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Media release

Rössing Uranium announces major organisational restructure

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Today Rössing is announcing a major organisational restructuring.

The company, along with many other uranium producers continues to face adverse business conditions. Since the Japanese tsunami in 2011 demand has remained depressed and uranium price has fallen by more than 36%. With the utility sector in Japan essentially shutdown, there is little prospect of a turnaround in the near term.

At Rössing the situation is further exacerbated by mine sequence which is affecting ore grade and mining costs, and external cost pressures. In the financial year to December 2012, the company has incurred its second consecutive major operational loss of N\$474m (in 2011: N\$465m) and is not generating positive cashflow from its operating activities.

This result is despite a 26% rise in production to 2699 tonnes and continuing operational efficiencies that have cut unit costs by 31% through a program of cost reduction, improved productivity, reduced contractor spend and improved ore grade.

The flat outlook for price and increasing input prices (electricity and water in particular) now means that the company must reluctantly look to further reduce costs by reducing the number of roles in the company

The restructure has identified some 276 roles across the organisation to be potentially reduced. This is across the complete organisation including 21 management roles (27% of job category), 25 professional roles (20% of job category), 28 supervisory roles (19% of job category), and 202 operational and maintenance roles, which equates to 17% of job category.

Rössing management has commenced communicating the potential changes to all employees and their bargaining representatives where applicable, and will enter into formalised consultation immediately.

Every effort will be made to minimise the impact of the proposals on job losses through:

- the freeze on all non-essential employment
- taking into account future retirement dates
- redundancy processes (voluntary where possible), including a redundancy package in excess of statutory requirements, as well as support for those leaving the company
- the management team will work with other mining companies to explore potential employment options.

Despite the on-going global situation the company has resisted the need to cut jobs at the mine for as long as possible, but regrettably there is now no alternative. Management's priority is to ensure support is provided to those employees affected and their families through this difficult time.

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