



Delivering now, and into the future

ZINIFEX CENTURY MINE SUSTAINABLE DEVELOPMENT REPORT

05

Zinifex Century Mine

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Port Site – Karumba

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General Manager's statement



Welcome to the Zinifex Century Mine's first Sustainable Development Report. This report covers the period for the 12 months ending 30 June 2005 (FY05) and will be published each year to inform the community about our achievements and challenges in the important areas of safety, health, environment and community.

Zinifex Century Mine promotes and maintains a culture that values safety, health, the environment and community through training, communication, recognition and relationship building.

The past year has seen sound progress made in all these areas, with a greater focus on risk assessment and management, community support and visitation, and waste management.

I am particularly proud that an integrated waste management strategy has been implemented at the mine and port sites. The strategy will have wide ranging benefits for the mine, our neighbours, and the Gulf environment.

We continue to build and foster the valued relationships we have with the Gulf communities. The Gulf Communities Agreement is fundamental to our operations and we are committed to honouring the spirit as well as the intent of the Agreement.

In an otherwise positive year, the zinc spill in the Norman River in January was disappointing and regrettable. Century Mine is committed to ensuring that corrective measures are implemented to prevent the possibility of a reoccurrence.

While I am aware of the safety, health, environmental and community challenges we face, I am confident that we have the knowledge, skills and relationships to manage these effectively. I invite you to read future reports so that you can watch our progress.

A handwritten signature in white ink, appearing to read 'B. Fletcher'.

Brett Fletcher
General Manager



Century Mine

Zinifex Century Mine is the world's second largest zinc and lead mine. The open-cut mine is located in north-west Queensland and associated concentrate handling and ship-loading facilities are located at Karumba on the Gulf of Carpentaria.

Century zinc concentrate is highly valued by zinc smelters because of its low iron content which enables smelters to produce minimum amounts of iron containing by-products, which can pose retreatment or disposal issues.

The mine produces zinc and lead concentrates which are used to supply Zinifex's Australian smelters in Hobart (Tasmania) and Port Pirie (South Australia) and Zinifex's overseas plants at Budel (The Netherlands) and Clarksville (Tennessee, USA). The remaining concentrate production is sold to external smelters, mainly in Asia and Europe.

Site Facts

Key products	Tonnes pa
Ore Mined	5.2 million
Lead concentrates sold	81,500
Zinc concentrates sold	896,600
No. of employees	196
No. of contractors/ alliance partners	701

Operational Performance We fell slightly short of our production targets for the year due to an electrical fault in the SAG mill which caused 11.5 days of downtime. Production of lead and silver concentrate was also below expectations due to lower than anticipated grades of the ore mined. Removal of rock overlying the Century Mine ore body progressed well during the year, and it is expected that this activity will peak over the next two years before reducing to lower levels after 2010.

Century Mine was the largest site contributor to Zinifex's strong profit performance with earnings before tax of \$88 million, well ahead of what we had forecast. This result was improved by higher zinc and lead prices, but partially offset by increased costs from higher oil and chemical prices and shortages of specialised mining personnel.

FY05 Highlights and Achievements

Economic Performance

- A record profit of \$88 million before interest and tax.
- More than \$90 million contributed in wages and taxes (including contractors) to the regional economy.
- Royalty payments of \$14 million made to the Queensland Government.

Safety Management and Performance

- 27% reduction in Medical Referred Injury Frequency Rate (MRIFR).
- All employees and contractors trained in basic risk management tools.

Occupational Health Management

- Developed a partnership with James Cook University to promote healthy lifestyle choices and investigate occupational health issues such as exposure to heat, lead, cadmium and silica.

Environmental Management

- 16 exceedences of environmental licence conditions.
- Karumba water treatment plant upgraded to reduce the organic and nutrient content of wastewater used to irrigate local pastures or discharged to the Norman River.
- Changed from diesel used in the Karumba concentrate dryer to a mixture with waste oil, providing a waste outlet and a 30% saving in fuel costs.

Community and Employees

- New working and accommodation arrangements saw the proportion of local residents in our Karumba workforce increase to 39%.
- Significant opportunities delivered in the form of employment, training, business development and community payments to the region's traditional owners under the Gulf Communities Agreement.
- Successfully initiated an apprentice program employing 23 trainees across a range of disciplines.

FY06 Challenges and Initiatives The concentrate production planned for FY06 is higher than in FY05 as we expect improved lead and silver grades in the ore mined. We are also planning to increase our expenditure on mine development and on exploration in the vicinity of the mine.

Other key initiatives planned for the coming year include:

- Completing the renewal and upgrading of the mining fleet.
- Recommencing exploration activities in larger tenements adjacent to the mine.
- Improving recovery from ore mined through the commissioning of the Jamieson Cell and circuit control.
- Increasing the reliability of water delivered to Morr Morr Pastoral Company for irrigation by consistently reducing conductivity levels in the concentrate.
- Reducing waste to landfill through intensive segregation and reuse/recycle options.
- Site safety performance improvement through a focus on hazard and risk management and improving the workplace safety culture.
- The developing and implementing of a dust management plan by key operational stakeholders to reduce dry season dust.



Performance Summary

Safety

Our beliefs – Safety

We believe that:

- All workplace incidents can be prevented.
- Safe production is a fundamental objective of our business.
- Everyone shares responsibility for safety on and off the job.
- Safety awareness, behaviours and attitudes are critical to safety improvement.
- Working safely is a condition of employment.

Delivering a safe workplace and safe systems of work

A safe and healthy working environment for all our people is of critical importance to Zinifex Century Mine. No one should be injured at work and we aim to continuously improve our performance in this area.

FY05 Performance and Achievements Zinifex Century Mine achieved a significant reduction in the number of injuries requiring medical attention in FY05. We recorded 11 injuries requiring medical attention, which represents a 20% decrease from the previous year and was our best ever result. This corresponded to a Medical Referral Injury Frequency Rate (MRIFR) per one million hours worked of 11 (see Figure 1). Our Lost Time Injury Frequency Rate (LTIFR) remained the same as the previous year at 4 (see Figure 2).

The improvement in medical referral injuries has been the result of implementing a number of key projects and initiatives over a two-year period, including risk assessment and management, workplace inspections and observations, participation in pre-shift safety meetings and pre-task 'Stop and Think' safety risk assessments.

Specific initiatives undertaken during the year to improve safety performance included:

- Hazard identification and risk assessment
 - All employees and contractors trained in basic risk management tools
 - Increased reporting of near-miss incidents
 - Process risk mapping conducted for all site processes
 - Continued construction of catastrophic risk management plans, including the review of key controls
 - A pre-start task risk assessment process implemented that links to job safety assessment and safe work instruction development and use.
 - Injury management
 - Best practice remediation and functional capacity assessments introduced to improve soft tissue injury treatment and to reduce potential workload impacts
 - Warm up and stretching programs introduced into work areas
 - Effective relationships established with medical and rehabilitation professionals to provide early intervention and treatment programs to minimise the extent of injuries and recovery times.
 - Induction and training
 - Site induction process reviewed and improved to include a hazard identification and risk assessment component
 - All area induction presentations updated with new videos to reflect contemporary content
 - Preliminary training management plan developed.
- Key Challenges and Initiatives for FY06** To meet our target of a 25% improvement in injury frequency rates in the coming year, we will be building on our current programs and developing new initiatives, including:
- Delivery of safety training in a timely and consistent manner.
 - Maintaining the workforce focus on safety.
 - Introducing further measures to reduce the frequency of soft tissue injuries.
 - Implementing the Zinifex Risk Information Management System (RIMS).

Figure 1:
Medical Referred
Injury Frequency Rate
(MRIFR) – Century

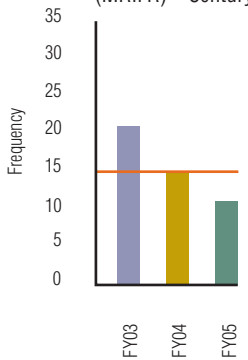
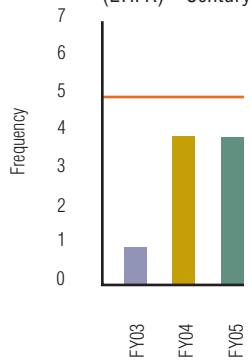


Figure 2:
Lost Time Injury
Frequency Rate
(LTIFR) – Century



— Zinifex Group Target



Performance Summary

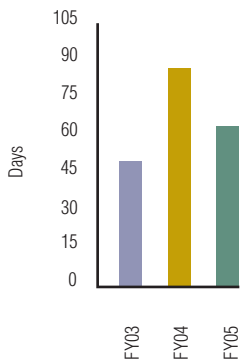
Health

Our beliefs – Health

We believe that:

- We will improve our safety and health performance.
- Our employees, adjacent communities and customers should not be harmed by our business.

Figure 3:
Medical Referred Injury Days Lost – Century



Healthy for work and for life

Zinifex Century Mine takes the health of its employees very seriously. We regularly monitor the key health indicators of our people and have health initiatives in place designed to minimise time lost from workplace injuries and illness.

FY05 Performance and Achievements Century has recorded a reduction in the incidence and severity of workplace injuries during FY05. Since the introduction of several new initiatives, both the number of incidents of workplace trauma and the number of work hours lost due to injury or illness have been reduced.

Specific initiatives during the year to improve health performance included:

- Staff fitness program
 - More than 400 employees have registered to participate in a '10,000 step program' and received a pedometer to monitor their target of taking 10,000 steps per day.
- Integrated injury management
 - An Occupational Therapist was recruited to site to manage injuries, develop suitable back to work programs and monitor and assess associated ergonomics.

Key Challenges and Initiatives for FY06 Zinifex Century Mine faces a number of safety and health challenges including managing fitness for work and fatigue in a workforce with increasing average age. With a regular turnover of staff, the main focus is on ensuring that training is delivered in a timely and consistent manner.

Health improvement initiatives over the coming year include:

- Employee health and wellbeing
 - Continued promotion of health and fitness through recreational programs in the village and through PASS meetings and tool box meetings
 - James Cook University will come to site regularly over the next year to work with individuals and groups to assess their knowledge of issues and coach positive behaviours to promote healthy lifestyles.



Gay Taylor, Environmental Advisor.

Performance Summary

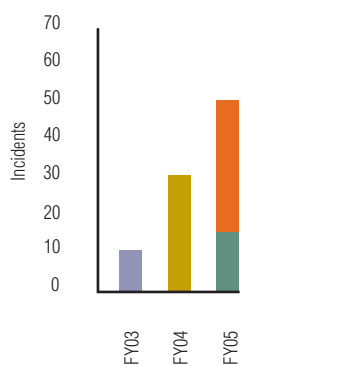
Environment

Our beliefs – Environment

We believe that:

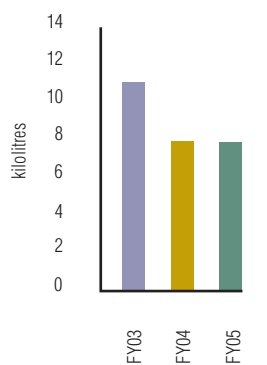
- Great environmental performance and great economic results are essential and compatible goals.
- Metals are inherently recyclable and we have an important contribution to make in managing these valuable resources.
- Our environmental legacies can and will be resolved through pro-active reduction.

Figure 4: Reportable Incidents – Century



■ Not attributed to Zinifex port operations

Figure 5: Water use kilolitres per tonne – Century



Minimising our impact on the environment

Zinifex Century Mine is focused on minimising its impact on the surrounding gulf environment through engaging the workforce in the day to day management of sitewide environmental issues.

Presentations at weekly department meetings and return from break meetings have significantly increased the awareness of environmental issues amongst the workforce, leading to improved reporting.

FY05 Performance and Achievements A spill of approximately two tonnes of zinc concentrate into the Norman River in January marred an otherwise steady year in regard to environmental performance. Century Mine undertook an Environmental Evaluation to assess the environmental effects of the spill and minimise the possibility of recurrence.

Zinifex has an environmental incident reporting system requiring all incidents and licence non-compliances reportable to the relevant regulator, to also be reported to Zinifex's Group office. In FY05 Century Mine recorded a total of 51 reportable incidents. 35 of these reportable incidents related to the detection of nutrients and metals in the Norman River (the receiving water for the Port Site discharges) that studies demonstrated were not related to the Zinifex Port Site activities. Zinifex has requested the Queensland Environmental Protection Authority to amend our licence conditions to reflect the naturally occurring background nutrient and metal levels.

Specific initiatives undertaken during the year to improve environmental performance included:

- Karumba Water Treatment Plant upgrade
 - New plant commissioned to reduce the organics and nutrient content of treated wastewater.
- Environmental monitoring program
 - New programs to proactively measure the health of environments adjacent to Century Mine's operations, including sediment and limnological monitoring and ecosystem functional analysis.
- Acid rock drainage
 - Developing options for long-term solutions to waste rock sulphate salts.
- Revegetation
 - Waste dump benches have been sloped in preparation for revegetation.
- Raw water quality improvements
 - Following EPA approval, in-pit dewatering flows were diverted directly to the tailings dam, resulting in subsequent improvements in the wastewater quality at the Karumba port site.
- Integrated waste management
 - Contracted North Queensland Resource Recovery to implement an integrated waste management strategy towards 'zero waste to landfill'
 - Signed a Memorandum of Understanding with the Queensland Parks and Wildlife Service to accept all waste from nearby Boodjamulla National Park.

Key Challenges and Initiatives for FY06 Zinifex Century Mine is committed to minimising its environmental footprint. The integration of environmental issues into long-term mine planning, specifically the long term stability of final landforms, remains a key challenge for the mine site.

Specific improvement initiatives for implementation over the coming 12 months include:

- Reducing the potential for acid mine drainage
 - Use of planning software to ensure the short-term placement of waste rock aligns with long term closure requirements.
- Final landform stability
 - Field trials and specialist software to provide critical information for optimising resources needed for stable final landforms.
- Waste management strategy implementation
 - Maintaining momentum and culture change.
- Discharge water quality at Karumba
 - Complete a water balance to determine key factors affecting the quality and quantity of mine water.



Doomadgee State Primary School students.

Performance Summary

Community

Our beliefs – Community

We believe that:

- We must be a welcome and valued member of the communities in which we operate.
- We must consult, listen and respond openly to our neighbours.

A major contributor to Zinifex, the Gulf communities and Queensland

The ability to mine the Century deposit was secured by the signing of the Gulf Communities Agreement (GCA) in February 1997. The GCA is a partnering agreement between Zinifex, three Native Title groups and the Queensland Government.

Under the GCA, Zinifex Century Mine works over the life of the mine with the Gulf communities to deliver social and economic benefits to the region including employment, education and training for local Aboriginal people. The GCA forms a cornerstone for our operations.

FY05 Performance and Achievements Over the past 12 months the emphasis has been on improving communication activities such as our newsletter, brochures and videos and increasing the focus on the communities themselves.

Communication between the site's GCA support department and the GCA committees has also improved, evidenced by increased attendance at GCA committee meetings. This has been encouraged through a greater commitment by the GCA support department to visit the local communities.

Zinifex Century Mine's Memorandum of Understanding with the Queensland Department of Employment and Training has been renewed and will provide ongoing funding for various training initiatives.

A new Community Liaison Office in Normanton has been established that has improved the interaction between the company and the community. A new Community Liaison Officer has been appointed at Mornington Island to facilitate the interaction between the company and that community.

We also partnered with the Queensland Rural Fire Brigade and Border Protection Group partnership to improve bushfire management on site and across the region.

Key Challenges and Initiatives for FY06 A key priority for the coming year will be to review our stakeholder relations strategies, activities and communications.

Key initiatives to support this focus include:

- Increase support and mentoring by the GCA Department for trainees and apprentices so that we can increase retention and completion rates.
- Engage independent researchers to review the effectiveness of our communications activities and provide input into future stakeholder relations engagement activities.
- A comprehensive review of all GCA publications.
- Preparation of a video to include interviews with a cross-section of the mine's Indigenous employees discussing how they obtained work at the mine, their assessment of the conditions on site and their messages to young people in the communities. Copies will be distributed to all Gulf schools to encourage the next generation of Century Mine's workforce.



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