

SMC News

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Nick Hammond and Andrew Denham in front of ex-WMC train loadout, part of mining heritage to be preserved at Koolanooka

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Tony Cheng
Managing Director



Welcome to the second edition of SMC News.

May I first acknowledge that a lot has happened at SMC since the first edition in April. By now many of you would be aware that SMC has halted further development of the Weld Range project while there is uncertainty surrounding the timing of the Oakajee Port and Rail infrastructure. As a result it was with much regret that we had to make some positions within SMC redundant, and let some very hard working and professional people leave us. These people played a valued role in getting our Weld Range project to the verge of success, and I would like to thank them for that work.

The Weld Range Iron Ore project is not disbanded. When certainty around the port is assured we will be ready to start up. Therefore we are continuing with approvals processes, including the Mining Agreement with the Wajarri Yamatji traditional owners. We believe that we have made real progress on a number of fronts and hope to be able to report back on some key successes soon.

There is no doubt that SMC is definitely still in the iron ore business. Our successful Koolanooka operation is on track to produce 1.7M tonnes of DSO this year and we are looking to shift to the Blue Hills project in late 2012 for the continuation of our DSO operations.

We also have under consideration a small early start up project for Weld Range which does not rely on the Oakajee Port, but will enable SMC to access some of the DSO resource to generate cash flow.

Although our scope is reduced without the flagship Weld Range project, our team certainly has a big job ahead to get these smaller projects evaluated and underway.

SMC remains committed to its vision to be the major iron ore producer in the Mid West through responsible development. I look forward to updating you on our progress towards this in the next quarter.

GIOA CAREERS EXPO

SMC was again a proud participant at the Geraldton Iron Ore Alliance (GIOA) Mid West Careers Expo held at Durack in August. As a visitor to the Geraldton Iron Ore Alliance careers area Dylan Wright from Geraldton Senior College got more than just good advice, he entered the SMC competition to win an iPad2 and came out a winner.

"I took the punt and was glad it came off - I can now use it to check the Footy scores," said Footy player and fan, Dylan, who also took advantage of the free Killer Python jelly with every entry.

More than 320 people entered the popular competition which asked entrants questions about mining and the environment.

"The Killer Pythons were a definite draw card to get people to enter the competition," said Steve Neill, SMC Senior Environment Coordinator with SMC and chief distributor of the killer pythons.

"However we also had some great written responses, and more than 40% of people were genuinely interested in a possible career in the environment side of the mining game."

Attractive factors to wanting a career in the environmental team included the ever popular income, the chance to work outside and more importantly to care for the environment while doing something worthwhile –

Classic Comments

"BECAUSE YOU'D BE ABLE TO WORK TO INCORPORATE SUSTAINABILITY ALONGSIDE MAKING A PROFIT FOR AUSTRALIA"

"YOU KNOW YOU ARE MAKING A DIFFERENCE IN THE WAY MINING COMPANIES WORK AND THE SUSTAINABILITY OF THE ENVIRONMENT."

"YOU WOULD LEARN A LOT ABOUT THE ENVIRONMENT AND YOU WOULD BE WITH GREAT PEOPLE"

One cannot also underestimate the pulling power of our other eager volunteers Wayne Ennor and Exploration Field Assistants Mark Devene and Adrian Egan as they manned the stand however Steve, who has been a committed volunteer to the event since its inception wrapped it all up;

"It was a great day for all – including us seasoned veterans on the stand - it was inspiring to see so many young people interested in a wide range of mining career opportunities in the Mid West. We'll be back next year!"



Wayne Ennor in action at the Expo

JULIE'S SAFETY RAP

Julie Budrey, one of our newest team members, joined SMC as OHS Manager in August. She has more than 12 years extensive experience in safety related roles from a variety of WA resource and infrastructure projects. Her passion for safety has already seen her dive into drafting a new policy and revising the safety and health objectives for SMC for the next two years. Expect to see regular reports from Julie in SMC News.

In my short time here, I have been very impressed by the commitment to safety at SMC, and intend to build on this solid foundation with the further development and promotion of the safety system.

I have been working hard on the SMC Strategic Safety Plan which defines the activities that we need to undertake to ensure we meet our policy objectives. The principal goal for this document is to improve health and safety at SMC and continue the momentum towards eliminating workplace injuries and illness.

I'm pleased to say that the revised Policy and Strategic Safety Plan has been reviewed and approved by the Senior Management Team and will be rolled out to all sites in the coming weeks.

I look forward to working with all SMC employees, and importantly, contractors who make up a large part of our workforce, to empower everyone to work and play safely!



SPONSOR ME!

SMC has recently reviewed the Resourcing the Region Sponsorship Program to ensure that it has been meeting both SMC and community needs. We think that it has been a pretty successful formula, in the spirit of continuous improvement took a step back to make sure. As a result we have made a few changes that now make it more relevant to the communities which we engage with, and in fact easier to apply for.

The first change has been the funding round – previously SMC have had only three funding rounds per year, which is great if there are events that are longer term, but sometimes requests require a quicker turnaround so we have decided to do a monthly sponsorship allocation in order to be a bit more nimble when it comes to making investment decisions. It helps us not miss out on some great opportunities and gives better access for community groups who may not be thinking 3 months ahead for some projects.

The form has been redesigned and is now simpler and can be completed electronically.



What are SMC looking to sponsor?

We're looking for projects that:

- STRENGTHEN THE LOCAL COMMUNITY THROUGH EVENTS
- BUILD THE CAPACITY OF YOUTH THROUGH EDUCATION, HEALTH AND SPORT
- CONSERVE OR REPAIR THE NATURAL ENVIRONMENT
- CONTRIBUTE TO INDIGENOUS INTERESTS

The new guidelines and form are available on our new website www.smcl.com.au



Barry Read congratulates local Morawa coach Milton Milloy and his charges

FOOTY FEVER GOES COUNTRY

Barry Read presented a cheque on behalf of SMC for \$20,000 to the Midlands Regional Football Development Council (MRDC) at the North Midlands football grand-final in Morawa in September.

The SMC Resourcing the Region sponsorship funds will assist MRDC to deliver the Perth Football Club Robert Wiley Country Academy program, which encourages Mid West children to participate in sport to improve general fitness, social and community skills.

The sponsorship was officially announced at the North Midlands football grand-final, where the Country Academy Colts team played a game to showcase their skills in the lead-up to the main event.

"Everyone was really pleased that SMC had come on board to assist," said Barry. "It was rewarding just being there to experience firsthand the passion and commitment of these guys to the program."

The Academy aims to be an innovative leader in youth development in the Midlands zone, using sport to deliver pathways in education, healthy lifestyles and career development that are culturally sensitive, integrated and inclusive. SMC couldn't ask for a better fit for our Resourcing the Region sponsorship program.

According to MRDC Chairman Damien Leeson, the support of SMC is vital to the success of the Academy.

"SMC's support will greatly assist us grow our Academy to promote sport for fun and fitness, while also allowing participants the opportunities to further their chosen sport, whether as a player, coach, umpire or sports trainer," Damien said.

The Midlands region extends from Dongara in the northwest, to Morawa in the north east. Last season alone, the Midlands Regional Football Development Council conducted 95 school visits and 86 community visits exposing in excess of 9700 students in schools and over 4000 people in the community to football programs in the region.

PHOTOGRAPHY MAD!

As part of our new revised SMC image we realised it was time to update some of our photos – and we have had some fabulous talented photographers taking awesome shots (you can check out quite a few on our new website). One of the great finds has been local Geraldton Photographer Ashton Wright whose first assignment was the iconic SMC photo ‘rocks on the beach’. She explains her journey with SMC.

Over the course of the year I have been shooting various events and locations for SMC. This has included covering community events sponsored by Sinosteel, such as the Durack Institute of Technology Expo and the Robogals stall. Another area I worked in was acquiring shots of various facilities and areas that SMC is involved with such as the Geraldton Port.

In June this year I attended a trip to Weld Range, Western Australia to capture shots of the beautiful landscape, and the work that was being done in the area. Traveling approximately 10 hours inland from Geraldton, the surroundings were vastly different from the landscape along the coast so it was a real eye-opener for me.

I stayed at the Weld Range camp overnight, and during the day I was taken to different areas of the camp by Steve Neill to photograph the natural landscape and plants as well as the workers going about their daily tasks. I was able to capture one sunrise and one sunset whilst in Weld Range; the already incredible vastness was amplified as the sun went down over the land.

Overall, with good weather and some solid time to capture Weld Range, the trip was a success. I returned home with roughly 600 images from the trip.

SMC also think that the photos have been great – and we look forward to working with Ashton in the future.



MEET PHIL ALLSOPP

Our recently promoted General Manager, Phil Allsopp has 30 years' experience in the resources industry in Western Australia, Tasmania and Queensland. In his role as General Manager Operations, Phil has been responsible for the leadership, direction and performance of SMC's mining, ore haulage and port operations in the Mid West region. In the re-structured SMC, Phil is taking on a new role leading the company through its next phase.

Phil and wife Melissa along with their two adorable children Adelaide and Hugo have been the quintessential mining family. Originally from Sydney, Phil worked for many years in WA after uni, primarily in nickel and gold. A contract to start a new phosphate mine in Queensland took him to Townsville which became home for 10 years. Phil joined SMC in 2008 and moved the family to Geraldton, before relocating to Perth at the end of 2010.

"Geraldton was a great place to live, and we really enjoyed being part of the local community. The beaches and relaxed lifestyle certainly make it one of the best mining hubs to be located in."

But what makes Phil tick? A self-confessed information disseminator, Phil believes that honest and frequent communication is the glue that holds a team together, and he has just proved it by a whirlwind tour presenting the new SMC Strategic Plan to our Perth and site teams.

"One of SMC's Core Values is 'Enabling People' and I believe that information is one of the best gifts you can give to ensure that the team are empowered to do their job confidently," said Phil.

"I look forward to capitalising on the success of our Koolanooka operations, a result largely due to the great team we have built there. The transition to Blue Hills next year will be critical for our ongoing DSO production and many of our team are focused on the detail of this move. We have a lot to look forward to in growing our DSO business and there are exciting opportunities out there for SMC. And of course you will be hearing about it from me first hand!"



Phil Allsopp
General Manager

Fast Facts about Phil

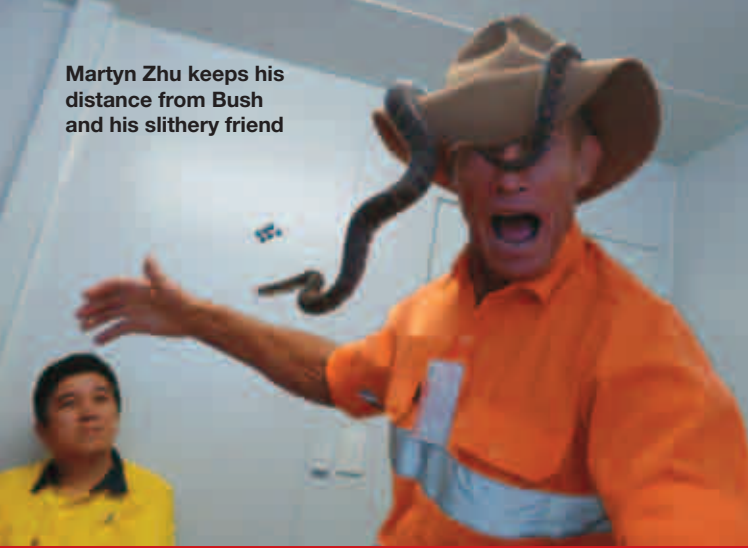
LOVES RIDING
HIS DUCATI
STREETFIGHTER
MOTORBIKE

SOON TO BE
OWNER OF NEW RED
GOLF GTI (YES IT DOES
RAIN IN PERTH!)

RED WINE,
CHAMPAGNE & FOOD
AFICIONADO (NOT AT
SAME TIME AS ABOVE)

AND WHEN THE
KIDS HAVE FINISHED
JUMPING ON HIM,
A GOOD MOVIE.

Martyn Zhu keeps his distance from Bush and his slithery friend



SNAKES ALIVE!

SMC Senior Environmentalist Steve Neill updates us on some training with a slippery edge!

Snakes are common all over Australia, especially in the outback where most mining operations exist. Snakes generally have a bad reputation and basically you either like them or you don't. They often venture in and around mine sites and there have been many instances over the years where people have been bitten trying to catch or kill them. One way to effectively reduce the risk of this happening on SMC mine sites is to train (willing) people in safe and appropriate snake capture and relocation techniques.

One such course was held at our Koolanooka mine site, where 13 personnel from both SMC and our mining contractor MACA were trained up to safely catch and release venomous and non-venomous snakes. The course was a good demonstration of the effective ongoing cooperation between Karara Mining and SMC, in that the course was organised to run at both mine sites on consecutive days. This enabled costs to be kept to a minimum and reduced overall travel time for the trainer, Brian Bush.

What can we say about Brian - other than he is a real Aussie larrikin character in the truest sense! He had all the course attendees in fits of laughter throughout the day with his larger than life approach (and a laugh you could hear all the way to Geraldton). A crowd favourite was when he pulled out a couple of his trusty pet lizards, complete with Akubra hat and safety helmet.

Brian is a qualified herpetologist with a wealth of experience in reptile behaviour, research and management built up over many years. He's been travelling all over Australia for decades delivering these courses to a wide cross-section of the community including mining, construction and utility companies, schools, councils, emergency services.

All participants passed the course with flying colours and received a formal certificate in Snake Awareness, Management and Safe Catching Techniques. They will now be included on the site licence issued from the Department of Environment and Conservation (DEC) for snake catching. Snake catching kits - consisting of a capture pole much like a golf putter and a bag and frame have been purchased for the mine, camp and port. As the need arises, we will be running similar courses at other SMC sites.

Remember, unless you have done this course - if you see a snake, leave it alone and it will go its own way.

NOW THAT'S CRICKET!

[L-R] Hayden Dawson, Phil Jefferies, Ben McMillan & Pheobe Vlahov on the pitch

Mid West Western Australian Cricket Association CSBP Regional Cricket Officer Ben McMillan was thrilled to recently receive confirmation of three year Resourcing the Region funding worth \$18,000 from SMC.

"The funding will go towards our Emerging Warriors and Rising Fury programs,

providing the Mid West's young cricketers – both boys and girls – the opportunity for top class coaching and the chance to challenge themselves amongst other talented players in their peer group. These programs also act as feeders into the State league and so they're vital for the future of our State and national teams," Ben said.

Lending a hand to announce the good news was our own Study Manager Phil Jefferies who was a former cricket hero according to our Commercial Manager and fellow Victorian, Stuart Griffiths – "Phil won't blow his own trumpet but back in Victoria he was in the State squad, and quite the catch."

Phil would neither deny nor confirm the rumour, "Let's just say it was good to be back on the pitch delivering the good news of our support to young and aspiring Mid West Cricket players."



A NAIDOC WALK IN THE PARK

During NAIDOC Week, the SMC Perth Office celebrated with a unique event organized by our Wajarri Yamatji Liaison Officer Marion Dingo. The Annual NAIDOC Week in July celebrates Aboriginal and Torres Strait Islander peoples, cultures and communities and their contribution to modern Australia.

What a perfect winter's day it was for our Kings Park Indigenous Heritage Tour that was conducted by Greg Nannup of the Nannup Family Trust and was attended by 20 people from SMC and two of my guests including my brother, Ernie Dingo.

Greg's Noongar knowledge of his people and the land of his heritage was very informative, interesting, and quite different to that of Yamatji Country. We learned how plants can be used as food and medicine. The group enjoyed the Noongar (Wadjuk) stories associated with the country and plants, and we were given a fantastic creation story.

The tour was capped off with a terrific feast cooked up by Kaditj Catering and included crocodile, kangaroo and of course the good Aussie chook topped off with Mini wattle seed cheese cakes.

We're getting hungry just thinking about next year's NAIDOC Week!



The SMC Team pause for rest on the Treetop Walk

SMC 6 SNIPPETS



1

Wedding bells were ringing in gorgeous Tuscany for our glamorous Office Manager Emma Lomax (nee Croad) and her husband Daniel (who also happens to be one of SMC's new photographers!).

Former Office Manager, Jennie Olszewski (nee Ironside) had just as gorgeous a local affair when she got hitched in the Swan Valley. Jennie is now living her rural dream in Australind.



2



3

Apparently we have more snake lovers on site than we know! Stuart Graham has his own unique way with reptiles back home in Thailand (and other animals but we will save that for another edition). Our thoughts are with Stuart as we understand his home has been impacted by the recent flooding.

Adrian Egan one of our star volunteers at the Careers Expo found some new friends to play with after the crowds died down.



4



5

Not to be left out, another star volunteer, Mark Devene got into the spirit of iPad Python promotion at the Careers Expo

We do love Ashton's photos but were mystified when an alarming number of beautiful COW photos appeared from her Weld Range shoot...yes she admitted she does have a love of the bovine and threw them in for free...some are quite moo-ving.



6



Julian Mizera
Chief Operating Officer

COO WRAP

Although I am not renowned for my philosophical musings, I can't help but start this wrap up with a well-known Chinese proverb "Be not afraid of growing slowly, be afraid only of standing still".

I think that this fits well to the last few months at SMC. As most interested people would know, we have had to pull back our pace of development at Weld Range in order to decouple ourselves from the timing of the Oakajee project. This was unfortunate, but necessary. It also gave us time to reconsider and think strategically about what SMC looks like without our flagship project.

Far from a limiting view, it has actually been exciting to consider what SMC can achieve with our current assets and access options. Our revised strategic plan developed by our Senior Leadership team in August, provides a clear pathway for how we can make it happen.

Our 5 Key Strategic Objectives over the next 5 years include optimising our current DSO operations, maintaining tenure and increasing resources and reserves, progress a viable magnetite project at Koolanooka, progress our flagship Weld Range Project though the obtaining of approvals and last, but not least, continue to improve our business processes.

Apart from a great plan – we also have a new streamlined SMC image, which is showcased at its best in our new website www.smcl.com.au it's well worth a look for the new photos alone, many featuring our successful Koolanooka operation which recently celebrated its first full year of operation. We have come a long way in a short period of time, with an even brighter future ahead of us.

Until the next SMC News, stay safe – and don't stand still!