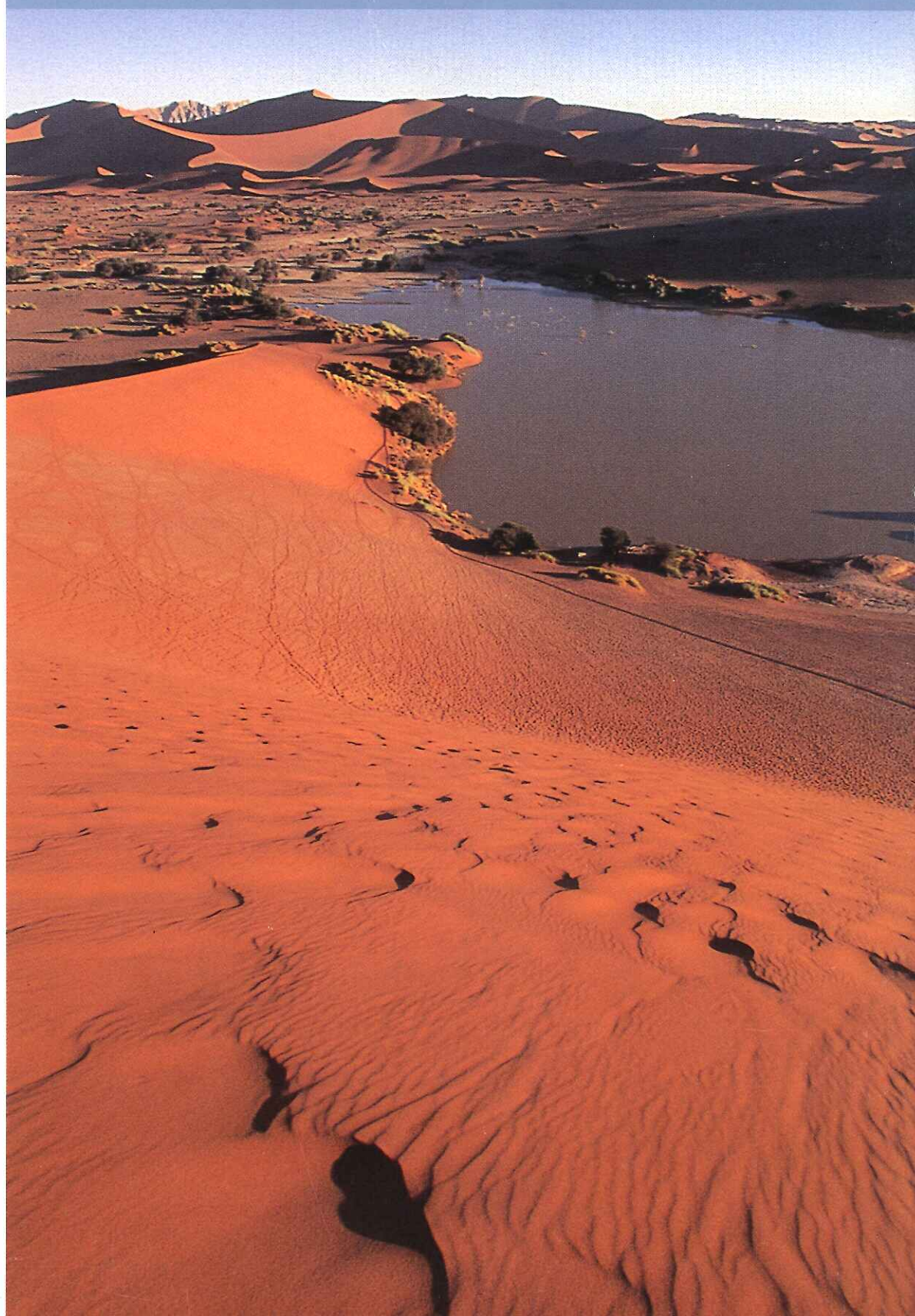


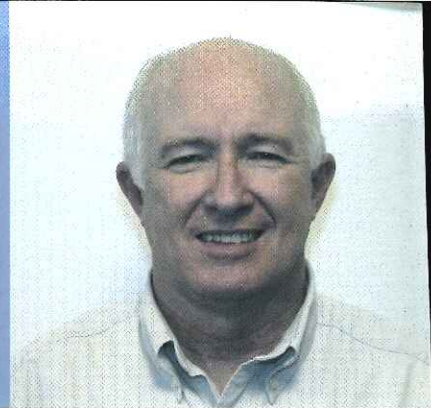


SOCIAL, ENVIRONMENTAL AND STATISTICAL REPORT 2001

SOCIAL
ENVIRONMENTAL
STATISTICAL



MESSAGE FROM DAVID SALISBURY, MANAGING DIRECTOR



Dear Reader

We are pleased to present to you our third local Social and Environmental Report which now includes an overview of Rössing's performance. As in the previous years we hope that you find this publication interesting and that it provides you with a view of the initiatives undertaken during 2001.

In this issue we incorporate a number of ideas that were received from the readership survey at the end of last year.

Topics that our readers have expressed a continuing interest in were health, safety, environment, water and community work. Our focus encompasses all of these important subjects as we strive to exercise our social, environmental and business stewardship.

In 2001 Rössing had one of the most successful years in its recent operating life. We worked hard during the year resulting in a reduction in the number of safety incidents, the achievement of the set production targets, and the achievement of the cost savings goal. The outlook at the mine and in the community has turned from quite a pessimistic one into a more hopeful view with a projected maximum life of the mine now estimated until 2018, depending on future trends in the uranium market price.

The weak market conditions of 2000 continued into 2001 with the spot price increasing slightly

during the year but remaining below US\$10/lb U_3O_8 . In response the Company continued to implement and further develop its business improvement programme to ensure its long-term cost competitiveness. The Company's Business Improvement programme launched in April 1999, Rössing Beyond 2000 (RB 2000) came to an end in December 2001 with the N\$150 million savings target reached.

After 25 years of business there is new confidence that significant further improvement in business performance and cost efficiency will be made in 2002 and beyond through the operations' Continuous Business Improvement programme. With adequate ore reserves and sound marketing strategies, Rössing should be in business for a further 16 years as a competitive force in the world energy market.

Capital investment to the value of N\$52 million (*US\$6.6 million) was made during the year, including refurbishment and expansion of the acid off-loading facility at Walvis Bay harbour. A highlight was the start-up of the pilot ore sorting plant in the second half of the year.

The Company's role in the development of Namibia through its contribution to the economy continued in 2001. Rössing's sales represent about 10% of total Namibian exports. Employee salaries and benefits, taxes paid and local goods and services purchased contributed

significantly to the local economy. Social investment and contribution to the Company's host communities continued through the work of the Rössing Foundation in addition to mine programmes. The focus was on social upliftment, training and skills improvement in Namibia. With increased attention on the Mine's neighbouring community, Arandis, the Rössing Foundation opened an office in the town.

Rössing aims to remain a reliable, competitive and responsible long-term supplier of uranium oxide to the world nuclear power industry. The Company is committed to offering good conditions of employment, supporting training and development of its employees and is dedicated to high standards in all areas of its operation.

The goal of creating a sustainable future as a way of thinking is being ingrained as a central value at Rössing. Rössing is here to stay for the foreseeable future and efforts will be made to contribute to building a sustainable future in the region as well.

The Rössing Foundation has a long history of fostering social development in the whole of Namibia. The recognised skills and national success of the Rössing Foundation is now being applied toward improving the livelihoods of the people in Arandis specifically and other communities of the Erongo Region. Areas of focus will include education and capacity building of local leaders, building

a stronger sense of citizenship and expanding the economic diversity of the community for the establishment of employment creating business opportunities. The way we manage the impact on the surrounding environment in close proximity to the Mine and supporting comprehensive initiatives to secure long-term availability of water for everybody at the coast are some of the topics that are key to our ongoing efforts. Our policy on page two contains the principles guiding our thinking.

While 2001 was just one year of Rössing's operating life, the focus on the future has intensified. As last year, the tables will show the progress we have made against the targets stated in 2000 with new and challenging targets being set for 2002. A number of short articles and illustrations will provide you with background of the work carried out and a brief look at the programmes we are setting in place for 2002.

Trusting that you will enjoy the report and we welcome your comments again. Please use the reply form to comment on the contents and layout of this 2001 report. Your continued feedback is important so that we can make this report more useful to you in the years to come.

A handwritten signature in blue ink, appearing to read 'David Salisbury'.

David Salisbury
Managing Director Rössing

RÖSSING OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Excellence in Occupational Health, Safety and the Environmental (OHSE) management is one of the foundations of our vision to be a profitable, long-term, supplier of uranium oxide.

Human Values and Safety

The health and wellbeing of our employees and host communities are of prime importance. We believe that all occupational illnesses, workplace injuries and environmental incidents, are preventable and will therefore never compromise HSE standards and procedures in the quest for other business priorities. We will adopt an error free and zero tolerance approach to unsafe acts and conditions with zero occupational illnesses, injuries and incidents being our aim.

Compliance

We will comply with local legislation and internal standards set by following shareholder requirements and international standards where national standards do not exist. We will ensure that services and products equally comply with all our occupational health, safety and environmental requirements.

Management

We will effectively utilise comprehensive OHSE management systems with standards and procedures in place ensuring compliance in all aspects of the business. We will minimise risk and ensure that risk assessments are conducted for current facilities and practices, changes to existing processes and activities as well as for new projects. We will provide OHSE training for employees. We will be prepared to properly address emergencies.

Environmental Sustainability

We will conserve natural resources by ensuring reduced resource consumption, effective usage and safe disposal. We will prevent and mitigate residual pollution by the development and implementation of a relevant, well-researched and comprehensive sustainable development (SD) plan. We will provide adequate resources to ensure the successful implementation of this SD plan. We are committed to care for our environment and will ensure that our management systems are specifically designed to prevent pollution.

Communication

We will engage in constructive dialogue with all our employees, community leaders and all other stakeholders to share information and hear their concerns and expectations with respect to OHSE issues relating to our new projects, ongoing operations and future closure. Further to this, we will continue in our efforts to raise the awareness of HSE issues to our host communities.

Continuous Improvement

We will seek continual improvement through assessing and reporting of occupational health, safety and environmental performance with regular setting and reviewing of targets. We will conduct regular occupational health, safety and environmental audits. This policy will be reviewed and updated annually.

COMPANY INFORMATION



Rössing, a large open pit uranium mine, situated in Namibia, south-western Africa. It lies 65 kilometres inland from the coastal town of Swakopmund in the Namib Desert. The region is characterised by sparse vegetation, rocky outcrops and gravel plains with an average rainfall of approximately 30mm per year.

Rössing is one of the largest open cast uranium mines in the world and with solid reserves will continue to serve the world energy industry for a further 16 years. Rössing is part of the Rio Tinto Group of Companies, which currently holds 68,4% of Rössing's equity.

MINING AND PROCESSING OPERATIONS

The ore body is mined by blasting and loading the rock with electric shovels onto 180 tonne haultrucks. The uranium-bearing ore is then delivered to the primary crushers and waste rock taken to dumping sites outside the pit area.

The primary crushers initially reduce the uranium-bearing rock

to an average size of 16 centimetres. It is further reduced to sand grain size in three additional crushing stages and milling. Sulphuric acid is added as a leaching agent to extract the uranium from the rock. The solution is separated from the ground rock and the solid material is pumped to the tailings dam for disposal.

In the first stage of recovery, resin beads adsorb uranium from the solution, which is then stripped from the beads to form a more concentrated solution. This is pumped to a solvent extraction plant where it is further concentrated and the remaining impurities removed. In the next step, gaseous ammonia is added to the solution, resulting in a precipitate of ammonium diuranate, or yellow cake. This is dried and roasted to produce Rössing's final product, uranium oxide (U_3O_8), in a grey-black powder form. The uranium oxide is safely and securely packed into steel drums ready for delivery to the Company's customers. Production information since 1997 is given in the data table on page 22.

OTHER FACTS

Rössing is committed to a workforce that is representative of the local population. Of the 791 employees at the end of 2001, 96% were Namibian citizens. The Company offers attractive conditions of employment including housing, transportation to the workplace, membership of a pension and medical aid scheme together with free 24-hour life and accident insurance. More

than half of the workforce has in excess of 16 years service.

In 1987 the Company signed a recognition agreement with the Mineworkers Union of Namibia of which 77% of employees are members. Union officials and mine management meet on a regular basis to discuss matters of mutual interest.

Rössing's stated and practised policy is to develop all employees by providing extensive training in mining and related skills and helping to develop a proper understanding of the responsibilities and opportunities each job offers. Rössing is also committed to training Namibians to progressively assume positions of greater responsibility within the Company. Promotions and new appointments are made in line with the Company's equity policy and the Namibian legislation on affirmative action.



The Company plays an important role in the development of Namibia through its contribution to the economy and the generation of about 10% of total Namibian exports. In 2001 employee salaries and benefits, taxes paid and goods and services purchased totalled just over N\$700 million, compared to the N\$500 million in 2000.

Rössing is committed to care for the health and wellbeing of each employee, contractor and visitor to our business. Health management systems are used to identify and manage health risks in the workplace to eliminate occupational illnesses or incidents. General health programmes focus on the protection of persons and the elimination of exposure risks. In assisting to maintain the wellbeing of employees and the community, we run an active health promotion programme which includes counselling, a peer education programme and being actively involved in health activities within the community.

OCCUPATIONAL EXPOSURE

Radiation

A personal monitoring programme is used to obtain the radiation exposure levels. The average radiation exposure for personnel working in the uranium processing plant was 4.13 milli-Sieverts per year (mSv/y) with the maximum exposure being 7.8 mSv/y. All the radiation exposure levels of personnel monitored in 2001 were well below the international guideline of 100 mSv over 5 years, giving an average of 20 mSv/y.

Dust

An objective for 2001 was to work towards having no personal dust monitoring samples exceeding the dust concentration standard of 0.5 mg/m³ at the Fine Crushing Plant. Even though all employees are fully protected at present, the commitment to continual improvement is such that dust levels are to be reduced so that personal protective equipment is no longer required. This will result in a reduction of dust emission from the crushers to the environment.

A significant improvement in personal dust levels at Fine Crushing was achieved in 2001 with an overall average of 0.62 mg/m³ compared to values of 0.88 mg/m³ and 0.84 mg/m³ for 1999 and 2000 respectively. Results are given in the data table on page 22.

The number of samples exceeding the target of 1.5 mg/m³ was 5% for the year. Good progress was also made in 2001 with the percentage of results that exceeded the target decreasing from 12% in the first quarter to 0% in the fourth quarter.

OBJECTIVE FOR 2002

At the Fine Crushing Plant, no personal dust sample should exceed the dust concentration standard of 0.5 mg/m³.

MEDICAL EXAMINATIONS

All employees at Rössing undergo annual or biannual medical examinations. This data is analysed on a regular basis to monitor and identify trends and forms the basis for further investigations and research projects to compare the findings with studies performed worldwide. More than 75% of the workforce has been with the Company for sixteen years and longer and it is evident that the controlled work exposure has had minimum medical effects on the health of the workforce. Ageing and habits of the workforce have a more profound effect and counselling as well as a health

promotion programme are in place to address this.

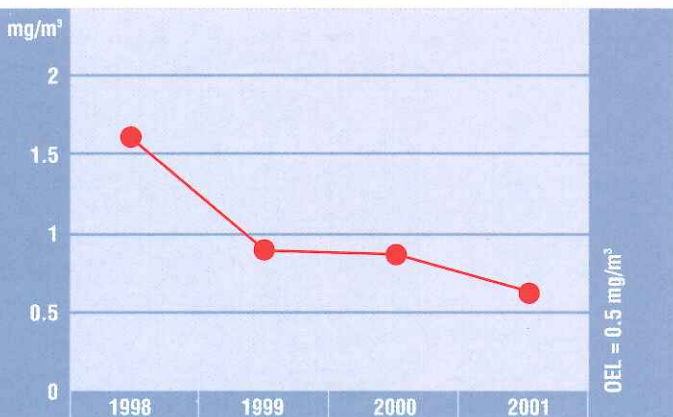
A study on the health of the workforce using nineteen years of data has been completed. A significant finding of the study is that lifestyle problems rather than occupational exposure affect the health of the worker more. Publication of the results of the study is planned in 2002.

The low dose radiation study commissioned by the Company and the Mine Workers Union of Namibia (MUN) in 1998 to verify, confirm or refute the findings of Reinhard Zaire on the effects of radiation on chromosomal aberrations among employees, was completed late in 1999.

The results, compiled by two internationally recognised experts in the radiation field, Dr J Lucas and Dr D Lloyd, refuted the earlier work of Dr Zaire, stating: "The overall conclusion is that the frequency of chromosomal damage in the miners did not exceed that of the control subjects. This verification study has therefore not confirmed the earlier report of Dr Zaire and his colleagues." Rössing and the Rössing branch executive committee of the MUN subsequently approved the findings. Results of the study were published in the Radiation Research Journal of June 2001 for comments by the scientific community.

A summary of the results is available on the Rössing website Bulletin Board – www.rossing.com.

FINE CRUSHING PLANT – Personal Dust Monitoring



HEALTH continued ...

HEALTH PROMOTION

The Alcohol and Drug Policy was reviewed and changed to an approach of zero tolerance. This means that if a person is tested positive for alcohol or drugs during random testing, the person will be sent home and not allowed to work that day. Educational sessions to support the implementation have been put in place. Fine-tuning of the random testing procedure is also in progress.

In order to improve on the health awareness levels amongst employees and dependants, Rössing's Peer Education Programme was started in 1996. Peer Educators share health messages with their colleagues and in their own language where language barriers exist. In 2001, through regular talks the peer educators reached an average of 350 employees per month with health messages. Peer educators are also trained in the communities to reach dependants and other community members with important health messages.

In May 2001, Rössing arranged a refresher-training course for peer educators from Rössing, the coastal schools and Hansa Breweries. The course was presented by the Health Co-ordinator of the Occupational Health Education and Assistance Programme (OHEAP) sponsored by the Chamber of Mines of Namibia.

Peer Educator Refresher Course May 2001



Peer Educator Float at the Swakopmund Carnival

Peer Educators from Rössing and from local schools entered a float

for the procession through the streets of Swakopmund during the Coastal Carnival in June 2001. The group designed and created signs depicting strong messages with the idea of making every person aware of the danger of AIDS. Some of the posters were mounted onto a truck and others carried by school peer educators through the streets of Swakopmund. During this procession, the peer educators collected money for the Erongo Baby Feeding Scheme which provides food for babies of HIV positive mothers who cannot breastfeed them and young children affected by HIV.

A number of partnership activities took place in 2001. These included:

- Involvement in the activities of the District Public Health Care Committee which co-ordinates all HIV/AIDS and other health initiatives in the district of Swakopmund.
- Presentations on HIV/AIDS were given at various workshops within the community.
- The peer educators sold red ribbons during November and the funds collected from this were also donated to the Erongo Baby Feeding Scheme. The project was initially established by the Rössing Peer Educators and is administered by the West Coast Social Workers' Association. Many children have benefited from this fund during the past few years.
- To increase the number of peer educators, an additional peer educator training course aimed at contractors and community members, was held in September.
- In order to promote Community Health Awareness, the Health Promotion Officer twice presented HIV/AIDS awareness training at the Namibian Institute of Mining and Technology in Arandis for new apprentices.

OBJECTIVES FOR 2002

Workplace and Community Health

- Design and implement awareness strategies that reflect Rössing's policies and practices on employee health including HIV/AIDS.
- Expand the peer-counselling programme both at Rössing and in the community with the aim of reaching 20% more people.



SAFETY

WELCOME TO RÖSSING
OUR GOAL IS ZERO ACCIDENTS

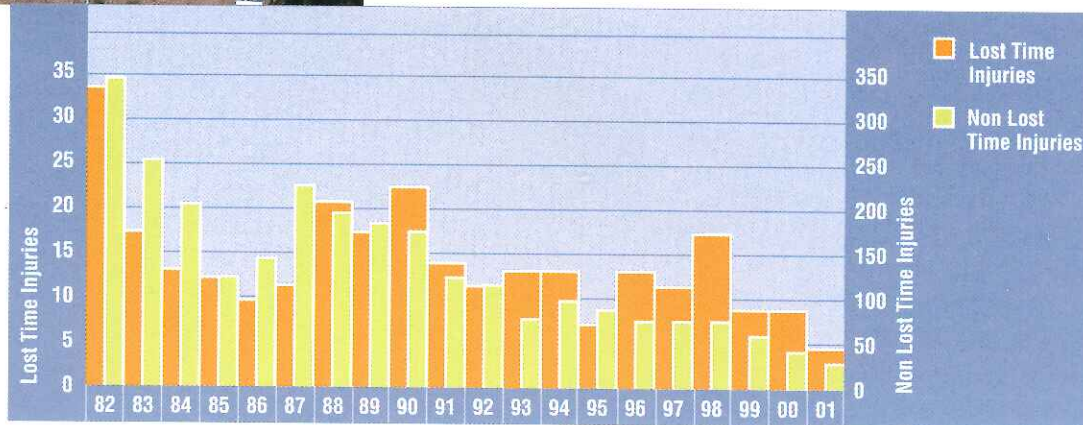
The safety of our employees, contractors and visitors is our number one priority. We firmly believe that all accidents are preventable, thus we continue to strive to have zero accidents. The Rössing safety system has been enhanced by the incorporation of Rio Tinto safety criteria. The new safety system places greater emphasis on physical safety checks.

Contractor Management and Change Management Procedures were comprehensively updated and implemented as further support of our drive to zero accidents.

Our objective of reducing the number of lost time accidents by 50% in 2001 was not achieved. However, Rössing achieved a new safety record in 2001 with the lowest ever number of Lost Time and Non Lost Time Injuries. The highest recorded number of Lost Time Injuries was 34 (1982) and the lowest was five (2001). There were 37 Non Lost Time Injuries in 2001 which is the lowest ever. The highest was in 1982 with 351. Results for the last five years are given in the data table on page 22.

Contributing factors to this achievement were:

- Improved Safety Induction;
- Modular Safety Training (such as working at heights, working in confined spaces, etc.);
- Continuous Risk Assessments by all employees;
- Increased visibility of all levels of management by conducting Personal Safety Observations as well as having a committed workforce;



- Updating of 12 key Rössing standards that from world experience are those areas which records the significant incidents.

Occupational Health, Safety and Environmental (OHSE) Representative elections were held during the year, where 37 OHSE Representatives were elected and subsequently trained. The elected OHSE Representatives have been highly motivated and have contributed much to the successes we had in safety during 2001.

OBJECTIVES FOR 2002

- Twelve monthly training modules will be developed and all employees will be trained on all modules.
- 50% Reduction in all injuries compared to 2001.
- Be 95% compliant to safety standards as verified by the external biannual safety audit in December.

DISASTER MANAGEMENT

The Disaster Management and Recovery (DM&R) programme was fully updated in the first quarter of the year. The programme is world best practice and covers

all topics associated with a disaster. The DM&R programme was walk-through tested in July and areas for improvement were identified. The programme will be fully tested in 2002.

Training was carried out in 2001 for employees and relevant stakeholders on the Company's various critical emergency plans.

EMERGENCY PREPAREDNESS

Ammonia leak

The annual safety inspection of the anhydrous ammonia storage plant was carried out in May by a group of operational and maintenance engineers who have a vested interest in the plant. The inspection did identify deviations, but none of the deviations were of a serious nature and all have been corrected.

The annual ammonia leak mock drill was carried out in June. It involved all employees, contractors and visitors on site. This drill has taken place every year for the past 14 years.

Uranium Oxide spill

A mock uranium oxide spillage drill was carried out on site to test the reaction of all the relevant

response sections involved in response and clean up. The following external agencies were also trained in uranium oxide emergency procedures.

- NamRail.
- Walvis Bay Harbour authorities.
- Walvis Bay Fire and Emergency Service.
- Durban Fire and Emergency Service.
- Durban Harbour authorities.
- Cape Town Fire and Emergency Service.
- Cape Town Harbour authorities.

Sulphuric Acid spill

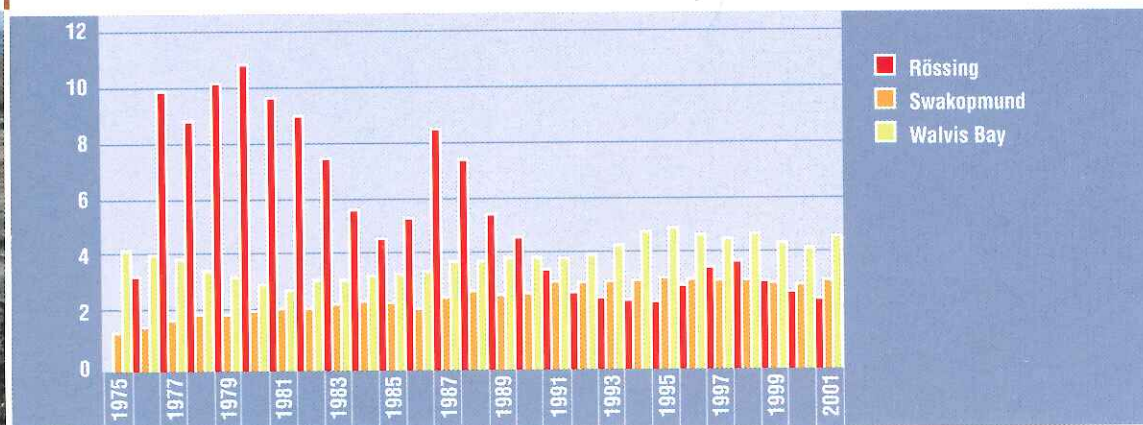
A mock drill for a sulphuric acid spill was carried out to test the reaction of all the related sections involved in response and clean up. The following external agencies were also trained in emergency acid procedures.

- NamRail
- Walvis Bay Harbour authorities.
- Walvis Bay Fire and Emergency Services.
- Rössing's Walvis Bay contractor.

OBJECTIVES FOR 2002

- Provide refresher training on emergency preparedness.
- To conduct a full DM&R mock drill.

WATER



The graph above shows Rössing's annual freshwater consumption since 1975 compared to that of the other major users in the coastal area, Swakopmund and Walvis Bay.

Water Use at Rössing Mine

Water is a scarce commodity in Namibia and water management is of prime importance at Rössing Mine. This includes the reduction of freshwater consumption by recycling of water wherever possible. Rössing Mine obtains freshwater from the Central Namib Area Water Scheme based at Swakopmund. This scheme draws groundwater from wellfields in the Omaruru and Kuiseb rivers, which are the nearest sources of potable water. Groundwater found in the Khan and Swakop Rivers and other aquifers around the Mine is brackish to saline.

The total water consumption at Rössing Mine during 2001 was

2.05 Mm³, which is an average of 5623 m³/day. Recycled solution constituted 72% of the total water used, while freshwater contributed 22% and Khan River water 6% (Note that Khan River water is brackish water not fit for human consumption and thus not considered as freshwater). The freshwater consumption was reduced from 2.31 Mm³ in 2000 to 2.05 Mm³ in 2001. The reduction was mainly achieved by pumping 0.51 Mm³ from the Khan River compared to 0.35 Mm³ last year. The remainder of freshwater savings was due to the implementation of projects such as the northern tailings seepage control system. A freshwater consumption rate of 0.226 m³ per tonne of ore milled was achieved this year.

Results for the last five years are given in the data table on page 22.

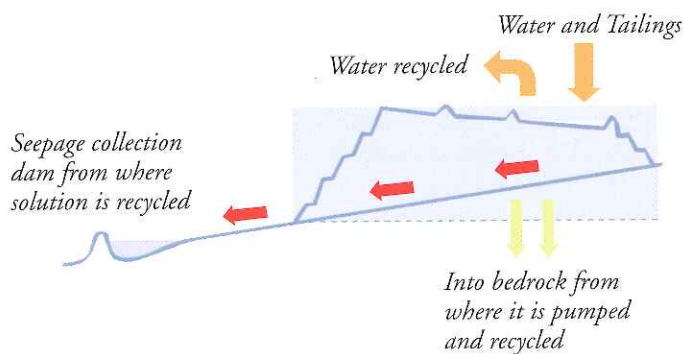
TURNING A PROBLEM INTO AN OPPORTUNITY

The tailings dam extraction project

An objective in 2001 was to construct a wellfield on the tailings dam to recover stored water and reduce the freshwater demand by 2 000 m³/day.

Rössing's tailings dam currently contains almost 250 million tonnes of milled and leached ore (tailings). As this waste material is transported in slurry form, it contains up to 25% of water. While a part of the water will always remain in the tailings

Water flow in the tailings dam.



The tailings dam.

FRESHWATER

This graph shows that while the total annual freshwater consumption was reduced from 2.31 in 2000 to 2.05 Mm³ in 2001, the freshwater consumption per tonne ore processed was slightly higher in 2001 at 0.23 m³ compared to 0.21 in 2000.



dam, the free-draining portion seeps out to the surface or into the underlying bedrock (see schematic cross-section on page seven). This seepage contains some remaining acid, process chemicals and radionuclides, which could contaminate the environment, if uncontrolled flow was allowed.

One of the major environmental programmes at Rössing is the effective operation of the seepage control systems. The objective is to recover seepage as close to the tailings dam as possible and prevent contamination of aquifers outside the mining grant. The pumping systems and dewatering boreholes were up-graded over the years to reduce evaporative losses from the seepage dam and tailings area.

A proposal was developed to recover the water before it seeped out of the dam. An investigation showed that in 2000, the tailings dam contained 36 Mm³ of water and that it was in fact a large artificial groundwater reservoir. If this water could be used, it would prevent the risk of seepage to the environment and at the same time reduce the Mine's consumption freshwater, as well as shortening the drainage time of the tailings dam after future mine closure.

Further research and drilling showed that 10 Mm³ could easily be extracted from coarse to medium-grained tailings at a rate of 700 000 m³ per year. A pumping system was built and the first borehole started pumping in November 2001. Due to its chemical composition the tailings water cannot replace freshwater directly, but it can be used as industrial water for certain applications in the process. Based on water figures for 2001, approximately 1 500 m³/day of freshwater can be replaced with industrial water. This would reduce the Mine's freshwater demand from 2.1 Mm³ in 2001 to 1.8 – 1.9 Mm³ from 2002 onwards.

A further objective was to improve the use of industrial water by supplying water of better quality to the processing plant and using saline water for dust suppression in the open pit. Options for the supply of industrial water to the plant and open pit are still under investigation.

Improvement of the water recycling system for the dust collectors at the pre-screening plant to reduce water loss in the crushing plant.

The project to recycle water from Fine Crushing through a thickener unit was not implemented this

year. As in the past, water was recycled from the pump sumps to the plant and no new water savings were achieved. The possibility of replacing freshwater with poor quality water will be investigated in 2002.

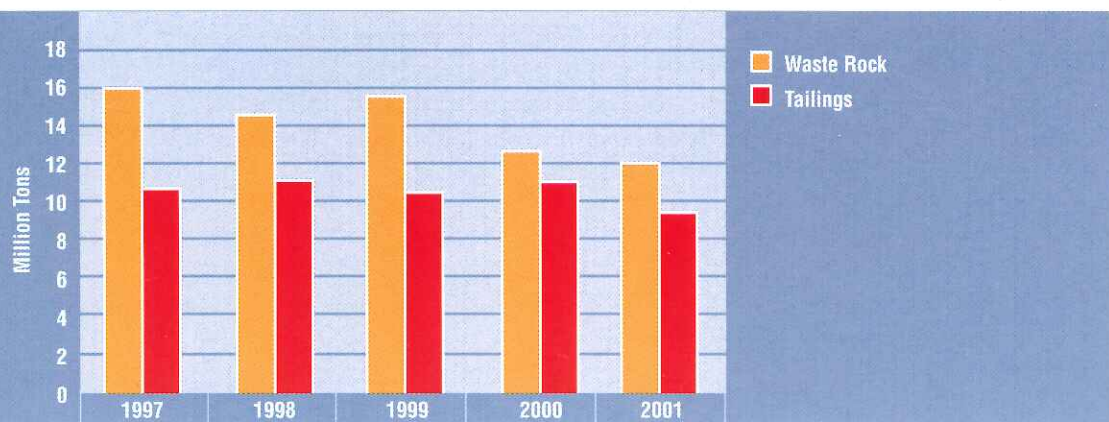
Implementation of a wellfield to control evaporation losses from surface water bodies north of the tailings facility.

A wellfield north of the tailings dam was commissioned in February 2001 and has since contributed to the lowering of the water table in that part of the tailings dam and reduction of evaporation by 250 m³/day.

OBJECTIVES FOR 2002

- Reduce the freshwater demand by at least 1 500 m³/day from July 2002 by supplying water for industrial use from the new wellfield on the tailings dam.
- Design a cost-effective water recycling system for the dust collectors at the pre-screening plant to reduce water loss.
- Investigate the possibility of replacing freshwater with industrial water at Fine Crushing.

ENVIRONMENT



WASTE MATERIAL DISPOSAL

Mining at Rössing takes place in an arid environment with an average annual rainfall of about 30 mm. In areas such as this any damage to the flora in the environment will take a very long time to heal. We are aware of this and take on the responsibility to care for the environment. There has always been an environmental monitoring programme at Rössing. In 1997 a decision to have a more formal environmental management system was taken. In 2001 Rössing obtained ISO 14001 certification.

The second ISO 14001 certification audit took place in July 2001. Nineteen findings were raised concerning mining operations, the HEF plant and the general Environmental Management System. The main problem areas were waste sorting, hydrocarbon handling and timely completion of environmental management programmes. All audit findings were cleared and confirmed at a follow-up inspection and certification was retained. This programme will now be audited externally on an annual basis.

WASTE MANAGEMENT

In mining, as with all industries, a certain amount of waste material is produced. At Rössing, waste rock and tailings are effectively managed to minimise the effect on the environment while ensuring that the rock dumps and tailings dam remains stable. We constantly seek to reduce the amount of waste generated and to recycle as much of the waste material as possible.

For 2001 the target was to reduce the total number of waste manage-

ment related environmental non-conformances. By non-conformances we mean non-compliance to standards or procedures or when minor incidents such as oil spills occur. The role of a non-conformance is to identify deviances and to put an action plan in place to correct the non-conformance.

The target was difficult to achieve since not reporting of non-conformances was seen as a reduction and this was not what was needed. For 2001, 100 non-conformances were reported, 28% of which referred to poor waste management and inadequate sorting of waste material. Waste management needs further improvement in 2002.

There was no progress with the identification of a better practice and the current procedure for the disposal oil filters remained in place. This specifies that oil filters are placed onto drip trays for 12 hours to remove the oil and the dried filter then disposed at the landfill site.

Mining operation generates hazardous waste. Waste, we consider as hazardous, include redundant

chemicals and used oil and greases. Hazardous waste at Rössing does not include any waste related to our product. The hazardous waste facility in Walvis Bay was inspected and found to be unable to cater for the quantities of hazardous waste originating from the Mine.

It was decided to move the present temporary storage site in the open pit, as the lack of access control to the area resulted in a risk of soil pollution. Construction of a new controlled storage facility at the Mine is planned for 2002.

Replacement of 210 litre oil drums

Discussions with the hydrocarbon supplier about the practicality of replacing 210 litre drums with re-usable one cubic metre containers are still in progress. The best ways of supplying hydrocarbon products is being investigated at all users and the most effective method used.

Greenhouse gas emissions and the problem of global warming is a concern for everyone. There are a number of ways that the production of greenhouse gasses can be reduced. At Rössing, we are always looking for ways to reduce electrical and fuel consumption by improving efficiency in energy usage.

Examples of how this is done:

- Scheduled maintaining of equipment and machinery;
- Only operating equipment and machinery when necessary;
- Improving processes, i.e. the new tailing transport system.

Energy consumption is production driven and will increase as the production increases. While in 2001 the amount of ore processed decreased from 11 039 Kt to 9 084 Kt, the energy consumption was also to decrease. The fact that this did not occur means that there are other activities that play a role in the energy consumption. In mining at Rössing, to get to the required ore, waste material must be removed and in 2001 more waste material was taken out of the pit. This waste material is not taken as part of the processed ore. Results for the last five years are given in the data table on page 22.

INTRODUCTION OF A NEW TAILINGS TRANSPORT SYSTEM

The skyline of the Mine is set to change visibly with the construction of an 840-meter long overland conveyor from the processing plant to the top of the tailings dam. This is part of the

sands conveyor project, which is to be built in 2002. The current Mine plan predicts that more than 10 million tonnes of tailings per year will be deposited over the next 16 years. The ever increasing pumping height and distance as the tailings pile grows has made the current pumping system unreliable and expensive to operate.

The conveyor will transport the coarse material to the highest point on the tailings dam. The finer slimes fraction would be pumped in a new pipeline and mixed with the sand fraction on the dam. The mixture would then be pumped to the various paddies for disposal. Cost savings will mainly be on maintenance spares, downtime, energy consumption and production losses.

OBJECTIVES FOR 2002

- Maintain ISO 14001 certification.
- Develop a process for the compilation of an EIA for the final elevation and extent of the tailings dam.

GREENHOUSE GASES

The target to reduce greenhouse gas emissions to 39.1 tons per ton uranium oxide produced in 2001 was not achieved. This was due mainly to increase stripping of waste material from the open pit. The target for 2002 remains at 39.1 tons per ton uranium oxide produced. Results for the last five years are given in the data table on page 22.

ENERGY CONSUMPTION
PER TON ORE PROCESSED



GREENHOUSE GAS EMISSIONS



ENVIRONMENTAL ACTIVITIES IN THE COASTAL AREA



Scholars from Swakopmund, Walvis Bay and Arandis schools identifying and recording bird species during the Rössing Birdwatching Day at the Walvis Bay Lagoon. In total 17 species out of a possible 40 birds found in this area were identified.

RÖSSING BIRDWATCHING OCTOBER 2001

In 2001 Rössing Uranium took part in the annual "BirdLife – Birds and the Environment" activities for the first time.

The main objective of the event was to raise public awareness about the importance of birds as indicators of a healthy environment and to encourage an interest in watching and monitoring birds in Namibia. The most appropriate format for the 2001 bird-related event was identified in consultation with the Ministry of Environment and Tourism (MET). The MET indicated that its main concern was the protection of the near-threatened Damara tern, an indigenous species of sea bird that only occurs along the Namibian coast. The tern breeding grounds between Swakopmund and Walvis Bay are partly fenced in to prevent vehicles driving over the birds' nests. Rössing and Rio Tinto decided to assist with the construction of further sections of fence and the MET approached

business people along the coast for further contributions.

More than 60 people attended the birdwatching event, most of them scholars from the local high schools. The proceedings were opened by Rössing's MD who planted the first pole of the new fence together with business representatives. Copies of bird books and videos on the Walvis Bay lagoon were distributed to each school.

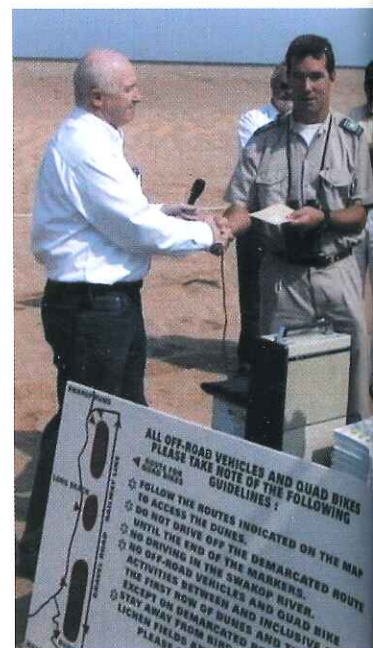
The group moved on to the Walvis Bay lagoon, an internationally important wetland and Ramsar site that is threatened by siltation. The Coastal Environmental Trust of Namibia explained the situation at the lagoon and gave an introduction to bird identification. The local media were invited and covered the event extensively.

(Ramsar site – the Convention on Wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources).

The Damara Tern Fencing Project was launched this year in support of the Ministry of Environment and Tourism. Rössing has set the example with a N\$20 000 donation to the Ministry and at the same time invited local business in Eco-tourism to also make contributions. Rössing expressed its commitment to continue its support for the project.

NAMIBIAN TREE ATLAS PROJECT

The Namibian Tree Atlas Project, co-ordinated by the National Botanical Research Institute (NBRI) in Windhoek, began in October 1997 and Rössing's Health and Environmental Management section were involved from the beginning. The aim of the tree atlas project is to map the distribution and abundance of trees and shrubs in the whole country. A database and printed atlas will be produced to make this information available to the public. At first, the focus of Rössing's contribution was on the immediate surroundings of the Mine and the Khan River. When this area was completed, attention was given to previously unmapped parts of the Namib between Swakopmund, Henties Bay, Uis and Spitzkoppe. The NBRI is planning to complete the project in 2002.



Rössing Managing Director, David Salisbury, hands over a cheque for N\$20 000 to Rod Braby, Chief Warden of the Ministry of Environment and Tourism, for the start of the Damara Tern Fencing Project to protect the breeding area of the birds.

COMMUNITIES

CORPORATE SOCIAL RESPONSIBILITY BUILDING BRIDGES OF SUSTAINABILITY

The Rössing Communities Policy sets out a business goal for excellent management of community issues, based upon three underpinning principles as articulated by the Rio Tinto Communities Policy, that of – *mutual respect, active partnership and long-term commitment*. This goal has been adopted in recognition of the fact that good relations with the Company's neighbours are fundamental to the long-term success of the business, both in ensuring that we can continue to operate our existing site and also to qualify us to undertake new developments when our record will be examined.

Furthermore, Rössing's community programme reflects its commitment to social impact mitigation and community development to achieve a lasting legacy of sustainable development beyond the life of the Mine.

The notion of 'Corporate Social Responsibility' as articulated in the recently updated Rössing Communities Plan 2002 – 2006 is constructed within a development framework that hinges on five principal themes: Social Responsibility, Corporate-Community Partnership, Environmental Stewardship, Workplace and Community Health, and Corporate Social Responsibility Practice.

Host Communities

Namibia is divided into 13 regions. The Erongo Region in which the Rössing Mine is situated covers 64 000 square kilometres. Income per head is the second highest (after the Khomas Region where the capital Windhoek is situated). This reflects the relative prosperity of the region derived from fishing, mining and tourism. The towns of Walvis Bay, Swakopmund and, to a lesser extent, Arandis, which together account for 70% of the regional population of about 100 000, are relatively prosperous. Smaller towns such as Usakos, Karibib, Omaruru and Uis are much less so. The desert climate results in a very small agricultural community.

Communities Involvement

Rössing's overall philosophy and approach to communities relations, which is in line with Rio Tinto's communities policy, prescribes as a business goal the excellent management of community issues based upon three principles –

- mutual respect
- active partnership
- long-term commitment.

Rössing Programmes

Rössing's five-year plan was updated, putting the focus on the Erongo Region and communities in the immediate vicinity of the Mine, specifically Arandis.

The visitor's programme assisted in the maintaining of good relations and communications and created a better understanding of Rössing's business challenges.

Visitors to the Mine totalled more than 2 000. In addition a number of business briefing meetings were held with business and community leaders, regional and municipal leaders and the media. These were well received and contributed to an overall positive view of and response to the Company's business Continuous Improvement initiatives, such as the RB 2000 programme.

The partnership formed with the Erongo Development Foundation in 1999, at the instance of the Governor of the Erongo Region, has been maintained. The Foundation's aim is to support entrepreneurial initiatives in the region with seed funding to entrepreneurs from Swakopmund, Walvis Bay, Henties Bay, Arandis and Omaruru to start up or further develop their informal or small businesses.

As the first step in the founding of the Arandis Mining Museum, the Mine donated a 150 tonne capacity WABCO haultruck to the town during 2001. A shovel will be donated during 2002.

The Rössing Foundation

The Rössing Foundation, which was established in 1978, is administered by a full time Director who is responsible to an independent Board of Trustees. The organisation is funded by donations received from Rössing, but also manages a number of projects on behalf of non-governmental organisations and foreign aid institutions.

Activities for the year 2001 focused on three broad areas of operation, namely adult basic education and training, natural resource management and enterprise development. The Foundation now offers a broad range of further learning programmes for adults, and through its own activities provided opportunities for 1 300 learners to acquire new vocational skills.

The community-based natural resource management programme is run through training and outreach programmes with the aim of increasing local capacity, both for local management structures and/or individuals. The programme is part of a national strategy to promote the sustainable development of rural livelihoods in Namibia, and is a partnership between government and civil society.

Craft and rural art remain the focus of enterprise development initiatives, with about 1 500 persons (95% women) benefiting from this programme. Once again Mud Hut Trading and the Namibia Craft Centre have both performed very well in 2001. Mud Hut Trading showed a healthy turnover with demand surpassing supply at this stage.

The five community libraries continue to fulfil an important role by serving their target communities, and on average handle about 3 000 visits per quarter. A new Community Library was opened in Arandis.

COMMUNITIES continued ...

THEME

SOCIAL INVESTMENT

CORPORATE-COMMUNITY PARTNERSHIP

ENVIRONMENTAL STEWARDSHIP

WORKPLACE AND COMMUNITY HEALTH

CORPORATE SOCIAL RESPONSIBILITY PRACTICE

RATIONALE

Rössing will promote the strategic application of corporate resources to society through its support to the Rössing Foundation and its programmes that will increasingly focus on the Erongo Region. Rössing aims to maintain and further develop partnerships with identified stakeholders to promote sustainable development initiatives firstly in the Erongo region and secondly to national programmes. In keeping with its commitment to the highest standards of environmental control and practice on site, Rössing will continue to promote good corporate environmental management practices in Namibia.

Promote the workplace as a community, with particular emphasis on safety, occupational and general health with emphasis on HIV/AIDS as an emerging concern because of the impact on human resources in Namibia.

Support the Corporate Social Responsibility process in Namibia by promoting a deeper understanding of CSR practice, further improvements to reporting mechanisms and explore appropriate models, approaches and tools of implementing CSR.

2001 PERFORMANCE

Building and enhancing human capital has been a long-term objective of Rössing in its work in Namibia. Progress in this field has been significant over the past years, and 2001 has been no different. Through a combination of staff development programmes, bursaries and support to adult education programmes more than 1 300 Namibians have successfully completed their studies in a wide range of subjects. (See graph alongside which shows the education programmes run by the Rössing Foundation in three towns within Namibia and that run together with partners).

In addition to direct support to individuals, Rössing Foundation has continued to provide information to both young school learners and adults. The Rössing Foundation/Bank Windhoek Career Exhibition has become an annual event in Windhoek that attracts more than 4 500 learners to learn more about potential careers and job opportunities, and to assist them in finalising their future choice of further studies.

The Community Libraries and Resource Centres managed by the Rössing Foundation provide community members from four towns, access to information and source materials that they would not normally have access to. During 2001 more than 12 000 Namibians made use of these facilities. These libraries are linked into the programmes offered by the Ministry of Basic Education, Sport and Culture as well as the Namibian Open Learning Network (NOLNET). A recent addition to the network of library services provided through Rössing is the Community Library in Arandis. This Library was officially opened by the Governor of the Erongo Region, Honourable Samuel

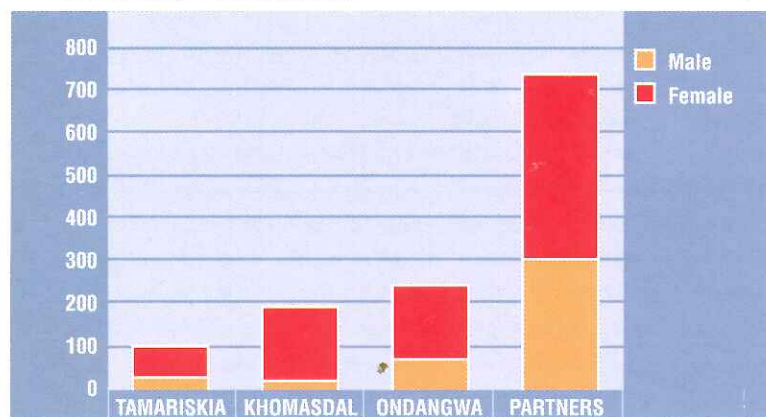
Nuuyoma, and amongst others will provide a service to the three Arandis schools as well as Rössing employees resident in Arandis.

As further support to the community of Arandis the Rössing Foundation opened an office in the town to specifically support the initiatives of the Town Council, and to further the objectives of local community groups.

A Leadership Training workshop was conducted with selected town councillors and local government employees to strengthen their capacity and in October, Mayor Thomas Kaimbi hosted an open day in Arandis to introduce interested organisations and individuals to the Local Development Plan of the Town Council.

The environment, and the sustainable management of natural resources, comprises a large component of development work implemented by both Rössing and the Rössing Foundation. Specific issues related to the immediate environs of the Mine and support initiatives within the Erongo Region appear earlier in this report.

EDUCATION PROGRAMMES



However, through the Rössing Foundation Community Based Natural Resource Management Programme work has continued in supporting the establishment of Conservancies in Namibia. These Land Management areas now total 5.7 million hectares of community managed natural resources, involving 35 500 people with 14 registered Conservancies and a further 35 applications in various stages of development. The Rössing Foundation is responsible for the training of the members of these Conservancy Committees in a wide range of skills, including the development of constitutions, roles and responsibilities of committees, financial management, private sector negotiations and the development of benefit distribution plans. In total 18 training sessions were conducted that involved 316 community members as participants. (152 female, 164 male).

Unemployment still remains one of Namibia's largest development challenges, and the Rössing Foundation craft programme serves as an avenue for increasing household income levels, and targets the potential growth of micro-enterprises in Namibia. Working with about 1 500 rural Namibians (95% women) in 11 of the 13 regions, the Craft Department provides training, product development and marketing opportunities for these women. Mud Hut Trading, the marketing component of the programme surpassed its turnover target for 2001, and almost reached the N\$1 million mark.



The first step in the founding of the Arandis Mining Museum was taken late in 2001 with the donation of haultruck 55, which was parked in the centre of Arandis.

The Namibia Craft Centre, another Rössing Foundation project, showcases Namibian craft where 35 stallholders occupy a venue that hosted more than 35 000 visitors in 2001.

The Mine donated a 150 tonne Wabco haultruck to the town of Arandis as the first step to establish the Arandis Mining Museum. The haultruck was delivered towards the end of the year and was parked in the centre of the town. A shovel is to be delivered to the town in 2002. The Town Council aims to increase the town's tourism potential with visitors to the mining history exhibition.

In the 2001 schools prize-giving programme, 22 schools in Arandis, Walvis Bay and Swakopmund

received donations for book prizes in the environment, science and mathematics fields for their annual prize-giving events. Rössing employees attended the prize-giving events to present the prizes to the scholars on behalf of the Company. Some of the comments received from the schools and scholars were:

"Rest assured that your assistance and interest have not gone unnoticed among the community at large and the scholars in particular"

SOS HERMANN GMEINER SECONDARY SCHOOL, SWAKOPMUND

"I have bought myself a book which I will treasure and have written your name on the inside cover so I will always remember where it came from."

KELLY DEPENE GRADE 8 WALVIS BAY

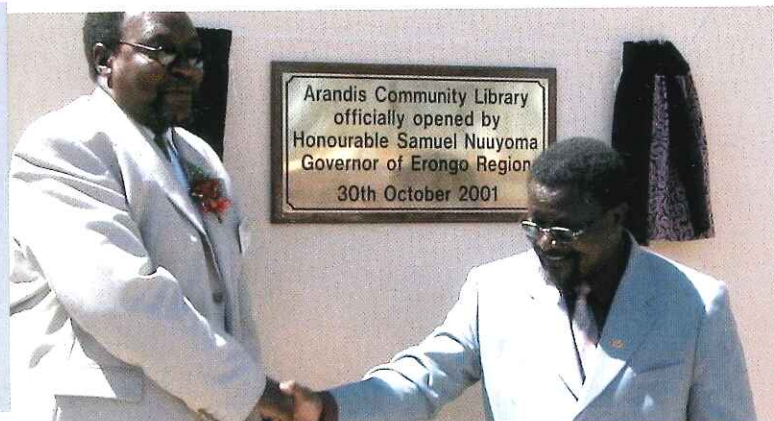
"I am a pupil in Grade 10 and I attend Duneside High School. I received a book prize for second position in class. I would like to thank you for generously sponsoring my prize."

CINDY WILLIAMSON

"We do appreciate your Company's dedication towards education and promise to use the money for scientific and environmental books."

PRINCIPAL, ARANDIS PRIMARY SCHOOL

COMMUNITIES continued ...



INVEST RESOURCES

INTO DEVELOPMENT PROGRAMMES THROUGH SELECTED SPONSORSHIP ACTIVITIES

THIS WAS DONE BY:

- Sponsoring the annual Rössing Namibia Marathon Championship in Swakopmund. This event crowned a Namibia Marathon Champion for the 10th consecutive year. The popularity of the event grew with runners even from South Africa, Botswana and Swaziland. The Company indicated that it would continue to support the Marathon Championship through a local athletics club, Swakop Striders.
- Cash and in-kind donations to institutions and organisations, for educational, environmental and cultural activities, mostly in the Erongo Region but also nationally, totalled about N\$137 000.

OTHER COMPANY ACTIVITIES INCLUDED:

- The Company shared expertise and knowledge through employee representation on various communities and other organisations such as the Chamber of Commerce, Nam-Water, Association for Resource Management against Alcohol and Drug Abuse (ARMADA), Namibia Institute of Mining and Technology (NIMT) and the Erongo Development Foundation (EDF).

- There was an ongoing development of dialogue with representative groups and opinion leaders in the communities, such as the Arandis Town Council, which increased the Company's understanding of community needs. Following on this the Arandis Town Councillors attended a Leadership and Team Working training, which was also attended by Rössing employees.

- Rössing supported an Arandis Open Day, which was hosted by the Rössing Foundation. Community and business representatives and non-governmental organisations attended to learn more about the town. The Rössing Foundation reopened the Arandis Community Library.

- The Company supported the town of Arandis in the Namibia Independence anniversary celebrations.

- Visitors to the Mine totalled more than 2 000, including high-ranking Government representatives, members of the diplomatic corps, interest and school groups. General public tours were hosted twice a month and the proceeds were to the benefit of the Swakopmund Museum.

- Business briefings were held with Government officials, business and community leaders from Swakopmund, Walvis Bay and Arandis and the media. This took the form of a site visit with presentations and a tour of the mining operations.

OBJECTIVES FOR 2002

The communities' plan will deliver results in the following areas:

Social Investment

- Rössing will contribute towards the increase of human capital assets in Namibia.
- The people of Namibia and the Erongo Region will benefit from the improved management and sustainable utilisation of all natural resources.
- The people of Namibia and the Erongo Region have increased access and improvements to enterprise opportunities.
- The people of Namibia and the Erongo Region will benefit from having access to networking and advocacy resources made available through the Rössing Foundation.

Corporate-Community Partnerships

- Rössing aims to maintain and further develop partnerships with identified stakeholders to promote sustainable development initiatives, firstly in the Erongo Region and secondly to national programmes.

Environmental Stewardship

- In keeping with its commitment to the highest standards of environmental control and practice on site, Rössing will continue to promote good corporate environmental practices in Namibia.

Corporate

Social Responsibility

- Develop a set of appropriate tools that will measure the impacts of CSR activities in Namibia.
- Promote deeper understanding of CSR practices in Namibia amongst CSR practitioners.
- Document examples of good practice in Namibia.
- Establish a Social and Environment Consultative Forum with the community.



OVERVIEW OF OPERATIONS

The main focus in 2001 was to bring to conclusion the Rössing Beyond 2000 (RB 2000) programme, a formal business improvement and cost reduction programme which had a major impact on all aspects of the operation. The programme focused on continuous improvement in costs, efficiency and productivity without compromising the Company's high environmental, health and safety standards.

MANAGING OUR BUSINESS (MOB)

Following on from the major capital investment projects of about N\$267 million over the last five years, the Company launched a business improvement programme RB 2000, in April 1999. The programme continued in the next two years and was concluded in December 2001. The target was to reduce costs by more than N\$100 million. The formal part of the programme was completed in June 2000 while the full annualised saving benefits of N\$150 million was realised by the end of 2001.

This successful conclusion of the RB 2000 programme is an indication of the strong drive to ensure the long-term sustainable low-cost operation of Rössing.

Employees have demonstrated their support for the programme as a result of an effective communication process. A bonus of N\$17 million was paid out to all employees in terms of a Gain Share Scheme, which shared 40% of all savings from N\$100 million to N\$150 million. This resulted in each employee receiving at least three months salary as his or her part of the scheme.

To accelerate the delivery of savings through the RB 2000 programme, the implementation specialists, Proudfoot, began work in October 2001. With the successful handling of this task the scope of work has been extended to build into all levels of the business the ability to implement and sustain change. The programme is called "Managing our Business" (MOB) and involves the training of every employee in "Mission Continuous Improvement" (MCI).



LEADERSHIP DEVELOPMENT AND TEAM MEMBERSHIP

Leadership and good teamwork are essential elements for any operation. With the RB 2000 programme moving to an end the need was identified to introduce training sessions to sharpen the leadership and teamwork skills of all employees.

Leadership Development training sessions were held throughout 2001 and all levels of managers have been trained. This initiative was extended with a Team Membership focus and by year-end about 25% of all employees have completed the training which will continue to cover all employees. The training of employees is presented by a specialist, in conjunction with the business managers.

PRODUCTION

During 2001, 2 643 tonnes of U_3O_8 were produced, which is a slight decrease on the production in 2000. Mined tonnage of 21.1 million tonnes was slightly less than in 2000 and milled tonnage was also slightly lower at 9.0 million tonnes. Ore grade was in line with plan and overall recovery higher than the 2000 levels.

In the Processing area the pre-screening plant, commissioned in January 1999, was running smoothly after fine tuning adjustments mainly to eliminate vibrations in 2000. The plant is tied into the fine crushing circuit to improve the throughput capacity of the circuit by removing

The pilot radiometric ore sorting at Rössing is a first for a uranium mine and construction was completed early in 2001 without any safety incident. A comprehensive test programme continued throughout 2001. Radiometric ore sorting is a technique used to increase uranium production and improve cost performance by enhancing the feed grade for the processing plant. It entails the measuring of radiation of individual rocks to calculate the quantity of uranium in the rock and the grade. Rocks of a grade below a set cut-off point are removed from the main feed stream to a waste stream. There is the potential to remove about 25% of the total rock mass by eliminating low-grade ore prior to further crushing and processing. The transition from a pilot to an operational plant is being investigated and validated.

The importation of sulphuric acid through Walvis Bay Harbour continued in 2001. This followed after a detailed review of the international sulphuric acid market. The review identified the opportunity to purchase acid at a cost lower than that of producing acid on site for at least the next few years. This resulted in the acid plant being mothballed in March 2000. An Environmental Impact Assessment (EIA) and a risk assessment were carried out in 2000 in conjunction with the South African based Council for Scientific and Industrial Research (CSIR). These assessments ensured the safe transportation and handling of sulphuric acid from Walvis Bay

HUMAN RESOURCES

Rössing is committed to a workforce that is representative of the local population. 96% are Namibian citizens, compared to 94% in 2000. The Company offers attractive conditions of employment. These include housing, membership of a pension fund, medical cover and free 24-hour life and accident insurance as well as transport to and from work.

In 1987 the Company signed a recognition agreement with the Mineworkers Union of Namibia (MUN). Of the Mine's employees, 77% are members of the union. Union officials and Mine management meet on a regular basis to discuss matters of mutual interest.

Employee relations were sound during 2001 as a result of communication initiatives. These enabled employees to understand the business challenge and to contribute effectively to the Company's "Mission Continuous Improvement". The MUN executive was regularly informed about the Company's plans through information-sharing meetings. The Leadership and Team Membership workshops played a major role in the process.

The retrenchment of employees as a result of restructuring through the RB 2000 programme was completed in 2000 and no retrenchments took place in 2001. Rössing employed 791 people at the end of 2001 compared with the 2000 year-end total of 800. Employees who left Rössing in 2001 were related to normal turnover such as retirement and resignation.

Employee productivity decreased from 4.0 to 3.3 per employee year as the tonnes U_3O_8 produced was lower in 2001 than in 2000.

The Company is in contact with universities in Namibia and elsewhere in terms of its graduate recruitment programme for the recruitment of skilled people. A number of bursaries have been made available for studies in specific fields.

The Company's Affirmative Action/Employment Equity Policy was announced in 2000. In terms of the Affirmative Action/Employment Equity Act no. 29 of 1998, the Company was required to submit a three-year plan to the Ministry of Labour, beginning in 2001.

Our Affirmative Action Policy was subsequently approved and the Company has been issued with a compliance certificate. Progress in meeting the set targets of the plan will be reviewed annually by the Employment Equity Commission.

A total of 58 employees received 20 year service awards and 86 received 25 year awards in 2001. The average length of service is now 16 years.

TRAINING AND DEVELOPMENT

Rössing's stated and practised policy is to develop all employees to their fullest potential by providing extensive training in mining and related skills; helping to develop a proper understanding of the responsibilities and opportunities each job offers.

Rössing is also committed to training Namibians to assume positions of progressively greater responsibility within the Company.

Rössing donated the Namibian Institute of Mining and Technology (NIMT) as an

Independence gift to the nation in March 1992. Rössing employees as well as other Namibians are trained at NIMT. Trades offered are fitting & turning, fitting, machining, instrumentation, boiler making/plating/welding, diesel mechanic/auto mechanic and electrical. Courses in mathematics, engineering science, engineering drawing, industrial electronics and applicable trade theories are done simultaneously with practical training.

NIMT's contact address is:

Private Bag 5025,
Swakopmund, Namibia.

Tel: +264 64 510126
Fax: +264 64 510369.

MARKET REVIEW

Following a bleak 2000, the year 2001 offered some comfort to uranium producers. Though still at a low level the year-end spot price of US\$9.60 represented a 35% increase over the prior year.

The low prices in 2000 were largely the result of an aggressive inventory sales strategy by USEC (United States Enrichment Corporation). With most of that material now committed, market fundamentals have begun to establish themselves, pushing prices higher.

From a demand perspective the United States dominated the market. The US nuclear industry represents one third of global demand and generally a larger proportion of the spot market.

Most US reactors have been under utilised over the past 20 years but today are run very efficiently. Capacity utilisation has increased from about 65% in the 1980s to over 90% today. In terms of electricity generation this is equivalent to over 20 new 1 000 MW reactors. In addition to this utilities are also applying for up-rates to their reactors – thereby increasing the generating capacity further.

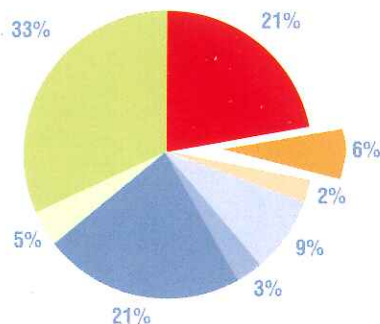
Licence extension applications by utilities for a further 20 years of operation are also being made. A positive future for the industry is developing representing a volte-face from the pre-deregulation outlook that many analysts forecast.

It was during 2001 that California experienced its power shortage fiasco. The brown-outs that affected most of the state were a wake-up call for the US administration and all other western governments engaged in electricity deregulation programmes. Vital lessons in security of electricity supply and the need for long-term planning were learned, though in California it was the semi-regulated electricity market that was largely to blame.

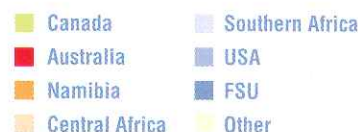
Energy policies around the world were and continue to be negotiated. In countries such as the US, UK and Finland, the previously unthinkable prospect of new reactors is now being debated. Nuclear power is now more viable than ever. It is safer and, more economic; it provides diversity to electricity supply and most importantly avoids CO₂ emissions.

Existing build programmes continue in Asia – mainly in China, Japan and Korea. The official Japanese programme of 10 – 13 reactors by 2010 is unlikely to be realised with public opinion issues causing siting problems. Eight reactors are deemed more probable.

The news that dominated the year was the trade action that the USEC took against its European competitors, Urenco (Anglo Dutch) and Eurodif (French) for dumping enrichment services. The recently privatised USEC has been forced into fighting a rear guard action in order to maintain shareholder value. This began in 1999/2000 with the aggressive sale of its uranium inventory and has continued in 2001 with the allegation that Urenco and Eurodif have gained state subsidy in order to compete in the US market. Significant duties have now been applied to Eurodif's services, with lower duties applied to those of Urenco. Appeals will certainly follow during 2002, but until then USEC's market position in the US market has been strengthened.



WORLD PRIMARY PRODUCTION U₃O₈ IN 2001



Supply of uranium to meet global requirements continues to be met 55% from mined production (primary supply), and 45% from above ground sources (secondary supply).

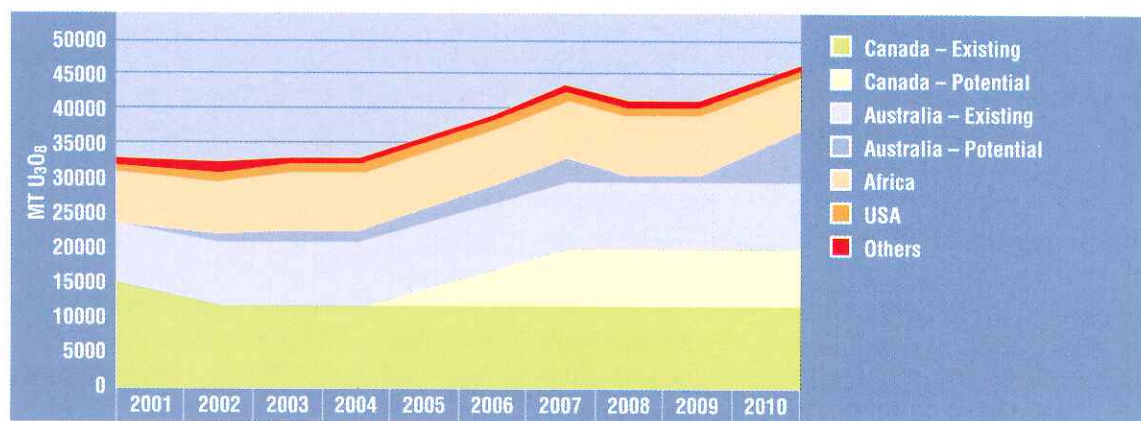
Primary supply in 2001 increased from 41 000 MT U₃O₈ to 42 200 MT U₃O₈. It continues to be dominated by supply from Canada (35%) and Australia (22%), with most of the increase over the year coming from the former. McArthur River, a new high-grade joint venture mine owned by Cameco and Cogema increased its production to 7 830 MT U₃O₈, an increase of 57% and approached its capacity of 8 200 MT U₃O₈. A small mine also began production in Australia. The Beverley Mine, owned by Heathgate Resources, produced 550 MT U₃O₈ during the year at about 50% of capacity. These increases were largely offset by reductions in output from Namibia and the US.

Looking ahead the Cigar Lake development, also owned by Cameco and Cogema, remains slated to begin production in 2005, but weak market conditions may delay it. The underground operation

would have a capacity of 8 200 MT U₃O₈ p.a. at high-grades. In Australia, the Honeymoon project owned by Southern Cross, could begin production in 2002. This is an in-situ-leach project with a capacity of 1 000 MT U₃O₈ p.a.

Secondary supply was mostly unchanged in the year. The most significant development was related to the Russian HEU¹ agreement. The deal that was brokered in 1998 was based on an option principle, whereby the consortium of western companies (Cameco, Cogema and Nukem) had the right, but not the obligation to buy the material. Any purchase would be made at an option price, which was market related above a floor price. Over the past two years the market price has been mostly below the

EXISTING AND POTENTIAL WESTERN PRIMARY PRODUCTION

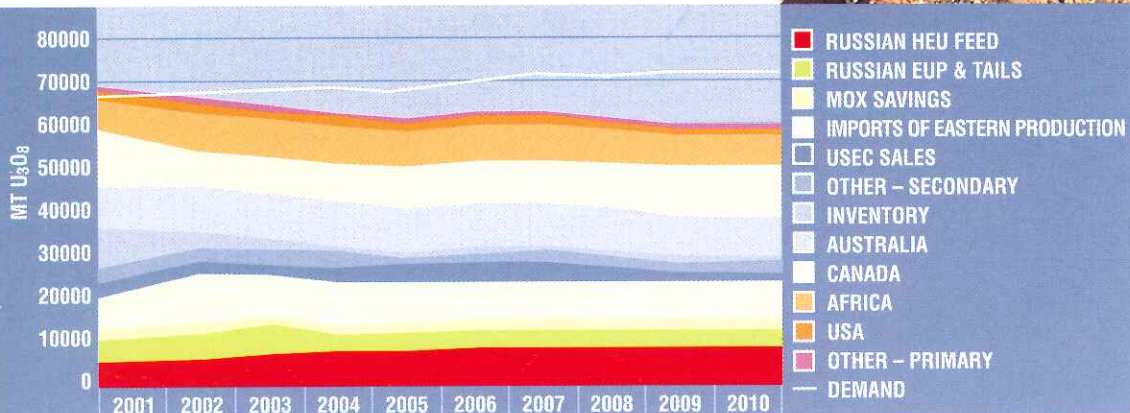


floor price providing no incentive for the western consortium to option the material. Only limited volume has been sold and Russia has received minimal revenue if this situation continues. The risk to the market would be that the deal would fall through and the uranium would be taken out of the hands of responsible sellers.

Hence, the deal was re-negotiated so that the consortium companies are now obliged to buy a proportion of the down-blended HEU. The price is unchanged and the amount is equivalent to the permitted sales quota for allowable sales into the US. This equates to a total of 4 500 MT U₃O₈ in 2002 and escalates to 9 000 MT U₃O₈ by 2009. The market impact of this is thought to be negligible as it had already been factored in by the market as a source of supply.

¹ Highly Enriched Uranium (HEU) is high-grade military material which is downblended for use in reactors.

MARKET REVIEW continued ...



DEMAND AND SUPPLY BALANCE

The other major sources of secondary supply remain utility inventory, government inventory, USEC inventory, reprocessed uranium and re-enriched tails. Utility inventory remains the major contributor as electricity companies adjust to deregulated power markets. Asia, and Japan in particular is the region with the highest stock level. Europe is approaching its desired level, whereas in the US optimum levels have already been reached.

Russian government inventory has historically been exported to the west for revenue. Over the

past year exports have dwindled to the extent that a Russian discounted price is no longer published on a weekly basis. This can be misleading, however, as some analysts believe that the uranium is being processed further and is being sold as Enriched Uranium Product (EUP) to yield higher revenue. If this is the case it will be displacing the same demand, just further along the fuel cycle.

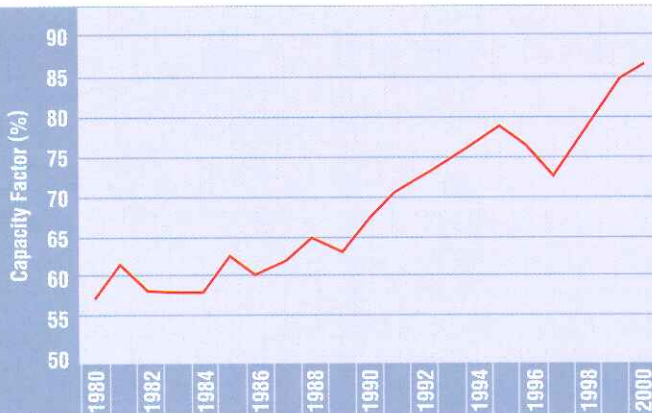
As mentioned earlier USEC inventory sales were largely responsible for the depressed market of 2000. Most of their

30 000 MT U_3O_8 of excess stock has now been committed, either into spot sales or term contracts. It is hoped that the Company will no longer have such a debilitating effect on the market.

Overall the transition of the nuclear industry and the uranium market over the past few years has been significant. The supply and demand fundamentals today appear to be approaching equilibrium. Any increased demand will need to come from mined supply, which in turn will need to be price led.

Users and producers of uranium dislike price volatility. Large organisations appreciate the ability to plan investments in a predictable environment. It is for this reason that Rössing Uranium Limited contracts principally over the long-term. It is through strategic relationships that Rössing has helped mitigate its customers geographical and company supply risk for over 25 years. With its solid reserves Rössing will continue to serve the industry for a further 16 years.

US CAPACITY LEVELS



FOR MARKET INFORMATION PLEASE CONTACT

Rio Tinto Mineral Services Limited, 6 St James's Square, London SW1Y 4LD, United Kingdom
Tel: +44 (0) 20 7752 2222 Fax: +44 (0) 20 7752 2252

Rio Tinto Mineral Services Inc., 622 Fort Williams Parkway, Alexandria, Virginia 22304-1848, USA
Tel: +1 703 222 2222 Fax: +1 703 222 2222

STATISTICAL INFORMATION

Namibia's surface area is 824 000 square kilometres with a population of 1.8 million and a population growth rate at 3.1%.

NAMIBIA	UNITS	1999	2000	*2001
Gross Domestic Product (current prices)	N\$ millions	21 230	23 264	26 689
GDP per capita	N\$	11 762	12 494	13 893
Total Exports of goods	N\$ millions	7 906	9 043	9 547
Total Mineral Exports (including diamonds)	N\$ millions	3 960	5 993	Not available
Inflation Rate	%	8.6	9.3	9.2
GDP Growth Rate (constant prices)	%	4.3	2.9	1.6

* 2001 Preliminary (Source: Central Bureau of Statistics)

PERFORMANCE DATA TABLE	1997	1998	1999	2000	2001	Target for 2001	Target for 2002
Number of employees	1249	1182	1006	800	791	770	849
Productivity per Employee-year	2.74	2.76	3.15	4.00	3.34	—	—
Production data							
Ore processed (000 tonnes)	10 668	10 958	10 463	11 039	9 084	9 203	9 719
Waste rock removed (000 tonnes)	16 137	14 637	15 607	13 124	12 033	11 811	15 965
Ratio ore processed : waste rock removed	0.66	0.75	0.67	0.84	0.75	0.80	0.61
U ₃ O ₈ produced (tonnes)	3 425	3 260	3 171	3 201	2 643	2 800	2 778
Contribution to World Production (%)	8	8	8.5	8	6	—	—
Rank Amongst Principal Producers	5	4	5	5	5	—	—
Fresh Water Consumption (000 m ³)	2 820	3 542	2 779	2 312	2 053	2 100	1 866
Fresh Water per tonne ore processed (m ³ /t)	0.26	0.32	0.27	0.21	0.23	0.21	0.21
Ratio of fresh water : total water	0.29	0.35	0.27	0.22	0.22	0.21	0.20
Seepage water collected (000 m ³)	2 009	1 821	2 102	2 709	1 609	2 920	2 024
Emissions to air							
CO ₂ (Kt CO ₂ equivalent)	143.6	155.6	148.6	139.1	119.7	109.4	109.4
CO ₂ per unit of production (t/t U)	41.9	47.7	47.2	43.4	45.3	39.1	39.1
Energy use on site (GJ x 1000)	1 180	1 339	1 248	1 133	979	908	987
Energy use per tonne ore processed (MJ/t)	111	122	119	103	108	99	109
Electricity Purchased (million kWh)	208.7	210.7	216.9	204.9	174.3	—	—
Fine Crushing Plant							
Source dust level (mg/m ³)	0.73	0.88	1.32	2.80	1.45	1.00	0.90
Personal dust level (mg/m ³)	—	—	0.88	0.84	0.62	—	0.50
No. of personal annual radiation exposure above 20 mSv	0	0	0	0	0	0	0
Lost Time Injury Incident Rate (LTIIR)	0.63	0.93	0.49	0.85	0.45	0.38	0.225
No. of Lost Time Injuries	12	18	9	9	5	50% of previous year	50% of previous year
No. of Non-Lost Time Injuries	83	85	70	45	37	—	50% of previous year

Rössing Uranium Limited
Private Bag 5005, Swakopmund, Namibia
Tel: +264 64 520 2397, Fax: +264 64 520 2297
Email: aabrahams@rossing.com.na
Website: www.rossing.com

I would very much appreciate if you could evaluate our Social, Environmental and Statistical Report for 2001. Your response is important. It will help us learn more about the views of key members of the community and what you think about the work Rössing is carrying out. It will also help us plan our future work in health, safety, environment and the community.

I will ensure that your response will be confidential.

Should you have any queries, please contact Mr Achmet Abrahams, who is our Superintendent Health and Environmental Manager, at telephone (064) 520 2397 or e-mail aabrahams@rossing.com.na

Please post your completed questionnaire to Achmet Abrahams, Private Bag 5005, Swakopmund, Namibia.

David Salisbury, *Managing Director*

YOUR NAME

ORGANISATION

(Your name is optional – we undertake to treat your information as confidential)

Please mark the appropriate blocks:

ABOUT THE CONTENT OF THE REPORT

1. The report covers a number of topics.

How would you rate these topics in order of importance to you?

[Please number them from 1 (most important) to 9 (least important).]

- ☐ Health
- ☐ Safety
- ☐ Environment
- ☐ Water Management
- ☐ Waste Management
- ☐ Land
- ☐ Energy
- ☐ Communities / Rössing Foundation

2. Which areas do you rate as most critical to the local community?

[Please number them in order of importance from 1 (most critical) to 10 (least critical).]

- ☐ Health
- ☐ Water Management
- ☐ Education
- ☐ Skills Development
- ☐ Employment
- ☐ Business Development
- ☐ Tourism
- ☐ Crime
- ☐ Drug abuse
- ☐ Environmental issues
- Other *(please list)* _____

3. Do you view the Company's approach to the social and environmental issues as reflected in the 2001 report, as adequate?

☐ Yes

☐ No

Comments? _____

4. Are there any other topics not covered in the report, which you would like information on?

If you have more than one topic, please number them in order of importance to you [1 (most important) to 10 (least important)].

5. Was there anything in the report that was a surprise to you?

☐ Yes

☐ No

If Yes, please list: _____

6. This printed report is one way to present the information. Would you like to receive the information in other ways?

(You may mark more than one option)

- ☐ Regular newspaper and radio articles
- ☐ Public presentations
- ☐ Specific presentations to interest groups
- ☐ Establish a regular forum for discussions
- ☐ As part of the Rössing exhibition at the Swakopmund Museum as well as fairs /shows
- ☐ Video tape
- ☐ Audio tape
- ☐ CD to be read on a PC
- ☐ Printed booklet
- ☐ Rössing website – www.rossing.com

ABOUT THE LANGUAGE OF THE REPORT

7. The report is available in English.

Do you think that it should be available in other languages as well?

☐ Yes, in other languages as well

☐ No, only in English

8. How would you rate the written language of the report?

☐ Easily understood

☐ Too technical

ABOUT THE LAYOUT OF THE REPORT

9. How would you rate the general layout of the report?

☐ The layout of the report is practical and the text is easy to follow

☐ The layout of the report is average which makes the text quite easy to follow

☐ The layout is confusing which makes it difficult to follow the text

10. Should the layout of the report include – *(You may mark more than one)*

☐ Photos?

☐ Maps?

☐ Diagrams?

☐ Tables with figures?

11. Please make any comments about the report you may have:
