



Delivering now, and into the future

ZINIFEX ROSEBERY MINE SUSTAINABLE DEVELOPMENT REPORT

05

Zinifex Rosebery Mine

ABN 23 004 074 962

Hospital Road

Rosebery Tasmania 7470

Phone 61 3 6473 2222

Facsimile 61 3 6473 1400

www.zinifex.com

General Manager's statement



Welcome to the Zinifex Rosebery Mine's Sustainable Development Report for the twelve months ending 30 June 2005 (FY05). This report will be published each year to update our stakeholders on our challenges and performance in the areas of safety, health, environment and community.

Zinifex Rosebery Mine believes that the company must be a valued and welcomed member of the community in which we operate. We are supportive of and actively involved in the unique West Coast community life. We are also committed to providing a safe and environmentally responsible operation for all of our employees and the surrounding community. Ultimately, these are obligations that must be met if we are to continue to access and process the reserves at Rosebery that have created wealth for Tasmania for more than half a century. As detailed in this report, there are challenges ahead of us. But with drive, commitment and creativity, we are sure that they can be met.

Significant progress has been made in the past year. Increased training in proactive safety processes and environmental awareness are intended to keep Zinifex Rosebery Mine as a leader in the areas of safety and environmental management. We have also taken steps to improve our understanding of how the workplace environment can impact on the health of our workers, so that we can develop appropriate management strategies.

We hope you find this inaugural Sustainable Development Report interesting and informative. As this and subsequent issues of the Report are published, we trust that you will see continuous improvements to our performance.

F. Burgess

Fran Burgess
General Manager,
Zinifex Rosebery Mine



Rosebery Mine

Zinifex Rosebery Mine is an underground mine located at Rosebery on Tasmania's West Coast. Operating since 1936, the mine forms an integral part of Rosebery's long mining history.

Ore production has increased from around 600,000 tonnes five years ago to approximately 800,000 tonnes in the twelve months ending June 2005 (FY05). The ore is processed into concentrates containing zinc, lead, silver, gold and copper. Zinc and lead concentrates are supplied to Zinifex's Hobart and Port Pirie smelters respectively, while the copper concentrates and gold dore are sold externally.

With a workforce of around 263, the mine continues to be an important part of the regional economy.

Site Facts

Key products	Tonnes pa
Lead concentrate	45,748
Zinc concentrate	154,435
Copper concentrate	8,717
Gold dore	331 kg
Employees	194
Contractors	70
Location	Rosebery, Tasmania

Operational Performance The year was an excellent one for Rosebery, with metal production levels matching the record set the previous year. Although the tonnes of ore mined was slightly lower, this was offset by ore grades being better than expected.

Mine efficiency was improved with the completion of a surface decline, which provided an alternative route to the lower section of the mine and reduced the ore trucking distance by two kilometres. Our exploration program was recommenced during the year, in order to increase the mine reserves.

Earnings were well above our forecast for the year, benefiting from better than expected production levels and metal prices. However, we also saw cost increases for diesel, ground support and electricity, as well as for specific items associated with the booming resources industry, particularly chemicals and equipment spares.

FY05 Highlights and Achievements

Economic Performance

- Profit before tax of \$42.4 million, well above what we forecast in the Zinifex Prospectus in February 2004.
- Almost \$7.2 million in royalties paid to the Tasmanian Government, a significant increase from the previous year.
- More than \$46 million contributed in wages, taxes and other expenditure to the local economy.

Safety Performance

- 57% reduction in the rate of injuries that required medical treatment compared to the previous year.
- Awarded the 2004 Tasmanian Minerals Council Safety Innovation Award.
- Increased workforce participation in behavioural safety programs.

Occupational Health Management

- Continued reduction in workforce lead in blood levels.
- Developed working groups to address dust and diesel particulate issues.
- Provided dedicated occupational physicians' services for the site.

Environmental Management

- Submitted the Decommissioning and Rehabilitation Plan for Hercules Mine to the Tasmanian Government.
- Completed a comprehensive site-wide review of wastewater treatment processes to improve the quality of Bobadil Tailings Dam discharge.
- Renewed our focus on environmental awareness training.

Community and Employees

- Supported more than 40 local community, sporting and cultural groups to improve Rosebery's townscape, amenities and lifestyles.
- Relocated the site nursery to the Rosebery High School as part of an active learning project.
- Consulted with the community to determine local expectations for rehabilitation of the closed Hercules Mine.

FY06 Challenges and Initiatives

- We have planned an aggressive mining program in the upper mine program to ensure mill feed availability, while continuing lower mine development to maintain reserve replacement.
- A new process control system for the concentrator is being installed to achieve improved plant performance and increased zinc recovery from January 2006.
- Mine Suite, a fully integrated underground mine production management system will be commissioned.
- Our safety and health improvement measures will remain focused on improving risk management and on further developing the behaviours required to support a safe work environment.
- Optimisation of the effluent treatment plant will continue to ensure that we meet our discharge limits for Bobadil Tailings Dam.
- Rehabilitation works at the Hercules Mine will be commenced as described in the Decommissioning and Rehabilitation Plan.



Zinifex Rosebery Mine Rescue Team.

Performance Summary

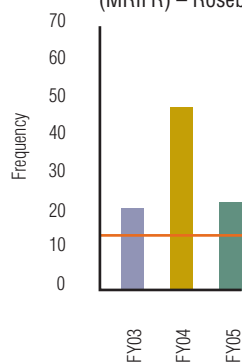
Safety

Our beliefs – Safety

We believe that:

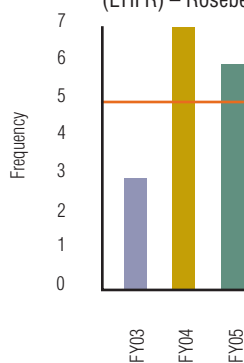
- All workplace incidents can be prevented.
- Safe production is a fundamental objective of our business.
- Everyone shares responsibility for safety on and off the job.
- Safety awareness, behaviours and attitudes are critical to safety improvement.
- It's good business to prevent injury.
- Working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

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



— Zinifex Group Target

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



Developing a safe work culture

Zinifex Rosebery Mine is committed to providing a safe workplace. We recognise that the key to a safe workplace is through the development of a safety culture where people share a genuine desire to protect their own safety and that of their colleagues. Safety awareness, behaviours and attitudes are critical to safety improvement. So too is identifying hazards and managing risks.

FY05 Performance and Achievements During FY05 we recorded a Medical Referral Injury Frequency Rate (MRIFR) for each one million hours worked of 22, which represents a 57% decrease on the previous year's result of 50 and brought us back in line with the result we saw in FY03 (see Figure 1). While this did not meet the Zinifex Group target of 15, it is still a substantial improvement and a significant achievement. Similarly, we recorded a 14% reduction in our Lost Time Injury Frequency Rate (LTIFR), which ended the year at 6 (see Figure 2). This improvement can be attributed to a series of programs rolled out over the 12 months focusing on hazard identification and behavioural safety.

Greater employee engagement is highlighted by a more than three-fold increase in participation in job safety observations and feedback processes. Employees also participate in daily Positive Attitude Safety System (PASS) meetings, 'near miss' reporting and hazard identification.

Key activities and achievements over the past year include:

- Formal hazard identification processes
 - Implemented personal pre-start checklists, where employees and contractors 'Stop and Think' about each job before beginning work.
- Workforce participation in proactive safety activities
 - Ensured that all employees and contractors were regularly involved in PASS meetings, observations, safety meetings and risk assessments
 - Established a mine environment working group and work in heat working group.
- Safety culture assessment and development
 - Conducted a Safety Culture Survey to gauge current attitudes to workplace safety and identify opportunities for improvement.
- Integration of health and injury management processes
 - Developed a more proactive approach to injury management that recognises that poor health can increase the risk of injury at work.
 - Trained frontline leaders and team members in injury management protocols to ensure that injury severity and lost time can be minimised.

Key Challenges and Initiatives for FY06 For FY06, we have set a MRIFR target of 18. To ensure that Rosebery continues to improve its safety performance a number of initiatives have been identified for the coming year. These will assist the achievement of a safer workplace by continuing to remove hazards and further improving our safety culture.

- Achieve certification of the site Safety Management System
 - Integrate safety systems with other site business management systems and achieve certification to the Australian Standard for Occupational Health and Safety Management Systems (AS 4801) in FY06.
- Improve hazard identification and risk reduction processes
 - Develop and train problem-solving teams at an operational and department level, to use information collected from job observations, 'near misses' and incidents, in identifying and implementing safety improvement measures.
- Support safety leadership and behavioural safety improvement
 - Train frontline leaders in Occupational Health and Safety (OHS) leadership behaviours.



Performance Summary

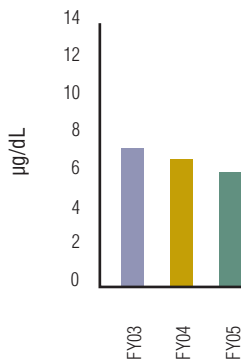
Health

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:
Median workforce lead in blood (LIB) $\mu\text{g}/\text{dL}$ – Rosebery



Providing a healthy working environment

Zinifex Rosebery Mine believes that providing a healthy working environment for its employees and contractors is of fundamental importance for a healthy workforce. We monitor key health indicators so that we can maintain a proactive approach to managing health issues.

The mine operates up to 1.2 kilometres underground and in the lower mine rock temperatures at operating faces can reach up to 45°C. The high rock surface temperatures means that the underground environment may have temperatures over 30°C. This is in stark contrast to the outside environment of cool climate Rosebery, where mid-winter snow is common. The temperature variation can create problems when employees need to rehydrate before, during and after shifts.

The Rosebery Mine has a low employee turnover, and while this provides many benefits, it also means that the average age of the workforce is increasing. Management strategies will need to be developed to assist in the prevention of lost work time from occupational injuries and illnesses.

FY05 Performance and Achievements Rosebery Mine closely monitors occupational health issues of its employees through regular biological and workplace testing.

As lead is one of the key products of the mine, one of our health indicators is the concentration of workforce lead in blood (LIB). The Australian workplace health standard includes a LIB limit of 50 $\mu\text{g}/\text{dL}$. However, Zinifex has adopted a more stringent standard of 35 $\mu\text{g}/\text{dL}$ and a goal of having all workforce LIB below 30 $\mu\text{g}/\text{dL}$. In FY05 Rosebery mine reached a milestone where everyone in the test program had LIB below 30 $\mu\text{g}/\text{dL}$. Fewer than 12 people on site recorded LIB in the range of 15 to 30, and programs are being evaluated to drive the site maximum lower. The median LIB concentration has fallen 20% since 2000, and is currently 7 $\mu\text{g}/\text{dL}$ (see Figure 3).

Key activities and achievements over the past year include:

- Integrating injury and health management programs
 - Encouraged employees to participate in medical assessments provided on site by occupational physicians
 - Entered into a new health service contract with Rosebery Hospital.
- Monitoring the workplace environment
 - Ongoing programs for diesel particulate, noise and dust monitoring
 - Diesel and dust working groups were set up to focus on solving problems in their areas.
- Reducing workforce LIB
 - Continued educational programs in partnership with occupational practitioners and the local hospital to reduce workforce LIB.
- Assessing the impacts of heat stress
 - Implemented a program of testing shift work teams for signs of dehydration to raise awareness of the issue.

Key Challenges and Initiatives for FY06 In FY06 we will be further advancing a number of the programs that began in FY05 and introducing additional initiatives to address our key challenges.

- Improving management of heat stress
 - Carry out further physiological and environmental monitoring to determine longer term health impacts and determine the best way to reduce any possible impacts.
- Reduce underground diesel particulate impacts
 - Application of small working teams to implement diesel particulates reduction strategies in the mine.
- Continue development of employee wellness programs
 - Further integration of proactive health measures with existing Occupational Health and Safety management systems.



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 proactive reduction.

Figure 4:
Reportable environmental incidents – Rosebery

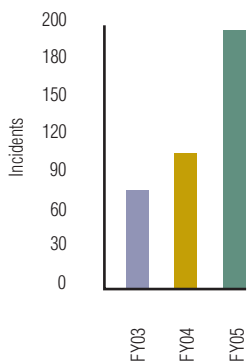
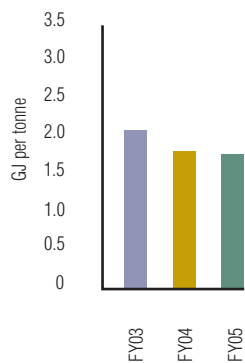


Figure 5:
Energy use per tonne of concentrates produced – Rosebery



Improving our performance and dealing with our legacies

Zinifex aims to achieve a high standard of care for the natural environment. We seek to minimise our impact on the environment and seek continuous improvement in environmental performance, waste management and the use of resources. Rosebery Mine is also committed to dealing effectively with the environmental legacies of more than 100 years of mining at the site.

FY05 Performance and Achievements During FY05, Rosebery recorded a total of 198 reportable environmental non-compliances and incidents, significantly more than the previous year's total of 110. This was a very disappointing outcome for the site and arose after Effluent Treatment Plant performance in the first half of the year led to recurring non-compliances with individual parameter discharge limits at Bobadil Tailings Dam. These problems were resolved in the second half of the year.

Significant progress was made in addressing environmental legacies with the development of a closure plan for the Hercules Mine site in collaboration with the State Government and other stakeholders. Hercules Mine, which falls within Rosebery Mine's consolidated mine lease, ceased operations in 2000. The first stage of the rehabilitation works was completed in FY05 through the development of a revegetation plan involving targeted spreading of lime and fertiliser to promote regrowth.

Other major projects and initiatives during the year included:

- Biological monitoring of waterways in the vicinity of the site's discharge points, which showed the following results:
 - the Pieman River ecology is not being significantly impacted by the Bobadil Tailings Dam discharge
 - the Stitt River is showing further improvements after a joint venture with the West Coast Council to operate the rehabilitated tailings dam as a sewage treatment facility
 - the Ring River continues to experience impacts due to historical mining operations in the region.
- Implementation of waste management and minimisation initiatives
 - an on-site waste exchange station has been constructed and will promote the concept of 'reduce, reuse, recover, recycle.' This facility will be fully functional in FY06 to encourage and improve recycling.
- Increased focus on environmental awareness training
 - Produced a new training video to educate employees and contractors.

Key Challenges and Initiatives for FY06 To enable us to continue to improve our environmental performance, the following projects are planned for FY06:

- Improve discharge water quality
 - Continue measures to optimise Effluent Treatment Plant performance
 - Conduct further investigations into longer term water quality improvement options for No. 2 and No. 5 Tailings Dams.
- Continue receiving-water impact assessment
 - Complete investigations into the impact of mine site discharges into rivers through toxicological test work of metals and sulphate in the typical west coast waters.
- Monitor and reduce noise emissions
 - Undertake comprehensive site-wide noise survey and modelling program to assist in identification and prioritisation of noise reduction strategies.



Toby Aldridge (left) and Regan Fepuleai were among the St Joseph's Primary School students who took part in Schools Tree Day, sponsored by Zinifex Rosebery Mine.

Performance Summary

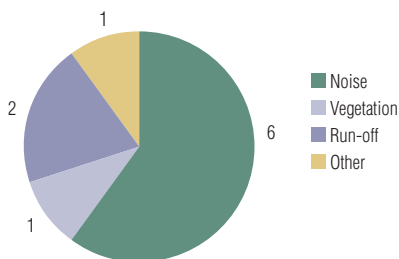
Community

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.

Figure 6:
Community complaints FY05 – Rosebery



An important contributor to the West Coast community

Being the major industry in a small town located on the relatively unpopulated West Coast of Tasmania, Zinifex Rosebery Mine understands the importance of working with the community to help improve amenities and contribute to the social life of the town.

FY05 Performance and Achievements Zinifex Rosebery Mine is a member of the Rosebery Development Association and the company has provided cash and in-kind support for a number of its projects to improve the townscape and amenities. More than 40 Rosebery and West Coast community, sporting and cultural groups have received support through the mine's comprehensive sponsorship program.

Other activities with community impact during the year included:

- Consultation with the local community and other relevant stakeholder groups as part of developing a Decommissioning and Rehabilitation Plan for the Hercules Mine, to determine expectations and desired outcomes after closure of the mine in 2000.
- Investigations into further improvements for the No. 2 and No. 5 Tailings Dams, which are no longer in use for mining operations but are currently used for Rosebery township sewage treatment. The aim is to improve water quality in the dams as well as to provide a cost-effective and sustainable town sewage treatment system.
- Distribution of a quarterly newsletter, so that we can keep the local community informed on new projects and issues on site.
- Construction of a public park area near the entrance to the mine site and adjoining the Rosebery District Hospital. The area was planted with native trees as part of National Tree Day in a project with pupils from St Joseph's Rosebery Primary School.

Key Challenges and Initiatives for FY06 A key objective for the mine is to continue to ensure the Rosebery township is seen as an attractive place to live, work and visit. Zinifex Rosebery Mine will continue to work with local organisations and assist various community development projects in order to achieve this.

Initiatives for the coming year include:

- Hold a Zinifex Rosebery Mine Open Day, which will include mine surface tours, visual displays, a market and a twilight community event. About 10 local community groups will be involved in the day, ensuring that it is a celebration for the whole town.
- Conduct a community survey to formally gain feedback on community needs and our performance.
- Support a number of Rosebery Development Association projects, including a community garden and the King Billy Pine Walking Track.
- Continue to clarify and rationalise land holdings currently held under the mine's historical mining lease. In the coming year this may lead to further divestiture of land to the community as appropriate.



Zinifex Rosebery Mine

ABN 23 004 074 962

Hospital Road

Rosebery Tasmania 7470

Phone 61 3 6473 2222

Facsimile 61 3 6473 1400

www.zinifex.com



ZINIFEX
ROSEBERY
MINE