

→ VOLUME 3 | JULY 2009

groupnews



Welcome
from our CEO

Peru Project Update
by Karl van den Brenk

Our projects

SUPPORTING
THE COMMUNITY

Meet our people

Simplification tips



Standing left to right: Vicki Clarke, Norm Rodgers, Phill Reinsfield, Dale Thompson, Drew Rogers, Mark Wards, Nathan Booth, Daniel Roff and Alan Black.

Seated left to right: Leith Compton, Shiralee Martin, Rob Phillips and Neville Bokser.

Welcome



Welcome to this third edition of STRACON Group News. The first six months of 2009 have been extremely busy for us all. In Peru we commenced mining operations at Marcona Mine, secured El Brocal Project for a further five years, and have pre-qualified to tender for the Mass Earthworks and Tailings Storage Facility associated with the development of Toromocho, a new copper mine being developed in Peru by Chinalco. Toromocho has reserves of some 7.3 million tonnes of copper and involves an investment of approximately US\$2.5 billion to produce 250,000t of copper per annum. STRACON has entered into a joint venture relationship with Peruvian contractor, Translei S.A., to pursue works at Toromocho. Translei is a wholly owned subsidiary of Mota-Engil Group, a large Portuguese multi disciplined contractor.

In New Zealand, the economic downturn has impacted upon our civil business in recent times, as it has for many of our competitors. We do however remain confident about the future, as a result of a number of significant developments that are likely to kick off later this year or early in 2010. STRACON is well placed to participate in a number of these projects.

In April we commenced our Leadership Development Programme in conjunction with Sheffield. This programme is an interactive approach to developing the leadership and management skills for those in positions of responsibility at STRACON. We are very focused on this programme and have been pleased with the active participation demonstrated by participants.

Following exploratory visits to Colombia in 2008, led by Executive Director, Karl van den Brenk, the STRACON board has decided to commit resources toward the expansion of STRACON's business in to Colombia. Colombia is Latin Americas largest coal producer and is ranked No.10 in the world. Due to security problems, much of the country has been inaccessible for many years and therefore large areas remain relatively unexplored. In recent years the security situation has improved markedly, as a result, activity in mining exploration has risen sharply. Several exciting opportunities exist for STRACON in both the coal and the metalliferous mining industries.

Following recent feedback from a number of our employees, the executive team and board of directors recently reviewed our Mission Statement. As a result, I'm pleased to inform you of our new statement,

"TO OPERATE AND GROW THROUGH EXCELLENCE, A PROFITABLE AND SUSTAINABLE BUSINESS THAT IS ONE OF INDUSTRY'S BEST PROVIDERS OF SAFE AND EFFICIENT CONTRACT MINING AND CONSTRUCTION SERVICES."

I hope you enjoy this edition of STRACON Group News.

> STEVE DIXON
CHIEF EXECUTIVE OFFICER



PERU UPDATE

As this issue goes to press, we are in an important phase of STRACON's development in South America.

GyM STRACON has just mobilized the new 16/18 Marcona Mine project for Shougang Hierro Peru in the southern Peruvian desert. This project was won in March by our GyM STRACON Joint Venture (JV) team, and the project is being operated through our JV entity Consorcio Marcona, managed by Augusto Ganoza. The phase one contract requires 34 million tonnes of waste and iron ore to be mined over an 18 month period.

Consorcio Pasco, which operates the El Brocal mine, will in March 2010 complete the final year of a five year contract. Following a competitive tender process conducted during the past few months, Consorcio Pasco was recently advised by our client, Sociedad Minera El Brocal S.A.A., that it has been selected to continue to provide mining services at El Brocal for a further five year period. This is an excellent result for GyM STRACON

and is testament to the performance of our project team and the ongoing value created for our client. The STRACON - Cerro Corona Heavy Equipment Maintenance Project was renewed for a further year, and we expect that Marco Tejada and his team will continue to expand these services with our client Gold Fields La Cima.

> KARL VAN DEN BRENK
EXECUTIVE DIRECTOR



GyM STRACON J.V. (Consorcio Pasco) has been awarded a new five (5) year contract by Sociedad Minera El Brocal S.A.A. (SMEB) to provide ongoing mining services at El Brocal mine, situated in Pasco, Peru. Works commence in April

2010, following completion of Consorcio Pasco's current contract, and involve the mining of 160million tonnes of Ore and Waste. GyM STRACON will be investing approximately US\$30m in new mining equipment during the contract period.



EL BROCAL

Project Update

By Tim Williams | Project Manager

The past few months have been a period of change highlighted by the fluctuations in total volume and mining areas. This settled down in May with our client confirming a reduced monthly volume from 650k bcms to 450k bcms for 2009. As a result, we have downsized our fleet to meet the new requirements of the mine plan. However, these changes fortuitously coincided with winning the Shougang Project in March.

Conditions in the pit have been challenging with a long wet season this year and frequent large scale slope failures over our main working area. The operators worked steadily through the wet muddy conditions with very few minor incidents. The most significant incident was a slope failure actually rolling an Actros truck over on the bench. Fortunately, while the truck was in the workshop for two months, the operator was unharmed.

We started the year with four mining areas, two on the west slope cutback, one on an east slope cutback, and the final area in the bottom of the pit. The excessive rain eventually chased us out of the bottom of the pit, and during March we were mining the west cutback with

three fleets all exiting up the same ramp, causing some congestion on top of the wet conditions. A new west cutback started at the crest in April which took the pressure off the west ramp and helped significantly with productivities. The safety department, operations and management all felt some relief when work started in this wide, productive area.

Maintenance has kept the gear in good working order for much of the year generally achieving over 85 percent availability in all areas except dozers.

Safety activities this year have focused on practical training and maintaining a strong professional attitude though the bad weather and the contractual changes. Our goal is zero injuries and zero incidents. To date we have had no injuries, and our best month with respect to incidents is one for the month.

In the office the engineers have been very busy keeping up with the multiple revisions of the mine plan and associated fleet changes. The subsequent personnel-related issues have been handled well by our administrator Fanny Sarmiento.



CORONET PEAK

Project Update

By Luis Seminario | Project Engineer



Sarah Sue Snow Making Reservoir Project

After the announcement in the previous STRACON newsletter of the award of a contract for the construction of a second snow making reservoir at Coronet Peak Ski Field in Queenstown, NZ, we pleased to announce that the project was finished on 1st May, delivering a good quality product to our client, NZ Ski Ltd. Following this achievement NZ Ski Ltd. has increased its snow making infrastructure, and is now able to produce more artificial snow during the winter season.

The 89,000 m³ storage capacity reservoir involved the site clearance

of 10,500 m², a total volume of 38,000 m³ of earthworks associated to the reservoir and outlet trench, the installation of 1,400 m of pipe (63mm to 250mm diameter) for the storm water reticulation and snow making pipe systems, and the lining of 14,000

m² of liner protection over the internal surface of the reservoir.

STRACON Civil construction crew, led by Site Supervisor Jeremy Bennett, completed 7,700 work hours without an LTI.





REEFTON Project Update

By Robert Watson | Project Manager



PRODUCTION

Total movement until the end June 09 was 96% of budget – slightly down mainly because of excessive wet weather downtime of 570 hours (32% more than planned).

Currently good grades coming from the Mine with Gold in Concentrate production 115% above budget as of the end on May 09. – This is a very positive result and If the mine continues with good grades and high gold prices then a longer mine life is expected.

The evaluation/pit optimization work will continue over the next 2 months.

MAINTENANCE

Scheduled major repairs on the RH90C and RH40F excavators were undertaken over during April and May with the view to increasing the performance and reliability of these machines.

The construction of the new wash-bay is well under way and scheduled for completion in mid July. This will make a big difference to the quality of our maintenance activities, and provide a cleaner work environment for our maintenance personnel.

HEALTH AND SAFETY

The site has now been 120 days LTI free, from mid-January through to the end of May.

We have developed and implemented Sub-Contractor guidelines, which each contractor is being taken through and must comply with. This relates to the HSE site requirements and the provision of their HSE plan, including their staff training records.

We have developed and introduced the STRACON induction and competency test process, the competency exam which must be completed and passed by each employee and sub-contractor.

We are in the final stages of completing a recognition process called "Mine Safety Certificated" which each employee and long term sub-contractor can achieve by demonstrating competency in critical elements of HSE within the company. This is obtained through a practical assessment and a theory exam.

We have developed and introduced a Risk Control Protocol. The requirements of these HSE Risk Controls are classified into three key focus areas:

1. Plant and Equipment Requirements
2. Procedural Requirements
3. People Requirements

We have conducted an incident analysis on all incidents to date, developing recommendations for continuous improvement within our current system to reduce the risk to our employees.

NEW STAFF

We are currently increasing the pit supervisor number from three to four. This will enable us to focus more on supervisor training.



"We are currently increasing the pit supervisor number from three to four. This will enable us to focus more on supervisor training"



We welcome our two new Pit Supervisors, Matt Hyde from Queensland, and Graeme Taylor, a Kiwi Mining Supervisor who has also been working in Australia.

We also welcome our new Maintenance Superintendent, Tony Barrett. Tony comes to us from Goughs at Macraes Mine in Otago.

TRAINING

Supervisor training modules are now two-thirds completed for all our site managers, supervisors and relieving supervisor.

These Modules include:

- Health and safety training
- General supervisor training
- Environmental awareness training
- Ore induction
- Alliance induction
- B Grade managers certification
- Geotechnical awareness

Hazard Management Training and First Aid Training has been completed for half the site workforce, and we aim to complete these courses for the remaining staff during July 09.

TAKITIMU

Project Update

By Luis Seminario
Project Engineer

On 3rd July the project achieved the milestone of reaching 950 days LTI free. Thank you and well done to everyone who has played a part in achieving this.



In February 2009 the overburden removal from Blocks Two and Three was completed, and all coal from Block Two was won. Takitimu Coal Ltd has also received Resource Consent from the Council to extend the operations at Block Four, which is now being developed. With tip heads now established in lower parts of the mine, a new haul road to the top of mine to existing backfill areas is to be established in May, leaving lower areas for low dirt from Block Four and Block Five.

STRACON's year to date production is ahead of schedule by 6 percent, however wet weather continues to provide a challenge.

Geotechnical personnel from Takitimu Coal Ltd have been working on reserves, and drilling operations were completed on neighbouring property, showing good results that are similar to Block Three coal.

STRACON supports industry-wide development when and where able, and last December STRACON received a visit from students of the Southland Digger School, who were suitably impressed with the site's methodology and heavy plant machine operations.



“STRACON’s year to date production is ahead of schedule by 6 percent”





Panoramic shot of the SP11 Tailings Dam 09/04/09 showing B zone bulk Fill and A zone Clay cap coming up

MACRAES FLAT SP11 TAILINGS DAM EMBANKMENT

Project Update

By Andrew Cox
Project Manager



STRACON Civil began work at Macraes Flat Tailings Dam late last year, installing de-watering drains in the SP11 Tailings dam, work which was required to allow the Dam to be lifted to extend its life.



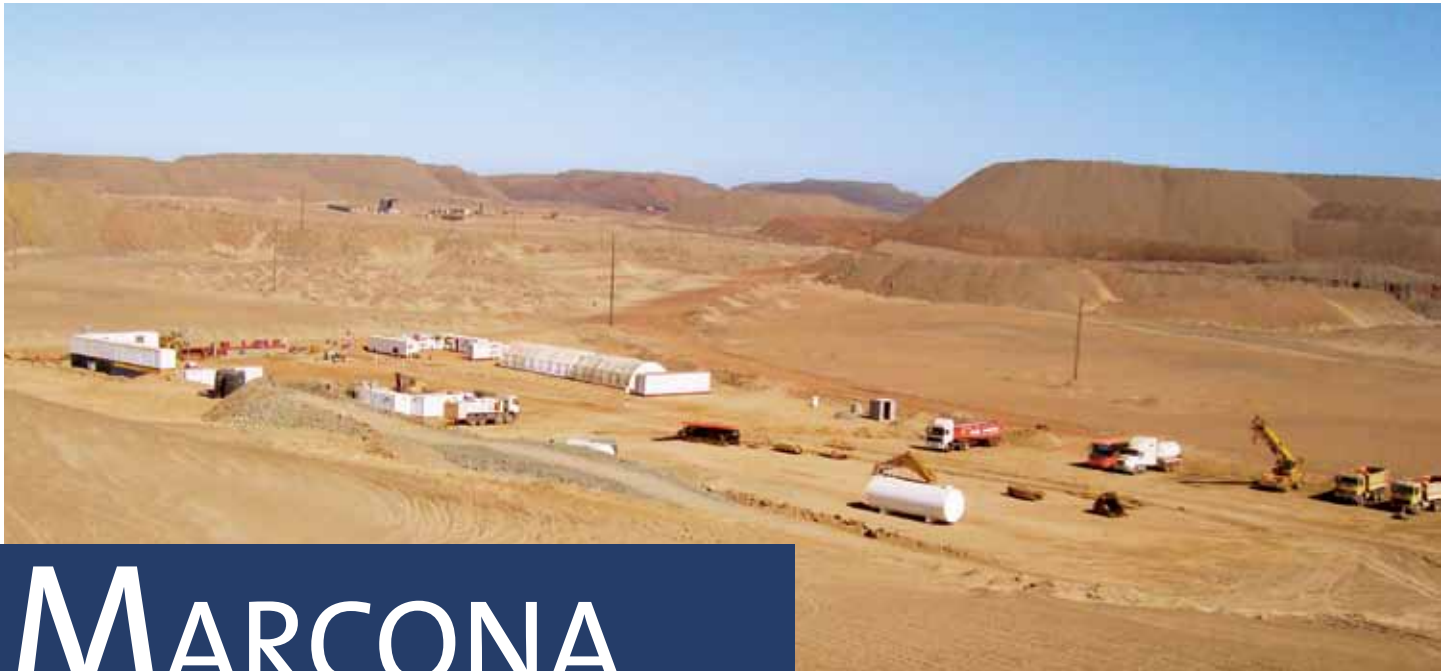
In January Oceana Gold confirmed that STRACON would continue with the construction phase of the 7.0 m lift to the Dam on two fronts, the Main Dam approx 1 km in length, and the Innes Mills end at the back of the Dam, being approximately 300 m in length.

In early February extra Equipment and people were brought in to meet the new requirements, and the project has advanced well during three months of good weather conditions.

The front part of the Dam was completed to final height on 19th May.

The Innes Mills end is half completed, but bad weather in May, including two 150 mm dumps of snow, have slowed progress as the clay material cannot be worked while wet.

Upon completion of the SP11 Dam, the larger adjacent MT tailings dam, is scheduled to be lifted by 6.0 m. Oceana Gold is still finalising design work with the geotechnical engineers; when this is completed STRACON Civil is keen to have the opportunity to continue work on this part of the project.



MARCONA

Project Update

By Marcos Hidalgo | Project Engineer

Nilton Champa



The opening and development of a pit is complicated and requires careful attention. Our main challenges in this first stage of the project “Shougang Hierro Peru’s Pits 16 and 18” are risk prevention, pit and dumps design control, leveling platforms for drilling and adequate results in blasting in order to guarantee productivity of the loading machines. With these and other purposes in mind, we have Gary Cochran’s support, a professional with full experience in mining and earthmoving.

An additional factor is that there are operators that have little or no experience in mining, which makes our work difficult regarding both security and productivity. This is a challenge we accept with responsibility as part of our social contribution to the San Juan de Marcona people.

We have already finished the main access preparation stage, as well as other pre-mining works, and nowadays we are producing about 55,000 TM per day with our fleet comprised by our Terex RH90 shovel and two Cat 365 excavators. Thus, we

are producing 50% of what we need to be able to meet the project’s term (September 2010).

In the following two weeks we should be completing our fleet with another Cat 365 excavator, a Cat 988F front loader, 14 Mercedes Actros 4143 dump trucks (35-MT) and a Reedrill SKSS-13 drill with rated pulldown of up to 85,000 pounds. With the latter, we will be able to handle all the stock of blasted material and, therefore, ensuring the permanent utilization of the rest of our machines.

Thus far we have sacrificed some productivity when removing the upper layer of the alluvial material covering Pits 16 and 18’s area that, even though it does not require to be blasted, has irregular thickness and no certain location, which has caused delays and continuous movements due to change of loading faces. Regardless, we consider that these works are a necessity in order to place our initial platform in level 734, from which we should descend in the most orderly, safe and productive way in the following months.

“... nowadays we are producing about 55,000 TM per day with our fleet comprised by our Terex RH90 shovel and two Cat 365 excavators”

El Brocal Community Relations Programmes

The community relations programmes have been well supported this year with a number of activities completed and a number still to be undertaken. In general the activities are:

- Recruiting from the local community (according to the project requirements).
- Internship opportunities for local SENATI students.
- Technical Training workshops made available to local participants (electrical installations, civil construction, etc).
- Personal development workshops (leadership, self-esteem, healthy living) offered.
- Workshops run promoting environmental protection with different organizations from the area.
- Health campaigns generally facilitating dialogue between the company and local communities.



Tim Williams and the mothers of the "Vaso de Leche" (Peruvian social programme)

Leadership Development Programme

In October 2008, STRACON engaged the services of one of New Zealand's leading Human Resources Consultancy firms – Sheffield Limited.

Since then, STRACON's Executive Team, the STRACON Board, and the people at Sheffield have been developing a corporate Learning and Development programme.

This programme is an interactive approach to developing the leadership and management skills of those in positions of responsibility at STRACON.

Participants for the first of the training sessions were selected, with each of them completing an on-line personality questionnaire. Sheffield then provided feedback to each individual on the results of their respective assessments.

The course participants were divided into two groups, both containing a

mixture of Mining and Civil employees. During the month of May, each group attended a two day training session in Christchurch, with the following topics being covered by Vikki Pink (Senior Consultant) and her team from Sheffield:

- Leadership Imperatives
- The Catalyst Leader
- Leading through the STRACON vision
- Guidelines for interaction
- Giving effective feedback
- Seeking feedback
- Coaching others
- The difficult conversations

Each group will attend two additional "one day" refresher training sessions over the next two months.

Positive feedback was received from the course evaluations as to the successfulness of the course, with participants "looking forward" to the next training session.



Attendees of the first STRACON Leadership Development training, held in Christchurch on the 30th of April and the 1st of May 2009. Participants are (from left to right):

Trevor Couper, Napoleon Ferreira, John Askin, Andre Du Preez, John White, Paul MacMillan, Fred Ridder, Shane Thompson-Crozier, Mike Stroud, Graeme Crook, Vikki Pink (Sheffield), Mark McCully and Andrew Cox.



→ QUESTIONNAIRES



Fred Ridder

Mechanical Technician Maintenance, STRACON Civil Cromwell, New Zealand

- 1. How long have you worked at STRACON?**
3 Months Mining – Reefton.
8 Months Civil – Cromwell.
- 2. What did you do before you joined STRACON?**
Workshop Supervisor – J. M. Davie Ltd.
- 3. What are some of the challenges in your job?**
Keeping Mazda Bounty utes & O&K RH40 and RH90 going. Reefton and Nightcaps mud.
- 4. What do you find rewarding about your role?**
Making it do another turn.
- 5. What has been one of your most memorable moments so far at STRACON?**
Getting new ute for Xmas. Setting up workshop and looking after plant in Central Otago & Southland.
- 6. What keeps you busy outside of work?**
Small farmlet, family, grand kids, boating, camping, fishing & Rock & Roll dancing.
- 7. What is your most common saying?**
“Have a look at it and make it go again”.



Fred & Raywyn married 27th dec 2008. After 6 years she finally tied him down. Raywyn is one of the best women around.



Warren Aitken

Group Administration Manager STRACON (NZ) Ltd. Cromwell, New Zealand

- 1. How long have you worked at STRACON?**
Three years on the 26th of June 2009.
- 2. What did you do before you joined STRACON?**
Finance and Administration for various mining companies.
- 3. What are some of the challenges in your job?**
Meeting deadlines! Managing time.
- 4. What do you find rewarding about your role?**
The team of people working for me. Their abilities and enthusiasm. Providing accurate and presentable information.
- 5. What has been one of your most memorable moments so far at STRACON?**
26th of June 2006, the day STRACON started at Reefton, being reunited with many of my past work colleagues.
- 6. What keeps you busy outside of work?**
Family, camping, fishing, boating, shooting and motorcycling.
- 7. What is your most common saying?**
“Good as Gold”.



My family standing in the RH90 bucket at Reefton. From left to right – Joseph (youngest), Daniel, Katherine and my wife Dale.



Paul Macmillan

Project Trainer, STRACON Mining Globe Progress Mine Project Reefton, New Zealand

- 1. How long have you worked at STRACON?**
18 months.
- 2. What did you do before you joined STRACON?**
Trainer / Assessor for the Digger School in Reefton.
- 3. What are some of the challenges in your job?**
The on going training of all staff so that we are able to work safely and efficiently.
- 4. What do you find rewarding about your role?**
Observing the staff achieve the required standard to be able to operate effectively in a team environment.
- 5. What has been one of your most memorable moments so far at STRACON?**
The first day on site, working with Safety Phil & Gonz, how the mine & staff have developed over the past 18 months.
- 6. What keeps you busy outside of work?**
Family and kids sport.
- 7. What is your most common saying?**
Jeeza’s.



María Lola
Rocha Revilla

Administrator,
STRACON S.A.C.
Lima, Perú

1. How long have you worked at STRACON?

Since April 2007, but I met Steve and Karl before entering STRACON; we worked together for another company.

2. What did you do before you joined STRACON?

I worked for a junior gold mining company, and before that for other mining companies.

3. What are some of the challenges in your job?

Basically, keeping the company administratively in order: keeping money coming in, ensuring payments, coordinating projects, coordinating personnel issues, checking the accounts, taxes, etc.

4. What do you find rewarding about your role?

Well, I'm kind of an older sister for my colleagues. I try to advice and guide them to some extent. They learn from me and I learn from them. You always learn something from others.

5. What has been one of your most memorable moments so far at STRACON?

When we were awarded the Shougang project along with GYM. I was so happy for that. It was like I had prepared those budgets all alone, and for sure I didn't, but I lived such an adventure day by day.

6. What keeps you busy outside of work?

My family: my husband and my daughter, they are my reason for being.

My parents: they protected us as children, now we look after them during this stage of their life. I spend most of the weekend with them.

My pets: my three dogs and three parrots. They keep me busy the rest of the day.

7. What is your most common saying?

Two: Who has done that?

Don't give canary mom fake lettuce!



My babies: one mine
and three adopted
(I'm not good at
making collages 😊).

Simplification Tips

PRIORITIZE

- Set goals and focus on those activities that will help you reach them.
- Always ask yourself:
 - What is the most important thing for me to be doing right now?
 - What deadlines have I got?
 - What happens if I don't do this?
- Focus on doing the right thing rather than only doing things right.
- Rate tasks on your To-Do List by priority (A, "Must Do"; B, "Should Do"; C, "Nice to Do") and keep it updated.
- Plan a flexible day, so that you're able to handle interruptions.
- Learn to say "No". Be convinced that you and your priorities are important.

CLEANING AND FILING DAY

Prioritising is essential in day-to-day tasks, and working in a tidy environment is fundamental to doing so.

To help you achieve this we propose a "Cleaning and Filing Day" in order that you can clean, put in order, archive or throw away anything that's no longer required and is cluttering up your work-space (this includes hard copy and electronic documents).

How about assigning the following dates for this initiative:

- Friday 21 August
- Friday 20 November

We're confident you'll see all the advantages of working in a tidy environment!



www.stracon.net

Takitimu Project, NZ



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