Rio Tinto

Rössing Uranium Limited

Working for Namibia

2013 Report to Stakeholders

Looking ahead

Rio Tinto in Africa

Rio Tinto has been working on the African continent for more than 50 years and has operations in seven African countries, namely Cameroon, Guinea, Madagascar, Mozambique, Namibia, South Africa and Zimbabwe. Our African businesses span across operations in aluminium, bauxite, diamonds, iron, titanium, uranium and zircon.

Rio Tinto's operations in Africa generate over US$280 million in direct taxes and royalty payments to the continent's governments. But the benefits flow more deeply than this: we employ more than 6,500 people here, only 5 per cent of whom are not from Africa.

Our partnerships include individual citizens and their communities as well as non-governmental organisations, small-scale enterprises and multinational corporations. Thus, the benefits are felt locally, nationally, across the African continent and internationally.

The Rössing Mine

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.

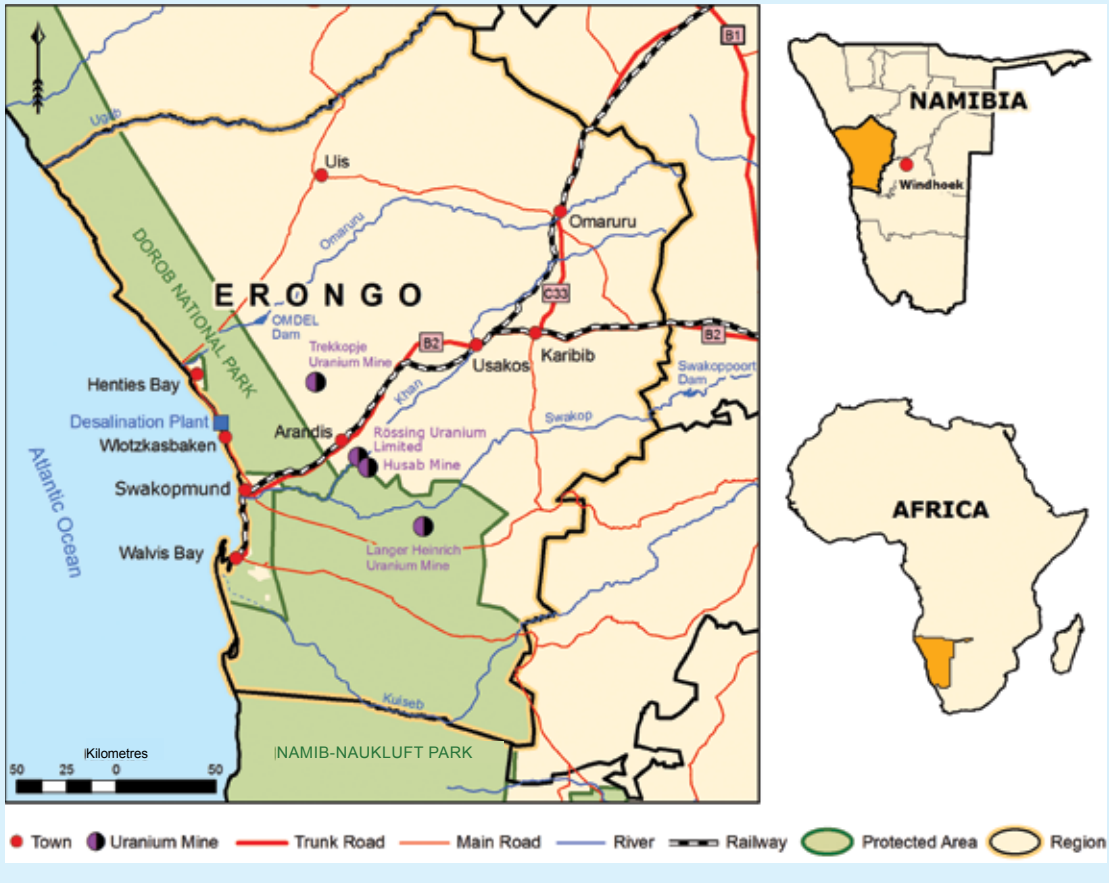
Today, Namibia has two significant uranium mines, which together provide for 6.96 per cent of the world's uranium oxide mining output. Rössing Uranium produces some 3.4 per cent of this. The mine has a nameplate capacity of 4,500 tonnes of uranium per year and, by the end of 2013, had supplied a total of 125,862 tonnes of uranium oxide to the world.

The mine is located 12km from the town of Arandis, which lies 70km inland from the coastal town of Swakopmund in Namibia's Erongo Region. Walvis Bay, Namibia's only deep-water harbour, is located 30km south of Swakopmund.

The mining operation is in a semi-arid environment. Insolation at Rössing is high, and as a result, daytime ranges of temperatures are wide, especially during May and September, when the difference between minimum and maximum temperatures exceeds 20°C daily. The lowest temperatures are normally recorded during August, but frost is rare. The highest temperatures are recorded in the late summer, particularly March.

The mine site encompasses a mining licence and accessory works areas of about 180km^2, of which 25km^2 is 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.



Front page photograph: The open pit, viewed from the western side.

Right: Map of the Erongo Region indicating the location of the Rössing mine.

Photo on next page, far right: The open pit, where heavy mobile equipment can be seen in operation.

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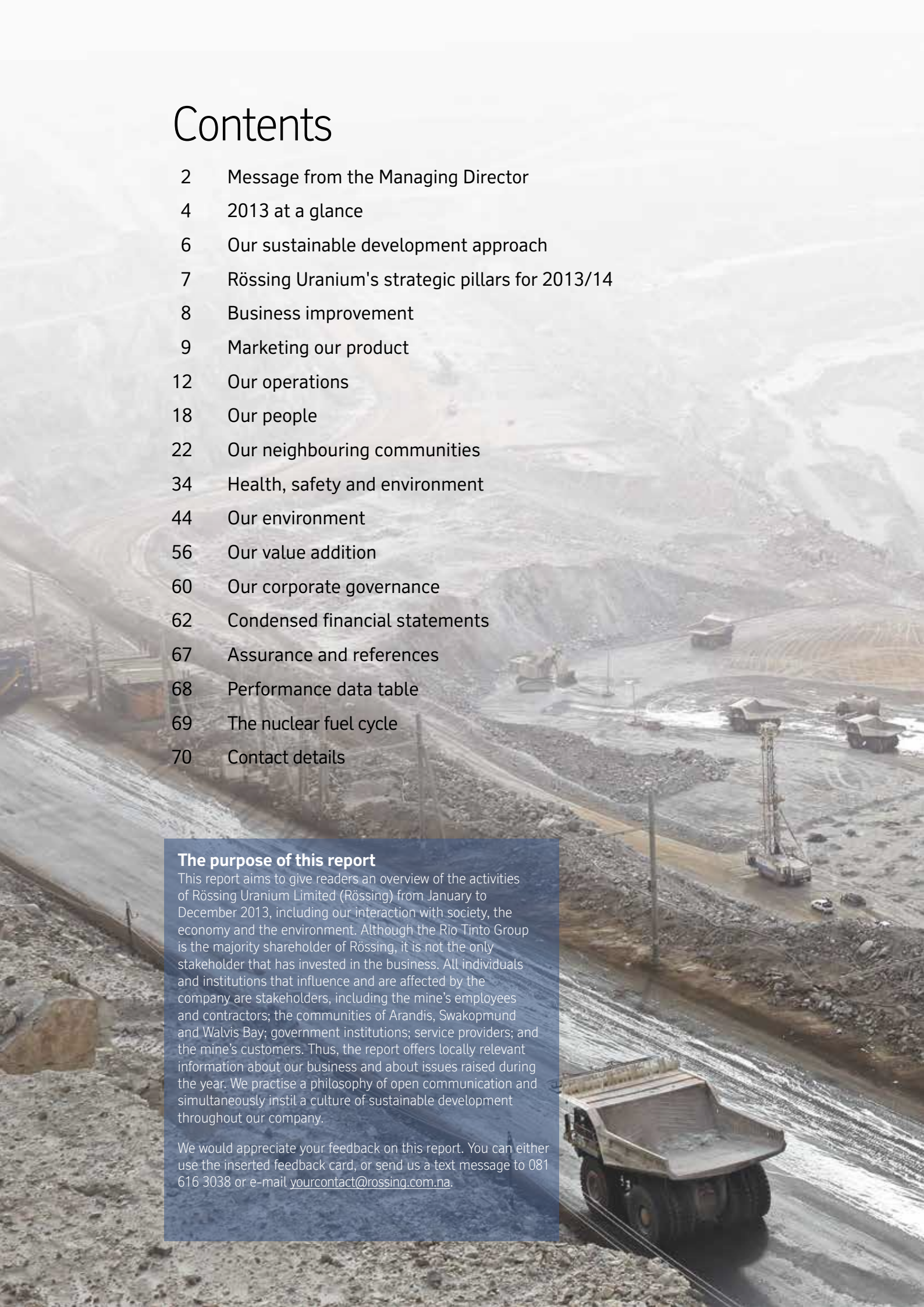


The purpose of this report

This report aims to give readers an overview of the activities of Rössing Uranium Limited (Rössing) from January to December 2013, including our interaction with society, the economy and the environment. Although the Rio Tinto Group is the majority shareholder of Rössing, it is not the only stakeholder that 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. Thus, the report offers locally relevant information about our business and about issues raised during the year. We practise a philosophy of open communication and simultaneously instil a culture of sustainable development throughout our company.

We would appreciate your feedback on this report. You can either use the inserted feedback card, or send us a text message to 081 616 3038 or e-mail yourcontact@rossing.com.na.

Message from the Managing Director

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

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

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

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

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

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

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

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

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

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

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

Our work on transforming the business continues to deliver a rich stream of ideas that are being implemented

with urgency and passion. This is vital, because we need to position ourselves to benefit from growth in the uranium market, as uranium will remain an important part of the global energy mix.

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

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

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

Werner Duvenhage
Managing Director
30 April 2014

Executive Committee

Executive Committee members, as at 30 April 2014: (Back row) Shaan van Schalkwyk (Chief Financial Officer); Ben De Vries (General Manager, Mining); (Front row) Melissa Shanjengange (General Manager, Organisational Resources); Werner Duvenhage (Managing Director); and Martin Tjipita (General Manager, Processing).

2013 at a glance

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

Safety

Disappointing, but plans in place to improve

AIFR 0.96

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

Market conditions

Challenges, but global nuclear power is still showing long-term growth

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

Production

2,409 tonnes of uranium oxide produced

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

Financial performance:

Profit of

N$32 million

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

Productivity improved

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

Education and skills investment continues

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

Exploration: Z20 uranium occurrence a significant resource

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

Substantial procurement spend in Namibia

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

Human resources continue to be an important focus area

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

Processing Plant: Leach tank failure

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

Our sustainable development approach

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

Everything we do is in line with the generally accepted definition of *sustainable development*, namely as development that meets the needs of the present without compromising the ability of future generations to meet their 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 focused on —

- creating long-lasting positive effects for the people of the Erongo Region and Namibia;
- building capacity to ensure that we contribute to the future well-being of our employees;
- minimising negative impacts and optimising positive ones; and
- maintaining our reputation as a responsible corporate citizen of Namibia.

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

- use our assets, that is, both our own resources and environmental resources;
- contribute positively to the needs of society by providing support to stakeholder communities without creating dependency; and
- generate economic wealth.

Driving the integration of sustainable development at Rössing are six themes (or pillars) highlighted below. These themes form the framework in which our business is conducted.

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 in which we operate, and through continuous interaction with them, we can respond to their concerns and needs. Moreover, neighbouring communities should realise a net benefit and a 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.

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 achieved by understanding and appreciating our natural resources, both biotic and abiotic, utilising them in a sustainable manner, and creating a net positive impact.

Economic viability

In order to provide the best returns on our shareholders' investment, we need to understand the long-term demand for our product as well as the cost, resource availability and value creation associated with that demand. Economic viability also ensures that we continue to make significant contributions to Namibia's economy and her people in various ways.

Corporate governance and compliance

We strive to be transparent and proactive in all our business operations. To this end we have auditable business systems in place which form the backbone of good corporate governance.

An Adenia pechuelii *(Elephant's foot), endemic to the Namib desert.*

Rössing Uranium's strategic pillars for 2013/14

These pillars summarise the key drivers that have enabled us to stay focused, and on which we now report.

Vision
To be the safest and most efficient uranium producer in the world.
Mission
To be a uranium supplier to the global nuclear power industry creating maximum return for our shareholders — whilst delivering benefits to all stakeholders.
Values
Teamwork; Respect; Accountability; Integrity

Strategic pillars	Health, safety and environment	Operational and financial 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	Developer of choice	Supplier of choice
Key drivers	• Behavioural safety • Effective safety leadership • Accountability • Simplified systems and procedures • Effective management of critical risks • Process safety management • Further increase in employee engagement	• Maintain resource model integrity • Improve production planning • Enhance governance around key systems and processes • Sustain cost-saving performance of 2013 • Enhance framework and project delivery • Ensure reliability of plant and equipment	• Determine optimum value for Z20 and a feasible development pathway • Extend Life-of-Mine Plan • Leverage technology • Improved knowledge of management processes	• A great working environment • Talent and capacity-building systems to meet future needs • Effective team membership by all employees • Effective communication • Performance management systems and culture • Improving skills of all leaders • Enhancing productivity	• Constructive Government relations • Stakeholder engagement • Recognised for quality and commitment to sustainable development • New Equitable Economic Empowerment Framework (NEEEF) implementation • The Rössing Foundation: valued corporate social responsibility delivery pathway • Active role in the Uranium Institute and the Strategic Environmental Management Plan (SEMP)	• Established and reputable relationship with major global customer base • High standards of operation and reliability • World-class, fact-based marketing strategy and tactics

Jobah Simasiku (Metallurgist) in the Agitated Leach Laboratory, taking measurements in preparation for laboratory-based metallurgical testing. The agitated leach test method was developed to test and select alternative and improved operating set points for the Rössing Leach Plant for a given ore type.

Business improvement

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

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

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

Furthermore, adopting the internationally accepted and Rio Tinto-endorsed concepts and methodologies of LeanSixSigma and the Theory of Constraints in our operating context will mean that future BI activities at Rössing can be streamlined further by this systematic, rigorous and structured approach.

The new approach will assist in more effectively resolving difficult problems, reducing process variation and eliminating non-value-adding activities.

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

Another highlight for 2013 was the design and implementation of Rössing's Idea and Project Hopper concept and tracking process.

The importance of thorough engagement and workforce involvement in improvements was again confirmed and emphasised during 2013. Projects without thorough engagement by process owners, project champions and team members will not yield the results it can and should. Workforce involvement is crucial for creating a culture of continuous improvement at Rössing.

The year ahead will be a challenging one for the mine, but the BI team is committed to adhering to the systems and processes put in place over the last few years to ensure Rössing is always appropriately equipped to fulfil its function effectively and efficiently.

Test tubes with the different processing stages of our product in the mine's chemical laboratories.

Marketing our product

All uranium produced by Rio Tinto's mines is marketed by London-based Rio Tinto Uranium. Rössing, one of the largest and longest-operating uranium mines in the world, supplies electricity companies located in all three major markets: Asia, Europe and North America. Almost all of Rössing's production is marketed through long-term contracts with a diverse selection of customers.

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

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

Clark Beyer, Managing Director, Rio Tinto Uranium

All uranium produced by Rio Tinto's mines is marketed by London-based Rio Tinto Uranium Ltd. Rössing, one of the largest and longest-operating uranium mines in the world, supplies electricity companies located in all three major markets: Asia, Europe and North America. Almost all of Rössing's production is marketed through long-term contracts with a diverse selection of customers.

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

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

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

One major supply source that has impacted global uranium prices for more than a decade finally came to an end in 2013. The historic US–Russia programme to blend down Russian nuclear warheads into fuel for US reactors completed its final deliveries in December 2013, and represented a major milestone in non-proliferation history. Over 20,000 Russian nuclear warheads were destroyed through this programme, and the contained uranium satisfied more than 10 per cent of US demand over the past 15 years. While clearly an important initiative in a historical sense, the programme placed additional pressure on uranium producers, especially higher-cost operations such as Rössing. While some saw the end of this programme as a boon for prices, it is likely that, for the time being, other secondary supply sources will replace most of the roughly 15 million pounds of uranium oxide equivalent that entered the market in this way each year. So while the end of the programme is generally a positive factor for the market, it may not have much effect on prices in the near term.

Looking ahead to 2014, the restarts of some nuclear power stations in Japan remain a prospect. However, there is significant uncertainty as to the timing and the extent of the resumption of operations for these plants. As many as ten nuclear reactor units are in line for approvals once the Japanese Government regulator is satisfied that the plants are safe, but progress in the resumption process may be slow. In the meantime, after five units were permanently closed in the US in 2013 because of the need for major repairs and/or the presence of very low-cost natural gas generation facilities, it is believed the worst is over. However, there may be a few more units that are at risk to be closed down in deregulated power markets where natural gas is cheap and plentiful.

The other damper on the likelihood of a rapid price increase is the presence of large inventories across the entire ecosystem. Utilities are holding large stocks in all forms, which defers their need to buy for one to three years on average. In addition, most utilities around the world have long-term contracts which cover a portion of their future requirements for five years or more.

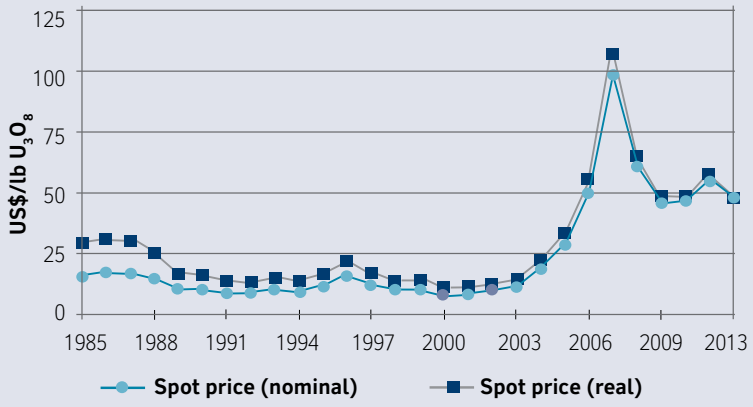
Fundamental demand is expected to increase gradually rather than rapidly, as new reactors come online in China, India, the Republic of Korea (South Korea), the United Arab Emirates, the US, and a few other countries.

Fortunately, we are starting to see some long-overdue adjustments to the supply picture. To date this has mainly been the postponement or deferral of new mining projects that are not yet in operation; this has occurred with a number of projects in Australia, Namibia, the US and elsewhere. However, it is also possible that we will see some existing mining operations shut down or put on care and maintenance until prices improve. So these supply adjustments, if of sufficient volume, could prompt an increase in market prices in 2014 and 2015.

With further declines in uranium prices in 2013, most uranium miners are struggling to maintain profitability. Consequently, few new mines are expected to enter production in the next few years, given the weak pricing environment. However, the industry will need new mines to be developed in the next five years in order to meet the demand later this decade and in the post-2020 period. Those new projects will only be delivered if incentive prices are higher than at present.

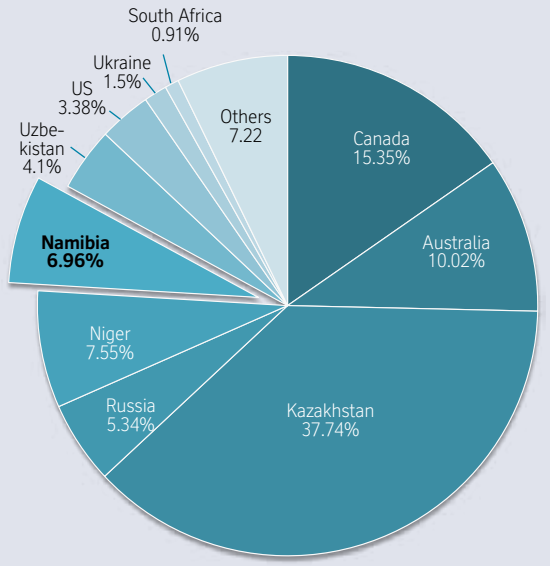
So the long-term outlook for the nuclear industry remains encouraging. For higher-cost producers such as Rössing, the next few years may continue to be challenging, but the longer-term picture will be an attractive one for established, reliable producers.

Uranium spot prices (annual averages), 1985–2013

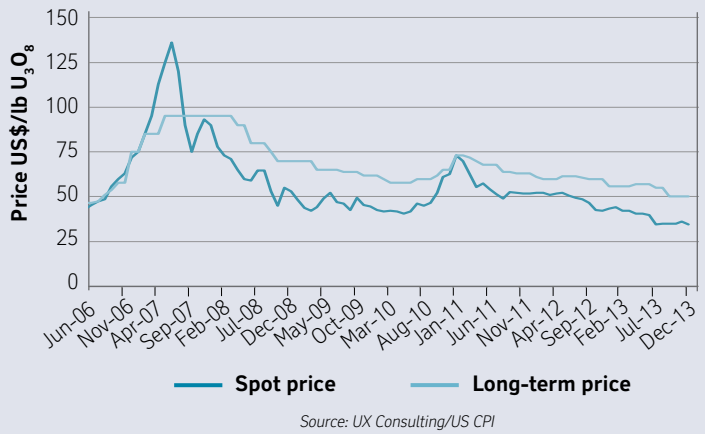


Source: UX Consulting/US CPI

World primary production of uranium oxide (%), 2013

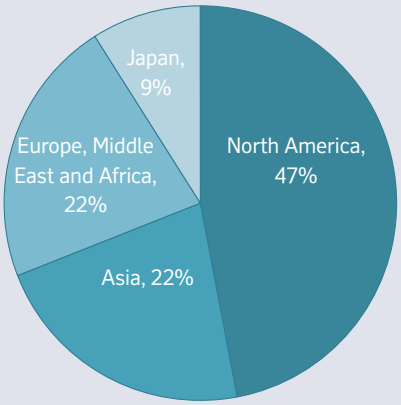


Uranium prices, 2006–2013



Source: UX Consulting/US CPI

Rössing customers by region (%), 2013



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

Our operations

Rössing's operations consist of two distinct activities: mining of the uranium-bearing rock, and processing this ore to produce uranium oxide. The mine operates on a 24-hour, 365-day basis, with all our attention directed not only towards creating shareholder value and keeping the business safe and viable, but also towards ensuring that we are a long-term contributor to Namibia's economy.

Exploration

The focus for 2013 was the completion of the third phase of drilling on the Z20 ore body. Z20 is situated on a portion of Rössing's mining licence area that overlaps the Namib-Naukluft Park, south of the Khan River. The area adjoins the Husab and Zhonghe Resources mining licence areas to the south and north, respectively.

Drilling was completed in May 2013 for a total of 24,000m from 70 holes, and equates to a total of 48,000m (142 holes) since these operations began in 2010. Data from the drilling indicated a significant uranium resource in Z20.

The objective for 2014 is to establish the development pathway for the economic extraction of ore from Z20. Our vision is to establish a new mining and overland conveyor for processing through a modified plant at the mine. We are discussing this major investment with potential funding partners.

In the interim, the Ministry of Environment and Tourism has approved the infrastructure corridor for which we submitted a social and environmental impact assessment report in 2012. The Ministry has also granted permission to delay full rehabilitation of the exploration area until mid-2014, at which point it should be clear whether we will proceed with our development plans.

Mining operations

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

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

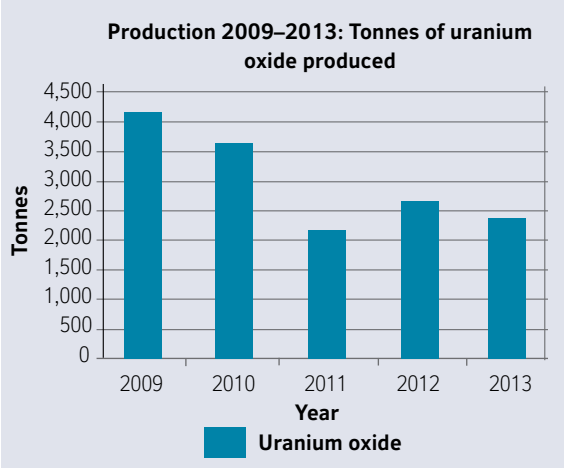
The in-pit reverse circulation drilling programme carried out during the year resulted in a better understanding of the ore distribution for the next two to three years. In addition, a good match was achieved between models for the predicted ore tonnes and grade and the ore actually delivered from the pit.

The objective in 2014 will again be to ensure the right balance between the rate to which ore is mined and the throughput delivered to the Processing Plant. Another focus will be to balance mining activities between the northern (Phase 2) and southern (Phase 3) sides of the open pit to achieve ore supply targets. Waste stripping will continue so that we can achieve higher grades from 2015 onwards.

Given the expectation for continued low uranium prices and a similar level of final production, we will continue to strive towards achieving the most efficient mine plan and reducing costs further through productivity improvements.

Long-term planning

In 2013, we reviewed the current SJ Pit design in order to establish how best to steepen the southern highwall to try to extract more high-grade ore at depth and, therefore, add value to our business. Once external geotechnical specialists had approved the designs



One of the laboratory employees testing for alamine in the SX stripped solvent, pouring methonolin into a beaker used for calibrating the autotitrator.

for steepening, the schedules associated with these changes allowed the current Life-of-Mine Plan to be extended until the end of 2024.

Looking forward, 2014 will see the further conversion of resources to reserves by reviewing various expansion opportunities within the open pit. We will also explore additional opportunities to profitably link the plant to the Z20 resource.

Processing

The Processing Plant is responsible for extracting uranium from the ore via a number of stages to produce uranium oxide, which is securely packed and shipped to our customers for enrichment. The objective of the plant is to produce planned quantities of uranium oxide as efficiently, cost-effectively and safely as 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. Sulphuric acid is used to leach the uranium from the crushed and milled ore and dissolve the mineral under oxidising conditions. After solid/liquid separation, a leach solution contains uranium oxide which 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 to produce uranium oxide.

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

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

A reliable supply of fresh water was also a major concern during the year and will continue to be a significant risk in the near term while the bulk water supplier, NamWater, upgrades its ageing infrastructure. Desalinated water delivered from the Wlotzkasbaken plant near Swakopmund will have an impact on our water-related costs for 2014.

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

Rössing also implemented business improvement initiatives in the plant throughout the year. The Business Improvement Programme aims to provide the framework for process enhancements that will increase the throughput of ore milled and uranium extracted.

Engineering

The year under review focused on improving Rössing's engineering capacity and competencies across the business, and enhancing process safety and safety awareness across all sites. The year also saw Rössing draw up and implement clear guidance in respect of reporting process safety incidents.

Various improvement initiatives specifically focusing on improving engineering standards and procedures as well as their application across the mine will be the principal focus for 2014.

In addition, we will improve workflow processes and throughput in the Engineering Workshop by strengthening capacity and simplifying the systems supporting these teams.

One of the areas envisaged to drive compliance with engineering standards will be the setting up of a dedicated Engineering structure complemented by external consultants in the field.

Capital projects

During 2013, the Projects Department was responsible for designing and implementing various capital and operational improvement projects.

Change houses

We commenced the construction of a 500-person change house facility in the Processing Plant and expect to complete it by mid-2014.

Trolley 15

Rössing successfully commissioned a new trolley system known as *Trolley 15* in the mining area during the reporting period. Trolley 15, which is 850m in length, uses the latest direct-current (DC) line technology, to enable haul trucks to operate from grid-supplied electricity, obtaining significant energy and diesel savings. The line was erected in a record time of one month.

Rod mill relining machine

The rod mill relining machine was successfully commissioned during the year under review. The cylindrical chambers of the mine's four rod mills are lined internally with wear plates which need to be replaced at regular intervals as they become worn by milling the ore. Usually, these heavy plates are replaced in the rod mill chambers by hand, presenting a high risk and taking about ten days of downtime to complete. The relining machine now not only eliminates the risk involved in the manual element, it also reduces the downtime of replacing such linings.

The relining machine is mounted on a trolley system in front of the mills. An extended hydraulic boom reaches inside the mill chamber to replace the wear plates. The boom is also fitted with a grapple head that allows for the lining to be attached by means of a hydraulic grab system, which eliminates manual handling.

Digital radio replacement

The digital radio migration project approved in 2012 to upgrade the current analogue radio system to a digital one to allow for better radio coverage and functionality was commissioned successfully, with the latest technology having been installed. The technology enables radio tracking, conversation to be recorded, person-to-person communication, text messaging, location tracking, and improved band width utilisation. The new system provides communication for over 1,000 radio users, both on site and en route to Swakopmund or Walvis Bay.

Reagent Plant upgrade

The project to build the new Reagent Plant commenced during 2013. This plant will assist the Processing Department in reducing the dust pollution caused by handling mega bags, and will improve efficiency and throughput relating to the addition of reagents to the plant.

Swakopmund Block 5 bulk services

Rössing procured Block 5 plots in Swakopmund several years ago as part of a retention strategy. Due to various difficulties and the cash generation initiative launched during 2012, we decided to service and sell the properties. The plots were sold on public auction at the end of 2013.

Power factor correction switchgear replacement

A new power factor correction switchgear was installed and successfully commissioned. The upgraded switchgear results in a monthly power saving of more than 1,247kVA. The saving is achieved by way of regulating the mine's power demand during operations, thus avoiding peaks that exceed the instantaneous maximum limit contractually agreed with the bulk power utility, NamPower.

Acid rail refurbishment

Gypsum has been forming underneath the rails of the acid offloading facility on the mine site, causing them to become deformed. The resultant unevenness between the two rails presented the danger of acid tankers tipping their contents. We therefore removed the contaminated soil as far down as gypsum formation was evident, and imported new soil that was compacted into place. This was followed by the installation of a new ballast and rails. By December 2013, the rails were back in optimum operation.

Boilermaker Ricardo Wohler busy in the Heavy Mobile Equipment Workshop to construct a new iron grid platform for the haul truck in the background.

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

Our people

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


Rio Tinto

Workforce profile	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)
Historically disadvantaged Namibian men	79.6	79.9	80.0	80.0	79.2
Historically disadvantaged Namibian women	12.4	13.6	12.8	13.1	13.7
Previously advantaged women	1.1	1.1	1.1	0.9	1.1
Previously advantaged men	6.8	4.6	4.5	4.4	4.5
Non-Namibian men	2.0	1.5	1.5	1.4	1.6
Non-Namibian women	0.1	0.2	0.1	0.1	0.0
Persons with disabilities: men	0.3	0.3	0.1	0.1	0.2
Persons with disabilities: women	0.0	0.0	0.0	0.0	0.0

Workforce at a glance

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

Employee relations

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

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

Organisational effectiveness

Our employees remain our greatest asset. We continue to invest in their growth and development as well as in that of young Namibians outside Rössing. These contributions are essential for advancing the skills of our workforce and the Namibian nation at large.

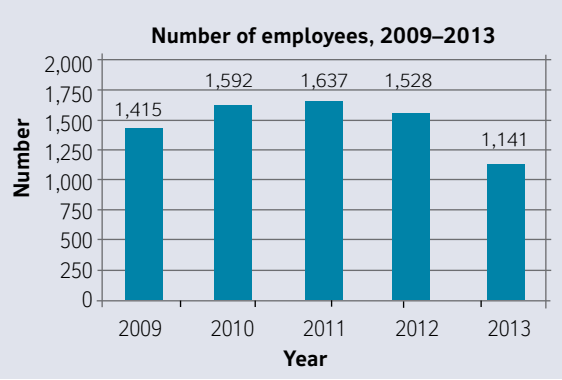
Another area of attention during the reporting year was performance management. Performance management is pivotal in ensuring business targets are linked to employees' performance objectives and are evaluated annually. A culture of recognition through performance management has prevailed at the mine for many years, and aims at driving continuous business improvement.

On this page and the next, we highlight some of the initiatives that support us in achieving our goal of empowering and developing the Rössing workforce.

Learning and development

Capability development

Development opportunities within Rössing are identified and aligned to global trends. One such need was determined in respect of skills development in the Human Resources (HR) team, which was directed at addressing the concept of HR *business partners*. Rössing therefore launched a programme to equip members of the HR team to become business partners to enhance the implementation of Rössing's business strategy. In 2013, ten HR professionals completed the programme. Their contributions will be monitored through a number of HR-related projects to assess the effectiveness of this capability development initiative.



Statistical information on our workforce, 2013

Local and foreign employees:

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

Educational support

University bursary scheme

A total of 23 bursary students received sponsorship from Rössing during 2013. This entailed an investment of N$1.8 million (excluding vacation work). Two new bursaries in the Mining Engineering field were awarded for 2014. We made these awards in line with operational requirements determined by our annual workforce plan.

Through Rössing's education assistance scheme, we also offer support to our employees who have dependants studying at tertiary level. The scheme supported 35 dependants at a total investment of N$374,732 during the year under review.

Talent and performance management

Graduate Development Programme

Developing the skills of new graduates employed at Rössing remains key to building our professional and leadership pipeline. In the year under review, the competency of 13 of the 23 graduates was assessed with a view to their potential promotion.

Together with our sister mining company, Rio Tinto Coal Mozambique, we successfully completed a Graduate Placement Programme, allowing three graduates from each business unit to participate in the programme.

Rössing bursary holder Valontino James spends his holiday at the mine

Civil Engineering student, Valontino James, spent his July 2013 holiday on site to gain some valuable experience in his field of study. Valontino, who grew up in Windhoek and matriculated at the Deutsche Höhere Privatschule (DHPS) in 2009, is in his fourth year at the University of Cape Town. When he graduates he would like to come and work for the mine to further broaden his engineering skills. Says Valontino, "The work environment at the Projects Department is extremely conducive to learning and facilitates greater understanding of how engineering projects move from pen and paper to concrete and steel – or whatever material is used."

According to the future engineer, the Rössing bursary relieved his parents of a big financial burden: "I doubt that I would have had the opportunity to study at one of the leading academic institutions in Africa if it were not for the Rössing bursary. This opportunity definitely changed my life – probably more than I realise right now." Valontino also sees a bright future for Rössing: "If the uranium market and the production on the mine were to follow the potential trajectory that was explained to us by the Managing Director, I see the mine's light shining bright again, in that it will continue to perform well economically as well as serve the surrounding community."

Employee Recognition Programme

This programme aims to boost employee morale by positively affecting their self-esteem, their mental health, their identity as employees, the meaningfulness of their work, and their sense of pride in achievement.

Using Rio Tinto's Global Employee Engagement Survey results, we put initiatives in place to build a culture in which employee contributions are recognised through a nomination process. Since the programme's inception, we have presented 57 awards to deserving employees.

Technical training

Apprentice bursary scheme

At the beginning of 2013, Rössing had 54 bursary apprentices and two apprentice employees – all in various trades.

By the close of the year, we had 29 bursary apprentices and two apprentice employees. Our total investment on apprentices for 2013 was N$1.7 million (excluding monthly allowances).

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

Neighbouring communities

Understanding the social, environmental and economic impact of our activities allows us to optimise their benefits and reduce their negative impacts in respect of neighbouring communities, the economy of the Erongo Region, and the national economy as a whole.

A group of learners of the Arandis Primary School.

We strive to develop enduring relationships with neighbouring communities, building on mutual respect, active partnership and long-term commitment.

Effective stakeholder and community engagement is key to understanding neighbouring communities. We therefore align our economic and social investment programmes with both national and community priorities.

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

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

We channel most of these investments through the Rössing Foundation, which was established in 1978 through a Deed of Trust to implement and facilitate our corporate social responsibility activities in Namibia. Rössing also directly supports various community investment initiatives. The next few pages of the report highlight some of these activities.

Community relations

The reporting period saw Rössing investing over N$23 million in various initiatives in neighbouring communities. These contributions were made either directly or through the Rössing Foundation, and aim at improving wealth creation and living standards.

Various bids targeted the following:

- Human resource (local) and specialised skills development;
- Improved access to quality lower primary, primary and secondary education;
- Local business development;
- Community health improvement; and
- Environmental management/awareness.

Rössing provided a number of full-time bursaries to promising Namibian students and apprentices. We also supported the education of our employees' children through an annual education assistance facility. Through the Rössing Foundation, we facilitated technical skills development programmes not only for local business associations and members of cooperatives, but also for young people who are unemployed.

Tour Guide Alcina Kahirimana explains the mine's operations to a group of visiting learners from Swakopmund. Our visitors' programme forms an important part of our stakeholder engagement activities.

(Above) The annual Rio Tinto Rössing's birdwatching event was well attended, and continues to create significant awareness about the environment to school learners.

(Far right) Nicole Jansen van Rensburg, Processing Improvement Superintendent, presented a gift to Hon. Isak Katali, Minister of Mines and Energy, at the Mining Expo and Conference that took place in Windhoek in May 2013.

Besides assisting in improving learners' access to primary and secondary education, the Rössing Foundation offered skills upgrading programmes to teachers and learners alike in, among other subjects, English, Mathematics and Science. Other programmes aimed at enhancing literacy and numeracy. The Rössing Foundation's partner schools also benefited from training to strengthen school governance, management and leadership.

Because Rössing regards strengthened local business enterprises as a powerful catalyst for employment creation as well as for developing local markets and investment opportunities, we maintained our long-term contracts with Namibian suppliers at reasonably competitive conditions.

We also provided small- and medium-scale entrepreneurs with access to finance in sectors such as agriculture, textiles and small mining through a micro credit guarantee scheme established in partnership with the Erongo Regional Council and Bank Windhoek. Other assistance delivered to local businesses took the form of management training and marketing support, all of which aim at economic diversification.

Namibia's communities are often faced with unaffordable and unreliable access to basic services such as water and sanitation, electricity, basic health care and education due to local institutional inefficiencies. For this reason Rössing, through its Foundation, invested in developing local institutional capacity as a vital step in promoting good governance and sustainable development.

The year under review also saw Rössing implement various programmes to increase awareness of occupational and other preventable diseases as well as the benefits of maintaining a healthy lifestyle.

As an industry leader, Rössing proactively demonstrated excellence in environmental management on site. We also carried out a number of biodiversity and environmental management awareness programmes targeting local schools in particular.

Another way in which neighbouring communities benefited from Rössing was through a number of in-kind technical services. These included –

- radiation skills development programmes;
- providing technical expertise on local economic development; and
- ambulance and emergency call-out services to the general public for incidences occurring within a radius of 100km on the main road between Usakos, Rössing mine and Swakopmund.

Other ways in which Rössing made its beneficial presence felt was by assisting various community-based institutions with product donations. These were used towards environmental clean-up campaigns, the fight against cancer, and social functions for the elderly hosted by local community leaders. Through its Foundation, Rössing provided free office space to a local community-based organisation in Swakopmund working with disabled children, and to a kindergarten catering for children from low-income families in the area.

External and internal communication activities

Rössing places a great deal of importance on informing its employees, contractors and other stakeholders about its operations. We achieve this through various platforms and activities to establish, develop and maintain good relationships with identified strategic internal and external stakeholders.

The External Affairs Department manages a professional communication service for its internal and external stakeholders. It deals with media relations, government relations and strategic internal and external communications functions. To disseminate its messages, the department applies various communication channels, including print and electronic media and face-to-face.

Her Royal Highness Queen Martha Mwadinomho Kristiaan ya Nelumbu and Councillors of the Oukwanyama Traditional Authority at Rössing in 2013 as part of their official visit to the Erongo Region. A spokesperson for the Queen explained their Erongo tour as a familiarisation exercise aimed at strengthening relations and investigating proposals for joint development projects in the areas under the Queen's jurisdiction in northern Namibia.

Immediate right: Her Royal Highness Queen Martha Mwadinomho Kristiaan ya Nelumbu and her entourage meet Brunetty Willemse (in green overalls), one of Rössing's female haul truck drivers, at her truck in the SJ Pit.

Extreme right: Environmental Advisor Martha Neshuku hands over a token of appreciation to Her Royal Highness Queen Martha Mwadinomho Kristiaan ya Nelumbu at a welcoming event at the Rössing Communications Management Centre.

A number of pertinent matters of interest to the company and the Namibian Government were addressed through high-level engagement with politicians and senior officials. The purpose of these interactions was to keep Government informed about the mine's ongoing business strategy, and to seek Government support on specific matters.

External Affairs also manages the mine's visitors' programme, the success of which is gauged by the number of visitors received. In 2013, Rössing hosted 56 tours to the mine by 1,396 visitors. The visitors came from all corners of the world, and included specialists, academics, Namibian Government officials and members of the public. Amongst the more prominent in 2013 were the Director General of the International Atomic Energy Agency Board and the supreme leader of the Oukwanyama Traditional Authority, Queen Martha Mwadinomho Kristiaan ya Nelumbu.

Rössing's Managing Director Werner Duvenhage with Rössing Foundation staff in front of the new First National Bank branch in Arandis during a familiarisation visit of the town. Fltr: Calicious Tutalife, Rejoice Hoaes, Leondine Arnat, Werner Duvenhage, Charles Ndilokoshelwa (owner of Arandis-based business, Charles Trading Enterprise), Cherin Jantjies (FNB Arandis Branch Administrator), Tobias Amoonga, Petra Ondigo and Rössing Foundation Executive Director, Job Tjiho.

We support various activities that reach out to our external stakeholders. In 2013, this included the 13th annual Rio Tinto Rössing birdwatching event, which is part of the larger partnership between Rio Tinto and BirdLife International. The 22nd anniversary of the ever-popular Namibia Marathon Championship, which involves a 10-km race and fun walk, brought more than 200 athletes together, some of whom were from neighbouring countries, and heightened awareness of the need to lead a healthy lifestyle.

The year under review also witnessed the third Mining Expo in the capital, Windhoek. Rössing joined the more than 200 exhibitors, including Government institutions, parastatals and corporations, who participated. This event afforded us a platform from which to explain our role in Rio Tinto's vision to be the leading global mining and metals company.

In addition, our employers and contractors enjoyed various in-house safety initiatives and environmental and healthy lifestyle activities on site. As regards media engagement, these centred on a Media Day and two media events, and resulted in continued relationship-building and positive media coverage.

The Rössing Foundation

Rössing Uranium established the Rössing Foundation in 1978 through a Deed of Trust in order to implement and facilitate activities that expressed Rössing's corporate social responsibility towards Namibian communities.

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

Education programme

Although thousands of Grade 12 learners qualified to enter institutions of higher learning at the end of 2013, the overall performance of Namibian learners in Mathematics, English and the Sciences continued to be consistently poor. One explanation for this is that some schools have, over the years, suffered from under-resourcing, limited learning materials and teaching equipment, and high learner-to-teacher ratios.

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

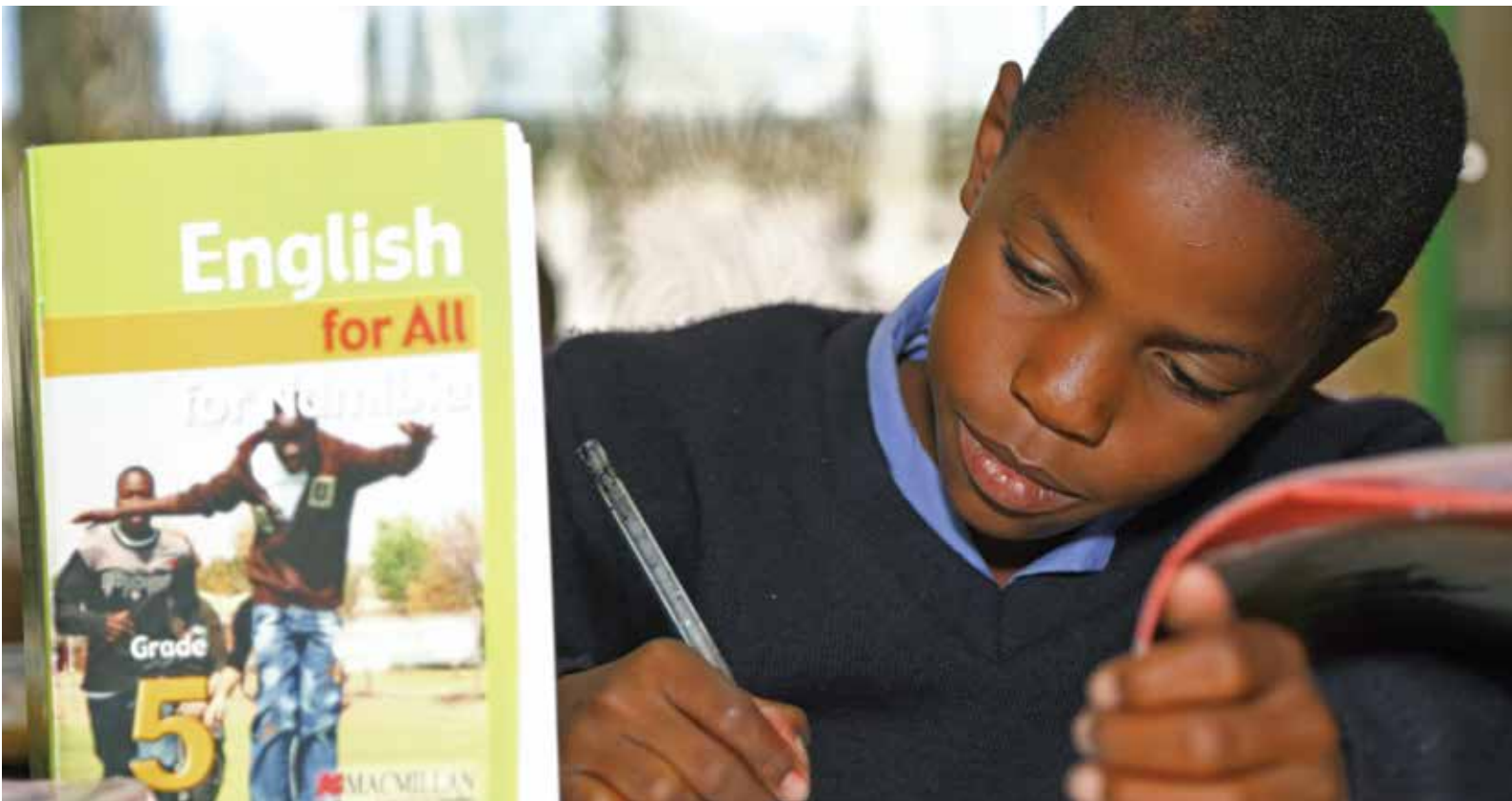
To meet this enormous undertaking, the Rössing Foundation has built and operates three Mathematics, English and Science centres in the towns of Arandis and Swakopmund, and in Ondangwa in northern Namibia. The Foundation, in partnership with the selected Regional Directorates of Education, also assists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

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

Even though the Grade 12 Ordinary Level results for Foundation-registered students are generally better than those of their non-registered counterparts, the marks remain disappointingly lower than in previous years. The Foundation will address this outcome in 2014.

Learners' support programmes

The Rössing Foundation executed various programmes to support learners in the quest to improve their competency in Mathematics, English and the Sciences.



A young learner at the Arandis Primary School, doing his English language homework.

The Rössing Foundation helps Paulus Lozeliu become a top performer

In less than a year, Paulus Lozeliu progressed from having failed Mathematics at high school to being the Namibian College of Open Learning's top performer in the subject countrywide in 2012.

This young man from the Kavango, who finished Grade 12 at the Pendukeni Iivula-Ithana High School in 2011, moved to Swakopmund in 2012 to join his brothers in finding work at the coast. Soon afterwards, following his friends' advice, Paulus decided to enrol for extra classes at the Rössing Foundation's Maths and Science Centre in Tamariskia, a suburb of Swakopmund. His decision turned out to be a very good one: besides being NAMCOL's top Mathematics student for the year, Paulus also scooped NAMCOL's award for its best performer in Physical Science countrywide.

Saidu Garba, the Master Maths coordinator at the Rössing Foundation's Tamariskia centre who worked closely with and monitored Paulus' progress, recalls his student as a dedicated and hard-working young man: "Paulus was disciplined from the start. He listened in class, completed his tasks on time and prepared well for the examinations." Paulus would attend classes at the Maths and Science Centre from 08:00 to 13:00 each day, and then attend NAMCOL's courses later in the day.

His message to other youngsters who struggle with Mathematics and the Sciences is simple: "Studying is very important. Don't feel ashamed of your grades in school or be jealous of others performing well. Look for help where it's offered; exchange information and ideas, and help each other to be more successful in life."

The Rössing Foundation offers free courses in Mathematics, certain English modules and the Sciences at their centres in Arandis, Ondangwa and Swakopmund. Learners from Grades 5 to 12 as well as adults of any age are welcome to enrol at these centres for extra help and guidance in these subjects.

A young learner in the Rössing Foundation library at Arandis.

The Foundation also provided support to teachers in various forms in order to cater for the sustainability of its interventions in education.

The Erongo language centres supported a number of learners from the Arandis, Swakopmund and Ondangwa schools during the reporting year. This included just over 90 learners from Grade 8 to Grade 12 at the Arandis centre, 127 learners at the Ondangwa centre and nearly 60 Grade 10 to 12 learners at the Tamariskia centre in Swakopmund.

More than 400 learners from Grade 5 to Grade 12 registered and utilised Master Maths facilities throughout the year in Arandis and Swakopmund, while 864 Grade 5 to Grade 12 learners were supported in Ondangwa. The recruitment of a Science Coordinator for the Arandis centre meant all three Rössing Foundation centres were fully operational during the year, boasting more than 300 students overall.

During the first term school break, the Foundation centres in the Erongo Region hosted two visiting schools – the Martin Luther High School from Omaruru, and the Dr Lemmer High School from Rehoboth – a testimony to the growing demand for the Foundation's guidance services in education.

A team of three education officers from the Erongo Region participated in a two-week Spring School organised under the auspices of the Omusati and Oshana Directorates of Education during August. The involvement of three education officers was necessitated by the more than 350 learners who participated.

Other Spring School activities included the following:

- A three-day Physical Science session for 50 Grade 10 learners at the Karibib Junior Secondary School and 62 Grade 10 learners at the Kolin Foundation Secondary School.
- A visit of more than 120 learners between Grade 7 and Grade 9 from the Nuuyoma Secondary School in Oshakati, the Donatus Primary School in Otjiwarongo and the Fransfontein Primary School in Khorixas.
- A total of 427 learners participated in two vacation school sessions at the Ondangwa centre.

The Rössing Foundation was also involved in a series of educational fairs in the Erongo and Omaheke Regions throughout the year. Interventions included assisting learners to develop projects by borrowing laboratory equipment, by topic identification and by appropriate tutoring.

Community support programmes

During the year under review, community support focused mainly on the out-of-school youth enrolled with the Namibia College of Open Learning to improve their grades for possible admission to institutions of higher learning. Some of these young people came from as far away as the northern regions, and enrolled for most of the subjects offered at the centres.

Support was also provided to students from a variety of institutions. These included the Namibian Institute of Mining and Technology, the University of Namibia, the International University of Management and the Polytechnic of Namibia.

The Rössing Uranium Ondangwa centre forged partnerships with three Directorates of Education, namely those of the Ohangwena, Omusati and Oshana Regions. These partnerships enabled the Ondangwa centre to assist more than 300 teachers in upgrading their skills and knowledge base. In addition, over 1,500 learners honed their skills in the Mathematics, English and Science classes on offer during 2013.

Teachers' support programmes

To ensure the Rössing Foundation's interventions in education remain sustainable, it supports teachers in various programmes. Teacher support remains a key strategic focus area for the Rössing Foundation, but unfortunately it remains largely unexplored, especially the utilisation of the Foundation's centre-based resources.

During 2013, support mainly took the form of enabling teachers – especially those from outside the Erongo Region – to visit the various centres. The Foundation also offered workshops, school-based support and other enrichment sessions to teachers by way of Spring and Autumn Schools, for example. A key highlight in August of the reporting year was when 15 Senior Secondary teachers from the Zambezi Region attended a five-day capacity-building session. In November, 30 primary school teachers followed suit.

The Tamariskia centre in Swakopmund hosted more than 60 international students from the University of Namibia, as well as 13 regional managers from Teachers' Resource Centres countrywide.

The Ondangwa centre supported 191 teachers in improving their teaching methodologies and subject content knowledge in English, Mathematics and Science. These teachers were supported through centre-based, outreach and vacation school interventions when teachers were engaged in co-teaching.

Kolin Foundation Secondary School Mathematics teacher, Wilhelmina Mungeyi, with learners in the classroom.

A number of training workshops were organised during the year, focusing mainly on the A-Z Reading Programme, the Oxford Sound Reading Programme and High Level teaching of written work. In the Sciences, workshops were held for 26 Grade 8 to Grade 12 teachers of both the Omaruru and Swakopmund circuits, focusing on the integration of scientific processes in Science, laboratory safety and various practical demonstrations.

To promote and create awareness of the Rössing Foundation programmes, the centres hosted a number of private and official visits during the year. Notable among these were a visit to the Tamariskia Master Maths centre by the Secretary General of the Swapo Party Youth League, Dr Elijah Ngurare.

The Ondangwa centre conducted a training workshop for eight Advisory Teachers from the Ohangwena Directorate of Education to equip them with planning skills and approaches to teacher coaching.

Library services to the community

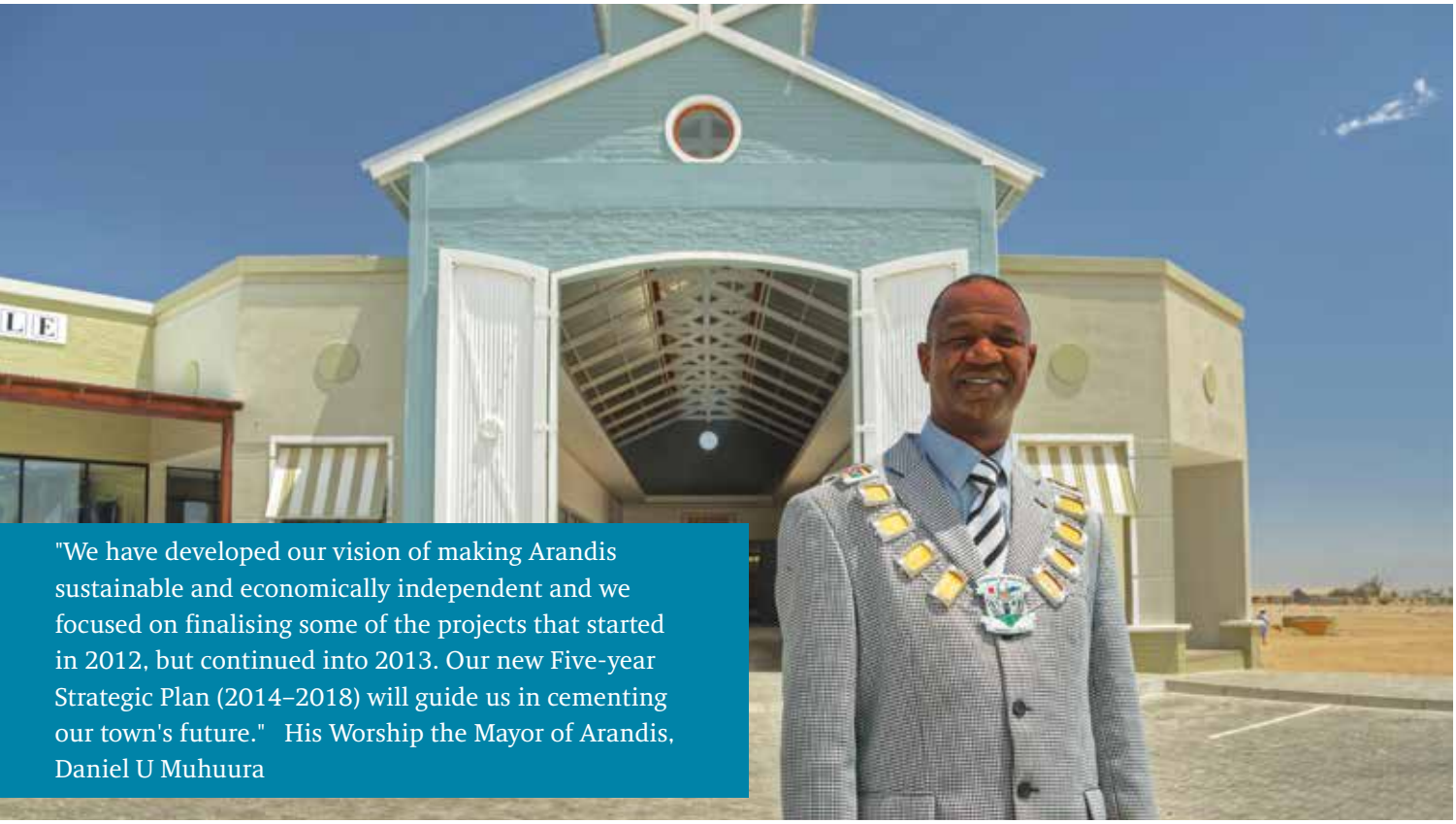
The main purpose of the Rössing Foundation libraries is to ensure that learners, teachers and other community members have access to information and books, as the improvement of reading skills in turn contributes to the attainment of good results at school and a broader range of knowledge in general.

In 2013, both the Arandis and Tamariskia libraries experienced an increased influx of visits from learners and other members of the community. However, only very few teachers take advantage of these library services, which remains a major concern. The Foundation will focus its attention on this issue in 2014.

The library at Rössing Foundation's Ondangwa centre served as an important support pillar not only for learners, teachers and parents to meet, but also for them to discover and share essential information through reading and the use of the Internet.

The number of learners that visited the library exceeded 10,500 in 2013. Most of the learners hailed from the Omusati and Oshana Regions, who mainly attended the popular vacation classes. Nearly 700 teachers also visited the centre's library to take part in the vacation sessions. There was a peak in visitors during the third school term, when almost 11,000 community members used the library.

To encourage a reading culture, especially among young library users, readathons were organised by all the libraries during the year and attracted more than 570 junior learners. The themes chosen were "Animal Kingdom" and "Medical Matters". Other activities during the year included career guidance through guest speakers invited to expose learners to different career opportunities.



"We have developed our vision of making Arandis sustainable and economically independent and we focused on finalising some of the projects that started in 2012, but continued into 2013. Our new Five-year Strategic Plan (2014–2018) will guide us in cementing our town's future." His Worship the Mayor of Arandis, Daniel U Muhuura

Daniel U Muhuura, the Mayor of Arandis, in front of the newly built shopping centre in the town.

Arandis Sustainable Development project

Rössing and the Rössing Foundation continue to support the Arandis Town Council in their effort to make Arandis sustainable beyond the life of the surrounding mines.

Strategic plan and leadership development

A five-year strategic plan will now guide the Arandis Sustainable Development project for the period 2014 to 2018. Key stakeholders that included the Arandis community played a part in the strategic plan's development. Implementation of the plan commences in 2014.

The reporting year also saw the conclusion of the leadership development training for Arandis town councillors. All seven councillors have now attended and successfully completed the training.

Marketing Arandis town

Marketing Arandis is a means to fostering relationships and attracting investors. To this end, the Rössing Foundation lent its financial and logistical support to the second-ever Arandis Investors' Conference and Mining and Minerals Expo held in the town in April 2013. The purpose of the conference, themed "Arandis: Finding financial solutions for sustainable initiatives", was to promote the town as a centre of business growth and a viable investment destination in Namibia and the Erongo Region. Growth and investment will assist in broadening Arandis' still relatively limited economic base.

The expo attracted potential investors as well as corporate and public institutions in the spheres of mining, energy, finance, fishing and education, among others, which included small- and medium-scale enterprises (SMEs). A total of 60 companies, which included 30 SMEs, exhibited their products and services at the expo. Business leaders in private and state-owned enterprises presented their investment ideas and plans for Arandis, while local SMEs sold their products and took advantage of the networking opportunities with their larger counterparts.

Economic feasibility

The Arandis Town Council, the Ministry of Trade and Industry and the Rössing Foundation combined their financial resources to contract AURECON Namibia to conduct a comprehensive study on the economic feasibility of Arandis as a town.

The study identified potential businesses that could be established in Arandis to boost the town's economy. The study report has also since informed planning and economic development. The economic investment and business opportunities identified in the study were the Arandis Achievement Centre, a dust mask factory, a tyre recycling factory, and enterprises around mining and ecotourism.

Since the inception of the Arandis Sustainable Development project, the town has attracted an intended investment of nearly N$3.4 billion overall. This amount includes N$3 billion allocated for the establishment of a 120MW thermal-solar power plant, as well as other private and public investments. This clearly indicates that investors are gaining confidence in Arandis.

Support to the Erongo Region Small-scale Miners' Association (ERSMA)

Building on its long-standing relationship with ERSMA, the Rössing Foundation supported the association's Board by way of leadership training to build on their governance capacity, with the aim of shaping ERSMA as an autonomous institution that can operate without continuous support provided by the Foundation. ERSMA secured a business outlet for their products at the Namibia Craft Centre in Windhoek, which now offers small miners an opportunity to exhibit and sell their

Ms Penina Martin of Naruu Fashion (top right) and Ms Annamarie Elletson of Desert Trend (extreme top right) are among the progressive enterprises that are supported and mentored by the Rössing Foundation in Arandis.

(Bottom right) Mr Jannie Philander, owner of Kiks Clothing, is another one of the Arandis Enterprise that is supported and mentored by the Rössing Foundation.

(Extreme bottom right) The Foundation assisted local entrepreneur Mr Uwe Shipanga, owner of Shipanga Trading Enterprises, to submit an application to the Ministry of Trade and Industry for support from its Equipment Aid Fund. His application was successful and enabled him to expand his business.

products in the capital as well. The possibility of ERSMA setting up an operation outside Karibib is also currently under discussion. Through its business arm, Topaz, the association has diversified its products and services by introducing jewellery-making undertakings, together with other value addition ventures of cutting and polishing semi-precious stones.

Business development services to Arandis enterprises

During the year, the Rössing Foundation provided support to 15 entrepreneurs, while seven others were assisted in completing business plans submitted to the local financial institution, Bank Windhoek. The Bank approved three loans based on these business plans, allowing the entrepreneurs to expand their operations. A total of 11 jobs were created after the upgrading.

Iipuleni Building Construction and the semi-hydroponics garden of entrepreneur Ellie Nowases were also favoured by support from the Rössing Foundation, while seven enterprises and ERSMA were able to attend the April 2013 Conference and Expo in Arandis through the Foundation's logistical and technical support.

Other assistance from the Rössing Foundation took the form of helping Arandis-based Namibia Sheet Metal Manufacturers and Shipanga Trading Enterprises to submit their applications to the Ministry of Trade and Industry's Equipment Aid Fund. The successful applications meant these businesses have since received the equipment they needed to expand their operations.

The Foundation also assisted two other Arandis entrepreneurs with their business proposals. Subsequent links established with the Ministry of Gender Equality and Child Welfare generated a grant of two textile production machines which will expand the two applicants' businesses. The Arandis business community has since become aware of the wide range of services and support available from this Ministry.

The Rössing Foundation took proud ownership of a Rössing-donated Toyota single-cab vehicle. The Foundation will use the vehicle primarily to assist Arandis-based SMEs in advancing their business interests.

External funding for the enterprise development programme

The Rössing Foundation has secured a developmental grant of N$1.5 million from the Social Security Commission Development Fund to support the Ùiba Ôas Small-scale Miners' Cooperative and the Dreamland agriculture project in Arandis.

The purpose of the grant is to upgrade the cooperative's infrastructure at the Crystal Market, located at the T-junction on the road between Usakos and Arandis, as well as add value to the semi-precious stones mined in the Erongo Region and sold at the market. The two grant recipients benefited from training provided by the Foundation in business management, administration and, in Dreamland's case, gardening. Improvement in both enterprises is already noticeable.

Health, safety and environment

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

Rössing Uranium Limited

Health, Safety and Environmental (HSE) policy

Excellence in HSE management is one of the foundations of Rössing's vision to be the safest and most efficient producer of uranium in the world. This is in line with our commitment to zero harm, corporate citizenship, social responsibility, and sustainability.

To accomplish this, Rössing Uranium Limited is commited to —

- the protection of the health and safety of our employees, contractors, stakeholders, and neighbouring communities;
- operating our business with respect and care for both the local and global environment to prevent and mitigate residual pollution;
- understand and manage the effects of our product through its entire life cycle;
- work with integrity and be in full compliance with applicable legislation and apply industry standards and best practice;
- seek continual and sustained improvement in HSE performance to create a zero harm work environment;
- 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 in our neighbouring communities;
- regularly review our performance and publicly report our progress; and
- communicate our commitment to this HSE policy to all interested and affected parties.

In implementing this policy, we will engage in constructive dialogue with our employees, contractors, neighbouring communities and all other stakeholders in sharing relevant information and responsibility for meeting our requirements.

The HSE policy document is complemented by our HSE strategy document which is readily available to all our stakeholders.

Occupational Hygiene Officer Esman Mavuna in front of the Fine Crushing Plant with a GilAir sampling pump. Here it is being used for personal air sampling. On his shoulder is a noise badge used for monitoring personal noise exposure.


Rio
Honeywell
Rio
GilAir3
Personal Air Sampler
SENSIDYNE
NORTH
uvex

The HSE Management System

We manage our operational activities to ensure that all impacts, whether on the biophysical and socio-economic environment, are reduced to acceptable limits. All potential impacts are listed in a risk register, together with their related mitigating and operational controls.

Our operations are governed by applicable national legislative and regulatory frameworks and then controlled by way of an integrated HSE Management System. This system conforms to International Organization for Standardization (ISO) standards 9001 and 14001, as well as to Occupational Health and Safety Advisory Services (OHSAS) standard 18001.

The HSE Management System is designed to assist in achieving our goals, which includes our legal obligations. This systematic approach to management performance promotes the most efficient use of resources. Therefore, the system also offers Rössing the prospect of financial gain, which generates a win–win outcome in terms of environmental and business performance. An audit programme periodically evaluates the effectiveness of the HSE Management System.

During 2013, operations were audited against Rio Tinto's HSE performance standards, as well as the Occupational Health and Safety, Environmental and Quality Management Standard (ISO 14001). We proudly maintain our certification for ISO 14001:2004.

Occupational health management

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

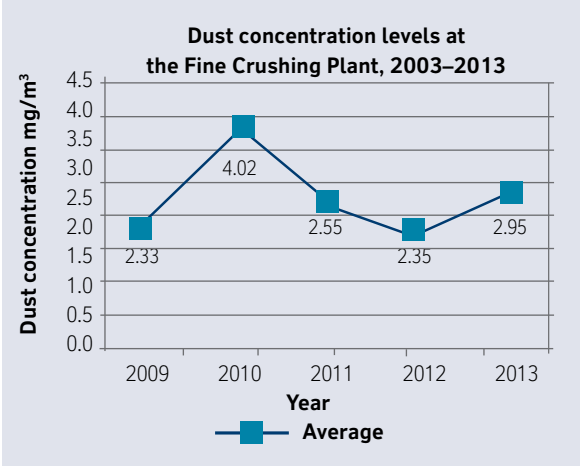
Through the Occupational Health Management Programme we aim to –

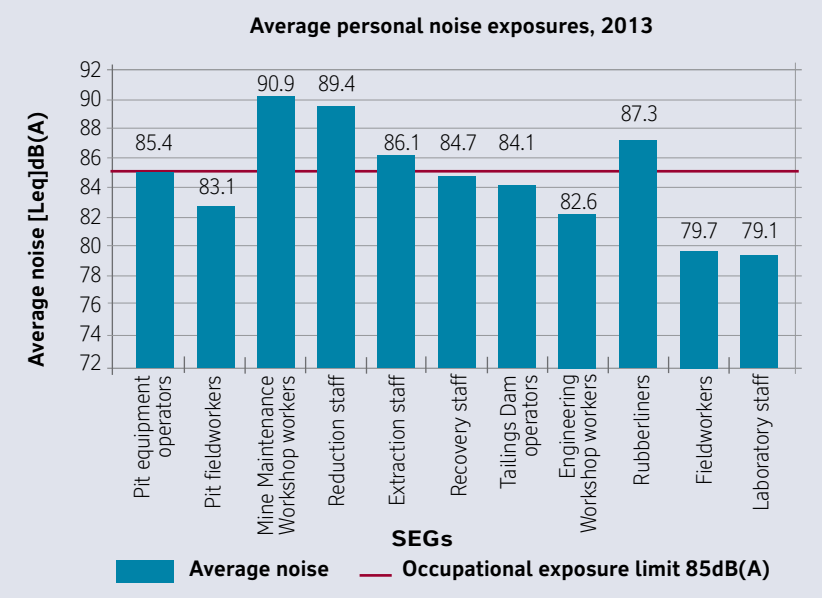
- promote and maintain our workers' physical, mental and social well-being in all occupations;
- prevent illnesses among workers caused by their working conditions;
- protect workers from risks due to factors adverse to their health; and
- place workers in an occupational environment that fits their physiological and psychological capabilities.

Occupational hygiene management

Rössing reviews and updates its risk-based Occupational Hygiene Monitoring Programme annually according to health hazards and levels of risk identified as prevailing or emerging. The programme applies to similar exposure groups (SEGs), which include all current Rössing workers and site contractors. SEGs are groups of workers who have the same general exposure profile because of the similar ways in which they perform such tasks, and the similar materials and processes with which they work.

Senior Water Control Officer Hesthings Aribeb doing freshwater meter readings. Such readings are taken to check the water consumption by the different sections in the mine.





The data we receive from this programme guides us in making informed decisions about implementing appropriate, effective and efficient exposure-control measures. Typical exposure hazards that are measured include noise, illumination, respirable dust (manganese, silica), gases, organic vapours, fumes, diesel particulates, and legionella (a water-borne bacterium that can cause legionnaires' disease).

Dust

In an open-pit mine such as ours, the removal of topsoil and overburden (the soil and rock on top of the ore body) and the transport of this material, along with the crushing of ore, are typically the major sources of dust emissions.

We sample airborne dust primarily to protect workers' health. Thus, we measure personal dust exposures to ensure they comply with occupational exposure limits. Other reasons for dust sampling include evaluating the effectiveness of existing and new engineering controls, and to detect any changes in dust levels resulting from process changes.

Dust control within the Fine Crushing Plant, in particular, remained the focus for 2013. Despite various efforts made through a dust management action plan, the reporting year showed average dust levels had increased to 2.95mg/m^3 compared with the 2.35mg/m^3 measured in 2012. The upward trend can be ascribed to periodic water supply interruptions from the bulk water supplier, affecting dust suppression, as well as engineering control upgrades. The upgrades awaited capital approval and will only commence in 2014.

Therefore, towards the end of the period under review, we established a dust management project with key on-site stakeholders. This project will follow a phased approach, starting in 2014, to identify and address the root causes of high dust levels, especially in the Reduction area.

Noise

Noise is an integral part of mining because 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 in decibels (dB) is used, where *A* indicates the basis point of 85 dB(A). Exposure to noise should be below the stipulated occupational exposure limit of 85 dB(A).

Noise zoning is applied in high-risk areas, together with the application of personalised (custom-made), hearing-protection devices called *noise bans*. In high-risk areas, engineering and administrative controls alone are not sufficient to protect workers due to the nature of the tasks being performed. The graph above depicts the average annual personal noise dose measured for the different SEGs in 2013.

The measured doses do not take into account the protection factor provided by the noise ban device, which is permanently calibrated to filter out all noise levels above 82 dB(A), or by the non-personalised multi-user earplugs, which provide a Noise-Reduction Rating (NRR) of 26 dB. The NNR estimates the amount of protection achieved by 98 per cent of users in laboratory testing when hearing protectors are properly fitted.

Of the 11 SEGs monitored for personal noise exposure, five exceeded the 85 dB(A) occupational exposure limit. Contributing factors to these exceedances include the use of impact tools, general plant and equipment noise, and high volumes from two-way radios in equipment cabs. Rössing has, therefore, implemented remedial actions in respect of the specific noise sources identified in order to bring the levels down to below the stipulated limit.

Occupational medical surveillance

The Occupational Medical Surveillance Programme provides the mine with relevant information so that it can control health risks and prevent, detect and treat occupational illnesses. All employees and contractors undergo pre-employment medical examinations to ensure they are fit to work. These are followed by regular risk-based medical examinations during employment, and an exit medical examination when they leave the company.

In 2013, Rössing carried out a total of 1,622 medical examinations on Rössing employees and 1,586 on contractors. These examinations included pre-employment medicals, periodic medicals and exit medicals.

Through the mine's Workplace Wellness Programmes, employees are encouraged to undergo additional medical screening tests to manage their own health and as a means of detecting chronic and/or life-threatening illnesses.

Wellness

Our Workplace Wellness Programmes are designed to assist us in creating a work environment that is healthy for our employees. Encouraging employees to look after their health and well-being is a critical component of our overall approach to health and safety. The programmes also involve increasing knowledge and awareness through campaigns and education sessions, and introducing policies that help employees to make healthier choices.

Various activities were undertaken during 2013 to support these programmes. During November 2013, we held a Wellness Week on the mine under the theme "Champion your health, Champion your fitness". Each day had a subtheme supported by relevant health messages. A fitness professional, a psychologist and a dietician presented talks and biokinetics professionals offered health assessments on the mine throughout the week.

Chronic disease management

We launched our Chronic Disease Management Programme in 2013. The programme entails counselling individual employees suffering from chronic diseases and other lifestyle-related conditions.

Peer education

Our Peer Education Programme, in existence since 1996, is a success story. Peer Educators are employees and contractors who volunteer for and are trained to undertake informal or organised educational activities with their peers, both within and outside the workplace. The aim of these activities is to develop people's knowledge and skills, positively influence their attitudes and beliefs, and help them to be responsible for and protect their health.

During 2013, Peer Educators attended training in advanced peer education conducted by a non-governmental organisation.

Employees knowing their HIV status

Rössing offered an on-site Voluntary Counselling and Testing campaign as regards the human immunodeficiency virus (HIV) in October 2013. A total of 282 employees responded to the campaign. Employees who require treatment have access to anti-retroviral therapy through the company's medical aid.

Radiation safety

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

A comprehensive site-wide risk reassessment of the classification and controls of all radiation workers (anyone who may potentially be exposed to a total dose of 5 mSv or more during one year of work) was undertaken. The assessment included an investigation of the particular role of each radiation worker to link work attributes to roles rather than to specific persons, which improves the control of radiation workers and their potential occupational exposure.

The number of designated radiation workers (123 at present) has not changed significantly in this process, but the link between controls and roles has considerably

Personal protective equipment for workers working in the Final Product Recovery area. When working inside the Final Product Recovery building, workers are required to wear full personal protective equipment, as shown here. Respirators are not needed when working outdoors.

improved. Radiation worker controls include continuous monitoring of gamma doses by way of thermo-luminescent dosimeters, regular urine sampling to check for internal contamination, and pregnancy testing for female radiation workers.

A review was also conducted of the contamination clearance procedure for items leaving site. The indiscriminate scanning of all items leaving site is both unnecessary and time-consuming; the review resulted in amended clearance procedures, which now only apply to items from the wet processing areas, as these are the main items at risk of contamination.

We reviewed the shipment procedure of our final product which ensures that container storage in the port does not result in contamination there. The updated clearance procedure now focuses on contamination checks following the removal of containers from the port, ensuring the area is left free of contamination.

We conducted a review of the contamination controls that apply before drummed uranium oxide is packed into containers. Time consuming instrument checks during the packing process have been replaced with visible checks, which are equally effective. The risk of contamination is further reduced by ensuring that drums are thoroughly cleaned and dried, which continues to be a critical component of the contamination controls applied in the final product and drum packing areas.

Contaminated waste is disposed of in Rössing's contaminated waste storage area, which is the Tailings Storage Facility. Historically, we kept detailed records of the contamination levels of all contaminated waste that was disposed of. We now record disposal of contaminated waste by weight only, consistent with the realisation that all waste in the Tailings area is low-level radioactive waste.

Employee dose monitoring at Rössing is performed regularly in order to obtain a statistically valid estimate of the radiation exposure for all workers. Each worker (contractors included) is assigned to one of 15 similar exposure groups (SEG). For each SEG, dose monitoring covers three major exposure pathways: external exposure, internal exposure from the inhalation of long-lived radioactive dust and internal exposure from the inhalation of radon and its decay products.

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

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

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

We perform radionuclide analyses of water samples from monitoring boreholes annually to confirm the absence of groundwater contamination by seepage from the tailings area.

PM10 dust monitors at Arandis and on the south-western mine boundary are used to keep track of the air quality in the vicinity of the mine. Information about the radon concentrations on and near the mine site is obtained from regular radon surveys.

Between 1987 and 1988, we conducted a radon survey that covered a 16km x 16km grid across the mine site and surrounding areas. From 2010 to 2013, the same original area was similarly surveyed to establish whether there had been any change in atmospheric radon concentrations in the intervening 30-odd years. Grid points for the survey were 2km apart in areas not immediately affected by mining activities, and 1km apart in the areas affected by mining. We used radon track etch monitors, placing them 1m above the ground inside inverted plastic buckets to minimise heat damage.

The survey established —

- baseline radon concentrations of 54 Bq/m^3 on average in the Arandis area not affected by mining;
- radon concentrations in the operations area of 100 Bq/m^3 on average;
- radon concentrations in the tailings area of 178 Bq/m^3 on average; and
- radon concentrations in the open pit and waste dump areas of 159 Bq/m^3 on average.

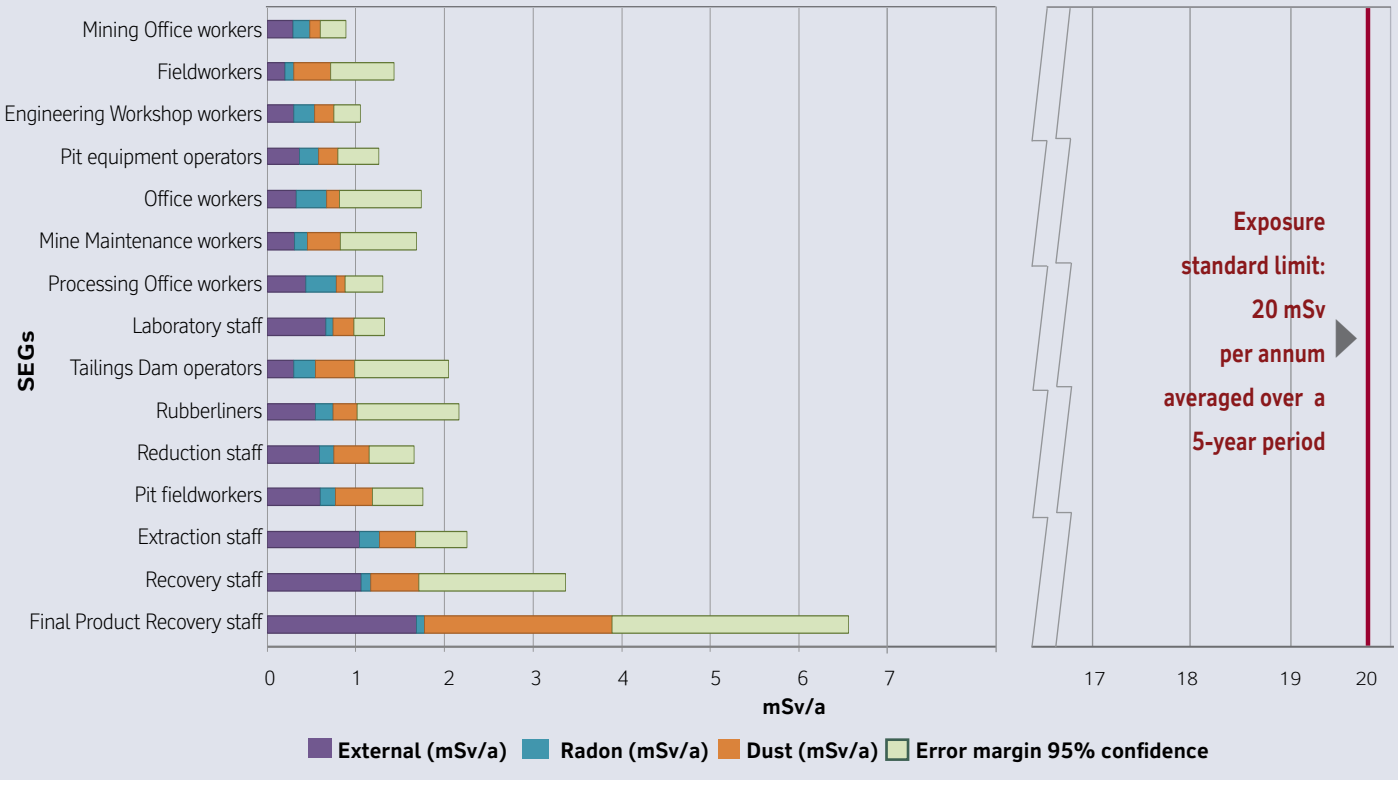
The National Radiation Protection Authority (NRPA) approved Rössing's Radiation Management Plan in 2010. Since the approval we have continuously reviewed and updated the plan in consultation with the NRPA, and audits conducted by the Authority against the Radiation Management Plan in 2011, 2012 and 2013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

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

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

The summary of the results of our Occupational Radiation Monitoring Programme shows the average occupational radiation dose for the three main exposure pathways, as well as the 95 per cent upper confidence level for the exposure doses for the 15 SEGs monitored at Rössing in 2013.

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



Two limits for radiation exposure are set, above that received from natural background or medical exposure, and aim to distinguish between two types of people: members of the general public, and occupationally exposed people, who may potentially be exposed to radiation as a result of their work. All Rössing workers are regarded as occupationally exposed. The limit set for members of the public is 1 millisievert (mSv) per year, while the limit for occupationally exposed workers is 20 mSv per year when averaged over five consecutive years, with a maximum of 50 mSv in any one year.

The graph also illustrates that average exposure doses in all SEGs are well below the regulatory dose limit of 20 mSv per year as well as below the Rio Tinto standard of 5 mSv per year as applies to the radiation workers.

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

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

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

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

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

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

Namibia's Uranium Institute collaborates with Rössing to improve radiation safety skills at the mine and in the surrounding community. Rössing's Principal Advisor for Radiation Safety provides training and support for the various industry-wide radiation safety training programmes and courses for members of the public organised by the Uranium Institute, as an in-kind contribution to the sector.

In 2013, a total of 136 people attended radiation safety skills or awareness training at the Institute.

Radiation Protection Officer Nelao Endjala was previously a Pit Operator at the mine, who, at her own initiative, attended and passed (with the highest marks in her class) radiation safety courses at the Uranium Institute in Swakopmund. She also recently received the highest-level award in the Rössing Employee Recognition Award Programme in the Safety and Business Performance category.

Radiation Protection Officer Nelao Endjala checking a processing pump for possible contamination by radioactive materials. Only materials free from contamination are cleared for removal from site.

Rössing employs 3D laser scanners to help safeguard the open pit

Slope stability can now be even more reliably monitored in the open pit by the installation of two Riegl laser scanners, which are capable of providing detailed and highly accurate three-dimensional data rapidly and efficiently. This adds to the tools used by the Geotechnical team to monitor wall movement on both the northern and southern walls of Rössing's open pit, namely slope stability radar devices and ground probes, which obtain valuable results that help detect rock movement.

Safety

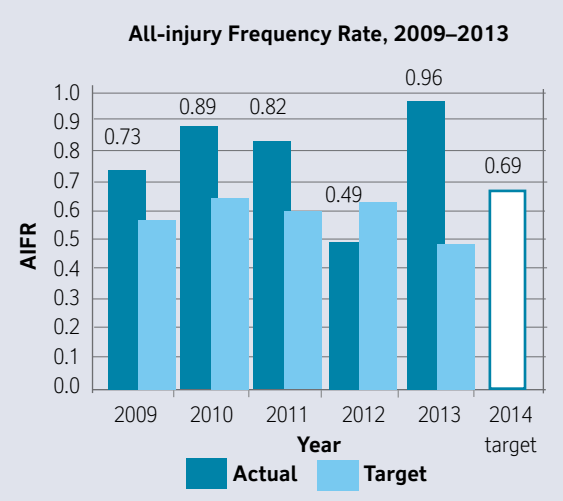
Being in a safe workplace is a fundamental right of employment. For Rössing, safety is the foundation on which we build our business and our surrounding community. We believe all incidents, injuries and occupational illnesses are preventable and, thus, our goal is zero harm. Our safety aims and objectives intend to encourage our employees to behave in ways which project a positive and proactive attitude towards safety.

The following ongoing initiatives took place during 2013 to further our goal of zero harm:

- Process safety management ensured that risks with low probability but high consequences were identified and managed;
- All employees and contractors received the required safety training;
- HSE training provided to employees focused on developing and enhancing their HSE knowledge and skills; and
- Safety leadership and accountability were promoted by management personnel through safe-work initiatives such as HSE Crew Projects and the HSE Go and See programme.

Eight Life Saving Rules were introduced, comprising critical protective principles according to which risk is mitigated and injuries prevented.

Achieving zero harm requires absolute adherence to policies, standards and procedures that intend to protect employees from injury and illness and minimise significant negative impact on their lives. During the year under review, we introduced eight Life Saving Rules to replace the Golden Rules of Safety used previously. The new measures comprise critical protective principles according to which risk is mitigated and injuries are prevented. The measures also supplement and support the existing HSE Management System, policies and procedures.



The All-injury Frequency Rate (AIFR) is the rate of occurrence of all injuries per 200,000 hours worked:

$$\frac{\textit{Number of all injuries x 200,000}}{\textit{Hours of exposure}}$$

November 2013 saw the launch of a mine-wide Safety Pause under the theme "It's not about numbers, It's about people". During this event, employees and contractors reflected on injuries that had occurred on the mine during the year, and fatalities that had occurred during the life of the mine. This allowed them to reflect on the importance of everyone's safety and being able to return home uninjured every day.

Other HSE Management System mechanisms such as audits, risk assessments and HSE training also contributed to increasing safety throughout the reporting year. Rössing uses a range of measures to gauge its safety performance. Among these is the All-injury Frequency Rate (AIFR) derived from the total number of all injuries (ie medical treatment cases, lost-day injuries and restricted work-day injuries) per 200,000 employee hours worked.

Following a successful 2012, when we recorded 0.49 – a 0.32 improvement on the previous year's AIFR – we are disappointed to report a decline in our 2013 safety performance. The mine recorded an AIFR of 0.96 for 2013, which is a significant increase against the 2012 figures. Our AIFR target for 2013 was set at 0.48, but it was not met due to an increased number of significant incidents.

The following injuries and significant potential incident categories occurred on the mine during the review period:

- Lost-day injuries: 13
- Incidents requiring medical treatment: 2
- Restricted work-day injuries: 2
- Incidents requiring first aid treatment: 31
- Significant potential incidents: 124
- Near-miss incidents: 150

Our safety message – being personally responsible for one's safety and that of others, and thereby contributing towards achieving a healthy and safe working environment for all employees and contractors and the community at large – remains the bedrock of our HSE activities. Thus, we put in place various additional safety measurements to improve our safety record in 2014.

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

Our environment

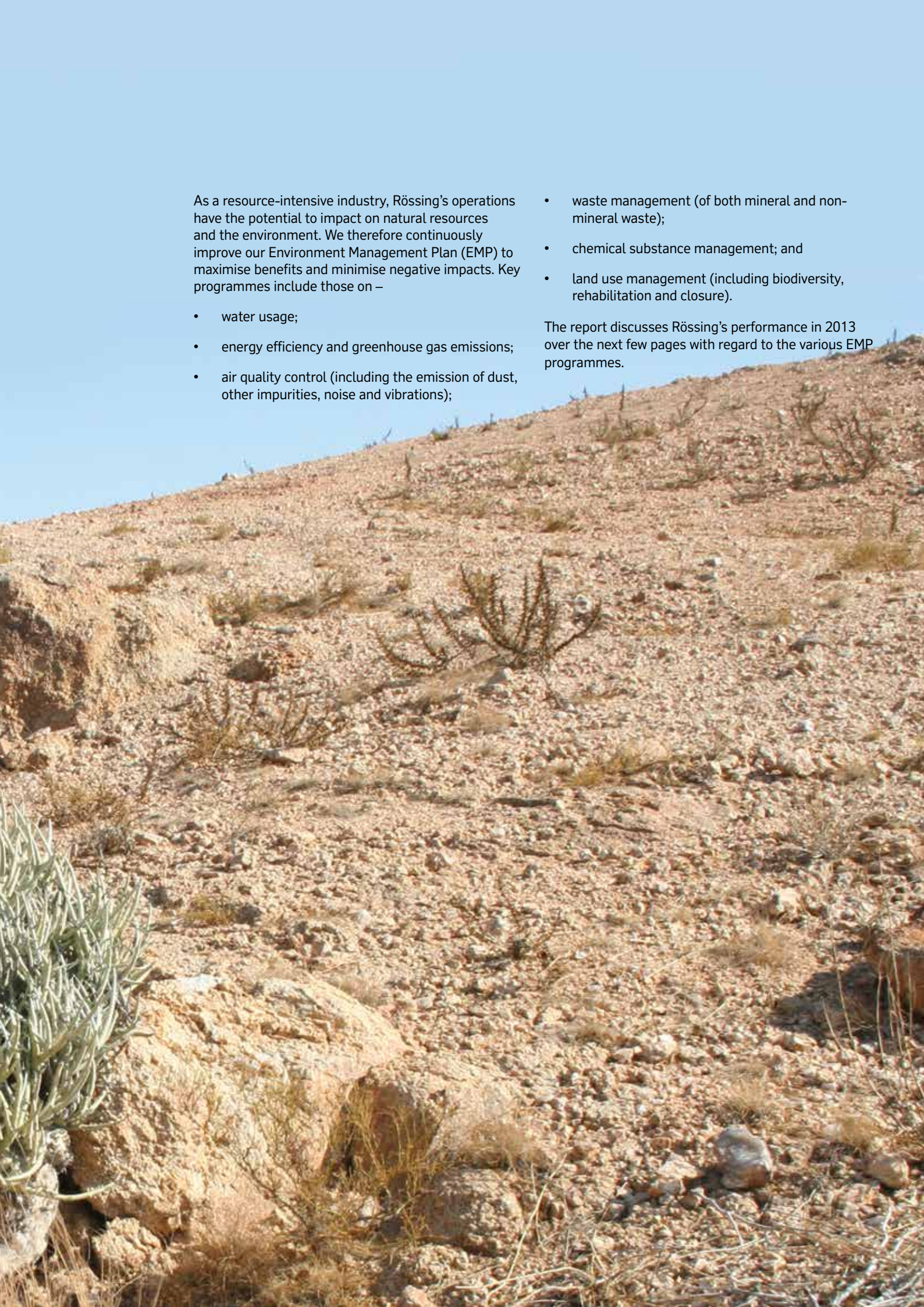
Rössing aims to be the leader in environmental stewardship and to maintain its reputation as a responsible corporate citizen. This aim can be realised by understanding and appreciating our biotic and abiotic natural resources, and using them in a sustainable manner to create a net positive impact.

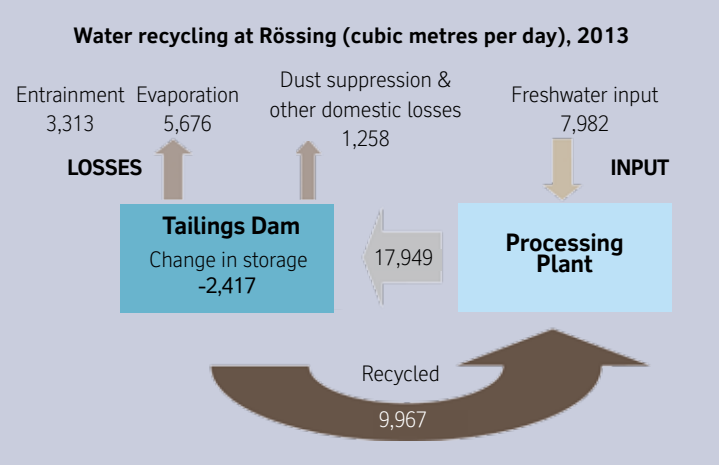
Silke Rügheimer, Curator of the National Botanical Garden, National Botanical Research Institute of Namibia, taking measurements of an Adenia pechuelii *(Elephant's foot), earmarked for relocation.*

As a resource-intensive industry, Rössing's operations have the potential to impact on natural resources and the environment. We therefore continuously improve our Environment Management Plan (EMP) to maximise benefits and minimise negative impacts. Key programmes include those on –

- water usage;
- energy efficiency and greenhouse gas emissions;
- air quality control (including the emission of dust, other impurities, noise and vibrations);
- waste management (of both mineral and non-mineral waste);
- chemical substance management; and
- land use management (including biodiversity, rehabilitation and closure).

The report discusses Rössing's performance in 2013 over the next few pages with regard to the various EMP programmes.





Water management

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

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

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

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

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

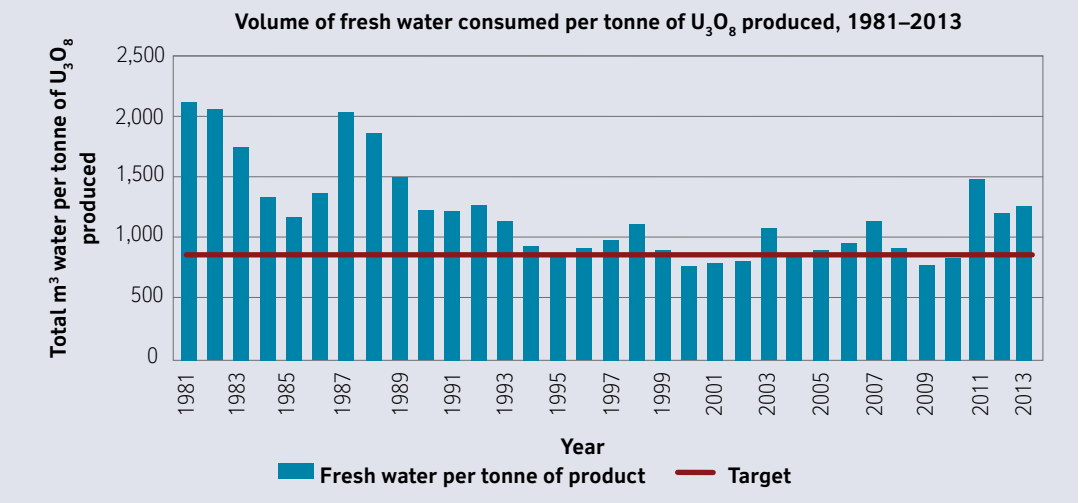
In 2013, water recovery from all systems was higher than anticipated in 2012.

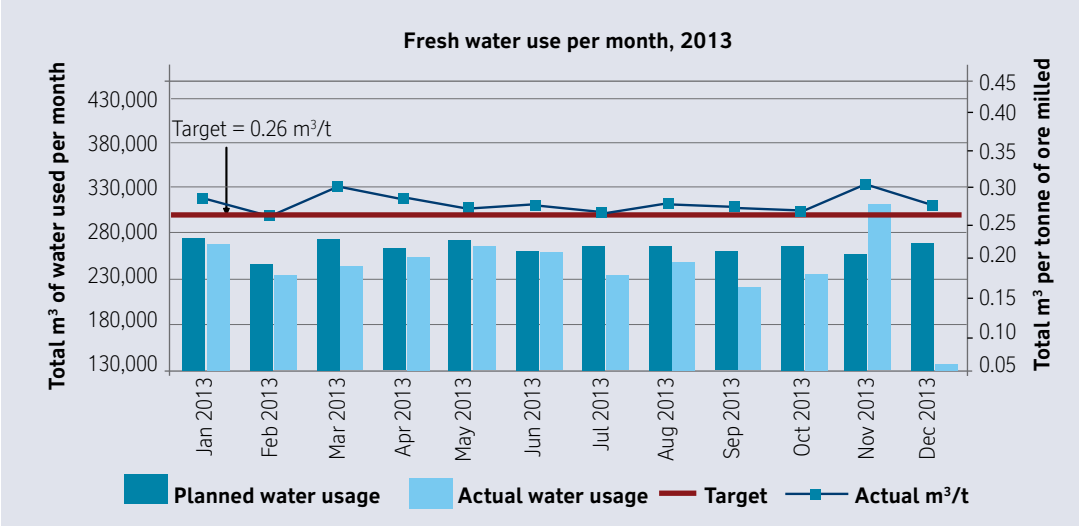
Freshwater use

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

As in the previous year, the water performance for the 2013 reporting period was worse than anticipated, due to the reduction in total tonnes of ore milled in the plant. Lower tonnages at fixed water usage result in a higher unit consumption, as shown for the years 2011 to 2013

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





in the graphs above. Although we more than ably met our total consumption target, a number of challenges relating to the sustainable management of fresh water remain. These include the periodic supply interruptions from the bulk water supplier, the functioning of pumping systems, and a lack of adequate storage capacity for water in circulation.

In view of the above, various campaigns were implemented during the year to heighten awareness about reducing demand and using supply sustainably. We therefore continued our internal "Waterbucket" awareness campaign published in the mine's in-house newsletter, the *e-Rössing Bulletin*, to flag important issues to Rössing water users.

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

Unfortunately, we were prompted to look into other water conservation alternatives when promising water reduction test work carried out at the tailings pumping system was unsuccessful.

Inhalable dust, also referred to as *particulate matter* (PM), is defined as the size of the fraction of dust that enters the body but is trapped in the nose, throat or upper respiratory tract. The median aerodynamic diameter of this dust is about 10µm and it is often referred to as *PM10*.

These other alternatives included the Tailings Dam Dewatering Project and the Tailings Dam Extraction Project, which aim at maximising the recovery of groundwater from the Tailings Storage Facility. Both these projects, which we plan to implement in 2014, will yield much-needed low-quality water. This, in turn, will result in a significant replacement of freshwater consumption in the Processing Plant.

Khan River water use and quality

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

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

Air quality

The current Air Quality Management Plan guides the management of environmental dust at the mine.

Environmental dust

As noted previously, dust is measured in Particulate Matter (PM) ranging in diameter from 10 to 50 micrometres. Activities such as mining and crushing are the principal emitters of dust at Rössing. *PM10* is the measure of particles in the atmosphere with a diameter of less than or equal to a nominal 10 micrometres.

Measurements are taken to ensure that exposure levels to dust do not exceed prescribed occupational limits and to ensure that existing and newly introduced controls efficiently detect differences as a result of process changes.

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

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

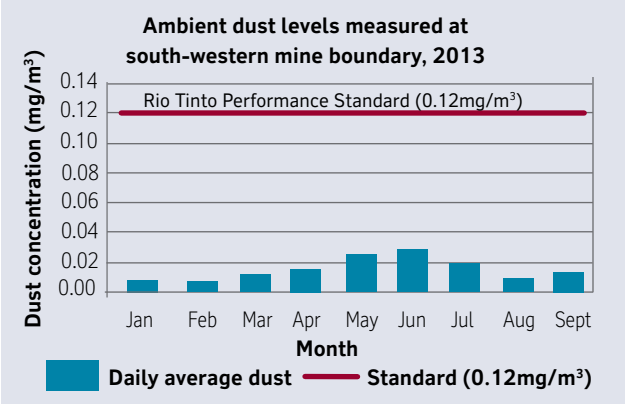
The low readings – at an average of 0.012mg/m^3 – indicate that PM10 dust dispersal from sources in the operations areas is limited in distance, and does not cross the boundary to the south-west of the mine's licence area.

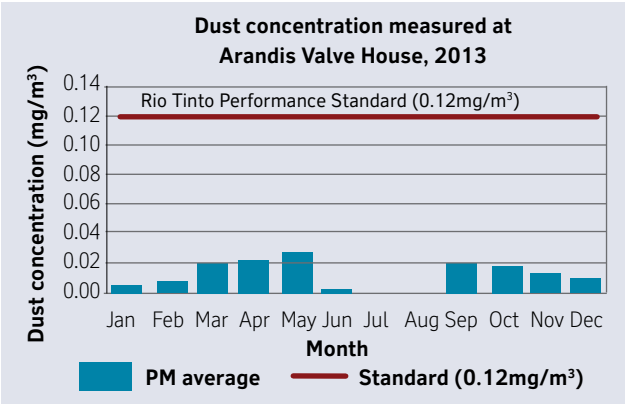
We also continuously monitor PM10 dust levels at the nearby town of Arandis. Although the monitoring station malfunctioned during June, July and August and resulted in incorrect readings, the data recorded for all the other months showed that dust levels were much lower than the standard of 0.12mg/m^3,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

Noise and vibration from blasting

We monitor environmental noise according to procedure and monthly reports to minimise it to threshold levels and to identify events when such levels are exceeded.

The information gleaned is vital for assessing Rössing's compliance with various standards and for addressing concerns about excess noise or vibration. Our Geotechnical Section also utilises the feedback to investigate the impact of blast vibrations on the stability of the pit.





Going green to reduce our carbon footprint

The pit operations invested in environment-friendly lighting sets, using solar energy captured during daylight to provide sufficient light at dumping areas on backshifts at night. The purchase of two new solar-powered lighting sets allowed for the replacement of the traditionally used diesel-generator-powered sets. The solar-powered units provide a similar amount of energy to their diesel counterparts, but do so renewably. Slightly more expensive than traditional lighting, the solar-powered sets ultimately represent a saving in diesel running costs, reduced engine maintenance and reduced carbon dioxide emissions. These positive impacts offset the original purchasing cost over the longer term.

The Rio Tinto Performance Standard guides the management of noise and vibration on the mine, and underlies the mine's overall Environmental Management Plan.

During 2013, air blast levels were consistently below the limit of 134dB.

Energy efficiency and greenhouse gas emissions

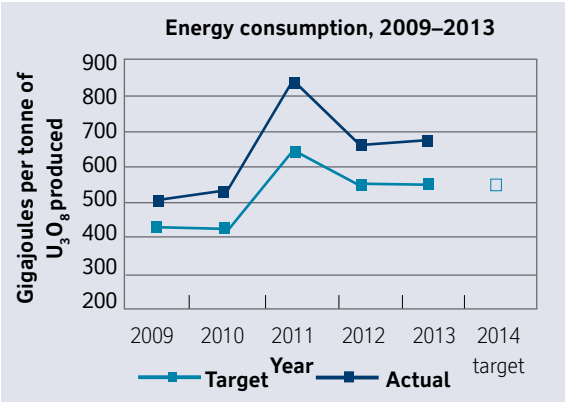
Rio Tinto regards efforts to stabilise global atmospheric concentrations of greenhouse gases (GHGs) at lower levels as a priority. In keeping with this, Rössing also measures its GHG emissions.

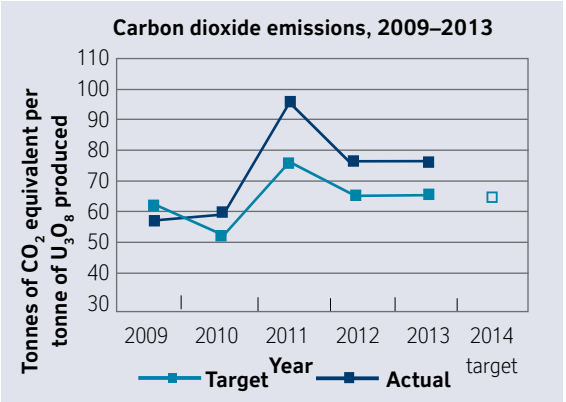
The intensity of emissions is reported per unit of uranium oxide produced. At Rössing, sources of GHG emissions include electricity and fuel consumption, the transporting of reagents and of uranium, blasting (explosives), waste (sewage, rubbish disposal and landfill), and extraction and processing of ore.

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

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

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





A total area of 93ha has been rehabilitated over the years. A progressive rehabilitation programme has been followed since 2010 and came to an end in 2013. Several rehabilitation tasks have now been completed. It is anticipated that the total area of rehabilitated land will increase in future before mine closure, as there is increased focus on the importance of rehabilitation at Rössing.

Rössing's SJ Open Pit

Waste management

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

Non-mineral waste

Rössing identifies its non-mineral waste and keeps a related inventory and risk register for each work area. An over-arching Non-mineral Waste Management Plan is also in place to ensure there is proper control over such waste. Sound management entails minimising the generation of such waste, and handling, treating and disposing of it safely. The Waste Management Plan addresses all types of non-mineral waste generated at Rössing during its operational phase, but the plan would need to be revised for a decommissioning phase. The plan is reviewed at least once every four years. We set specific waste management targets for each year, and monitor and report on their achievement.

Rössing also makes recycling non-mineral waste part of its green plan. Although 2013 saw less steel being recycled than in 2012, the volumes of recycled wood, cardboard and paper increased significantly. Moreover, the total volume of non-mineral waste recorded for 2013 was significantly less than in previous years. For the reporting year, the target for the measurable reduction of non-mineral waste destined for disposal was 80 per cent, while actual reduction registered at 88 per cent.

We appointed a local recycling company to handle and remove recyclable non-mineral waste from the mine site.

Mineral waste

Rössing's mineral wastes are waste rock and tailings. The intent of our Mineral Waste Management Plan is to ensure such waste is properly controlled by way of reducing waste generation at source, and ensuring the safe handling and disposal of waste that has been generated.

Our Tailings Storage Facility undergoes an inspection at least once a year. Consultants from SLR Environmental Consulting (Pty) Ltd, SRK and Aquaterra do an annual inspection and make recommendations for improvement. In keeping with Rio Tinto requirements, SLR Environmental Consulting also conducts an inspection of the Tailings Dam as a major waste storage facility.

The combined surface area of the Tailings Storage Facility and waste rock dumps measured 1368.84ha by the end of 2013. This reflects an increase from the previous reporting period, following an expansion of the surface area of the Tailings Storage Facility by 3.97ha, and that of the waste rock dumps by 2.08ha.

Chemical waste

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

Biodiversity management

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

Another aspect of Rössing's biodiversity management takes the form of hosting nature-related events. One such event was Rössing's 13th birdwatching event at the Walvis Bay lagoon in September 2013, hosted in conjunction with the Namibian Coast Conservation and Management (NACOMA) project. A total of 54 learners and 11 teachers representing 11 high schools in Arandis, Swakopmund and Walvis Bay participated in the event. As a token of appreciation, each participating school received a donation of science laboratory equipment.

During 2013, Rössing relocated seven individuals of the very rare and endemic *Adenia pechuelii* species (Elephant's foot plant), which occurred in an area earmarked for a small expansion of the Tailings Dam. Five of the plants were placed on a similar ridge, where other plants of the same species already grow, near the Communication Management Centre. The other two plants were donated to the National Botanical Research Institute in Windhoek, which assisted Rössing with this undertaking.

Worthy of mention is the repeated spotting of cheetahs around Rössing since 2012. The cheetahs have been seen resting as well as hunting and feeding after a kill, all of which indicate that their presence is not merely occasional.

Rio Tinto also contracted Fauna and Flora International to update Rössing's Biodiversity Action Plan and to identify Rössing's needs in respect of its net positive impact. The updated document will guide the required activities for 2014 and beyond in order to plan for the achievement of a net positive impact by closure.

Net positive impact explained*: Net* means overall or final. *Net income*, for example, is one's income after taxes and expenses have subtracted. *Net positive impact* means that the final impact, after considering the entire positive and negative factors, is positive.

Climate change

As a business, Rössing strives to be informed about evolving discussions and conceptual thinking on climate change and, where possible, attends national seminars and workshops on climate change policy and adaptive capacity. These allow Rössing to learn from best practice.

Closure planning

Mine closure is an integral part of Rössing's mine planning cycle, from exploration via mine development and production, to decommissioning and aftercare. Thus, closure planning has been a continuous process at Rössing, and we take into account changes in operational circumstances, environmental conditions, legislative and regulatory frameworks, and stakeholder expectations, as we have done for each plan update over the past 20 years.

Current Life-of-Mine Plans foresee cessation of mining in 2024 and of processing in 2025.

An aspirational vision for a post-closure situation that is translated into objectives and targets guides Rössing's closure plans. The vision considers mitigating the socio-economic impact closure would have on our employees, on neighbouring towns in the Erongo Region and on the environment around the mine site.

Principally, we will not backfill the open pit with rock: it will remain a mining void in the future. On the other hand, we will cover the Tailings Storage Facility with waste rock to prevent dust emissions and stormwater erosion. We will continue pumping tailings seepage, but instead of reusing it for mining processes, it will be allowed to evaporate.

Rössing will also break down the Processing Plant and the mine's infrastructure, and decontaminate it before selling it or disposing of it safely.

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

The next full technical update will take place in 2016. Five-year plans and annual updates provide the company with a fully scoped and accurate cost of closure that is documented and auditable.

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

Relocation of seven Elephant's foot plants

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

Thus, clause 15.2 states that "The mining company shall before the end of its financial year concerned, pay to the Fund a contribution towards the estimated cost of implementing the measures so approved."

The agreement also stipulates the formula for calculating annual contributions to the Fund. At the end of December 2013, the Rössing Environmental Rehabilitation Fund had a cash balance of N$333 million. The mine will make additional payments into the Fund each year to provide for the eventual total cost of closure by 2025.

Rössing took a decision in 2012 to integrate closure planning activities into business operations, and to provide frequent feedback on progress. To drive and coordinate the various follow-up and scheduled activities, the Closure Steering Committee established in 2012 was re-established after we had completed a company restructuring in mid-2013.

Land use and rehabilitation

Since the mid-2000s, in our search for new uranium ore, we have drilled a number of areas on the mining lease. As the exploration activities move to new areas, we rehabilitate the explored areas. Because exploration is ongoing, so is the rehabilitation of any disturbed area. During the Z20 exploration drilling programme, for example, a minimal area of 4.3ha was disturbed. We have financially provided for the area's complete rehabilitation in our 2014 budget, should the deposit not be developed further in the foreseeable future.

Over the years, 93ha has been rehabilitated. The most recent exercise occurred between 2010 and 2013, when we conducted a progressive rehabilitation programme that entailed several activities. These included demolishing redundant infrastructure and facilities, remediation, establishing geotechnical stability and protection against erosion. It is anticipated that the total area of rehabilitated land will increase in future before mine closure, as there is increased focus on the importance of rehabilitation at Rössing.

Guidance from legislative and regulatory frameworks on rehabilitation in Namibia is limited. Rehabilitation occurs over the long term and is closely coupled to long-term monitoring requirements and research, especially in arid environments such as Rössing's. The sustainability of rehabilitation interventions is uncertain and clear criteria and sign-off are essential. The existence of exit plans and criteria with regard to relinquishment of land are also important prerequisites for Rössing.

The Z20 Social and Environmental Impact Assessment

The Z20 uranium occurrence that was initially discovered in the 1970s is situated on a portion of Rössing's mining licence area that overlaps the Namib-Naukluft Park to the south of the Khan River. The area adjoins the Husab and Zhonghe Resources mining licence areas to the south and north, respectively. Rio Tinto Exploration has investigated the potential of the Z20 uranium ore body on behalf of Rössing since 2010. In the last three years, Z20 has turned out to be a significant uranium resource situated on Rössing's lease.

We carried out exploration in three phases of drilling, the third phase of which was completed in April 2013. The purpose of this third exploration phase was to define the ore body by drilling a close 50m x 50m grid. This allowed increasing the definition of the resource to *Indicated*, using the classification system of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the so-called JORC Code). Declaration of an indicated resource also requires the formulation of initial mining plans and the conducting of an initial environmental impact assessment.

Accordingly, the Social and Environmental Impact Assessment of the preliminary mining plans commenced in late 2012. Two components of the plans required assessment. The first of these components covered an infrastructure corridor to link the Z20 area on the southern side of the Khan River to the Rössing Processing Plant on the north by road and overland conveyor. The corridor would be used to convey the ore across the Khan River to the existing Rössing mine's Processing Plant, and to transport people and materials to the Z20 open pit to carry out mining operations.

Rössing's consultants completed the assessment and submitted it to the Environmental Commissioner at the Ministry of Environment and Tourism for a decision at the end of 2012. In July 2013, the Commissioner granted Rössing an environmental clearance certificate to establish the corridor with the condition not to pollute the Khan River.

The second component of the mining plans that required assessment entailed the need to address the mining and rock waste disposal part of the potential Z20 mine. The first half of 2013 saw a number of specialist studies aimed at –

- assessing the likely changes in radioactivity due to mining;
- the effect rainwater infiltrating the rock dumps could have on groundwater;

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

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

- the sensitive biodiversity in the desert environment;
- the anticipated change in noise and dust exposure in the proximity; and
- the inevitable change in landscape character due to rock waste disposal.

Although the specialists have assessed the predicted changes, we have not yet carried out an integrated impact assessment for comment or submission.

The price drop for uranium after the Fukushima incident obliged us to postpone our decision to start investing in the new Z20 open pit. It also turns out that the Z20 ore body extends beyond the boundaries of Rössing's mine licence area, and that we would have to move rock dumps away from the sides of the Khan valley onto the bordering plains. Other mining companies hold the more environmentally favourable licence areas. We have therefore established initial contact with neighbouring companies to discuss possible cooperation in developing the Z20 resource.

Rössing made public in November 2013 its decision not to proceed to the final impact assessment, given that we are continuing to work on the arrangements for possible mining of the Z20 ore body. At an appropriate time, we will decide on whether to continue the assessment process and will trigger another round of public consultation.

Z20 rehabilitation

Rössing conducted its exploration work at the Z20 uranium ore body in three phases. The first of these, carried out between 2010 and 2011, defined the position of the resource. We completed the second-phase drilling programme on a 100m x 100m grid pattern in March 2012. The third phase, narrowing this area down to a 50m x 50m grid, saw completion in April 2013.

To comply with the requirements of the Department of Parks and Wildlife Management and the mine's Environmental Management Plan to guide our exploration work in the Namib-Naukluft Park, by the end of May 2012 we had completely rehabilitated the area which had been disturbed by exploration activities during the second phase.

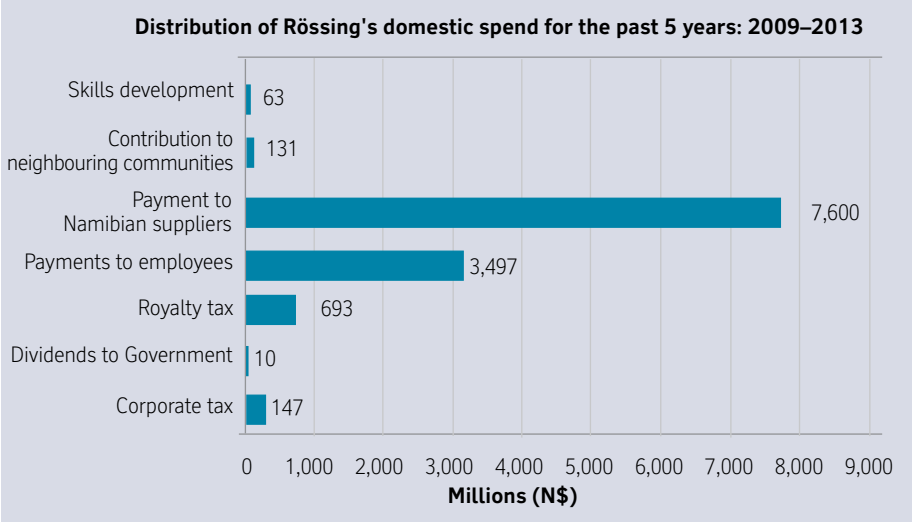
The encouraging results of the exploration work led to the now completed third phase of drilling. We also conducted a thorough clean-up of the site after the end of the third-phase drilling programme, but still need to address final rehabilitation of the site. The Department of Parks and Wildlife Management agreed to our proposal to postpone rehabilitation to June 2014. By this date we would have a better idea of whether to conduct immediate development work or whether to allow the exploration site to remain dormant for the foreseeable future.

We have already set aside adequate funds for such rehabilitation, and the identification of suitable contractors will commence in early 2014.

Our value addition

Our Value Added Statement (on page 59) reflects the wealth created through the sale of our uranium oxide production, payments for services to suppliers, taxes to the Namibian Government, payments to employees and investments made in neighbouring communities.

Swakopmund, one of the towns near Rössing mine that benefits from the value we add to the local and national economy.



Our procurement spend

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

In 2013, Rössing's total spend on purchasing goods and services to run our operations amounted to N$1.9 billion. The Procurement Department focused mainly on ensuring we were operating as effectively and efficiently as possible in respect of the costs incurred, and that we were maximising our contribution to the local economy.

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

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

For the first time in Namibia, Rio Tinto held a special event for our suppliers at which they received awards for their service excellence. In 2013, we honoured the following suppliers in the categories mentioned:

- Namib Diesel – Health, Safety and Environment award;
- Kraatz Marine – Operational Excellence and Innovation award;
- Namibia Armature Rewinders – Sustainable Development award;
- Sandvik – Cost and Value award; and
- Wesbank Transport – Cost and Value award.

How Rössing adds value

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

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

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

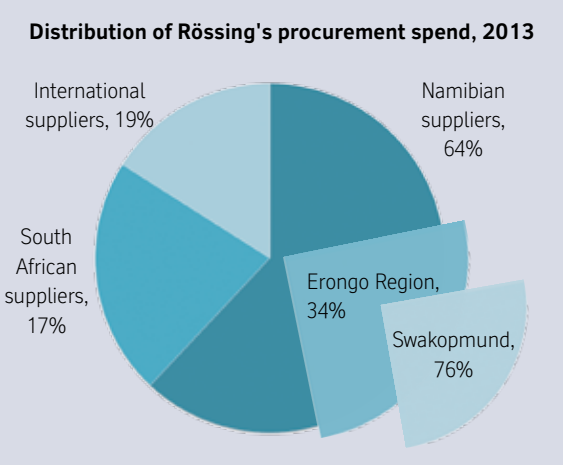
Employment creation stabilised in 2013 with a reduction in our workforce. Employment costs decreased accordingly, therefore, namely from N$817 million in 2012 to N$783 million in 2013. However, the figure for the reporting year is still more than double compared with 2007, when Rössing embarked on its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

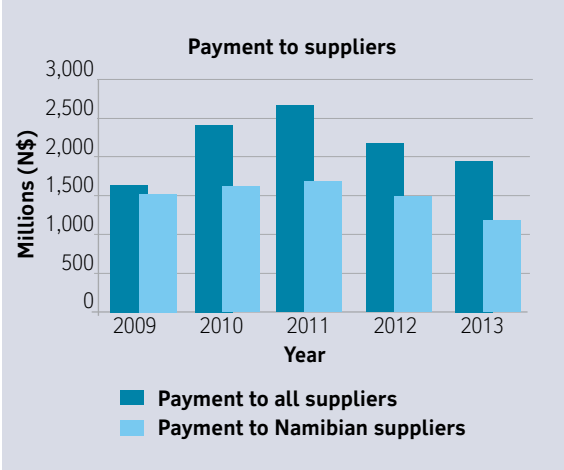
In 2014, the mining operation will continue to focus on various cash-generation initiatives as part of an aggressive cost-reduction campaign to gear the mine for the weak uranium market.

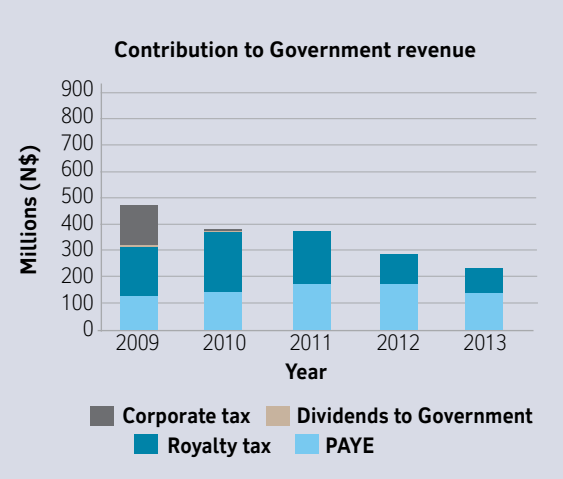
Cash flows to the various stakeholders are set out in our Value Added Statement on page 59. The graphs on page 58 summarise the highlights of various value additions Rössing has made for the past five years.

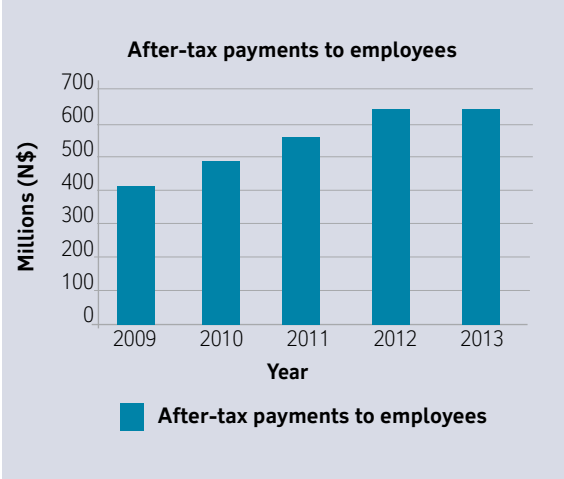
Summary of Rössing's value addition

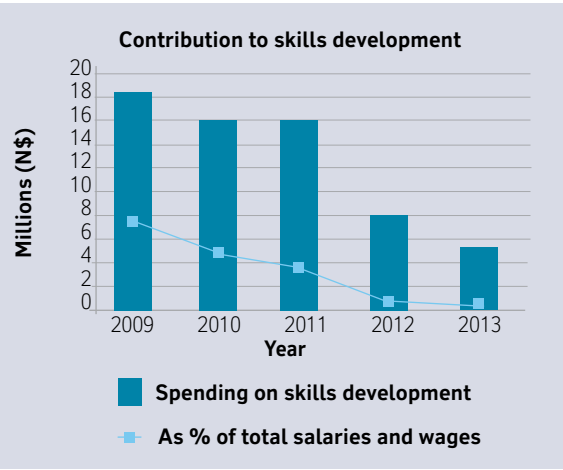
At Rössing, we believe that our business can provide a strong base for economic growth in the communities around us, in the Erongo Region and in Namibia as a whole. Our economic contribution comprises the value we add by paying wages, employee benefits and Government taxes and royalties, as well as by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

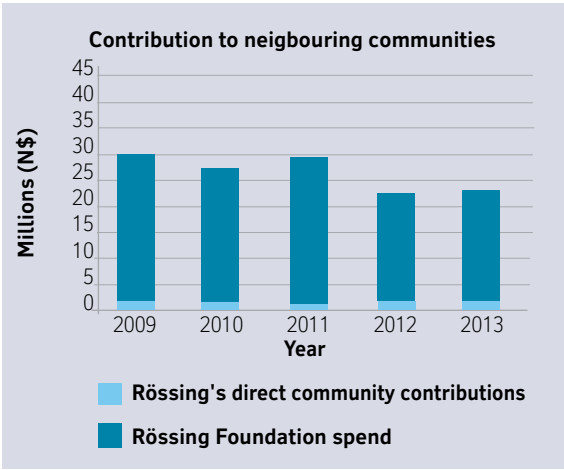












Stakeholders' Value Added Statement [1]	Notes	N$'000	N$'000	N$'000	N$'000	N$'000
For the year ended		**2013**	**2012 (Restated)**	**2011 (Restated)**	**2010**	**2009**
Turnover		2,969,440	2,880,399	3,265,170	3,609,020	3,232,493
Less: Purchased material and services from non-stakeholders		1,915,475	2,171,879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

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

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

Our corporate governance and condensed financial statements

Rössing adopts the Rio Tinto Integrity and Compliance Programme, which ensures that we meet the Group's integrity and compliance commitment set out in *The way we work,* Rio Tinto's global code of business conduct, which applies to all employees and contractors.

Board of Directors

The Board of Directors executes the mandate they have received from the shareholders to ensure that Rössing Uranium Limited is a world-class and responsible company by putting an executive team in place with certain targets to be achieved. Furthermore, the Board is responsible for ensuring that the company is run in accordance with its mandate as defined in Rössing's Articles of Association, and that the various stakeholder interests are balanced and receive the required attention.

Rössing has a unitary board; thus, it is controlled by a central authority. The current number and stature of the independent directors serving on the Board ensure that sufficient independence is applied when members make significant decisions. The Board comprises an appropriate mix of skills, experience and diversity to serve the interest of the company and its stakeholders.

The Board of Directors is currently constituted as follows:

- Chairperson, Independent Non-executive Director: RR Hoveka
- Managing Director (Executive director): W Duvenhage
- Non-executive Director: JS Louw
- Independent Non-executive Eirectors: ASI Angula, EHT Angula, F Fredericks, VB Moll, HP Louw (alternate to JS Louw)
- Rio Tinto plc Shareholder Representatives - Non-executive Directors: SC Wensley, SJ Ellinor (alternate to SC Wensley), RJ Fagen, M-C Mwelu Kaninda (alternate to RJ Fagen)
- Government of the Republic of Namibia's Shareholder Representative - Non-executive Director: EI Shivolo, CWH Nghaamwa (alternate to EI Shivolo)

Functions of the Board

A Charter governs the workings of the Board of Directors, while the Nomination and Remuneration Committee monitors the Board's performance. The Board is responsible for adopting a corporate strategy, major plans of action and major policies, as well as monitoring operational performance. This includes identifying risks which impact on the company's sustainability as well as monitoring risk management and internal controls, compliance management, corporate governance, business plans, key performance indicators, 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.

The Board meets on a quarterly basis, with additional meetings convened as required.

Special purpose vehicles

The company has established two special purpose vehicles, namely the Rössing Foundation and the Rössing Environmental Rehabilitation Fund, which are managed independently from Rössing by their own sets of trustees. Rössing Board members are among these trustees.

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

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

Financial statements

The directors are responsible for monitoring and approving the company's financial statements to ensure that they fairly present its affairs and profits or losses at the end of each financial year. Independent auditors are responsible for expressing an opinion on the fairness with which these financial statements represent the company's financial position.

Rössing's management prepares the financial statements in accordance with the International Financial Reporting Standards and in the manner which the Companies Act requires. The company bases its statements on appropriate accounting policies that it has applied consistently and which are supported by reasonable and prudent judgements and estimates.

King III

Rössing has accepted guidance, where applicable, from the King III report. Deviations from the King III guidelines are listed in the table below:

Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors and senior management is not disclosed to shareholders. Rössing does not propose to disclose this information to the public.
Shareholders should approve the company's remuneration policy.	Remuneration is reviewed in detail by the Nomination and Remuneration Committee and approved in principle by shareholders.
As a minimum, two executive directors should be appointed to the Board, being the chief executive officer and a director responsible for the finance function.	In line with the Board's decision to reduce the size of the Board, only the managing director serves as an executive director. The chief financial officer is available at all Board meetings to answer questions and make representation to the Board.

Independence of external auditors

The independent auditors PricewaterhouseCoopers have audited the annual financial statements. The company believes that the auditors have observed the highest level of professional ethics and has no reason to suspect that they have not acted independently from the company. The Board Audit and Risk Committee have confirmed the independence of the external auditors for the reporting period.

Company Secretary

The Company Secretary, Ms 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. The company keeps risk management at the centre of its activities and has cultivated a culture in which risk management is embedded in the daily 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 accounts to the Board for designing, implementing and monitoring the process of risk management as well as for integrating it with the company's day-to-day activities. To this end, the company has fully adopted and implemented the Rio Tinto group risk policy and methodology.

Internal audit

The company's internal audit function performs an independent appraisal with the full cooperation of the Board and management. This function 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 their responsibilities by examining and evaluating the company's activities, resultant business risks and systems of internal control. The mandate of the internal audit function requires it to bring any significant control weaknesses to the attention of management and the Board Audit and Risk Committee for remedial action.

The internal audit function is outsourced to KPMG. The internal audit reports functionally to the company's Board Audit and Risk Committee and administratively to the manager dealing with compliance and legal services.

Internal control

Internal control comprises methods and procedures that management has implemented 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 be effective and efficient, with the most economical use of resources, while adding value to the economy; Rössing accomplishes this by continuously monitoring its goals and by embodying the credo that "That which is measured is controlled"; and
- the safeguarding of assets: assets need to be protected from theft, misuse and use for fraudulent purposes and/or destruction.

The directors are responsible for maintaining an adequate system of internal control. It is understood that such a system reduces, but cannot always entirely eliminate, the possibility of fraud and error.

Information technology

In 2013, the Information Technology (IT) team focused on achieving cost-effective, fit-for-purpose solutions on various aspects of IT and management. The Rio Tinto group also aligned the extent of its support more smoothly to Rössing's needs and in keeping with the above goals.

The focus for 2014 will continue to be identifying more areas where cost and service efficiencies can be unlocked, while maintaining our high standards of service delivery.

CONDENSED ANNUAL FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Unconditional purchase obligations

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

11. Guarantees

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

12. Related parties

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

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

COMPANY OPERATIONAL AND FINANCIAL REVIEW

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

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

Dividend declaration
No dividends were declared for the year.

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

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

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

*South African **Congolese ***Australian

Company Secretary
GD Labuschagne
PO Box 22391
Windhoek

Auditor
PricewaterhouseCoopers
PO Box 1571
Windhoek

Assurance

Our vision is to carry out our business with integrity, honesty and fairness at all times. We build from a foundation of compliance with relevant laws, regulations and international standards, and are in line with various Rio Tinto and Rössing guidelines on leading business practices, such as *The way we work,* Rio Tinto's global code of business conduct.

Much of our work is subjected to various external assurance and verification processes throughout the year. For example, external auditors audit our financial statements, while an external environmental auditing company audits our environmental figures each year. The following auditing companies, Government bodies and other institutions reviewed the company's practices in 2013:

- PricewaterhouseCoopers (Rio Tinto Corporate Annual Report data assurance, designed to provide limited assurance over selected items; attends to annual statutory audit);
- KPMG (internal audits);
- Rio Tinto Corporate Assurance (Rio Tinto Group Audit and Assurance);
- Det Norske Veritas (ISO 14001:2004 certification and Rio Tinto HSEQ Management System business conformance);
- SLR Environmental Consulting (Pty) Ltd (annual review of tailings and associated environmental aspects);
- Environmental Resources Management (Rio Tinto auditors);
- National Radiation Protection Authority (audit on radiation safety compliance)
- 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 Agriculture, Water and Forestry (compliance verification in respect of effluent management and water-related Acts); and
- Ministry of Finance (compliance verification in respect of income tax and finance-related 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

Rio Tinto HSEQ Management System Standard

Performance Standards – Safety

Performance Standards – Occupational health

Performance Standards – Environment

Corporate Standards – Communities

Corporate Standards – Closure

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

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

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

Uranium is a relatively common element that is found in the earth all over the world, mined in many countries and processed into yellow cake, ie uranium oxide (U_3O_8). Uranium oxide has to be processed before it can be used as a fuel for a nuclear reactor, that is, where electricity is generated to produce heat and steam in order to drive a turbine connected to a generator.

Rössing Uranium's operations

1. Drilling and blasting
Through drilling, blasting, loading and haulage, the uranium ore at Rössing is mined. Due to the erratic distribution of minerals in the ground, waste and ore are often mixed. Radiometric scanners measure the radioactivity level of each truckload, determining whether the material is sent to the primary crushers or to the low-grade stockpile. Waste is transported to a separate storage area.

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

3. Grinding
Wet grinding of the crushed ore by means of steel rods reduces it further to slurry with the consistency of mud. The four rod mills, which are 4.3m in diameter, are utilised as required by production levels and operate in parallel.

4. Leaching
A combined leaching and oxidation process takes place in large mechanically agitated tanks. The uranium content of the pulped ore is oxidised by ferric sulphate and dissolved in a sulphuric acid solution.

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

6. Thickening
Counter current decantation thickeners wash the slimes from previous stages. A clear uranium-bearing solution ('pregnant' solution) overflows from the thickeners, while the washed slime is mixed with the sands and pumped to the tailings area.

7. Continuous ion exchange (CIX)
The clear 'pregnant' solution now comes into contact with beads of specially formulated resin. Uranium ions are adsorbed onto the resin and are preferentially extracted from the solution. Beads are removed periodically to elution columns. There the acid wash removes the uranium from the beads. The resulting eluate is a purified and more concentrated uranium solution.

8. Solvent extraction (SX)
The acidic eluate from the Ion Exchange Plant is mixed with an organic solvent which takes up the uranium-bearing component. In a second stage, the organic solution is mixed with a neutral aqueous ammonium sulphate solution which takes up the uranium-rich 'OK liquor'. The acidic 'barren aqueous' solution is returned to the elution columns.

9. Precipitation
The addition of gaseous ammonia to the 'OK liquor' raises the solution pH, resulting in precipitation of ammonium diuranate, which is then thickened to a yellow slurry.

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

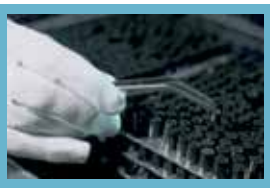
11. Drying and roasting
Final roasting drives off the ammonia, leaving uranium oxide. The product is then packed into metal drums. Neither ammonium diuranate nor uranium oxide are explosive substances.

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

Our customers' operations

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

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



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

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

Many faces of Rössing around the mine and in the community

Please contact us for any feedback, comments, concerns or suggestions about this report. You can either use the inserted feedback card, or send us a text message to 081 616 3038 or e-mail to yourcontact@rossing.com.na.

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