



**Exposing the Myth: Resolution Copper's Connection
with the Islamic Republic of Iran**

by David F. Briggs



Aerial View of the Rössing Uranium Mine, Erongo Region, Namibia (June 2004)

Opponents of Resolution Copper have attempted use Rio Tinto's interest in Rössing Uranium Ltd. as a reason to oppose the development of its copper deposit near Superior, Arizona.

Rössing Uranium Ltd. is a mining company, which is incorporated in the Republic of Namibia. Its principal asset is the Rössing uranium mine, which is reported to be the third largest uranium producer in the world. Rössing is a limited liability company that has a large number of shareholders, including Rio Tinto (69%), the Iranian Foreign Investment Company (15%), the Industrial Development Corporation of South Africa (10%), the Namibian Government (3%) and local individual shareholders (3%). However, the Government of the Republic of Namibia controls 51% of the company's voting rights, when it comes to making major business decisions.

It is the Iranian Foreign Investment Company's 15% equity interest in Rössing Uranium Ltd. that opponents of the Resolution copper project have been using to oppose its development, alleging Rio Tinto is assisting Iran in its effort to build a nuclear weapon by selling them uranium and providing technology employed at Rössing's mining project. Opponents have even claimed Resolution Copper was planning to sell copper from its proposed operation near Superior to Iran.

It is really amazing how those opposed to the Resolution copper project can reach such outrageous conclusions from the simple fact that both Rio Tinto and the Iranian government own stock in the same company. Let's examine the facts that dispel the myth opponents have been attempting to portray as the truth.

Initially discovered in the 1928, Rössing was not actively explored for its uranium potential until the late 1950s. Rio Tinto acquired an exploration concession to examine the Rössing site in 1966. Rössing Uranium Ltd. was formed in 1970 to develop and operate the mine. Commercial production was achieved in 1976.

Day-to-day operations at the Rössing mine site are managed by Rio Tinto, who acts as the operator of the project. This mining operation provides stable, long-term employment with training and career development opportunities for its workforce that currently has approximately 850 employees, composed of 98% Namibians.

The technology employed by Rössing to recover an uranium oxide concentrate (also known as yellowcake) from the ore, cannot be used to make nuclear weapons. Approximately 40% of the uranium production from the Rössing operation is sold to U. S. power companies, with the remainder going to Canada and other key U. S. trading partners in Europe and Asia. The Government of Namibia has no product off-take rights and does not currently receive any product from the Rössing project.

The Imperial Government of Iran acquired a passive, minority shareholding interest in Rössing Uranium Ltd. in 1975, which was later transferred to the Iranian Foreign Investment Company (IFIC). IFIC's equity interest in Rössing pre-dates the Iranian Revolution, which culminated with the establishment of the Islamic Republic of Iran in April 1979. Consequently, IFIC's interest in

Rössing predates subsequent U. S. economic sanctions that target Iran's nuclear, energy and ballistic missile programs.

IFIC is not represented on the Rössing board of directors, nor does it have the right to attend board meetings or receive any information from the board. They have never had any role in the day-to-day operations of the Rössing project.

IFIC's interest in Rössing is solely financial, which only entitles them to a pro-rata share of any dividends that the majority of the board of directors may declare for all shareholders. However, IFIC has not received any dividend payments since 2008. These payments are being deposited in an escrow account at a Namibian bank until United Nations and U. S. sanctions against Iran are lifted. This restricted account currently contains approximately \$5 million.

Rössing Uranium Ltd. is neither a business partnership nor a joint venture between Rio Tinto and IFIC. IFIC is merely one of many shareholders, who hold a minority interest in the Rössing project. IFIC has no uranium off-take rights, nor do they or other entities of the Iranian Government have any supply contracts in place with Rössing Uranium Ltd. Furthermore, IFIC's shareholder interest in the project does not give them access to any technology used by Rössing or rights to such technology.

Based on the United Nations Security Council Resolution 1929 (UN SCR 1929), Namibia reached an agreement with the Islamic Republic of Iran that prohibits IFIC's participation in any future investments or acquisition of any additional shares in Rössing Uranium Ltd. Furthermore, Namibia also agrees the Government of Iran will not be permitted to acquire any commercial interests in Namibia that involve uranium mining, production or the use of nuclear materials and technology as required by UN SCR 1929, until the United Nations Security Council determines the goals of this Resolution have been achieved.

Finally, in an effort to ensure transparency regarding the passive, minority equity interest in Rössing Uranium Ltd. held by IFIC, Rio Tinto has filed a Section 219 disclosure statement under the Iran Threat Reduction and Syrian Human Rights Act of 2012 with the U. S. Securities and Exchange Commission. Rio Tinto is not the only company required to make such a filing. Hundreds of other domestic and foreign companies have filed Section 219 disclosures, including many that have more significant and more recent ties to Iran than Rio Tinto's legacy, pre-revolution connection. U. S. government officials have also advised Rio Tinto that IFIC's equity interest in Rössing is not subject to current U. S. sanctions that are in place against Iran.

In debating important issues such as the development of the Resolution Copper project, both sides of the discussion need to base their arguments on the facts. The injection of false, exaggerated and misleading information into the debate only weakens your position. This is an important issue that

impacts residents of the Copper Triangle, the San Carlos Apache Reservation, Arizona and America. The citizens of this nation have a right to hear an open and honest discussion of both sides of the argument without having to sort through all of the extraneous information that is commonly injected into debates of this type.

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Published by the Arizona Daily Independent on June 29, 2015.