

Media release

RÖSSING ANNOUNCING ORGANISATIONAL RESTRUCTURING

Monday 9 June 2014, 12:00, Swakopmund

Members of the Media

Today Rössing Uranium is announcing a business review of the company.

In May 2014 the company announced that its board of directors gave the mine the opportunity to review its current business operations as communicated to your colleagues on 21 May 2014 at the launch of our 2013 Stakeholder report in Windhoek, and in this way give the company the opportunity to come up with a viable survival option whilst maintaining options to grow again when market conditions become more favourable.

Rössing's management has communicated the potential changes to all employees and their bargaining representatives where applicable.

Along with many other uranium producers, Rössing is facing adverse business conditions.

The long term and spot prices have continued to fall and the market remains oversupplied. Just last month the spot price fell to US\$28/lb. The effect of the lower spot market price on our business means that for every US\$5/lb drop in the spot market price, the company would earn N\$300 million less for the year.

The organisational restructuring is to keep the company operating to avoid care and maintenance or closure.

According to the new model Rössing will only produce sufficient quantities to supply into existing long term contracts. Long term contracts have significant price premiums on spot prices, with the official long term price being USD45.00/lb. This decision will make Rössing insensitive to further spot price reductions but will still keep options open in the event that spot prices increase significantly.

Since 2012 the company has carried out a number of activities to reduce its cost. Some of these include limiting the number of contractors, reduced discretionary spend e.g. on travelling, cost reduction programmes, lower salary increases, Cash Generation projects that saved N\$389 million in 2013 and reduction of 276 employees in 2013.

Although we have focussed hard on reducing costs since 2012, which has kept us in business so far, we have now to review our business to find ways to further reduce our costs.

The mine's proposed new operating model creates a new way of work for us and consists of a number of elements, some which will be implemented over the next few months whilst we will further explore others.

Wave 1 of the new operating plan will include, for example, a 5-day operating cycle, 3-panel shift pattern, revised mining and milling targets, annual leave plans to reduce impact of public holidays, and a number of other measures to improve efficiency and reduce costs sustainably.

Wave 2 will look at further improving efficiency by considering outsourcing and insourcing opportunities.

The implementation schedule of the proposed new operating plan will see the company going into its new look as from 1 August 2014.

The mine's new operating plan will cut about N\$1 billion from its fixed operating costs, but still leaves a shortfall of about N\$90 million. This leaves the mine with no option but to reduce its workforce which will affect about 265 roles, bringing the number of employees to around 930 from the current 1,168.

This process will start with an opportunity for application for voluntary retrenchment, followed by involuntary retrenchment.

The company is continuing its consultation with the MUN Rössing Branch Executive Committee.

Rössing's Report to Stakeholders for 2013 is available on our website www.rossing.com.

Werner Duvenhage
Managing Director
Rössing Uranium Limited