accountable management of all resources placed under their control, while being able to put mechanisms in place which ensure that benefits reach conservancy members in an equitable manner.

Case study — Our community

Big miners support small-scale miners

Small-scale mining in Namibia operates alongside well-established large-scale mines. However, in contrast to thriving large-scale mining in Namibia, small-scale miners are finding it difficult to operate efficiently due to high input costs, lack of appropriate tools and uncompetitive prices for their products.

Small-scale mining in the Erongo Region mostly concentrates on the extraction of gemstones, semi-precious stones and mineral crystals contained within intrusive granite outcrops. Namibia is known globally as a “treasure chest” for, among others, Erongo mountain aquamarine and black tourmaline, Gobobos smoky-quartz sceptres, Karibib tourmaline and Wilhelmstal garnets. These are mined by individuals or small groups of miners using innovative but simple methods in claims which are registered with the Namibian Ministry of Mines and Energy. Mining of these resources could potentially provide a sustainable living for communities in the mineral-rich areas.

“We should recognise these miners’ reason for choosing a specific spot to sell their products” said the Minister of Mines and Energy, Isak Katali, at the opening of a market place for the small-scale miners. The minister described mining as the back bone of the Namibian economy and urged the country to take cognisance of the contribution of small-scale

miners on a micro- economic level.

The new Ūiba Ôas Crystal Market has been constructed as a market place at the Usakos-Henties Bay T-junction, the main road between Windhoek and the coast. Prior to the construction of the market, the small-scale miners had to resort to hawking their precious stones along the roads, standing in the burning hot sun and in nearby towns where tourists are the main buyers.

Over the past few years, the Rössing Foundation and other stakeholders have supported the small-scale miners with skills development and safer work practice. Petra Ondigo of the Rössing Foundation coordinates the small-scale miners’ project and says that the miners are being trained in better mining methods, adding value to their product, coordinating the marketing of their gemstones, and generally improving their businesses in an environmentally sustainable way.

The Rössing Foundation has been heavily involved with the project from the beginning and draws upon its past training experiences in business skills, health, geology and water and environmental management.

The Small-scale Miners’ Stakeholders Forum, consisting of Rössing, Rössing Foundation and

other companies in mining related activities in the region, as well as the Government of Namibia, supports the Erongo Regional Small-scale Miners’ Association, which represent the interest of an estimated 1,600 small-scale miners in the region.

The initial funding for the construction of the gemstone market was provided by partners such as Rössing and the nearby Navachab gold mine. Donated funds were used to commence with the construction. However, financial resources were limited and the project came to a halt while waiting for funding from the European Union (EU).

The Ūiba-Ôas Crystal Market at the Henties Bay-Usakos T-junction and the XoboXobos Market in nearby Uis, which was completed some two years earlier have now become hubs of activity for miners and crystal hunters from all over the world.

Income generated by the small-scale miners varies according to the tourist seasons. The market has 32 tables and on average, each vendor (i.e. one vendor per table) generates an income of N\$800 per month during the November to April period and during the peak tourist season, between N\$1,500 and N\$3,500 per month.

The small-scale miners are still confronted with a host of challenges. However, the establishment of these two markets marks the first step towards making a difference to the working and living conditions of Namibia’s small-scale miners.



The Ūiba-Ôas Crystal Market at the Henties Bay-Usakos T-junction was completed in 2010, enabling local small-miners and their families to exhibit their stones to tourists and locals passing through the area.

As the uranium rush in Namibia started taking off post-2005, concerns arose over the need to protect our country's hitherto unblemished record of no major nuclear incident. As a result, the Chamber of Mines set up the Uranium Stewardship Committee (USC) to address these issues and adopt a best practice regime for the industry, based on the World Nuclear Association's guidelines. The USC set up the Uranium Institute (co-funded by Rössing) in Swakopmund, the front door for any prospective uranium explorer, to act as the epicentre of the industry.

With two uranium producing mines, more than 10 prospective mines and numerous mining licences issued, Namibia has entered a new frontier for uranium exploration and mining developments. Some early mining operations have left a legacy of negative environmental impacts, which still affects the public's perception of mining. Today, all mining companies need to plan for and deal with environmental impacts before, during, and after mining.

Our reputation for acting responsibly is a critical aspect of our success and our ability to generate shareholder value. During 2010, our latest global code of business conduct, *The way we work*, first issued in 2003, was updated and rolled out in the Rio Tinto Group, including at Rössing. Our core values of accountability, respect, teamwork and integrity determine our reputation and define the way we manage the economic, social and environmental challenges of our operation.

Continuous improvement of environmental performance is one of our HSE policy goals. Our improved understanding of the negative impact that environmental degradation can have on wildlife and human health is leading to higher and stricter internal standards of environmental management.

Product Stewardship

At Rössing we are constantly investigating smarter methods to understand and reduce environmental impacts associated with our product. Product Stewardship is a programme of action based on the recognised need to ensure that our product is produced, used and managed throughout its life cycle in a socially and environmentally responsible manner to support goals of sustainable development and commercial goals of sustainable markets.

In 2010, the Product Stewardship programme kicked off with a Life Cycle Assessment (LCA) study in compliance with ISO 14040. LCA is the compilation and evaluation of the inputs, outputs and potential environmental impacts of our product. The life cycle of uranium at Rössing starts off with exploration and includes operational processes such as mining, comminution, extraction, recovery, packaging, transport to customer, water recycling and tailings dam operations.

It also includes processes outside our gate, such as supply of fuel, chemicals and drums to the mine in order to produce our product, uranium oxide (U_3O_8), and closure of mine. The LCA study included the transport of our product. Although an LCA study is not a legal requirement, implementing this initiative emerged from the awareness of the importance of environmental protection.

The revised Rio Tinto Health, Safety, Environment & Quality (HSEQ) Management System standard includes the expansion of Product Stewardship aspects and the management of HSE risks associated with our product. This means that product management is now also covered within the HSEQ system. To successfully incorporate Product Stewardship into the HSEQ Management System, we prepared a Product Stewardship Plan in consultation with Rio Tinto HSE. The plan offers a detailed description of the Product Stewardship programme actions within the business.

In 2010, the Green Procurement initiative was launched with interviews and training on the subject. *Green Procurement* is used to direct purchasing of products or services that have a reduced effect on our health and unique environment, when compared with competing products or services that serve the same purpose.

This comparison applies to raw materials acquisition, production, manufacturing, packaging, distribution, re-use, operation, maintenance, or disposal of the product or service. Procurement employees' eager participation during the interviews and training demonstrated their commitment towards Green Procurement.

Sweet Thorn and Ghost Trees were planted on the mine site on Arbour Day.



ISO 14001 Certification

Rössing has walked a 14 year journey since first starting to work towards conceptualising ISO 14001 Certification in 1996. We underwent our fourth cycle of ISO 14001 re-certification this year, and are proud to say that we have been successful in obtaining re-certification for the next three years. This was awarded by the certification body, Det Norske Veritas (DNV), and gives recognition to our continued commitment to protect and care for the environment.

In February 2001, Rössing was awarded certification for the first time, making it the second Namibian land-

based mining operation to achieve certification. Through this, we are showing our commitment to excellence and improvement of the company's environmental performance.

One key to the successful retention of ISO 14001, is the involvement of employees and contractors at all levels of the organisation – from management to the shop floor. Our Environmental Management System (EMS) is the point of reference for all environmental initiatives on site, and contains our HSE policies, standards and procedures detailing how tasks need to be performed.

Our key environmental management programmes include:



- Air quality control;
- Waste management;
- Noise and vibration control;
- Hazardous material management;
- Energy conservation and greenhouse gas emission;
- Water conservation; and
- Land-use management.

We are assured of the implementation of our Health, Safety and Environment (HSE) policy and EMS, both internally and externally, by regular audits, reviews and reports.

Biodiversity

With the aim of achieving a Net Positive Impact (NPI) by 2015, we are committed to ensuring that biodiversity within the larger spatial context benefits from the mine. This commitment means that all our activities and actions focus on minimising negative impacts on biodiversity, particularly on threatened and endemic species, and maximising positive impacts, such as opportunities for conservation.

Minimising possible negative impacts requires a comprehensive understanding of biodiversity elements, as well as their intrinsic and societal values.

During 2010, a long-term programme to monitor invertebrates on site was developed and established to improve this understanding. Two capturing events were monitored and Dr John Irish, a leading Namibian ecologist, assisted us in the analysis of the captured species. The monitoring of invertebrates will be extended into the wider landscape during 2011.

A biodiversity restoration methodology for Rössing was developed and established in collaboration with Dr Antje Burke, another leading Namibian ecologist, during 2010. Restoration activities commenced during the third quarter and pilot trials to monitor restoration activities are set to commence during 2011.

A Biodiversity Strategy and Biodiversity Action Plan were also developed and implemented during the year under review. The NPI goal is set as an operational target, and four initiatives were identified to achieve this goal.

Key elements of the biodiversity strategy, such as rehabilitation, the mitigation hierarchy, recognition and close cooperation with stakeholders and offsetting, are linked to these initiatives.

Activities to engage employees on site included celebrations of Biodiversity Day (2 July) and Arbour Day (24 November). On Biodiversity Day, information material was disseminated to encourage employees and contractors to get involved in the monitoring of species, to promote the protection of biodiversity and to minimise negative impacts on biodiversity.

Arbour Day was celebrated with the theme "Plant trees to enhance biodiversity". One specimen of Sweet Thorn (*Acacia karroo*) and six specimens of Ghost Trees (*Moringa ovalifolia*) were planted on the mine site.

Climate change

As a measure of self-regulation, we are devoted to consideration of and adaptation to climate change risks, the setting of targets for the reduction of greenhouse gas emissions and reporting on greenhouse gas emissions.

In 2007 it was estimated that Namibia contributed about 0.01 per cent to the global total of carbon dioxide (CO₂) for that year, which ranked Namibia at number 129 on a list of 213 countries. The greenhouse gas emissions from Rössing were calculated at 243,237 tonnes of CO₂ in the same year, which was the equivalent of about 8 per cent of Namibia's total. Every effort should be made to keep the country's carbon footprint small, to better understand and mitigate the impacts that can contribute to climate change. In this regard we can play a key role.

In 2008, a risk assessment was done at the mine to create a drive towards considering and adapting to climate change risks. The risks were re-evaluated in 2009. We have been reporting our greenhouse gas emissions since 2003. Presently, we know the emission sources at the mine. We calculate and document emission on a monthly, half-yearly and yearly basis.

Using the 2008 emissions as a baseline, our current target was set to conform to the predetermined Rio Tinto targets of reducing greenhouse gas emissions per tonne of U₃O₈ produced with 10 percent by 2015, thus 52.57 tonnes CO₂ per tonne of U₃O₈ produced. This was done before the latest Life of Mine plan was approved.

In late 2009, and in considering the latest Life of Mine plan, the projected greenhouse gas emissions in CO₂ for 2010 were calculated to be 61.45 tonnes per tonnes of U₃O₈ produced.

The actual emissions for 2010 were 60.76 tonnes of CO₂ per tonne of U₃O₈ produced. This was below the projected target if evaluated against the pre-Life of Mine plan, but above our target evaluated against the post-Life of Mine plan projection. Although the Rio Tinto pre-Life of Mine target was thus not met, the actual figure of 2010 indicates that we are following a trend of reduced product emission intensity as projected by the current Life of Mine expansion plans.

We are dedicated to applying collaborative adaptation measures to the challenges of climate change in Namibia. As part of our commitment to reduce greenhouse gas emissions – while at the same time considering energy efficiency in Life of Mine forecasts and business valuations – special efforts were made in 2010 to develop the Climate Change Strategy and to better understand the climate change footprint and accurately set projected targets for the years to come.

Air quality monitoring

An Air Quality Impact Assessment was conducted in 2009 as part of the Social Economic Impact Assessment for the proposed mine expansion. The assessment followed the methodology required for a specialist report, comprising a baseline characterisation and the impact assessment study.

As recommended by the study, a comprehensive monitoring network was set up, comprising of six dust fallout buckets around the mine to measure dust deposits and a permanent dust monitor in Arandis to monitor ambient dust emission.

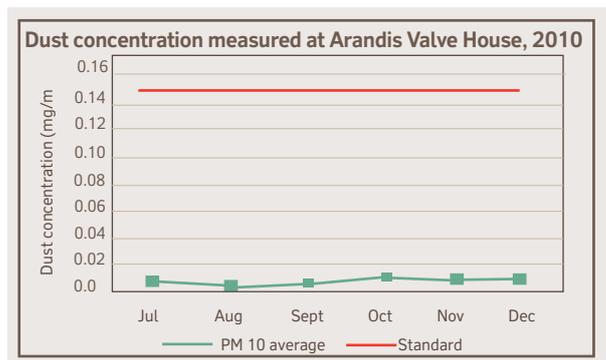
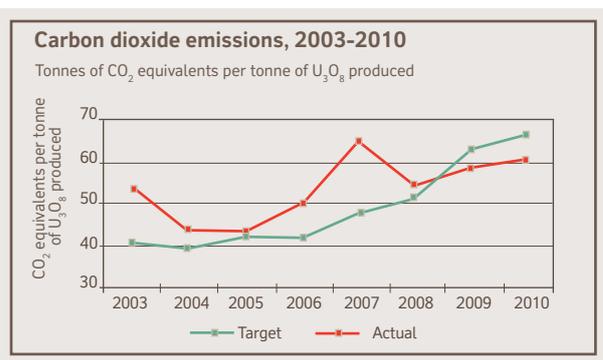
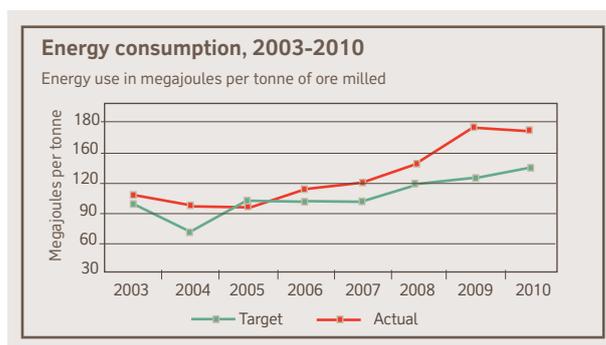
This is complimented by three weather stations that are situated at the mine and in Arandis. We are planning to set up a further dust monitoring station at the mine boundary in 2011 to monitor dust pollution that is emitted from the mine.

Below is a graph showing the ambient dust concentration measured at Arandis during 2010. It is clear that dust concentrations have been consistently below the standard of 0.15 mg/m³ throughout the year.

Energy usage and GHG emissions

In 2010, our energy usage was 172.14 megajoules per tonne (MJ/t) of ore processed. This was above the annual target of 136.10 MJ/t of ore processed, set to conform with the predetermined Rio Tinto targets. Our CO₂ emission per unit of production was higher than the target, and 3,637.84 tonnes of uranium oxide was produced. The GHG emission intensity was 60.76 tonnes of CO₂ equivalent (CO₂-e/t) of uranium oxide (U₃O₈) produced, with the target being 52.57 t CO₂-e/t of U₃O₈ produced.

We did not meet our emissions and energy intensity per unit of production targets because we mined less ore and produced less uranium than planned. This is a direct result of the fact that we are clearing waste on a big scale in order to expose ore at the pit bottom – an energy intensive exercise we will be engaged in for some years to come.



Water use

In 2010, the mine used a total of 2,87 million cubic metres (m³) of fresh water, or 8,124m³ of fresh water per day (m³/day), while the operating plan target was 8,340m³/day. Water performance for 2010, therefore, was better than expected at a rate of 0.247m³/t of ore milled, against a target of 0.26m³/t of ore milled. This performance was due to the fresh water saving projects implemented last year and the continuous water saving awareness drive urging employees to use water sparingly. Compared to 2009, the fresh water demand decreased by 0.211 million m³.

The operations of the Processing Plant and the disposal of the associated tailings are the biggest consumers of water at the mine. Tailings, which are the remaining crushed and milled ore rock from which uranium is extracted, are pumped to the tailings facility as a mixture of sand, fines and water. Water

and the tailings solids separate after deposits, with most of the water forming a pool on the tailings facility. This water is then recovered for re-use in the rod mills.

The predicted fresh water demand for 2011 has been set at 2.88 million m³, based on the improvements in water recovery systems and increased recycled water usage.

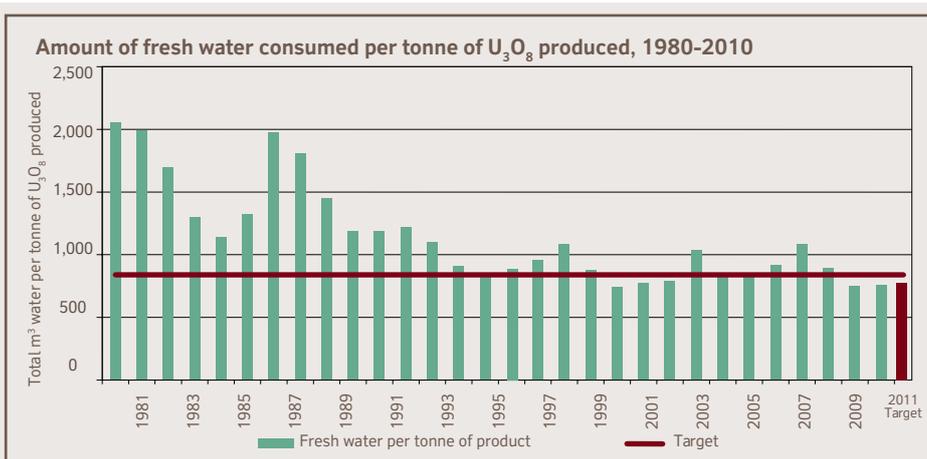
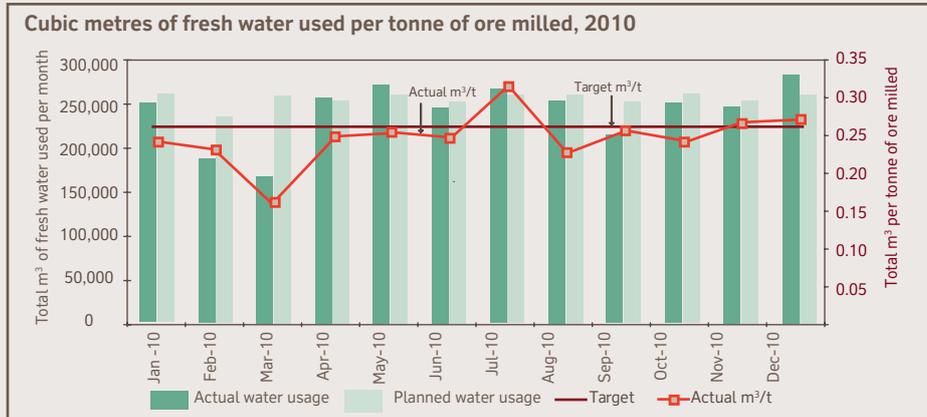
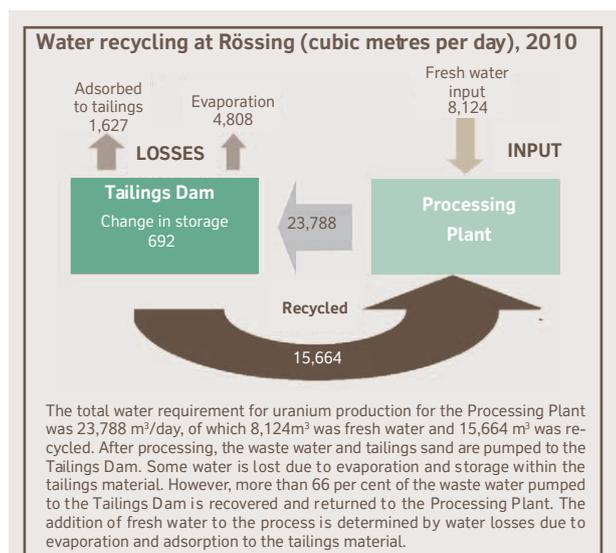
Efficient fresh water use and supply

The Namibian Water Corporation Ltd (NamWater) and the Ministry of Agriculture, Water and Forestry's Department of Water Affairs are responsible for the monitoring of the consumption of fresh water by bulk users and the status of the aquifers.

We participated in the Coastal Bulk Water Users' Forum meeting where bulk users share relevant results and data pertaining to fresh water use. The aim is to conserve groundwater resources by sharing information and promoting water demand management, as well as possible projects such as sea water desalination.

Saline water use and quality

The abstraction of saline groundwater from the Khan River ceased on 30 December 2009, in line with our drive to promote water savings. In 2010, we continued to monitor and measure the vegetation and water levels in the Khan and Swakop Rivers as part of our internal water quality and vegetation monitoring programmes, as well as for legal requirements.





Mitigation of exploration drilling environmental impacts

With the upward trend in uranium prices on the international market, and projected further increases, we could expand our operations. Associated with the expansion is the extension of the ongoing exploration drilling programme into areas of the existing Mine Licence Area (MLA) south of the Khan River, which overlaps with the Namib Naukluft Park (NNP).

The NNP is a significant tourism and biodiversity resource within the Namibian context. No formal impact assessment is required in terms of existing Namibian environmental legislation, as the target exploration area falls within the existing Rössing Uranium MLA.

In line with our HSE policy and best practice, we adopted a precautionary and controlled approach to exploration activities in the area and compiled a Social and Environmental Management plan (SEMP).

The exploration drilling SEMP aims to guide the responsible management of operations and to mitigate potential socio-economic and environmental impacts, as well as allowing for implementation and further development. An operational phase mitigation table was compiled to ensure that mitigation measures were adhered to.

In June 2010, the Rio Tinto exploration team started drilling at the previously identified Z19 and Z20 exploration sites located in the NNP. Throughout the drilling process, we liaised with the relevant authorities to ensure that their requirements and concerns were considered.

A further requirement of the SEMP was that employees from our HSE department inspect the site with an independent auditor on a bi-weekly basis for compliance purposes. One of the mitigation factors within the SEMP was that all drill sites should be rehabilitated.



Land use and rehabilitation

“Mining and ore processing unavoidably generate large volumes of mineral waste which can have long-term social and environmental impacts. Rio Tinto will manage these impacts by minimising the mass of mineral waste that must be stored, limiting the waste’s disturbed footprint, ensuring repositories are physically and chemically safe, and practicing progressive rehabilitation to return the land to productive post-mining uses. Rio Tinto aims to be an acknowledged leader in mineral waste management thereby serving the interests of the business, the environment and local communities.” (Rio Tinto Mineral Waste Task Force, 2007)

As mining of waste continued during 2010 at the southern pushback of the open pit to uncover future ore reserves, the resulting waste rock was deposited on the already existing rock dumps. Although most of the material could be accommodated by extending the height of the dumps, 10ha of previously undisturbed ground were covered with waste.

Therefore, the footprint of the mine increased by 0.4 per cent to a total of 2,408ha, an area of about 5km by 5km. After approval to mine the satellite ore body SK4 to the east of the pit was received in 2009, mining started in 2010. So far, an area of 6ha has been opened to extract the ore. The SK4 pit will have a total extent of about 14ha once mining is completed in 2013.

Rössing is the second biggest producer of reactive mineral waste within Rio Tinto. Therefore, the same detailed planning is applied for disposing of the waste residues on the waste dumps and the tailings facility, as to economically mining the ore from the ground.

During 2010, the rock disposal strategy was reviewed, incorporating the latest results of environmental work carried out at the mine site. The strategy ensures efficient operations, safe and stable slopes and dumps and an insignificant impact on valuable biodiversity and archaeological features found in the area.

Since rock dumps are permanent landforms and visible from afar, care has been taken to design final shapes that will harmonise with the surrounding landscape after closure. We are not planning to backfill the current open pit.

Exploration drilling continued in a number of areas on the Rössing mining grant, of which 72ha are overlapping with the Namib Naukluft Park on the southern side of the Khan River. A total of 1.4ha was disturbed and 0.8ha have already been rehabilitated during 2010.

Environmental noise monitoring

Noise monitoring is one of the activities which must be in line with the Group’s environmental standards. We need to monitor noise arising from exploration and operations, including mining, mineral processing, materials handling infrastructure and on-site transport, because such noise may significantly impact people, communities and the surrounding environment.

In order to meet this requirement, consulting electrical and acoustics engineers gave our environmental staff training on the operation, data interpretation and reporting of the sound level metre that was set up on the mine site.

The monitoring programme will allow us to evaluate and prioritise noise sources based on the significance of their potential impacts on the surrounding environment and communities. The results will assist us to implement appropriate operational controls, as well as to verify compliance.

1 hectare (ha) is an area measuring 100m x 100m. 100ha are equivalent to 1km². Swakopmund covers an area of about 11km² and Walvis Bay an area of about 14km².

Derailment of acid railcar

In November 2010, a Transnamib railcar transporting sulphuric acid destined for the mine, derailed at the Transnamib rail yard in Walvis Bay. No acid was spilt. The rail yard is an enclosed area with no public access and the incident took place while rail tankers were being shunted from the NamPort area to the Transnamib rail yard.

No one was injured during the incident. Furthermore, the incident was managed promptly by all relevant parties according to set emergency procedures and practices. Our team of experts was also on the scene to give support and assistance, ensuring that the situation was managed in a safe manner. The incident did not affect the delivery of sulphuric acid to the mine. Sulphuric acid is used in the mine's extraction process to produce uranium oxide.

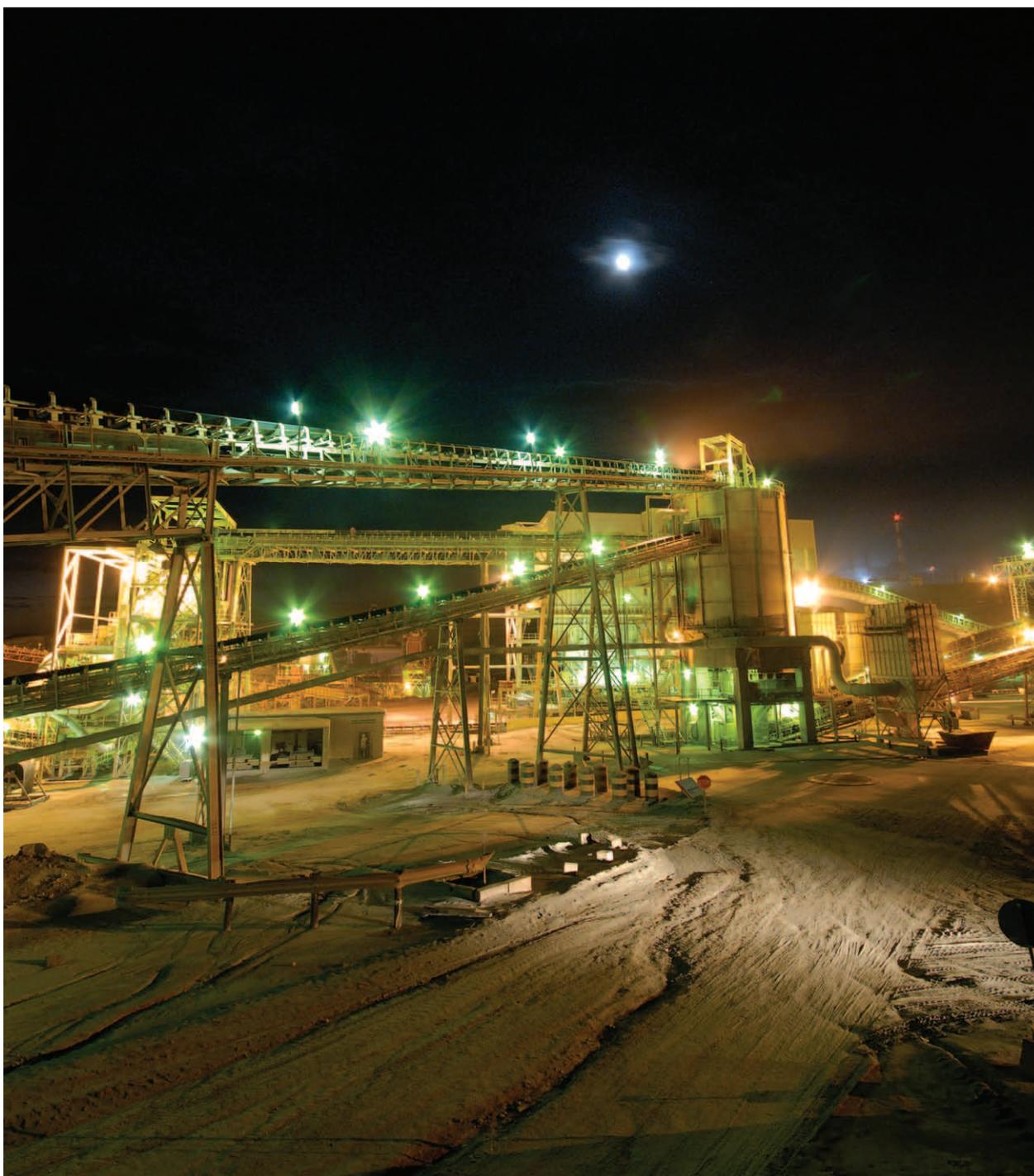
Night visual of the Pre-screening and Fine Crushing Plants at Rössing.

Closure planning

Closure planning is a continuous process at Rössing and plans for the mine have been in place since 1992. Changes in operational circumstances, environmental conditions, new legislative requirements and stakeholder expectations are considered when the plans are updated.

The 2010 update considered changes in the cost of closure related to the change in costs of contractors and consumables needed to perform demolition and rehabilitation tasks. The social component of the plan considers retrenchment and re-training costs. This update included a new cost estimate of N\$1,065 million to close the mine in 2023. However, new mine plans are being developed to continue operations beyond 2023, and a major update of the closure plan envisaged for 2010 will now be carried out in 2011, taking the new developments into consideration.

The Rössing Environmental Rehabilitation Fund, which is an independently managed trust fund for mine closure purposes, stood at N\$163 million at the end of 2010. The mine will make additional payments into the fund on an annual basis to eventually provide for the total cost of closure.



Performance data table	Target for 2011	Target for 2010	2010	2009	2008	2007	2006
Employees							
Number of employees	1,580	1,550	1,592	1,415	1,307	1,175	939
Production							
Uranium oxide produced (tonnes)	3,203	3,838	3,628	4,150	4,108	3,046	3,617
Ore processed ('000 tonnes)	12,693	13,323	11,598	12,633	12,858	12,613	12,008
Waste rock removed ('000 tonnes)	37,389	42,760	41,955	38,755	33,899	21,396	16,835
Stripping ratio (tonne waste rock removed to recover 1 tonne ore)	5.87	3.56	5.28	2.32	2.29	1.43	0.71
Health, safety and environment							
No. of personal annual radiation exposures above 20 mSv/annum	0	0	0	0	0	0	0
New cases of pneumoconiosis	0	0	0	0	0	1	1
New cases of dermatitis	0	0	0	0	0	0	1
New cases of hearing loss	0	0	0	0	0	0	0
New cases of chronic bronchitis	0	0	0	0	0	0	0
All Injury Frequency Rate (AIFR)	0.74	0.69	0.89	0.73	0.91	0.71	0.59
No. of lost-time injuries	0	0	14	6	8	9	6
Source dust levels at Fine Crushing Plant (mg/m ³)	0.9	0.9	4.02	2.33	1.52	0.93	1.49
Freshwater consumption ('000 m ³)	2,884	3,044	2,870	3,131	3,700	3,300	3,315
Fresh water per tonne of ore processed (m ³ /t)	0.26	0.26	0.25	0.25	0.29	0.26	0.28
Ratio of fresh water:total water	0.33	0.29	0.31	0.33	0.36	0.32	0.35
Seepage water collected ('000 m ³)	3,340	3,263	2,680	2,879	2,740	3,050	2,736
Energy use on site (GJ x 1,000)	1,951	2,022	1,996	2,168	1,812	1,534	1,366
Energy use per tonne of ore processed (MJ/t)	135.1	136.1	172.1	174.3	140.9	121.6	113.7
CO ₂ total emission (kt CO ₂ equivalent)	232.5	236.9	221.0	243.2	222.6	197	181.2
CO ₂ equivalent emission per tonne of production (e/t uranium oxide)	51.7	52.6	60.7	58.6	54.2	64.7	50.1
Product and customers							
Uranium spot market price (US\$/lb) (average)	No target	No target	46	46	61	99	49

Stakeholders' Value Added Statement ¹	Notes	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
For the years ended		2010	2009	2008	2007	2006
Turnover		3,609,020	3,232,493	4,492,442	3,396,282	1,554,766
Less: purchased material and services from non-stakeholders		2,416,434	1,634,751	1,667,719	1,255,211	647,944
Total value added		1,192,586	1,597,742	2,824,723	2,141,071	906,822
Investment income		6,214	5,196	24,103	31,050	1,844
Total wealth created		1,198,800	1,602,938	2,848,826	2,172,121	908,666

Employees	1	626,597	534,600	455,241	310,766	233,787
Providers of equity capital		127,215	177,603	342,441	140,176	0
Providers of loan capital		15,799	18,616	7,128	6,469	6,395
Government	2	379,720	528,559	934,719	736,925	300,816
The Rössing Foundation		0	11,586	59,181	48,787	15,103
Reinvested in the Group	3	49,469	331,974	1,050,116	928,998	352,565
Total wealth distributed		1,198,800	1,602,938	2,848,826	2,172,121	908,666

Notes to the Stakeholders' Value Added Statement

1. Employees		626,597	534,600	455,241	310,766	233,787
- Net salaries and wages		481,610	412,851	381,748	253,990	188,334
- Pay-as-you-earn taxes (PAYE)		144,987	121,749	73,493	56,776	45,453
2. Government		379,720	528,559	934,719	736,925	300,816
- Dividend		4,437	6,213	11,943	4,724	0
- NamWater		25,577	25,566	26,447	21,895	22,395
- NamPower		125,508	118,383	95,727	84,531	66,939
- Rates and licences		1,404	1,639	1,192	1,374	1,793
- Mining royalty tax		213,619	173,269	0	0	0
- Receiver of Revenue		(33,037)	160,059	762,607	598,454	184,609
Current tax		1,299	146,006	573,677	502,277	158,096
Deferred tax		(34,336)	14,053	188,930	96,177	26,513
- Telecom Namibia		7,517	7,165	3,786	4,258	2,791
- Transnamib Ltd		34,695	36,265	33,017	21,689	22,289
3. Reinvested in the Group		49,469	331,974	1,050,116	928,998	352,565
- Depreciation		224,159	226,348	168,880	94,893	48,848
- Retained earnings		(174,690)	105,626	881,236	834,105	303,717

Capital expenditure		247,404	266,801	619,067	405,339	272,667
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¹ Stakeholders in this context: Shareholders, Government, lenders, employees and the Rössing Foundation

Our Value Added Statement reflects the wealth created through the sale of our uranium oxide, payments for services and suppliers, taxes to the Government and investments made in the community in which we operate.

Due to our significant demand for goods and services within the Namibian economy, we give rise to a significant ‘multiplier effect’, where spending by one company creates income for and further spending by others. This leads to a long chain of value adding throughout the economy.

Enhancing our strength to secure our long-term future, we boldly continued on the investment path we embarked upon in 2009. Although we produced 512 tonnes less uranium oxide than the previous year, better uranium market prices compensated for the lower volumes, resulting in a 16 per cent increase in our turnover – from N\$3.2 billion in 2009 to N\$3.6 billion in 2010.

However, materials and services purchased from our suppliers increased by nearly N\$800 million, of which N\$247 million was utilised as capital expenditure. Furthermore, a large amount had to be invested in waste stripping – an activity which put a major strain on us in the short term, but which was a necessity for our future.

Rössing continued to demonstrate its value to Namibia through contribution to the fiscal authorities. We paid nearly N\$214 million in royalties tax to the Receiver of Revenue, whereas pay-as-you-earn taxes amounted to nearly N\$145 million.

We are also a major consumer of utility services, of which state-owned enterprises (SOEs) represent an important group of suppliers. In 2010, we spent nearly N\$125 million on electricity purchased from NamPower, N\$35 million on rail transport, N\$25 million on water, and N\$8 million on telecommunications (Telecom and MTC), representing a total payment of N\$193 million to SOEs.

Employment creation continues to increase as we expand our operations, as indicated by the rise in employment costs. Since 2007, when we embarked upon our Life of Mine expansion programme, our employment costs have more than doubled from N\$310 million, and increased from N\$535 million in 2009 to N\$627 million in 2010. While our expansion has created more employment opportunities in the region, it is also an area of concern, since it increases our salary bill, thus impacting on our cost competitiveness.

“Wesbank Transport has been a service supplier to Rössing for the past 11 years in various logistical areas. We also manage the on-line procurement system on behalf of the mine at our warehouse in Johannesburg to assist with their vendor management. In 2010, we received the Supplier Recognition Award in recognition of excellence in the category of HSE. It remains a huge privilege to be associated with a world leading mining company like Rössing Uranium Limited, within the Rio Tinto Group, and we will continue to endeavour to always add value and to strive for excellence by assuring we keep up with the standards set, and to conform to

Rössing’s requirements and expectations.”

Fritz Lambrechts, MD of Wesbank Transport, Walvis Bay



“Rössing Uranium remains a critical and reliable partner of NamPort. Their ongoing commitment to providing quality infrastructure, use of local suppliers, support for tertiary learning and overall development of Namibia is an inspiration to all companies operating in Namibia. For us, Rössing remains a significant player in the mining industry in the country, and we are committed to a long term, mutually rewarding relationship.”

Bisey /Uirab, CEO of Namibia Ports Authority (NamPort), Walvis Bay



“Rössing contracted my business, Uibasen Services, for cleaning services at the mine for a three year period. I really appreciate that Rössing gave me, as a small local SME, the opportunity to provide this service to them. I will do my utmost not to disappoint them and to give them the best service possible. I also like their strict safety standards and the communication between us and the mine’s



management is excellent. They kick-started my business and have really put me in a position where I can grow it with confidence.”

Victoria Emma Naoxas, owner of Uibasen Cleaning Services, Arandis

Procurement

In 2010, we spent a total of N\$2.4 billion on purchasing goods and services to run our operations. Many of these purchases were for items that are not locally available, such as sulphuric acid, manganese and iron oxide. Thus, we have to balance our need to buy goods and services from the best suppliers worldwide, with maximising our contribution to the local economy.

As in the previous year, most of the procurement expenditure was on Namibian-registered suppliers, amounting to N\$1.6 billion, accounting for 67 per cent of our total procurement expenditure. N\$475 million was spent with South African suppliers – 19 per cent of our procurement expenditure – and N\$336 million with international suppliers.

An increasing number of suppliers are local businesses in the Erongo Region, where N\$936 million was spent, representing almost 60 per cent of Namibian expenditure. A total amount of N\$658 million was spent in the Khomas Region.

The year under review was the year of supplier relationships – the strategy for Rio Tinto Procurement (RTP) was to strengthen our relations with suppliers. To underscore this, we visited suppliers during the year, and the RTP team was accompanied by our Chief Financial Officer. The objective was to understand the suppliers’ value chain, where we as a customer fall within their chain, and how we can strategically work with them to ensure better flow of service. This supplier-customer engagement as a strategic partnership is becoming increasingly important.

The management of supplier relations was put to the test when the mining team ceased to mine at the bottom of the open pit due to an unsafe rock face. The RTP team had to engage our contract mining service provider with the utmost good faith in order to ensure continued service and reassurance of contractual commitments.

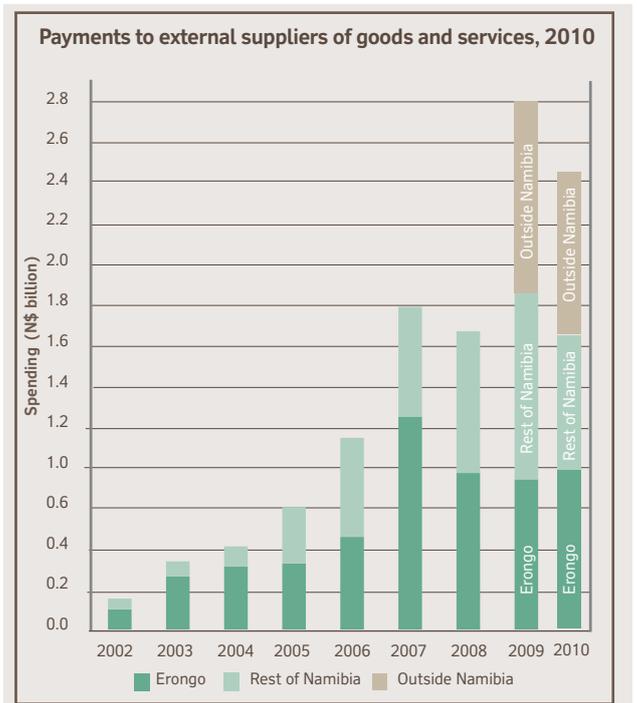
We foresee that operational challenges will demand continued focus on supplier relations management in the coming years.

Local development and SME growth remained a focus for us, but with a different approach taken in 2010. In order to foster this facet of our outreach activities to economically empower our region, we concluded a consulting contract with the Polytechnic of Namibia to assist in the development and outsourcing of selected SMEs within and outside our supply chain.

The objective is to have these SMEs grow and become independent and competitive players in the Erongo market. We are one of the major consumers of goods and services in the Namibian economy, and thus give rise to a significant ‘multiplier effect’ where our spending generates income and triggers further spending by others, which leads to a long chain of value adding throughout the economy.

Through this initiative, we will be able to identify the opportunities and threats within our business communities, enabling us to further support the sustainable growth and development of local enterprises where necessary.

It will also provide us with a uniform approach to better understand the needs of upcoming entrepreneurs and how to address these needs, thereby providing sustainable



development. We consider our partnership with the Polytechnic to be one of longevity and significance within the Erongo Region.

With regard to secure supply and risk management, we have really locked into the Global Rio Tinto Procurement supply network. Close contact and interaction with the Global Heavy Mining Equipment contract management team enables us to negotiate global contracts with large mining equipment houses. Furthermore, we receive support in the management of sulphuric acid from a global perspective. This allows for a wider strategic perspective, and enables us to tap into the global network of Rio Tinto.

In 2011, we will concentrate more on supplier innovation and technical support, especially in terms of processing chemicals and mining techniques. We will be commissioning the automated Flocculent Plant during the first quarter of 2011 and foresee similar developments occurring with the Caustic Lye Plant.

This will establish some of the procurement efficiencies and effectiveness that we envisage for our company. We will encourage and influence our suppliers to be "green focused" in managing their businesses, thus allowing us to measure our green credits.

Employment and skills development

The economic and social well-being of the people of the Erongo Region, and the Namibian economy at large, continue to be a key priority for us. Our commitment to our key asset, our employees, is evident in the above-inflation increase of 8 per cent of basic salaries for employees.

Thus, total payments benefiting employees in 2010 amounted to N\$627 million, up from N\$535 million in 2009. Given that the majority of employees are residents of the surrounding towns of Arandis, Swakopmund and Walvis Bay, it is anticipated that most of these incomes were spent in the domestic economy, thus stimulating economic activity not only in the Erongo Region, but elsewhere in the country as well.

In addition, we invested heavily in skills development of our people and retained our position as the second largest

"The innovative initiative that Rössing and the Centre for Entrepreneurial Development of the Polytechnic of Namibia have embarked upon to train and build capacity of SMEs on the mine's supply chain, has started to yield positive results. The SMEs involved in this project are already applying the different learnt concepts to their day-to-day operations to enhance effectiveness and efficiency. What Rössing has embarked on will go a long way in creating sustainable businesses that will contribute significantly to the socio-economic development in the Erongo Region, and Namibia at large."

Margaret Bennett,
Director, Centre for
Entrepreneurial Development: Polytechnic of
Namibia, Windhoek



employer in the mining sector, accounting for about 25 per cent of the sector's total permanent workforce. Supplementing the permanent employee numbers were 1,800 contractors who were on site every day during 2010, bringing total employment to 3,392.

Having moved from potential closure a few years back to extending our mining activities into 2023 and possibly beyond, our focus is to enhancing our strengths, to ensure that we continue to be a relevant and valuable contributor to the Namibian economy.



Our objective of being a world-class, responsible company requires us to conduct our business in compliance with international leading practices on company governance. Issues such as transparency, accountability, and business ethics are key to achieving our objectives. We are proud of our reputation and need to ensure that we continue to be held in high esteem around the world.

Corporate governance is aimed at promoting greater corporate accountability, transparency and stakeholder confidence and the Board of Directors subscribes to these principles.

It is the system by which Rössing is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the company, such as the Board of Directors, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on company affairs.

The Board of Directors executes the mandate it receives from the shareholders to ensure that Rössing is a world-class and responsible company by putting an executive team in place with certain targets to be achieved.

The Board is responsible for ensuring that the company is run in accordance with its mandate as described in Rössing's Articles of Association, and that the various stakeholder interests are balanced and receive the required attention.

The company is committed to being a good corporate citizen and a world-class leader in the Namibian mining industry. While the non-executive directors acknowledge the need for their independence, they recognise the importance of good communication and close cooperation with executive directors and other stakeholders.

Code of business conduct

We are committed to our code of business conduct, covering the following areas:

- Our reputation for acting responsibly plays a critical role in our success as a business and our ability to generate shareholder value.
- Our reputation stems from our four core values, which define the essence of who we are and who we will be: Accountability, Respect, Teamwork and Integrity.

- These values are expressed through the principles and standards of conduct set out in *The way we work*. They define the way we manage the economic, social and environmental challenges of our operations and are important to fulfilling our commitment to contribute to sustainable development.

- Actions speak louder than words. The behaviour of each and every one of us will influence how well we perform and how the world views us. *The way we work* is our conscience.

- Our conduct will bring about a success that we can all be proud to share – and one that everyone notices.

- By working according to our values, we will help sustain long-term business success by encouraging more effective relationships and stimulating deeper contributions to our local communities.

The Board is responsible for cultivating and promoting a corporate culture permeated by integrity. The objective of this code of business conduct is to enable employees to always act according to defined ethical principles. This code commits all employees to the highest standards of integrity in dealing with all stakeholders.

All the company's stakeholders are required to, at all times, familiarise themselves with this code and to comply with it, as it is regarded as a strategic business imperative and a source of competitive advantage.

The Board of Directors

The company has a unitary board. The Chairman is elected by the members of the Board from among their ranks and is currently non-executive, but not yet independent, as the current Chairman retired from Rössing as General Manager: Corporate Services in 2009. It is an acceptable norm that the Chairperson only becomes truly independent from Rössing's executive and shareholders three years after his retirement.

The roles of the Chairman and Managing Director are separate and distinct, and the current number and stature of the independent directors serving on the Board ensures that enough independence is applied when making significant decisions.

The Board of the company is comprised of 17 directors: 5 executive directors and 12 non-executive directors. Of the non-executive directors, 4 are independent. The Board seeks and assesses the independence of the directors through the Nominations and Remuneration Committee. The Board of

Directors believes that it is constituted of people with the appropriate mix of skills, experience and diversity.

The Board of Directors currently consists of the following members as at 31 December 2010:

Member	Role	Member	Role
R R Hoveka (59 years)	Chairperson (Non-executive Director)	BH Beath (49 years)	Rio Tinto plc Shareholder Representative: Non-executive Director
M D Leech (59 years)	Managing Director (Executive Director)	EJ Dorward-King (53 years) (resigned November 2010)	Rio Tinto plc Shareholder Representative: Non-executive Director
PD Carlson (52 years)	Chief Financial Officer (Executive Director)	DCW Ritchie (54 years)	Rio Tinto plc Shareholder Representative: Non-executive Director
E A Genis (58 years)	General Manager: Engineering & Projects (Executive Director)	AM Lloyd (alternate to DCW Ritchie) (54 years)	Rio Tinto plc Shareholder Representative: Non-executive Director
ZK Kasete (42 years)	General Manager: Corporate Services (Executive Director)	SC Wensley (43 years) (appointed November 2010)	Rio Tinto plc Shareholder Representative: Non-executive Director
W J van Rooyen (53 years)	General Manager: Operations (Executive Director)	SN Ashrafzadeh (51 years)	Iran Foreign Investment Company Shareholder Representative: Non-executive Director
EHT Angula (54 years)	Independent Non-executive Director	AV Kalantari (45 years)	Iran Foreign Investment Company Shareholder Representative: Non-executive Director
F Fredericks (43 years)	Independent Non-executive Director	A Iilende (36 years)	Government of the Republic of Namibia's Shareholder Representative: Non-executive Director
MM Kapia (57 years)	Independent Non-executive Director	JS Louw (87 years)	Minority Shareholder Representative: Non-executive Director
VB Moll (69 years)	Independent Non-executive Director	HP Louw (alternate to JS Louw) (52 years)	Minority Shareholder Representative: Non-executive Director

Functions of the Board

The Board is responsible and accountable for providing effective corporate governance, direction and control of the company.

The directors have a duty to exercise leadership, entrepreneurship, integrity and judgment based on transparency, fairness, accountability and responsibility. All directors subscribe to the code of business conduct.

A Board Charter governs the working of the Board of Directors and its performance is monitored by the Nominations and Remuneration Committee.

In terms of the memorandum of association, the Board is responsible for appointing the Managing Director of the company. According to the Board Charter, the Board is responsible for adopting a corporate strategy, major plans of action, major policies as well as monitoring operational performance. This includes identifying risks which impact on the company's sustainability and monitoring risk management, internal controls, compliance management, corporate governance, business plans, key performance indicators, as well as non-financial criteria and annual budgets.

The Board is also responsible for managing successful and productive stakeholder relationships. All directors carry full fiduciary responsibility and owe a duty of care and skill to the company.

Appointment

The appointment of directors is set out in the Nominations and Remuneration Committee Charter and ratified at the annual shareholder's meeting by shareholders that are present in person or by proxy. Based on recommendations of the committee, the Board of Directors approve the appointment of directors in compliance with regulatory requirements.

All the directors are periodically subject to retirement by rotation and re-election, in accordance with the memorandum of association.

The Nominations and Remuneration Committee takes cognisance of the need to ensure that the Board's composition is appropriately diversified in terms of different experience, skills, diversity and demographics to serve the interest of the company and its stakeholders.

Board meetings

The Board meets quarterly, with additional meetings convened as and when necessary. The table below shows the attendance of directors at Board meetings as well as board committee meetings:

Member	Feb.	May	Aug.	Nov.
RR Hoveka (Chairperson)	AT	AT	AT	AT
MD Leech	AT	AT	AT	AT
WJ van Rooyen	AT	AT	AT	AT
PD Carlson	AT	AT	AT	AT
EA Genis	AT	AT	AT	A
ZK Kasete	AT	AT	AT	AT
EHT Angula	AT	AT	AT	AT
F Fredericks	AT	AT	AT	AT
MM Kapia	AT	AT	AT	AT
VB Moll	AT	AT	AT	AT
BH Beath	AT	A	A	AT
EJ Dorward-King *	A	AT	AT	
S C Wensley **				AT
DCW Ritchie	A	A	A	A
AM Lloyd (alternate)	AT	AT	AT	AT
SN Ashrafizadeh	AT	A	A	NA
AV Kalantari	A	A	A	NA
A lilende	AT	AT	AT	AT
JS Louw	AT	AT	AT	AT
GP Louw (alternate)	A	AT	A	AT
<i>GD Labuschagne (secretary)</i>	AT	AT	AT	AT

A - Apologies tendered
 AT - Attended
 NA - Not Attended
 * - Resigned
 ** - Appointed

Board Remuneration & Nominations Committee

Member	Feb.	May	Aug.	Nov.
EHT Angula (Chairperson)	AT	AT	AT	AT
F Fredericks	AT	AT	AT	AT
AM Lloyd (alternate)	AT	AT	AT	AT
ZK Kasete	AT	AT	AT	AT
<i>GD Labuschagne (secretary)</i>	AT	AT	AT	AT

Board Audit & Risk Committee

Member	Feb.	May	Aug.	Nov.
VB Moll (Chairperson)	AT	AT	AT	AT
F Fredericks	AT	AT	AT	AT
JS Louw	AT	AT	AT	AT
HP Louw (alternate)	A	AT	A	AT
BH Beath	AT	A	A	AT
PD Carlson	AT	AT	AT	AT
<i>GD Labuschagne (secretary)</i>	AT	AT	AT	AT

Board Sales Committee

Member	Feb.	May	Aug.	Nov.
JS Louw (Chairperson)	AT	AT	AT	AT
HP Louw (alternate)	A	AT	A	AT
MD Leech	AT	AT	AT	AT
C Beyer	A	AT	A	AT
<i>GD Labuschagne (secretary)</i>	AT	AT	AT	AT

Board TESEF Committee

Member	Feb.	May	Aug.	Nov.
F Fredericks (Chairperson)	AT	AT	AT	AT
RR Hoveka	AT	AT	AT	AT
MD Leech	AT	AT	AT	AT
PD Carlson	AT	AT	AT	AT
<i>GD Labuschagne (secretary)</i>	AT	AT	AT	AT

The 15 per cent shares that the Iranian Foreign Investment Company has in the company were acquired during the Iran pre-revolution days when the Shah was still in power. During the year under review, the United Nations Security Council Resolution 1929 was passed, which prohibits UN member countries, of which Namibia is one, from allowing Iran to acquire an interest in a commercial activity involving uranium mining or obtain access to nuclear technology. Messrs. SN Ashrafizadeh and AV Kalantari did not attend the meetings since February 2010 in compliance with the UN Resolution 1929 requirements.

Directors' development

Training and development of directors is conducted through a formalised process, which takes into account performance evaluation of the directors and the Board as a whole.

Directors undergo a formalised induction programme at appointment, as well as continuing professional development. Training sessions were conducted for directors during the past year. These sessions covered important topics, such as recent developments in corporate governance, updates on legislative developments, as well as relevant developments in the company's areas of operation. Directors are also at liberty to propose training topics at their discretion.

Directors' evaluation

The Board of Directors, through the directors' Affairs and Governance Committee, conducts an annual performance evaluation of the Board, committees and individual directors on the various functions as set out in charters. The Executive Director's performance, both as an executive and as a director, is evaluated against set objectives.

Special purpose vehicles

The company has established two special purpose vehicles, which are managed independently from Rössing by their own board of trustees, on which Rössing Board members are represented, but are in the minority. These are The Rössing Foundation and the Rössing Environmental Rehabilitation Fund.

The Transformational Economic and Social Empowerment Framework (TESEF) Committee was established in 2009 to review and propose strategies to ensure our compliance with Government's TESEF policy statements.

The Rössing Foundation was established in 1978 by Rössing Uranium Limited through a Deed of Trust to implement and facilitate its corporate social responsibility activities within the communities of Namibia.

Board committees

The Board sets up various committees to assist it in achieving its mandate. These committees enable the Board to make informed decisions by dividing the workload among the members, allowing them to focus more intensively on different aspects of the business, and to debate the issues raised more intensively, based on their areas of expertise. The committees then take proposals and recommendations to the Board for approval.

The Audit Committee reviews the effectiveness of the risk management process, the accuracy of external reporting, and manages the effectiveness of assurance activities. It is also the custodian of the company's standards of business conduct and ethics, and ensures compliance with all the relevant laws of the countries in which we operate.

The Sales Committee reviews the pricing policy and market condition assumptions used in the uranium marketing strategy.

The Nominations and Remuneration Committee manages the recruitment process of directors, reviews the succession plans of directors, reviews the effectiveness of Board Members, and determines the remuneration of the Board Members.

The trustees of the Rössing Environmental Rehabilitation Fund review the closure plans and trust funds put aside for eventual rehabilitation of the mine site.

All committees have formal charters or terms of references and report to the Board of Directors. They are chaired by non-executive directors, who are in the majority.

Financial statements

The directors are responsible for monitoring and approving the financial statements in order to ensure that they fairly present the company's affairs and the profit or loss at the end of the financial year. The independent auditors are responsible for expressing an opinion on the fairness with which these financial statements depict the financial position of the company. The financial statements are prepared by management in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Namibian Companies' Act. They are based on appropriate accounting policies that have been consistently applied, and which are supported by reasonable and prudent judgements and estimates.

External auditor independence

The group's annual financial statements were audited by the independent auditors, PricewaterhouseCoopers. The company believes that the auditors observed the highest level of professional ethics, and has no reason to suspect that they did not act independently from the company. The Audit and Risk Committee confirmed the independence of the external auditors for the reporting period.

Company secretary

The company secretary, GD Labuschagne, is suitably qualified and has access to the company's resources to effectively execute her duties. She provides support and guidance to the Board in matters relating to governance and compliance practices across the company. All directors have unrestricted access to the company secretary.

Risk report

Risk management is a fundamental part of the company's business. This is achieved by keeping risk management at the centre of the company's activities, and by introducing a culture in which risk management is embedded in the everyday management of the business. The Board acknowledges its overall responsibility for the process of risk management, as well as for reviewing its effectiveness. Executive management is accountable to the Board for designing, implementing and monitoring the process of risk management, as well as integrating it with the day-to-day activities of the group. The company remains committed to the objective of increasing shareholder value by developing and growing business that is consistent with its risk appetite, and through building more effective risk management capabilities.

Protection of our reputation

A strong corporate reputation is a valuable asset to the company. By managing and controlling the risks incurred in the course of conducting business, the company protects its reputation. This means avoiding large concentrations of exposures of all kinds, as well as business deals that are sensitive for tax, legal, regulatory, social, environmental or accounting reasons.

Credit risk

Credit risk represents the risk of loss to the company as a result of a counter party being unable or unwilling to meet its contractual obligations. Credit risk is a critical risk to the business, and management takes the necessary steps to prevent this risk from materialising. We are in the fortunate position that, to date, no client has ever defaulted on their obligations.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet all payment obligations as liabilities fall due. During the coming period, as Rössing establishes itself as a new mine for the future, a high level of investment will be made. This will place a heavy burden on the company's cash resources, which are carefully monitored to ensure that all stakeholders are timeously paid and that cash from customers is timeously received in order to honour our commitments.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inherent in the company's operations. The goal is to manage this risk to acceptable levels and to minimise unexpected events. Senior management is responsible for identifying and mitigating operational risks.

Business resilience and recovery risk

The company has a comprehensive emergency response programme in place to react to any emergency that may occur on site. The process for enhancing our capability to support the availability of systems, restore technology platforms, resume operations and deliver core business processes in the event of problems is currently under review and should be completed in 2011.

Information risk management

Changes to IT systems can introduce risk if not properly planned, assessed and implemented with care.

Reputational risk

Reputational risk is the risk caused by damage to the company's or any of its stakeholders' reputation, name or brand. Such damage may result from a breakdown of trust, confidence or business relationships, and can arise if other risks emerge without being decisively dealt with.

Solvency risk

Insolvency is the chronic condition of being unable to pay one's debts in full. An insolvent company cannot pay its debts. It must either be liquidated or rescued. The Board and Risk Committee reviews the solvency and going concern of the company on a regular basis.

The Rössing Mountain, a well-known landmark between the mine and Swakopmund.



Market risk

Market risk is defined as the risk of losses in on and off balance sheet positions arising from movements in market prices. Rössing is exposed to exchange rate movement risks, U₃O₈ market price risks and, to a lesser degree, interest rate risks. These risks are a top priority for the directors, and are as such analysed on a continuous basis in order to ensure that the risks remain within the tolerance levels set.

Internal audit

The company's internal audit function performs an independent appraisal activity with the full cooperation of the Board and management. It has the authority to independently determine the scope and extent of work to be performed. Its objective is to assist executive management with the effective discharge of its responsibilities by examining and evaluating the company's activities, resultant business risks and systems of internal control. Its mandate requires it to bring any significant control weaknesses to the attention of management and the Audit and Risk Committee for remedial action.

The internal audit function for the year was outsourced to Ernst & Young. Internal auditors report functionally to the company's Audit and Risk Committee, and administratively to the company secretary.

Internal control

Internal control comprises methods and procedures implemented by management to ensure:

- Compliance with policies, procedures, laws and regulations;
- Authorisation by implementing the appropriate review and approval procedures;
- Reliability and accuracy of data and information: Information used in the decision making process at Rössing needs to be accurate, timely, useful, reliable and relevant;
- Effectiveness and efficiency: All operations at Rössing need to add value and be effective and efficient, with the most economical use of resources, which is accomplished through the continuous monitoring of goals: "That which is measured is controlled"; and
- Safeguarding of assets: Assets are protected from theft, misuse, use for fraudulent purposes and/or destruction.



Assurance

Our vision is to undertake our business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant laws and regulations and international standards, as well as being in line with various Rio Tinto and Rössing guidelines on leading business practices, such as *The way we work*.

Various external assurance and verification processes are conducted throughout the year on much of our work. For example, our financial statements are audited by external auditors, and environmental figures are audited annually by an external environmental auditing company. Auditing companies, Government bodies and other institutions that reviewed the company's practices in 2010, were as follows:

- PricewaterhouseCoopers (external audits)
- Ernst & Young (internal audits)
- Rio Tinto Corporate Assurance (internal audits)
- Det Norske Veritas (ISO 14001:2004 certification)
- International Atomic Energy Agency (IAEA)
- Metago Environmental Engineers (annual review of tailings and associated environmental aspects)
- Environmental Resources Management Ltd (Rio Tinto operational and business unit assessment)
- Ministry of Labour and Social Welfare – Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) (compliance verification in respect of labour-related acts)
- Ministry of Health and Social Services (compliance verification in respect of health and related acts)
- Ministry of Agriculture, Water and Forestry (compliance verification in respect of effluent management and water-related acts)
- Ministry of Mines and Energy (compliance verification in respect of mining operation-related acts), and
- Ministry of Finance (compliance verification in respect of income tax and financial acts).

List of references

The way we work: Our statement of business practice

The way we buy

Human rights guidance

Compliance guidance

Business integrity guidance

Corporate governance guidance

Antitrust policy and guidance

Our key relationships

Sustainable development

Corporate standards – Safety

Corporate standards – Occupational health

Corporate standards – Environment

Corporate standards – Communities

Corporate standards – Closure

These reference documents are all available electronically from the Rio Tinto website – www.riotinto.com – or in hard copy by writing to Rio Tinto, 2 Eastbourne Terrace, London, W2 6LG, United Kingdom.

Health, Safety and Environment (HSE) policy

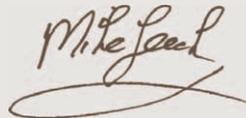
January 2011

Excellence in Health, Safety and Environmental (HSE) management is one of the foundations of Rössing's vision to be a safe, long-term supplier of U_3O_8 to the nuclear power industry around the world. This is in line with our commitment to Zero Harm, corporate citizenship, social responsibility and sustainability.

To accomplish this, Rössing will:

- Recognise that nothing is more important than the protection of the health and safety of our stakeholders, specifically, our employees, contractors, host communities, clients and shareholders.
- Commit to operate our business with respect and care for both the local and global environment in order to prevent and mitigate residual pollution.
- Understand and manage the effects of our product through its entire life cycle to deliver continuous improvements in a sustainable manner.
- Be in full compliance with all applicable legal, standards and requirements.
- Seek continual and rapid improvement in HSE performance to create a Zero Harm environment that is in line with leading practices.
- Provide adequate HSE training and resources to employees, contractors and visitors.
- Identify and assess hazards arising from our activities and manage associated risks to the lowest practical level.
- Enhance biodiversity protection by assessing and considering ecological values and land use aspects in investment, operational and closure activities.
- Continue in our efforts to raise the awareness of HSE issues to our host communities.
- Regularly review our performance and publicly report our progress.
- Communicate our commitment to this HSE policy to all our stakeholders and ensure that this policy is readily available to all our stakeholders.
- In implementing this policy we will engage in constructive dialogue with our employees, contractors, host communities and all other stakeholders in sharing relevant information and responsibilities for meeting our requirements.

This policy is complemented by the HSE strategy, which is also readily available to all our stakeholders.



Managing Director
Rössing Uranium Limited

Rössing Uranium Limited
(Incorporated in the Republic of Namibia)
Registration number: 70/1591

Abridged annual financial results
For the year ended 31 December 2010

Statement of Responsibility by the Board of Directors

The company is committed to the principles of openness, integrity and accountability. The directors are committed to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate governance practices.

Board of Directors

The Board meets four times a year, retains full and effective control over the company and monitors executive management. The Board of Directors comprises twelve non-executive directors and five executive directors. All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed. In addition, all directors are entitled to seek independent advice about the affairs of the company at the company's expense.

Board Audit Committee

The Board-appointed Audit Committee was established in 1995 and is an important element of the Board's system of monitoring and control. The audit committee comprises three non-executive directors and two independent members. Both the external and internal auditors have free access to this committee. Meetings are held four times a year and are attended by the company's internal and external auditors and senior management, including the Chief Financial Officer, to review the financial statements and accounting policies, the effectiveness of management information and other systems of internal control, the effectiveness of the internal audit function and the internal and external auditors' findings.

Internal control

The company maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition, which are designed to provide reasonable assurance to the Board of Directors regarding the preparation of reliable published financial statements and the safeguarding of the company's assets. The systems include a documented organisational structure and division of responsibility, established policies and procedures, and the careful selection, training and development of staff. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Board of Directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

The company assessed the effectiveness of its internal control system for the year ended 31 December 2010 in relation to the criteria for effective internal control over financial reporting as set out in the ultimate holding company's Group Internal Financial Control Questionnaire. Based on its assessment, the company believes that for the year ended 31 December 2010, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, met those criteria.

Worker participation and Affirmative Action

The company employs a variety of participative structures on issues which affect employees directly and is committed to complying with the Affirmative Action (Employment) Act.

Code of good conduct

The company has developed and promulgated a formal written code of good conduct. We are committed to the highest standards of integrity, behaviour and ethics in dealing with all our stakeholders, including our shareholders, directors, managers, employees, customers, suppliers and society at large.

Statement of Responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the abridged financial statements of Rössing Uranium Limited. The abridged financial statements have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management.

The directors are responsible for the company's system of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the abridged financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material break down in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the abridged financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the company is supported by the abridged financial statements.

Directors' Report

Activities

The company operates a uranium mine and processing plant at Rössing in Namibia.

Operations

Production of uranium oxide for the year was 3,628 metric tonnes compared to 4,147 metric tonnes in 2009.

A total of 51,538,700 metric tonnes (2009: 54,477,650 metric tonnes) were mined from the open pit and 11,598,068 metric tonnes (2009: 12 443 299 metric tonnes) of ore were milled.

The mine is currently operating on an approved Life of Mine Plan to 2023. There are current drilling initiatives to expand mining beyond this period into the next decade.

Directorate and secretary

The names of the directors and of the secretary who held office during the year ended 31 December 2010, as well as the business and postal address of the latter, were as follows:

Directors

R R Hoveka (Chairman)

M D Leech (Managing Director) *

P D Carlson *

E A Genis *

Z K Kasete *

W van Rooyen *

A Lilende

E H T Angula

S N Ashrafizadeh

B H Beath

F Fredericks

A V Kalantari Hemmatabadi

M M Kapia

J S Louw

V B Moll

D C W Ritchie

Alternate Directors

H P Louw

A M Lloyd

S C Wensley (appointed 17 November 2010)

E J Dorward-King (resigned 17 November 2010)

* denotes executive directors

Secretary

GD Labuschagne

Business address

360 Sam Nujoma Drive
Klein Windhoek
Windhoek, Namibia

Postal address

P O Box 22391
Windhoek, Namibia

Auditors

PricewaterhouseCoopers will continue in office in accordance with Section 270 (2) of the Namibian Companies Act.

Holding company and ultimate holding company

The company's immediate holding company is Skeleton Coast Diamonds Limited, a company registered in Namibia. Rio Tinto plc, registered in England and Wales, is the company's ultimate holding company.

Condensed Statement of Comprehensive Income

		2010	2009
		N\$'000	N\$'000
	Notes		
Revenue		<u>3 609 020</u>	<u>3 232 493</u>
Operating (loss)/profit before capital items		(59 040)	470 744
Capital items	1.	<u>879</u>	<u>-</u>
Results from operating activities		(58 161)	470 744
Finance income		6 214	5 196
Finance costs		<u>(24 128)</u>	<u>(26 439)</u>
(Loss)/profit before income tax		(76 075)	449 501
			-
Taxation		<u>33 037</u>	<u>(160 059)</u>
(Loss)/profit for the year		(43 038)	289 442
Other comprehensive income for the period, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income and expenses for the year		<u>(43 038)</u>	<u>289,442</u>
Basic earning per share (cents)		<u>59</u>	<u>111</u>

NOTES

Basis of preparation

The abridged financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective at 31 December 2010.

Auditor's report

PricewaterhouseCoopers unmodified auditor's report included in the annual financial statements is available for inspection at the company's registered office.

1. Capital items

Net profit on disposal of property, plant and equipment	<u>879</u>	<u>-</u>
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Statement of Financial Position

	2010	2009
ASSETS	N\$'000	N\$'000
Non-current assets	1 505 210	1 439 971
Property, plant and equipment	1 342 341	1 306 455
Rössing Environmental Rehabilitation Fund	162 869	133 516
Current assets	2 881 966	3 347 947
Inventories	1 557 928	2 035 392
Current income tax asset	36 809	-
Trade and other receivables	362 849	1 125 901
Cash and cash equivalents	924 380	186 654
Total assets	4 387 176	4 787 918
EQUITY AND LIABILITIES		
Capital and reserves	2 532 643	2 707 333
Share capital	223 020	223 020
Retained earnings	2 309 623	2 484 313
Non-current liabilities	959 100	957 219
Interest-bearing borrowings	11 319	11 338
Deferred tax liabilities	443 022	477 358
Long-term provisions - other	499 655	468 523
Post-employment obligation	5 104	-
Current liabilities	895 433	1 123 366
Bank overdraft	387 791	611 636
Trade and other payables	505 717	446 740
Current income tax liability	-	63 572
Dividends payable	-	-
Current portion of interest-bearing borrowings	1 925	1 418
Total equity and liabilities	4 387 176	4 787 918

Abridged Cash Flow Statements

	2010	2009
	N\$'000	N\$'000
Cash flows from operating activities	1 239 441	73 381
Cash generated by operations	182 864	765 917
Changes in working capital	1 299 494	(449 717)
Net financial expenses	(9 585)	(13 419)
Income tax paid	(101 680)	-
Cash available from operating activities	1 371 093	302 781
Dividends paid:	(131 652)	(229 400)
Cash flows - utilised in investing activities	(278 358)	(266 801)
Cash flows (applied in)/ from financing activities	488	61
Increase/(decrease) in cash and cash equivalents	961 571	(193 359)
Cash and cash equivalents at beginning of year	(424 982)	(231 623)
Cash and cash equivalents at end of year	536 589	(424 982)
Made up of:		
Cash at bank and in hand	924 380	186 654
Bank overdraft	(387 791)	(611 636)
SUPPLEMENTARY INFORMATION	2010	2009
	N\$'000	N\$'000
Depreciation and amortisation	224 159	226 348
Capital expenditures	247 404	266 801
Capital commitments	89 777	209 027
Lease commitments		
Payable within the next 12 months	1 925	1 418
Payable thereafter	11 319	11 338
Net foreign exchange losses	(64 017)	(75 905)
Weighted average number of shares (in '000)	223 020	223 020

Condensed Statement of Changes in Equity

	Share Capital N\$'000	Retained Earnings N\$'000	Total N\$'000
Balance at 1 January 2010	223 020	2 484 313	2 707 333
Total comprehensive income and expenses	-	(43 038)	(43 038)
Dividend declared during the year	-	(131 652)	(131 652)
Balance at 31 December 2010	<u>223 020</u>	<u>2 309 623</u>	<u>2 532 643</u>
Balance at 1 January 2009	223 020	2 378 687	2 601 707
Profit for the year	-	289 442	289 442
Dividend declared during the year	-	(183 816)	(183 816)
Balance at 31 December 2009	<u>223 020</u>	<u>2 484 313</u>	<u>2 707 333</u>

Management team



Mike Leech
Managing Director



Peter Carlson
Chief Financial Officer



Willem van Rooyen
General Manager:
Operations
(Until 13 December 2010)



André Genis
General Manager:
Engineering and Projects



Zebra Kasete
General Manager:
Corporate Services



Bernard Morwe
General Manager:
Operations
(From 14 December 2010)



Jerome Mutumba
Manager:
External Affairs



Mudiwa Gwisai
Manager: Business Controls



Glynis Labuschagne
Manager:
Compliance and Legal Services



Ralf Schommarz
Manager: Mining and
Manager: Long-term Planning
(Acting)



Shambweka Cikwililwa
Manager:
Engineering Services



Frances Anderson
Manager:
Sustainable Development
and Director: Rössing
Foundation (Acting)



Paul Rooi
Manager:
Health, Safety and Environment



Ebenhard Kandanga
Manager:
Human Resources



Jomo Appolus
Manager:
Innovation



Dave Garrard
Manager:
Development Projects



Noël Mouton
Manager:
Business Administration



Stoffel Swartz
Manager:
Business Improvement



Martin Hirsch
Chief Geologist



Dewald Meyer
Manager:
Technical Innovation



Carlo van Heerden
Manager:
Power Efficiency and Projects



Du Preez Calitz
Manager:
Maintenance



Edmund Roberts
Manager:
Procurement

Vacant: Manager: Training and Organisational Development

Management team as at 31 December 2010

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 or uranium oxide (U_3O_8). It must be processed before it can be used as a fuel for a nuclear reactor where electricity is generated to produce heat and steam and 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 19 mm. 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 4.3 m 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 Rotoscops 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 where an 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'. (Photo: www.aveva.com)



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 plant can produce 4,500 t 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. (Photo: www.aveva.com)



14. Enrichment
This step increases the concentration of the isotope U^{235} from its naturally occurring level of 0.7% to higher levels required for nuclear reactors - about 3%. (Photo: www.aveva.com)



15. Fabrication
Enriched uranium is converted into uranium dioxide, formed into solid cylindrical pellets, sealed in metal fuel rods, and bundled into fuel assemblies. (Photo: www.aveva.com)



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

For any feedback, comments,
concerns or suggestions about this
report please contact us.

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