

MEMORANDUM



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The ERT members who represented MRM at the competition are: Back row, left to right: Julie McGinnigle (Medic), Alan Jarrett (Rescue Officer 3), Ed Doerr (Vice Captain), Kane Hartell (Captain), Ben Killick (Rescue Officer 2), Geoff McCumstie (Senior Representative and Team Manager). Front row, left to right: Graham Howard (Rescue Officer Reserve) and Aaron Homan (Rescue Officer 1).



Safety first: MRM wins top honours at the Northern Australian Emergency Rescue Competition

McArthur River Mine dominated this year's North Australian Emergency Rescue Competition, winning four of the six events and taking home the Best Overall Team award.

The competition, held at the Hidden Valley race track in Darwin from 9 – 12 September, tested the safety response and rescue capabilities of Emergency Response Teams (ERT) from four mine sites including Rio Tinto's Argyle Diamonds (WA), BHP Billiton Cannington (QLD) and Newmont's Tanami Operations (NT).

The competition supersedes the Northern Territory Mines Rescue Competition run by the former NT Resources Council. It tests teams and individual team members in scenarios that simulate real life experiences without the actual trauma.

MRM General Manager Etienne Moller said the result was a testament to the team's hard work and discipline.

"The results say it for themselves – no other team came close to MRM this year," Etienne said. "This is a great result for the entire mine, one we are very proud of. It was a superb effort and we congratulate the team wholeheartedly."

MRM won the team events in the disciplines of Hazmat, Road Accident Rescue, First Aid, Search and Rescue in Smoke and Best Overall Team. The team also scooped a number of individual awards, with Graham Howard winning Best Individual, Julie McGinnigle awarded Best Medic and Kane Hartell winning the title of Best Captain.

MRM Health, Safety and Environment Manager Gary Taylor said the awards not only highlighted the skills of the ERT, but also demonstrated the importance of health and safety awareness and training onsite.

"The ERT regularly tests and updates MRM's Site Emergency Response Plan to prepare response strategies for potential emergencies," Gary said. "At present, the team comprises 25 staff members, seven of whom competed in the mine rescue competition."

"To enter the competition, the team completed a number of basic training modules including vertical rescue, Hazmat, breathing apparatus, search and rescue techniques, occupational first aid and fire fighting."

"In addition to their own individual training, the team also trained intensively leading up to the competition to ensure their skills were of the highest standard."

Gary said the most commonly required emergency response skill is the use of breathing apparatus.

"This is required across a number of emergency response scenarios including fire fighting, search and rescue in smoke, underground rescues and in situations where chemicals have spilt," he said.

The 2010 North Australian Emergency Rescue competition was judged and adjudicated by specialists and training consultants in each field including Northern Rescue Training, Draeger, St John Ambulance and Australian Mine Rescue Consultants.

Awards won:

Team:

Hazmat
Road Accident Rescue
First Aid
Search and Rescue in Smoke
Best Overall Team

Individual:

Best Individual
(Graham Howard)
Best Medic (Julie McGinnigle)
Best Captain (Kane Hartell)

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A message from the General Manager

It has been a period of extraordinary performances for MRM.

Our win at the North Australian Emergency Rescue competition is an outstanding result and shows MRM's emergency response and preparedness is among the best in the country. Even more important than this, however, is prevention. I would like to remind all staff that safety is our individual responsibility and needs to be front of mind in every activity we undertake.

Our mining department has reached record levels of production while maintaining its outstanding safety performance.

Ettienne Moller
General Manager
McArthur River Mining



The milling department has generated tremendous increases in zinc recovery and metal production.

Across the Territory, our corporate social involvement programs are awarding excellence and generating benefits for the local community.

All this has contributed to an outstanding result for MRM within the half year production report released by Xstrata plc.

Now, as we approach the end of the year and prepare for the 2010-11 wet season, we are also seeing the benefits of strategies implemented earlier in the year including minimising erosion and maximising evaporation through the use of water fountains and increasing the surface areas of storage ponds.

Works at the tailings dam include the capping of cell 1, raising the spillway of cell 2 and diverting cell 1 rainfall runoff to the water management dam. These are all designed to ensure sufficient water storage is available.

Alongside these activities our Environment team will be undertaking water sampling as well as numerous surveys of riparian and migratory birds, and fish. Inspections of the tailings dams and seepage ponds will also increase in frequency during the wet season.

Finally, I would like to acknowledge the work and achievements of Mining Manager, Chris McCleave, who is being transferred to a new opportunity with Xstrata Zinc in Mount Isa in October. Chris has been an exceptional leader and an important part of the senior management team at MRM. Chris leaves the Mining Department in great shape and this is a credit to him and his team. On behalf of MRM, I'd like to wish Chris and his wife Sarah the very best in their new endeavour.

Celebrating our young achievers

Young Territorians between the ages of 14 and 26 are encouraged to nominate for the 2011 Northern Territory Young Achievers Awards.

The awards recognise and promote the positive contributions young people make to their local communities.

For the fourth year running, MRM is sponsoring the Regional and Rural Initiative Award.

This category celebrates social, economic or environmental contributions to the community, or contributions to the rural economy, such as improving productivity or employment, both now and in the future.

MRM General Manager Ettienne Moller said the McArthur River Mining Regional and Rural Initiative Award aimed to acknowledge and support young Territorians.

"There are so many young people in the Territory who inspire us with their passion and commitment to local projects and programs," Ettienne said. "The McArthur River Mining Regional and Rural Initiative Award recognises their efforts and achievements and offers them an opportunity to pursue their dreams."

Other award categories include Career Achievement, Youth Leadership, Community Service, Young Carer's, the Arts, Science and Engineering, Sports, and the Environment.

The winner of each category will receive \$2,000. The overall winner of the Channel 9 Young Achiever of the Year Award will be chosen from the nine category winners and receive an additional \$2,000. Judging will take place in February 2011 by a panel of representatives including award patrons, presenters, sponsors and independent expert judges.

Northern Territory Young Achiever Awards 2011

Officially endorsed by Northern Territory Government

- The NT Government, Career Achievement Award
- The McArthur River Mining Regional and Rural Initiative Award
- The Minister for Young Territorians Excellence in Youth Leadership Award
- The Somerville Services Award
- The NT Government Young Carer's Award
- The Charles Darwin University Arts Award
- The Power and Water Science and Engineering Award
- The Perkins Shipping Sports Award
- The ConocoPhillips Environment Award

We invite young people between 14 and 26 years of age from the Northern Territory to nominate for this year's Young Achiever Awards. The winner of each of the nine award categories will be presented with a magnificent trophy and \$2,000.

The ultimate winner, the Channel Nine Young Achiever of the Year for the Northern Territory, will receive an additional \$2,000 and a magnificent trophy, thanks to TIO.

Nominations Close 26th November 2010

Send for your nomination form today:
GPO Box 2603, Darwin NT 0801
tel: 1300 735 445 fax: 02 9643 1733
email: info@awardsaustralia.com
website: www.awardsaustralia.com

Presented by: Imparja, NEWS PAPERS, TIO, Advocate

Nominating yourself, or someone you know, for an award is easy. Visit the award's website, read the entry criteria of the Award category that applies to you, and follow the instructions. If you're thinking about nominating, don't delay – applications close Friday, 26 November 2010. For more information, visit the Northern Territory Young Achiever Awards website: www.awardsaustralia.com/YAA_nt.html

Mining Report

MRM achieved a significant milestone in September, mining 10 million tonnes of ore since open pit operations commenced in 2006.

The milestone was achieved on the back of another successful performance in August, with the mine operations exceeding its year-to-date budget target for ore and waste by 117%.

MRM Mining Manager Chris McCleave said the open pit operation has consistently performed above expectations to exceed production and budget targets.

"In the 11 years MRM operated as an underground mine, a total of 13,355,921 tonnes of ore was mined from the site," he said. "We are on track to surpass this total within less than six years of the open cut operation commencing."

"This is an exceptional result and further supports MRM's investment in its people, capital works and technology to transition to open cut mining and extend the mine's life. It is also a testament to the hard work, dedication and determination of the Mining Department to always do the best job possible."

Chris said safety would continue to remain a priority, with a focus on individual responsibility.

"Being accountable for your own safety, and that of your workmates, is the key to an injury free workplace and something we continue to strive for. A few recent incidents on site could have been easily prevented by taking the time to do something safely," he said.

"In the past, the Mining Department has achieved 783 consecutive days without a Lost Time Injury and 137 days without a Recordable Injury. These statistics show how easily an injury-free workplace can be achieved."

"Over the coming months, there will be a significant emphasis on safety across all teams. We want to ensure that if a task can be made safer, this happens immediately."



The new tyre rack developed by MRM employees.

Chris said all employee ideas were welcomed and often transformed into new workplace initiatives.

"A good example of this is the transportable tyre rack developed by Greg O'Sullivan and Ted Ferkin," he said. "The rack is fitted to the rear of a tray back ute and used to collect damaged tyres for repair and transport them to the MST Workshop."

"This is a fast and safe approach to collecting and transporting the tyres and we congratulate the team for developing this initiative."

Both Greg and Ted have been awarded a MRM HSEC Initiative Award and a \$200 gift voucher.

In mid-October, Chris and his wife Sarah, who also works for MRM, will relocate to Mt Isa in north-west Queensland to commence new roles with Xstrata Zinc.

"Leading the Mining Department for the past two and a half years has been an incredible experience and I've been fortunate to have such a professional and expert team to work alongside me," Chris said. "In particular, I would like to thank and acknowledge the outstanding contribution made by Karissa Grenfell, Peter Tygh, Robert James and Craig Butler. It's great to be able to leave the operations in such capable and experienced hands."

The Mining Department also wishes Clara Tole and her husband Mal, both mining operators at MRM, the very best on the arrival of their first child in November.

MRM contributes to strong half-year performance

Increased global demand and high productivity levels at MRM have contributed to a strong half year result for Xstrata Zinc Australia's operations.

MRM General Manager Etienne Moller said third party sales volumes of zinc in concentrate form from MRM rose to 63,398 tonnes for the first half of the year, up from 48,083 for the same period last year.

"The recent expansions at MRM have realised a 28% increase in concentrate production in the first half of 2010, as well as ongoing cost improvements," he said.

For the first six months of 2010, the average zinc lead grade improved from 9.7% in 2009 to 11.2%, mainly as a result of better-than-expected ore presentation and a focus on dilution control.

"During the same period, the production of zinc concentrate at the open pit development exceeded original expectations, and together with higher grades in the bulk concentrate, has increased zinc metal production by 28% to 88,500 tonnes," he said.

More information is available in the Xstrata plc Half-Yearly report, which can be accessed online at www.xstrata.com/content/assets/pdf/xta-ir2010_en.pdf

New Starters



Phil Holloway

When did you start working with MRM?

I started on 10 May this year as a Supply Supervisor but was promoted to Contracts and Supply Superintendent after around 10 weeks. I knew right then I'd made the right

choice and had joined a business that really wants to progress its people and will reward hard work.

Where did you work previously?

Before coming to MRM I worked at Anglo Coal's Callide Mine as the Contracts Implementation Coordinator.

Why were you attracted to MRM?

I wanted to work with an organisation that would offer exciting challenges as I progress my career. In recent years, MRM had moved from an underground mining operation to an open pit operation, so I know they're a progressive organisation. The business also has a great reputation so I was delighted to get the opportunity to work here.

What are your impressions of the business since you joined?

I'm really enjoying working here. The facilities are great and MRM looks after its people really well. It's an exciting time for the organisation and I'm looking forward to benefiting from the opportunities available. But at the end of the day, it's the people that make the business.



Julie Crawford

When did you start working with MRM?

I started working here on 30 August in the role of Environmental Superintendent.

Where did you work previously?

My previous company actually seconded me to MRM for four months in 2008. I worked as a consultant during the final construction phase of the river rechannel project.

Why were you attracted to MRM?

Having briefly worked at MRM in 2008, I had first-hand experience of MRM's culture. There's a great team culture here and the organisation is very community minded. As a resident of the Northern Territory for 25 years, I was aware of the enormity of the river rechannel project and was personally and professionally interested in the associated challenges of the project from an environmental perspective.

What are your impressions of the business since you joined?

The environment side of the business has matured since my previous involvement and there's now a stronger focus on sustainability and ecological integrity. There are lots of challenges to face, but the scope of the monitoring plan and the ongoing research provides a really stimulating work environment. There are also many professional development opportunities, particularly as part of a progressive team.



Kirsty Hogarth

When did you start working with MRM?

I started in July this year as the Senior Community Relations Advisor.

Where did you work previously?

My background is in marketing and communication and I worked on a number of major drought and infrastructure projects in Queensland before joining the MRM team.

Why were you attracted to MRM?

I've always wanted to work on projects that help grow communities through strong partnerships. This opportunity at MRM offers the best of both worlds – providing a leading corporate environment as well as an approach that places a priority on delivering an active and involved community partnership program.

What have you enjoyed most since commencing your new role?

Since joining MRM, I have been actively involved in community events including the Borroloola Rodeo and have participated in meetings with the MRM Community Reference Group, Borroloola School, Traditional Owners and community leaders. The country out here is incredible. But it's the people who make this place such an amazing community and I've really enjoyed getting to know everyone.



Adrienne Friday

When did you start working with MRM?

I started my traineeship in June this year. I am now preparing to start my new role as an Administration Assistant.

Why were you attracted to MRM?

No two days are the same at MRM. I've done so many different things and worked in a variety of roles as part of my traineeship.

What are your impressions of the business since you joined?

I've met so many nice people at MRM and it makes coming to work so enjoyable. The staff at the mine have been really supportive and friendly – it's a great place to work. The hardest thing I've had to do was helping to replant all the grasses and trees along the river with the environment team. It was hard because the grass was really big and difficult to move. Probably the most unusual job I've had was driving the garbage truck.

What do you enjoy when you're not at work?

I like to keep fit by swimming, playing softball and going to the gym. I also love to go bush with my mum, dad and kids where we fish and hunt for bush tucker. My favourite bush tucker is the long neck turtle, but it is really about family and getting together for a good feed. My family were really happy that I was able to find work close to home.

CRG meeting update

Senior mine staff and representatives from the MRM Community Reference Group (CRG) met in August to discuss current activities and partnerships and share ideas and feedback from the community.

At the meeting, MRM Senior Community Relations Advisor Kirsty Hogarth provided an overview of the MRM Community Benefits Trust's activities, as well as the mine's sponsorship activities and trainee program.

MRM Health, Safety and Environment Manager, Gary Taylor, also provided an overview of the mine's sustainable development initiatives and an update on several ongoing environmental management programs.

Other discussion points raised during the meeting included the re-opening of MRM's work experience program to help young people identify career paths while still in school. The next CRG meeting is scheduled for November.

Trust sets priorities for the year ahead

A new business hub and youth hostel, and additional visiting medical specialist services, are among the key priorities set by the MRM Community Benefits Trust for Borroloola for the year ahead.

In September, the Trust released its two major yearly reports – the Annual Review 2010 and Annual Plan 2011. The Annual Review provides an overview of the programs and initiatives supported by the Trust during the financial year, while the Annual Plan sets the priorities for the year ahead.

Trust Project Officer Jane Lawton said the Annual Plan was developed through extensive community consultation with residents, government and organisations active within the Borroloola region.

“Throughout the year Dan Tillman and I met with government representatives, community organisations and residents to find out what is important to Borroloola and make sure the priorities for the Trust in 2011 were right for the community,” Jane said.

“While our consultation confirmed the community’s vision to create a vibrant, thriving, healthy region by 2028, the priorities identified will require a significant shift in how we inspire and develop new socio-economic programs.”

In 2011, the following needs have been prioritised by the Trust:

- Establishment of a Borroloola-based business hub to mentor and support new enterprise development
- The beautification of the Borroloola entry precinct as an environmental initiative
- Establishment of a Youth or Student Hostel to support education and training outcomes

- Support services associated with implementing an Alcohol Management Plan as developed by the community
- Provision of a visiting specialist medical service to meet community health needs
- Development of a sustainable, commercial facility to promote cultural education and art
- Continued support for MRM’s Indigenous Pathways to Employment Strategy and the Indigenous Traineeship Program and local procurement objectives.

Jane said the Trust has the resources to invest up to \$3 million in grants during 2011 towards projects supporting the sustainable development of the Borroloola region.

If you would like more information on the Trust and its partners, or would like to encourage an organisation to apply for funding, please contact the Trust’s Project Officers Jane Lawton (phone 08 8927 1635 or 0407 117 109) or Dan Tillman (0427 571 628).



Trust snapshot

In the past three years \$4.6 million in grants has been committed by the Trust to support the social and economic development of the Gulf region.

The key outcomes during the three years to date are:

- An estimated **80 local Indigenous residents** undertaking or planned to undertake nationally-accredited employment training
- **25 new full-time jobs** created
- **Four local businesses** directly benefitting from significant investments in their assets and resources
- Improved sustainability of **three popular arts and culture facilities** and events
- **38 school students** participating in work experience and vocational education training
- Over **4,000 breakfasts** served to school students and their families
- MRM **Indigenous workforce participation** increased from 9% to 20%.

Vocational excellence recognised

Congratulations to Elle Megaw, winner of the 2010 Vocational Education and Training (VET) in Schools Student of the Year Award, announced at the Northern Territory Training Awards in September.



The annual awards recognise training excellence by Territory businesses, training organisations, apprentices, trainees and students.

MRM Administration Manager Mike Williams presented the award to Elle (pictured), a student at Darwin High School who was able to draw on her own work experience to complete a Certificate II and III in Hospitality in a short period of time.

Mike said MRM was proud to sponsor the award and support VET excellence in the Territory.



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MRM 2010 Charity Golf Days exceed expectations

Not many golf tournaments establish a player's handicap by the roll of a dice, but this year's MRM charity golf tournament proved that, yet again, it's not your traditional golf event.

This year's tournament was the most successful in the 14-year history of the event, raising \$27,533.60 over the two days. This is a huge increase on the \$11,000 raised during last year's efforts.

The money will be donated to various Northern Territory charities to help provide a broad range of support services.

The 9-hole, four-person, Ambrose corporate golf event was held across two days on 20 and 27 August, at the Garden Park Golf Links at Mindil Beach. The tournament attracted more than 200 players representing a range of local business contractors and suppliers, as well as MRM staff.

Although the competitive spirit was evident, all participants were united with one common goal; to raise as much money as possible for several deserving Northern Territory charities.

As well as the traditional 'Longest Drive' and 'Nearest the Pin' prize challenges, some unusual aspects of the game were back by popular demand. For those preferring to ride rather than walk, pre-event bidding for golf carts got the competitive juices flowing, and this year a fancy dress theme injected further fun and enjoyment into the day's atmosphere.

MRM teams scooped the prizes for 'Best dressed team', with the Squatting Tiger Smoking Monkey team winning on 20 August and the Ooga Boogas winning on 27 August.

MRM Contracts Officer Peter Patsalou said the event would not have been possible without the participation of MRM contractors and suppliers, as well as the generous cash and prize donations they contributed.

"Our contractors and suppliers were responsible not only for providing the sponsorship that makes the event possible, but also for the team prizes won on each golf day," Peter said.

"Special thanks goes to our principal sponsors Airnorth, Corestaff, Emeco, Pacrim and Auslec, who also provided our golf shirts and helped make the event a great success."

- 1: MRM General Manager Etienne Moller and Peter Spry
- 2: Tim Bryans, Lance Duncan, Kane Hartell, Bob Fabian
- 3: Chris McCleave, Sarah McCleave, Kathleen Stanley, Sam Fatchen
- 4: Jeff Conley, Kelly Ewin, Brenton Borlace, Peter Spry (in front)

Xstrata retains sector leadership

In the annual Dow Jones Sustainability Index (DJSI) review 2010-11, Xstrata plc has retained its position as Mining Sector Leader for the fourth consecutive year.

This year Xstrata has also been named as the Super Sector Leader for Basic Resources industries. The DJSI follows a best-in-class approach and include sustainability leaders from each industry on a global and regional level respectively.

The annual review is based on a thorough analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.

It accounts for general as well as industry specific sustainability criteria for each of the 57 sectors defined according to the Industry Classification Benchmark. The 57 sectors are compiled into 19 Super Sectors.



No horsing around at the Borroloola Rodeo

The techniques used in rodeo and camp drafting are a traditional part of life in the Australian outback.

In August, more than 1,500 people descended upon Borroloola to celebrate the annual Borroloola Rodeo and watch 685 competitors from across Australia compete in 25 rodeo, camp drafting and gymkhana events.

This year MRM proudly sponsored the Open Bull Ride, the Rodeo's main event. Cheered on by the vocal crowd, John Pluto Jnr rode his way to victory with a score of 144 and lasting the eight seconds required on the bull. A deserving title holder, John beat 35 other riders and has earned long-lasting kudos around Borroloola.

Another favourite event, the camp draft, attracted over 400 individual runs across nine different categories: the Australian Stock Horse Open draft, Open draft, Novice draft, Maiden draft, Ladies draft, Junior draft, Juvenile draft, Encouragement draft and Teams draft.

Cattle for the camp draft were provided by Colinta Holdings, the managers of the 8,000 square kilometre McArthur River Station Pastoral Lease, where MRM is located. The station has provided

cattle for the camp draft events since the Rodeo's inception. Approximately 16,000 head of cattle range freely across the operating station.

MRM has been a long-running sponsor of the Borroloola Rodeo, providing financial as well as operational support. This year, MRM donated two mine lights for the main evening event.



MRM trainee Tommy-Lee Jack competing in the Saddle Bronc event on 'Blueberry', in which he came fourth.



Mill Report

Continuing high production levels have been a highlight of the second quarter of 2010, with lead grade in the bulk concentrate increasing from 9% to 10.3%, together with increased lead recovery in the bulk concentrate, up 7% to 32%.

MRM Metallurgy Manager Sam Strohmayer said this has resulted in a significant increase in payable lead production.

"We've also achieved this increase without exceeding the lead quality limits in the zinc concentrate and with reduced flotation reagent costs," Sam said. "This is an excellent outcome and something the Metallurgy Department should be very proud of."

"Overall zinc recovery is steadily improving, averaging 76%. This has been the result of improvements in xanthate delivery to the rougher flotation circuit, with staged dosing to the last flotation cell."

Sam said these production highlights were offset by the limited availability of the two filters that dewater the thickened, final concentrate ahead of its transportation to the Bing Bong port facility.

"We are addressing these challenges as quickly as possible," Sam said. "Filter 1 should be replaced by May/June next year, with the new parts for Filter 2 due to arrive in November and be fitted during scheduled maintenance opportunities."

As a result of MRM's ongoing investment in the mill, several capital works projects have also recently been completed. These include the extension of the fire water and potable water ring mains to the M10000 regrinding area, the replacement of the concrete plinths for the high pressure compressors, and the replacement of one of the grind mill liquid resistance starters.

Other major works being progressed include the construction of a new building for the low pressure compressors, the restoration of Thickener 1, and the installation of the new decant water system.

Effective water management remains an operational priority for preparation for the upcoming wet season, and according to Sam, MRM is well prepared.

"Strategies we have applied during the year, including minimising fresh water usage and maximising evaporation through the use of water fountains and maximum surface areas in storage ponds, are paying off," he said. "As a result, the water level in the tailings dam has decreased by 725mm since its peak in April."

Works are also underway at the tailings dam to ensure that sufficient dirty water storage is available and the amount of clean water entering the dirty water inventory is minimised.

Northern Australian Emergency Rescue Competition 2010



Fire fighting

Members of MRM's Emergency Response Team participating at the Northern Australian Emergency Rescue competition, where they won eight awards, including Best Overall Team.



Best overall team!



Hazmat



Road Accident Rescue

