

MEMORANDUM



www.mcarthurriver.com.au

mrmprojenq@xstrata.com.au

1800 211 573

MARCH 2008 EDITION 8



Steelcon is constructing the Barney Creek bridge project as part of the MRM open pit development

Investing in the Territory

Maximising the expertise of Northern Territory (NT) suppliers is important to MRM, helping to boost the NT economy and support local businesses. One of MRM's critical suppliers is Darwin-based company, Steelcon.

Working for MRM since June last year, Steelcon is responsible for constructing the two bridges across Barney Creek as well as the steel and concrete works associated with the mill upgrade and tailings thickener.

The contract value of this work is in the order of \$6 million.

Steelcon Manager Damien Collis said partnering with MRM has been a catalyst for positive change and expansion within the company.

"Working with MRM and its rigorous safety standards has prompted us to improve our own internal health and safety procedures, and importantly employ a full-time Safety Manager," Damien said.

"Our contract with MRM has also allowed us to diversify our client-base. Previously, we have been involved in mainly road construction projects.

"Since working with MRM we have been able to increase the scope of clients we target for new business. For instance, we are now in a great position to tender for other work within the mining industry.

MRM's newly enhanced local procurement policy has assisted suppliers like Steelcon to win new business with the mine.

"MRM's local procurement policy got us the foot in the door and we were able to demonstrate where we could provide efficiencies and value for money.

"We are very supportive of this policy and the positive impact it has and will continue to have on businesses across the Territory," Mr Collis said.

People

2

MRM celebrates traineeship success

Economy

3

Building strong NT business partnerships

Community

5

MRM sponsors Territory icon

Environment

6

Environment Update

A message from the GM

This edition of *MemoRanduM* provides real evidence of how MRM is generating greater economic benefits than anticipated.

In our first full year of open pit operation we had targeted an increase in spending with NT suppliers of around 15%. Ultimately though, we achieved an increase of 58% to more than \$112 million with 433 suppliers. Importantly, this includes an 18% increase in the value of contracts with local Borroloola suppliers to \$7.3 million.

Under our local procurement policy, we give preference to NT suppliers where their quality and costs are competitive. Some great examples of these suppliers are showcased in this edition.

It is a genuine "win-win" situation. We gain the goods and services we need and NT businesses gain the benefits of increased revenue supporting greater employment and investment.

There are now more NT businesses generating more income from the mine in industries ranging from transport, fuel and equipment supplies to labour hire.

Another significant way we are generating economic benefits is in actively facilitating employment and training opportunities for local people.

I was pleased to attend the graduation of the first nine trainees from our revamped traineeship program which is showing we are getting it right in delivering sustainable employment outcomes for our trainees.

We look forward to seeing all these trainees progress in their new jobs at the mine and to the continued success of this program.

It is all a reflection of our commitment to contribute positively to the Territory economy and specifically to our local region.

Brian Hearne
General Manager



MRM trainee graduates with their certificates at the graduation ceremony held on 25 February 2008

MRM celebrates traineeship success

The first nine graduates of an innovative Indigenous employment program, launched in partnership with MRM, Mission Australia and the Australian Government Department of Education, Employment and Workplace Relations (DEEWR), celebrated their success in February at a ceremony held in Borroloola.

The nine graduates have all attained a Certificate II Entry into Mining and the opportunity to choose full time employment at MRM.

Initiated in 2007, the training program is aimed at increasing levels of local employment and improving trainee retention rates by providing them with the support they need to develop real career opportunities.

MRM has attracted 25 local trainees to the program since August 2007 — almost double the 13 accepted in 2006 — and is on track to appoint 40 trainees before May 2008.

Brian Hearne said this program is about getting our training program right so that it makes a substantive, long-term contribution to the community in which we operate.

"Its holistic approach provides trainees with a variety of employment opportunities and encourages them to learn valuable life-skills which they can use in developing a sustainable career with MRM.

"Importantly, the program is attracting a broader range of applicants, particularly among young women, and this is helping to show the community that there are a wide range of opportunities available at MRM," Brian said.

"We have also seen great value in Mission Australia's pre-vocational involvement because the trainees arrive for the first day work-ready and far better prepared than they were before.

Mission Australia State Director for the NT, Jane Lawton said the initiative was a huge boost for the local communities providing pathways to skills and qualifications which lead to sustainable employment.



Justin Peach (right) with MRM trainee James Huen

Building strong NT business partnerships

Cairns Industries, a remote area construction company, has been operating in Borroloola for more than seven years and is a key supplier for MRM's business and community projects.

Managing Director of Cairns Industries, Shaun Cairns, leads a team of 12 experienced trades people and drivers who operate the company's trucks, excavators and low loaders.

From Robinson River to Kiana Station and Barkley, the company undertakes a variety of projects throughout the region.

“Working with MRM has really benefited our business enabling us to double our workforce and respond to the increasing demand for construction work in the region,” Shaun said.

“Our projects range from small maintenance work fixing door locks, raising a new fence, or completing home renovations, to larger ongoing projects such as constructing new commercial or residential buildings.

For the past three years, Cairns Industries has provided concreting and earthwork services to MRM, as well as raw materials such as pre-mix sand, gravel, bulk cement and sand for fill.

“In addition to our work for MRM we also partner with the mine to complete community projects like the Dialysis Unit and the Borroloola swimming pool project.

MRM Trainee Mentor Justin Peach

Justin Peach joined MRM in April 2007 as the Mentor for MRM trainees. Justin recently completed the Certificate II Entry into Mining and is familiar with the demands on the trainees undertaking the program.

“I currently live in Borroloola and understand the difficulties local jobseekers face when applying for work,” said Justin.

“As a mentor to the trainees, I have the opportunity to assist in providing the appropriate training and career pathways for participants to build a future with MRM.

“Once the 12-month traineeship is complete, the graduates will have the potential to move into various job opportunities, including administration, mining operations, maintenance, processing, supply and community relations.”

Since joining MRM, Justin has completed courses designed to enhance his supervision skills and will complete the Certificate IV Trainer and Assessor qualification in early 2008. Once Justin attains this qualification, MRM will coordinate with the NT Chamber of Commerce for Justin to be recognised as an accredited Trainer/ Assessor for units of the Certificate II Entry into Mining qualification.

“What I enjoy the most about being a mentor is helping the people from my local community to complete formal training and realise their career opportunities,” said Justin.



The new Borroloola Dialysis Unit was transported and refurbished by Cairns Industries in partnership with MRM

The people behind the MRM Community Benefits Trust

MRM is providing in the order of \$32 million over the life of the mine to deliver economic and social benefits to the Gulf region and Borrooloola via the MRM Community Benefits Trust. Since the Trust was formed in July 2007, work has focussed on planning for the priority programs and projects in the community, as well as filling all placed for the Board of Trustees.

The Trustee Board consists of nine Directors – two nominated by the NT Government, one of whom must be independent; two nominated by MRM, one of whom must be independent; one Director elected by Community Members and four directors representing each of the Indigenous language groups, Gurdanji, Mara, Garrawa and Yanyuwa.

Sue Sara – Chairperson and Director appointed by McArthur River Mining

Sue is the General Manager Corporate Affairs and Social Responsibility (Queensland and NT) for Xstrata, the owner of MRM. Since joining Xstrata in December 2003 as Corporate Affairs Manager for Xstrata Copper, Sue has developed and implemented social responsibility programs worth almost \$19 million in Queensland.

Stan Allen – Community Director elected by Community Members

Stan Allen has been an active member of the Borrooloola community for more than 35 years. Between [date] and 2006 Stan served as an elected member of the Borrooloola Council before being appointed Works Manager of the Council.

Samuel Evans – Indigenous Director Mara Language Group

Samuel was born and raised in Murrenginya Camp on the eastern side of Borrooloola. He is Deputy Chairperson of the Mabunji Aboriginal Resource Centre and a member of the Mawurli and Wirriwangkuma Aboriginal Association (MAWA) Committee.

Adrienne Friday – Indigenous Director Yanyuwa Language Group

Adrienne came to Borrooloola as a child in the late 1970's and has lived there for most of her life. She has a strong commitment to the future of Borrooloola and the Gulf region, having helped to foster development of the community through her role as secretary of MAWA and her membership of the Baranyi Parks Committee.

Col Fuller AM, AIQSA – Independent Director appointed by McArthur River Mining

Col has had a long career in the NT Public Service. From 1982 he served as Chief Executive Officer of major infrastructure and business-oriented NT Departments.

Col retired from the NT Public Sector in 1999 and was made a member of the Order of Australia in recognition of his lifetime of service. He is Chairman of the Area Consultative Committee in Darwin.

Richard Galton – Director appointed by the Northern Territory Government

Richard is currently Chief Executive of the NT Department of Business Economic and Regional Development, and the Land Development Corporation.

Richard holds an MBA and has held successive executive management roles in a range of NT Departments.

Tony Jack – Indigenous Director Garrawa Language Group

Tony has lived in the Gulf district for all his life, mainly in the Robinson River area. He is a former Chairperson of the Aboriginal and Torres Strait Islander Commission, Garrickjarru Community Council and of the Indigenous Housing Authority of the NT.

Through these roles he has experience in community development and a deep understanding of the issues affecting Indigenous communities of the NT's Gulf region.

Shirley McPherson – Independent Director appointed by the Northern Territory Government

Shirley has held senior positions in the private, government and university sectors and has a wealth of experience at the regional, national and international levels of government in program delivery and private business development.

Shirley has worked as a consultant to the mining industry in negotiating land use agreements, was formerly the Chair of the Aboriginal Development Corporation, and a past Director of the Indigenous Business Network. She has also worked as a mediator for the National Native Title Tribunal and is a past Director of KPMG, Management Consulting Services.

Ronnie Raggett – Indigenous Director Gurdanji Language Group

Ronnie was born and bred on the McArthur River Station at the old homestead. A hard worker and very able stockman, Ronnie has filled the years on numerous stations; working the land and sharing his wealth of knowledge with younger generations. Ronnie now spends his time at Mallapunya Station and lives in Borrooloola.

Supporting NT Young Achievers

MRM would like to congratulate Lachlan Way, Kelly Casement and Glen Humphries who have been selected as finalists of the MRM Regional and Rural Initiative category of the 2008 NT Young Achiever Awards.

The awards acknowledge, encourage and promote the positive achievements of young Territorians between 14 and 26 years of age. The MRM category winner will be presented with a trophy and receive a \$2,000 TIO Build Up Saver Account.

Lachlan, 22, is a young firefighter from Howard Springs who is committed to speaking about protecting wildlife during bushfires and sharing his firefighting experiences with scouts groups, camp quality, senior citizens and many more.

Lachlan completed his first aid course, and recently won the Darwin all-rounder award at Taminmin High School. This year he will commence an apprenticeship with PowerCom NT.

Kelly, 23, is a governess at the Allambi Station, 100 kilometres from Alice Springs. Kelly cares for two young boys, who she teaches through an Alice Springs School of the Air program called Interactive Distance Learning.

Kelly has just completed her Certificate Four in Education through the Charles Darwin University and plans to complete a degree in the near future.

Glen is the youngest finalist at 15 and has taught himself almost everything, from using building programs, to working out how to build computers and is even thinking about building a flight simulator from his home in Katherine.

Glen is a dedicated volunteer with the NT Emergency Services in Katherine and has recently completed a study on a search and rescue exercise which was documented with the assistance of his team.

MRM wishes all finalists the best of luck for the competition with the overall Channel 9 Young Achiever of the Year and nine category winners announced during National Youth Week at a gala presentation dinner on 5 April 2008.

Events supported by MRM

March	17	MRM Community Reference Group meeting
	22-23	Borrooloola Barra Classic (King Ash Bay)
	28	NT Sports Awards (Darwin)
April	5	NT Young Achiever Awards Presentation (Darwin)
May	2-4	Daly Waters Rodeo (Daly Waters)
	TBC	MRM Community Benefits Trust meeting (Borrooloola)
	TBC	MRM Trainee Graduation ceremony (Borrooloola)



MRM is sponsoring the Darwin Symphony Orchestra to bring music to more Territorians

MRM sponsors Territory icon

MRM is proud to announce a new sponsorship agreement with the Darwin Symphony Orchestra (DSO) to help bring music to more Territorians.

MRM's decision to provide \$40,000 over four years to the Orchestra follows on from the successful 2007 'Symphony Under the Stars' concert in Borrooloola.

DSO Artistic Director and General Manager, Simone de Haan, said the sponsorship allows the DSO to expand the annual tour and perform in regional centres where it has never been before.

"With the support of MRM, the DSO can reach more people in the Territory – from Borrooloola to Katherine and the Daly River," Simone said.

The DSO sponsorship is a new addition to the MRM sponsorship program. In January, MRM provided the Women's ADF Rugby Team with jerseys for the Heineken Hottest 7's rugby competition in Darwin.

The Hottest 7's rugby competition attracts players from around Australia and the world with teams from Fiji, Japan, Hong Kong, Auckland and Papua New Guinea. The Women's ADF competed in the Jabiru division and were defeated by the Arongatahi team who went on to win the final for the group.

Along with sponsoring larger NT events and competitions, MRM's ongoing sponsorship program supports local initiatives including the Borrooloola Community Education Centre Science Awards, King Ash Bay Fishing Competition and the local Borrooloola Cyclones Soccer Team.

In 2007, MRM invested more than \$400,000 in community sponsorships and donations. This is more than 368% higher

Environment update

Water monitoring

MRM regularly monitors 19 surface water sites surrounding the mine. Water monitoring during the wet season can become challenging with some routes to sites inaccessible due to water levels. To overcome this problem the Environment Team uses a helicopter to access the many monitoring sites and continue the collection of water samples.

This year, 10 new monitoring sites have been added to cover the new rechannelled section of the McArthur River with sampling to commence once the new channel is open and water is flowing in late 2008.

Barney Creek rehabilitation

The rehabilitation of Barney Creek is complete with more than 23,000 native seedlings planted along 18 hectares of the rechannelled area. Approximately 3,500 freshwater mangrove (Barringtonia) and Pandanus plants were also positioned along the new channel.

To complete this massive task, the Environment Team called on an additional 10 people to assist and used a tractor and fertiliser spreader to direct seed the flatter regions.

In February, Sean Bellairs from Charles Darwin University (CDU) and Marj King from Top End Seed Supplies returned to site to complete more vegetation sampling. While on site, Sean and Marj established several monitoring plots.

These plots monitor canopy cover and health, tree size, species composition, grass cover, ground cover, leaf litter, erosion, animal impact, and exposed soil. This information will then be compared with the control sites downstream and used to gauge the success of rehabilitation and areas for improvement.

Bing Bong dredge spoil

MRM and CDU are working together to develop a comprehensive five-year rehabilitation program for the 87 hectare Bing Bong dredge spoil area.

During 2006/07 the barge channel was redesigned and the spoil placed on the old dredge spoil area. Planning for the rehabilitation of this site is now underway, with maintenance work on several of the walls at the dredge spoil completed before the wet season.

On 11 February, Sean Bellairs and Phd student, Jagmohan Sidhu, met with the Environment Team for a briefing on the study and to visit Bing Bong.

Marine sediment samples from the Bing Bong dredge spoil are now being trialled by CDU in a nursery setting to gather valuable data on aspects of species mix, species seeding rates, leaching times and cover type.



The MRM Environment Team preparing equipment to monitor at one of the [number] sites surrounding the mine

Weed management

To control and minimise the impact of Noogoora burr and other common weeds found in the region, MRM completed aerial and quad mounted weed spraying around the Barney Creek rechanneling, airstrip and the old McArthur River station in January.

During this time eight people from MRM, along with two people from the McArthur River Station completed the Chemcert Accreditation Course which qualifies participants in handling chemicals for spraying programs.

Migratory birds

Stephen Garnett from CDU conducted the January migratory bird survey which involved observing migratory birds on mudflats both on the ground and from a helicopter.

In previous surveys up to 12,500 listed migratory birds were counted on the mudflats between Pelican Point and the Limmen Bight River, including the mouth of the McArthur River.

Independent monitor

The first field inspection by the Independent Environment Monitor appointed by the NT Government was undertaken from 19 to 20 February.

Environment Team news

The Environment Team would like to welcome Matthew Bird as our Environmental Technician and Julie Crawford as Environmental Superintendent. Julie is on contract from URS while MRM recruits a new person to take up the role permanently.

We would like to thank Patricia Kenny, Environmental Officer and Jane Yelland, Health Safety and Environment Superintendent for their work with the team, and we wish them all the best for the future.



23,000 native seedlings have been planted along the Barney Creek rechanneling area

Baby kookaburra nursed back to good health

In early January a baby blue winged kookaburra was discovered near the MRM Camp by our ESS staff. Trish and Bundy from the Environmental Team were called out to assist with the rescue.

After a careful inspection they feared the baby kookaburra was injured and took it to Elise Anderson, Personal Assistant to the General Manager, and a registered Wildlife Carer. Elise travelled with the kookaburra to Darwin for a Veterinary check up.

The kookaburra was given the all clear, however, as it was only a fledgling it was suspected that while learning to fly he became exhausted and ended up near the MRM camp.

The kookaburra returned to be cared for by Elise and her partner Mick who hand-fed the bird delicacies including fuzzy mice, worms, steak, kidney and heart. Feeding was carefully planned to ensure it received all the multi-vitamins and calcium required to continue growing.

After just a few weeks the bird had built enough strength and flying skills to be safely returned to site and released back to its family. Returning fledglings to their families must be undertaken as quickly as possible to ensure they are re-accepted into their clan. The kookaburra has since been spotted in the trees near camp.



MRM Health Safety and Environment Manager, Gary Taylor with the baby blue winged kookaburra



Team training in transferring a casualty using the cable way haulage system

ERT update

New fire ground

In 2008 the Emergency Response Team (ERT) will be training at the new MRM fire ground which was upgraded in 2007 to offer more challenging and realistic emergency response scenarios.

The upgrade involved installing new props and pipes for an LPG supply to create safer fire scenarios.

Emergency Response and Safety Coordinator, Justin Laws said using LPG to create fire scenarios rather than burning diesel or old truck tyres is safer for participants as the flame can be extinguished immediately if required.

“LPG also allows the ERT to improve their emergency response skills by training with larger, more realistic controlled fires.

“This training is essential for the ERT members who undertake comprehensive training in response to a variety of emergency scenarios. This will also strengthen our preparations for the annual NT Mine Rescue Competition which is scheduled for June this year,” Justin said.

Recruiting new members

In addition to the thorough training program, the success of the ERT relies on the consistency of its members. As the MRM open pit development progresses, many people have completed their work on site and therefore had to leave the ERT.

This year the ERT is focused on encouraging new people at MRM to join the team.

“We are looking for enthusiastic, team players to help the ERT provide the best quality of emergency response services to MRM and the local community,” said Justin.

The ERT would like to welcome Emma Spokes, Noni Spouse, Keith Stenberg and Mark Charteris who have recently joined the team.

The ERT would also like to thank the following people who are leaving the team, for their time and commitment: Chris Chung, Jeff O'Brien, Ryland Burt, Corey Morrison, Nathan Roach, Anthony Robertson, Anika Perera, Gary Chisholm, Robert Hocking, and Luke Garthon.

Open pit update

MRM would like to welcome Chris McCleave as the new Mining Manager. In this role, Chris will oversee the technical, production, infrastructure and civil aspects of MRM mining operations.

With many years experience in the mining industry, Chris was previously based in Dysart, Queensland working as the Technical Services Manager for BMA BHP Billiton Mitsubishi Alliance.

Overburden Emplacement Facility (OEF)

The first bridge over Barney Creek is now complete and once construction on the second bridge finishes in April, work on the OEF road will commence.

McArthur River Rechannelling

During the wet season, work on the final connections of the McArthur River rechannelling and rehabilitation was on hold. After the wet season ends, work will recommence and is expected to be completed by December 2008.

Mining

Stockpiling of transitional ore from Stage D and overburden from Stage E continued through the wet season with only a few days work affected by rain delays.

The addition of trucks and a new excavator to the mining fleet has allowed MRM to employ larger crews to work on the open pit. With extra people and machinery MRM has already seen an increase in tonnes of ore and overburden extracted from the open pit.

In February, Xstrata plc announced preliminary results for global operations in 2007. For MRM, zinc metal production increased by 2%, reflecting a 6% increase in throughput tonnage, partially offset by the treatment of transitional ore stockpiles.

A fall in average head grade from 11% in 2006 to 10% in 2007 was due to the mining of transitional ore from the open pit Stages C and D. Mining production increased by 4% year-on-year.



MRM open pit operations In February 2008



Cindy and Sean said the course helped them overcome a fear of snakes

Rex's reptiles teach snake safety

Located in remote bushland, MRM shares the region with a variety of native wildlife including snakes. During the dry season, when the footpaths and roads are warm and inviting, snakes are often found sunning themselves in the MRM operational and accommodation areas.

To ensure everyone at MRM lives and works in a safe environment, regular snake handling courses are organised for employees who are nominated from all operational areas on site. The cross-section of trained personnel ensures there is always a qualified snake handler ready to assist with relocating a snake.

In December 2007, Rex Neindorf from the Alice Springs Reptile Centre brought 40 venomous and non-venomous snakes to MRM for three full-day training sessions attended by 26 staff.

During the course, participants learnt how to identify, assess and capture live snakes without harm to themselves or the reptile. The course also covered first aid and live-handling techniques.

At MRM a qualified two-person team must be present to safely capture, handle and release a snake. Once safely captured, all snakes are relocated within a five kilometre radius of where they are found.

Prior to releasing the snake, details of the species and capture and release locations are recorded and provided to the NT Department of Natural Resources, Environment and the Arts.

A full list of MRM employees qualified for snake handling and permitted to capture and relocate snakes is available from Mill Control and posted on the notice boards outside the change rooms and in the entry foyer at the main camp dining room. Please consult the list and contact relevant personnel if you come across a snake on site.

ESSENTIAL ZINC FACTS

- 1** Zinc 'The great protector' – apart from using zinc cream to protect skin from sunburn, the most common use for zinc is galvanising (coating) iron and steel to protect against rust
- 2** Australia ranks first in the world in economic zinc resources because of the development of the large, world-class zinc/lead/silver deposits at McArthur River, Cannington and Century
- 3** Australia uses more zinc-coated steel (like Colorbond or Zinalume) per person than any other country
- 4** Zinc dust is very flammable when dry so it is used in fireworks